



HSBC

Two iconic banks  One bright future



HANG SENG BANK

Opening up a world of opportunity

HSBC is one of the largest banking and financial services organisations in the world.

Guided by our purpose of opening up a world of opportunity, our ambition is to become the world's most trusted bank globally, putting customers at the heart of everything we do.

In this year's Strategic report

- 2 Highlights
- 4 Who we are
- 5 Group Chairman's shareholder letter
- 7 Group CEO's shareholder letter
- 9 Our strategy

Financial overview

- 12 Performance compared with our 2025 Group financial targets / Basis of presentation
- 13 Key financial metrics
- 14 Income statement results
- 15 Balance sheet and capital

Business segments

- 16 Hong Kong
- 18 UK
- 20 Corporate and Institutional Banking
- 22 International Wealth and Premier Banking
- 24 Corporate Centre

ESG overview

- 25 Our approach / Progress on our ESG metrics
- 26 Task Force on Climate-related Financial Disclosures ('TCFD') / Group non-financial and sustainability information statement

Board engagement with stakeholders and decision making

- 27 Section 172(1) statement / Stakeholder engagement
- 29 Board decision making

Risk overview

- 30 Managing risk
- 31 Top and emerging risks

Long-term viability and going concern statement

- 32 Long-term viability and going concern statement

Supplementary information

- 33 Supplementary information

This Strategic Report was approved by the Board on 25 February 2026 and signed on its behalf by the Group Chairman.

Brendan Nelson
Group Chairman

A reminder

The currency we report in is US dollars.

Our approach to ESG reporting

We embed our ESG reporting and Task Force on Climate-related Financial Disclosures ('TCFD') within our Annual Report and Accounts. Our TCFD disclosures are highlighted with the following symbol: **TCFD**

Use of alternative performance measures

We supplement our IFRS Accounting Standards figures with non-IFRS Accounting Standards measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with US Securities and Exchange Commission rules and regulations.

These measures are highlighted with the following symbol: **◆**

▶ Further explanation may be found on page 66.

Financial targets

For our financial targets, medium term is defined as between three to five years, and long term as five to six years, from 1 January 2026.

▶ See page 3 for details on our forward guidance and outlook.

None of the websites referred to in the Strategic Report 2025 or Annual Report and Accounts 2025 for the year ended 31 December 2025 (including where a link is provided), and none of the information contained on such websites, are incorporated by reference in this report.

References to the Annual Report and Accounts 2025

All page references in this Strategic Report 2025 refer to their location in our Annual Report and Accounts 2025, which can be found at www.hsbc.com/investors/results-andannouncements/annual-report.

Performance in 2025

Our key performance indicators measure the progress we have made against our priorities for the benefit of all our stakeholders, and also inform remuneration outcomes across the Group.

Financial performance indicators

- ▶ Read more on our financial performance in 2025 on pages 2 and 14.
- ▶ For an explanation of performance against our key Group financial targets, see page 12.
- ▶ To better align with market practice, from our 2025 full-year results we no longer adjust the 'average tangible equity' for the post-tax impact of notable items in each period. Comparatives have been re-presented. This revision improved RoTE excluding notable items by 16 basis points ('bps') in 2025 (2024: (34)bps).
- ▶ For a reconciliation of alternative performance measures to their reported equivalents, see page 92.

Return on average tangible equity ('RoTE') ◆

13.3%

(2024: 14.6%)

RoTE excluding notable items ◆ LT

17.2%

(2024: 15.6%)

Operating expenses

\$36.4bn

(2024: \$33.0bn)

Target basis operating expenses ◆ AI

\$33.5bn

(2024: \$32.5bn)

Profit before tax

\$29.9bn

(2024: \$32.3bn)

Constant currency profit before tax excluding notable items ◆ AI

\$36.6bn

(2024: \$34.2bn)

Common equity tier 1 capital ratio

14.9%

(2024: 14.9%)

Dividend per share in respect of 2025

\$0.75

(2024 dividend per share: \$0.87, inclusive of a special dividend of \$0.21 per share)

Strategic performance indicators

- ▶ Read more on our strategy on pages 9 to 11.
- ▶ Read more on our approach to ESG on page 25.
- ▶ Read more on our definition of sustainable finance and investment on page 36.

Organisational simplification AI

\$1.2bn

Annualised impact of cost saving actions taken during 2025

Grow our Wealth business

\$80bn

Net new invested assets generated in 2025, of which \$39bn were in Asia.

(2024: \$64bn generated, of which \$47bn were in Asia)

Sustainable finance and investment LT

\$495.6bn

Cumulative total provided and facilitated since 1 January 2020.

(2024: \$393.6bn)

Link to remuneration

- ▶ For details of executive Directors' pay and performance in 2025, see the Directors' Remuneration Report on page 216.

Our remuneration policy supports the achievement of our strategic objectives by aligning reward with our long-term sustainable performance. This includes review of our performance against financial and non-financial metrics to determine overall variable pay for our colleagues and executive Directors.

Key financial and strategic performance indicators included in the 2025 annual incentive and 2023-2025 long-term incentive scorecards of our executive Directors are highlighted by the following symbols:

AI Annual incentive LT Long-term incentive

Highlights

We are becoming a simple, more agile, focused bank, built on our core strengths.

Financial performance (vs 2024)

- **Reported profit before tax decreased by \$2.4bn to \$29.9bn**, mainly due to a \$4.9bn year-on-year net adverse impact from notable items. **Profit after tax decreased by \$1.9bn to \$23.1bn.**
- In 2025, notable items included dilution and impairment losses of \$2.1bn related to our associate Bank of Communications Co., Limited ('BoCom'), reserve recycling losses of \$1.5bn following the completion of the sale of our French retained portfolio of home and certain other loans, legal provisions of \$1.4bn and restructuring and other related costs associated with our organisational simplification of \$1.0bn. In 2024, notable items included net losses relating to our disposals in Canada and Argentina of \$1.4bn.
- **Constant currency profit before tax excluding notable items increased by \$2.4bn to \$36.6bn**, from a strong performance in Wealth in our International Wealth and Premier Banking ('IWPB') and Hong Kong businesses, and from Wholesale Transaction Banking in our Corporate and Institutional Banking ('CIB') business. This was partly offset by a rise in expected credit losses and other credit impairment charges ('ECL') and an increase in operating expenses due to planned investment and inflation.
- **RoTE in 2025 was 13.3%, compared with 14.6% in 2024. Excluding notable items, RoTE in 2025 was 17.2%**, a rise of 1.6 percentage points compared with 2024.
- **Revenue of \$68.3bn increased by \$2.4bn or 4% compared with 2024.** The increase was primarily due to fee and other income growth in Wealth from Investment Distribution and Insurance, and in Wholesale Transaction Banking, particularly in Foreign Exchange in CIB. This was partly offset by the year-on-year impact of notable items, mainly relating to business disposals and a dilution loss related to BoCom. **Constant currency revenue excluding notable items rose by \$3.4bn to \$71.0bn.**
- **Net interest income ('NII') of \$34.8bn was \$2.1bn higher than 2024** reflecting the benefit of the reinvestment of our structural hedge at higher yields, deposit balance growth and higher NII in Markets Treasury. In addition, the increase included the non-recurrence of a \$0.2bn loss in 2024 on the early redemption of legacy securities. This was partly offset by the adverse year-on-year impact of \$1.6bn from business disposals in Argentina and Canada, and margin compression on our deposits. The growth in NII of \$2.1bn also reflected a benefit from lower funding costs associated with the trading book of \$1.7bn. **Banking net interest income ('banking NII'), which excludes these funding costs, increased by \$0.3bn to \$44.1bn.**
- **Net interest margin ('NIM') of 1.59% was 3bps higher**, reflecting the reinvestment of our structural hedge at higher yields.
- **ECL were \$3.9bn, an increase of \$0.4bn compared with 2024**, including charges in both periods related to the commercial real estate ('CRE') sectors in Hong Kong and mainland China. In 2025, the charge in this sector in Hong Kong of \$0.7bn (2024: \$0.1bn) reflected higher allowances for new defaulted exposures, the impact of an over-supply of non-residential properties that has put continued downward pressure on rental and capital values, and updates to our models used for ECL calculations. The 2025 charge in the mainland China CRE sector was \$0.2bn (2024: \$0.4bn). **ECL were 39 bps of average gross loans, including loans and advances classified as held for sale.**
- **Operating expenses increased by \$3.4bn or 10% to \$36.4bn.** The increase primarily reflected notable items in 2025 of \$3.0bn, including legal provisions of \$1.4bn, restructuring and other related costs associated with our organisational simplification of \$1.0bn, and \$0.5bn related to disposals, wind-downs, acquisitions and related costs.
- Cost growth also reflected planned spend and investment in technology, higher performance-related pay and the impacts of inflation, partly offset by reductions related to our business disposals and the benefits of our organisational simplification.
- **Target basis operating expenses rose by 3%**, in line with our cost growth target. This increase primarily reflected higher planned spend and investment in technology, higher performance-related pay and the impact of inflation, partly offset by the benefits of our organisational simplification.
- **Customer lending balances rose by \$57.7bn** including favourable foreign currency translation differences. **On a constant currency basis, lending balances rose by \$17.6bn**, mainly in our UK business reflecting growth in mortgage and commercial customer lending.
- **Customer accounts rose by \$131.9bn**, including favourable foreign currency translation differences. **On a constant currency basis, customer accounts increased by \$67.6bn**, with growth in all our businesses, particularly our Hong Kong business segment.
- **Common equity tier 1 ('CET1') capital ratio remained at 14.9%.** This reflected an increase in risk-weighted assets ('RWAs'), which was offset by an increase in CET1 capital through capital generation net of distributions. The increase in RWAs was mainly driven by foreign currency translation differences and asset size movements.
- The Board has approved a **fourth interim dividend of \$0.45 per share, resulting in a total of \$0.75 per share in respect of 2025.**

Outlook

Group financial targets

- We are targeting a **RoTE of 17% or better for 2026, 2027 and 2028, excluding notable items**. Our revised target reflects momentum in our earnings and the positive progress we are making in our strategic execution.
- We are targeting **year-on-year growth in revenue from 2026 to 2028, rising to 5% growth in 2028 compared with 2027** excluding notable items and on a constant currency basis.
- We maintain our **dividend payout ratio target basis of 50% in 2026, 2027 and 2028**. Our target basis payout ratio is calculated as a percentage of earnings per share ('EPS') excluding material notable items and related impacts.

In respect of 2026:

- We expect **banking NII of at least \$45bn**, based on our current expectations for policy rates.

- We expect **ECL charges as a percentage of average gross loans to be around 40bps in 2026** (including held for sale loan balances). Over the medium term, we retain our planning range of 30-40bps.
- We retain our commitment to Group-wide cost discipline. We are targeting **growth in target basis operating expenses of approximately 1% compared with 2025**.
- Our target basis operating expenses measure excludes notable items and includes the impact of simplification-related saves associated with our announced reorganisation.
- We intend to continue to **manage the CET1 capital ratio within our medium-term target range of 14%–14.5%**. Capital may fall below our target range during January 2026 owing to the privatisation of Hang Seng Bank, which had a net CET1 capital impact of 110bps in January 2026 (based on our CET1 capital ratio as at 31 December 2025). This included a day one impact of around 120bps on CET1, partly offset by a release of around 10bps of incremental hedging-related structural foreign exchange RWAs.

- We expect to restore our CET1 capital ratio within our target range through a combination of organic capital generation and not initiating any further buy-backs until CET1 capital is back within, or above, this range. A decision to recommence buy-backs will be subject to our normal buy-back considerations and process on a quarterly basis.

- ▶ Our targets and expectations reflect our current outlook for the global macroeconomic environment and market-dependent factors, such as market-implied interest rates (as of end January 2026) and rates of foreign exchange, as well as customer behaviour and activity levels.
- ▶ We do not reconcile our forward guidance on RoTE excluding notable items, constant currency revenue excluding notable items, target basis operating expenses, dividend payout ratio target basis or banking NII to their equivalent reported measures.
- ▶ See pages 93 to 94 for a further explanation of RoTE excluding notable items, constant currency revenue excluding notable items, banking NII, target basis operating expenses and dividend payout ratio target basis. For further information on our CET1 ratio, see page 158.

Reshaping the Group for growth

Privatisation of Hang Seng Bank

- On 26 January 2026, we completed our privatisation of Hang Seng Bank, following shareholder and Court approval. **Hang Seng Bank is now a wholly-owned subsidiary of the HSBC Group** and Hang Seng Bank shares have been withdrawn from the Hong Kong Stock Exchange. This transaction demonstrates our confidence in the outlook for Hong Kong and further strengthens our market-leading position.
- Through the privatisation of Hang Seng Bank, we expect to realise \$0.5bn in pre-tax revenue and cost synergies across both our brands in Hong Kong by the end of 2028, with associated restructuring costs of \$0.6bn. These costs would be reported as a material notable item. We intend to redeploy savings we realise from cost synergies into areas of competitive advantage and accretive returns.
- We also have an ambition to generate further revenue and cost opportunities of around \$0.4bn by the end of 2028 across both our brands in Hong Kong.

Organisational simplification

- At our 2024 full-year results we announced measures to simplify the Group, and we have committed to **deliver an annualised reduction of around \$1.5bn in our cost base, expected by the end of 2026** from our organisational simplification programme.

- We are on track to have taken actions to deliver our \$1.5bn annualised cost reduction by the end of June 2026, which is six months earlier than planned. **In 2025, we identified and actioned annualised cost savings of approximately \$1.2bn, which resulted in a reduction of around \$0.6bn in operating expenses in the income statement in 2025**. In this period we incurred **\$1.0bn in restructuring and other related costs**, primarily related to severance.

Strategic transactions

- We are also focused on opportunities where we have a clear competitive advantage and accretive returns, and **we aim to redeploy approximately \$1.8bn of additional costs saved from non-strategic activities into these areas** over the medium term. The increase from \$1.5bn reflects our intention to redeploy an additional \$0.3bn of costs saved from the synergies generated from our privatisation of Hang Seng Bank.
- In 2025, **we announced a further 11 transactions, which are set to create incremental investment capacity for growth**. During the fourth quarter of 2025, we completed the sales of our French retained portfolio of home and certain other loans, our France life insurance business, our German private banking business and our Bahrain retail banking business. Completed or announced transactions are expected to generate approximately \$0.7bn of annualised cost capacity for reallocation. The associated businesses contributed around \$1.0bn to revenue in 2025.

- **Targeted strategic reviews of our retail businesses in Australia, Indonesia and Egypt remain underway on which no decisions have been made**. Our CIB businesses in these markets are unaffected by these reviews. In addition, **we have commenced a strategic review of HSBC Life Singapore**.

Progress in growth areas

- In Wealth, we are investing in Wealth Centres and hiring additional relationship managers. **Wealth balances as at 31 December 2025 across all of our business segments were \$2.1tn, an increase of 16% compared with the same period last year. Within this we have attracted net new invested assets of \$80bn, with \$39bn booked in Asia**. This compared with net new invested assets in 2024 of \$64bn, with \$47bn booked in Asia.
- Transaction banking continues to perform well as we leverage our network and capabilities to capture opportunities from changing trade and capital flows. In 2025, **fee and other income in Wholesale Transaction Banking performed well, rising by 4% compared with 2024**, particularly from growth in Global Foreign Exchange.
 - ▶ For more details on our strategic progress in 2025, see 'Our strategy' on page 9.
 - ▶ For more details on our businesses held for sale and disposal groups, see Note 23 on the financial statements on page 329.

Who we are

Founded in 1865, HSBC is one of the world’s largest banking and financial services organisations. We’re here to use our expertise, capabilities, breadth and perspectives to help open up a world of opportunity for our customers.

Our strategy

Our strategy supports our ambition to be the most trusted bank globally, putting customers at the heart of everything we do. We help meet our customers’ financial needs and support them to achieve their goals with our products and services, while navigating the complexities of the global market through our deep international network, supported with the stability and strength of our balance sheet.

Our priorities

▶ See page 9 for further details on our strategy.

Be simple and agile

We aim to make fast, safe decisions – adapting to change by staying relevant, driving simplification and being future ready through technology and digitisation.

Drive customer-centricity

We are intensely focused on our customers – helping to deliver excellent outcomes, drive loyalty, and serve our customers for the long term through the depth of what we offer as a franchise.

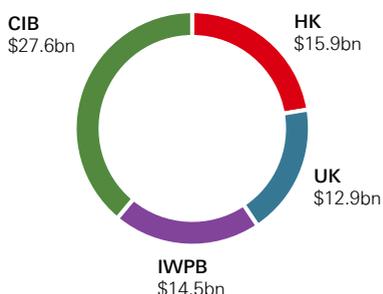
Deliver focused sustainable growth

As a leading international bank, we aim to drive long-term, sustainable growth, focused on areas of competitive strength.

Our organisational structure

Since 1 January 2025, the HSBC Group has operated through four new businesses to simplify our organisational structure and accelerate delivery against our strategic priorities.

Revenue by business (\$bn)¹



¹ Calculation based on revenue of our business segments excluding Corporate Centre.

Hong Kong

Our Hong Kong business has a leading market position. It comprises Retail Banking and Wealth and Commercial Banking of HSBC Hong Kong and Hang Seng Bank.

UK

Our UK business has a leading market position. It comprises Retail Banking and Wealth (including first direct and M&S Bank) and UK Commercial Banking, including HSBC Innovation Bank.

Corporate and Institutional Banking

Our CIB business is a market leader in cross-border transaction banking and capital markets. It integrates our Commercial Banking business (outside the UK and Hong Kong) with our Global Banking and Markets business.

International Wealth and Premier Banking

Our IWPB business comprises Premier banking outside of Hong Kong and the UK, our Private Bank, Asset Management and Insurance businesses.

▶ See pages 16 to 24 for further details on our four businesses and Corporate Centre.

Our values

At HSBC, our values guide us in all our actions – from strategic decisions to day-to-day interactions with customers and each other. Our values are rooted in HSBC’s history, heritage and character, and help us deliver on our purpose.

We get it done

Moving at pace and making things happen

We value difference

Seeking out different perspectives

We take responsibility

Holding ourselves accountable and taking the long view

We succeed together

Collaborating across boundaries

Group Chairman's shareholder letter



Brendan Nelson
Group Chairman

We delivered strong performance and material returns for our shareholders in 2025. By leveraging our unique global network and leading capabilities, we helped our customers see past the sustained uncertainty in the international environment and find the opportunities that are driving the global economy forward.

It is with great pride that I have begun my tenure as Group Chairman of HSBC. I am truly privileged to serve such a remarkable institution, working alongside exceptionally talented colleagues.

Our 161-year history is firmly rooted in the objective set by HSBC's founders – to establish a bank in Hong Kong and Shanghai that would facilitate local and international trade.

By not losing sight of that foundational objective and by remaining true to our purpose and values, we have focused on what matters most – our customers – moving forward together through these most complex of times.

Building on that forward momentum, the Board and I will continue to closely partner with our highly capable CEO, Georges Elhedery, and his management team who are accelerating the execution of our strategy, with discipline and confidence.

A Modern HSBC: Simple and More Agile

A key catalyst for achieving that acceleration was the introduction in January 2025 of our new organisational structure centred on our four businesses: Hong Kong, the UK, Corporate and Institutional Banking, and International Wealth and Premier Banking.

By halving the number of operating businesses and significantly streamlining the new Operating Committee of the Group, we embarked on a journey to become a simple and more agile organisation; a modern institution that reflects its cherished legacy, while embracing technological advances as a core enabler of future growth, competitiveness, and, ultimately, customer aspirations.

Today, HSBC is clear on its core strengths, investing to further develop our competitive advantages and deliver sustainable growth, with an entirely attainable ambition to be the most trusted bank globally, putting customers at the heart of everything we do.

Global Context

Global growth in 2025 was stronger than expected, as the tariff-related headwinds were offset by the significant momentum generated by AI capital expenditure and trade growth, and by the support provided by the ever-resilient US consumer.

The global geopolitical context was marked by continued uncertainty. The war in Ukraine, which has entered its fifth year, and conflicts in the Middle East and elsewhere, continue to have significant human consequences.

In parallel, the changing approach to global trade relations has increased economic uncertainty. But as the resilience of global trade growth demonstrates, the interconnectedness of the global economy, underpinned by growing trade flows, is compelling.

Faced with the re-configuration of the globalised world, HSBC is optimally positioned to help our customers capture the meaningful opportunities that are driving the global economy forward, across geographies and throughout our unique global network. Our strong financial performance and material returns in 2025 point to that dynamic, along with our focused approach to implementing our strategic priorities.

2025 Performance

In 2025, we delivered reported profit before tax of \$29.9bn. Our return on average tangible equity was 13.3%, or 17.2% excluding the impact of notable items.

We delivered material returns for our shareholders. The Board approved a fourth quarterly dividend of \$0.45 per share, bringing the total dividend announced for 2025 to \$0.75 per share. In addition, we announced two share buy-backs in respect of 2025 worth a total of \$6bn.

Dividends paid in 2025, together with a more than 49% increase in the share price, delivered a total shareholder return for the year of more than 57%.

With our realigned structure providing a decisive impetus, we achieved broad-based profit generation through geographic and business diversification. Our performance reflects that, as does our ability to invest for growth, while continuing to optimise cost and capital allocation. Indeed, we are keeping to our committed objective of delivering \$1.5bn of organisational simplification savings and expect to have taken the relevant actions to achieve it by the end of June 2026, which is six months earlier than planned.

"Today, HSBC is clear on its core strengths, investing to further develop our competitive advantages and deliver sustainable growth, with an entirely attainable ambition to be the most trusted bank globally, putting customers at the heart of everything we do."

Against this backdrop, we believe that the privatisation of Hang Seng Bank is a milestone development that brings together two seminal institutions that have served Hong Kong – a home market for the Group – for generations. We are absolutely committed to building on that valued legacy. While respecting Hang Seng's heritage and retaining its brand and distinct customer proposition, we will continue to invest and build on the complementary strengths of our businesses, to the benefit of our valued customers and the communities that we serve.

Sustainability

Our ambition remains to become a net zero bank by 2050. Supporting our customers is core to our strategy – financing their transition is both critical to them and aligned to our net zero ambition.

In November 2025, we published our updated Net Zero Transition Plan, setting out our commercially-grounded sustainability strategy, which reflects the realities of an evolving global transition. We also set out our updated interim financed emissions targets, metrics and associated policies, seeking to remain science-aligned and compatible with our own net zero ambition.

We believe that supporting our customers' transition is one of the most significant roles we can play in the global transition to net zero. We aim to provide and facilitate between \$750bn and \$1tn of sustainable finance and investment by 2030. In 2025, we provided and facilitated \$102bn in sustainable finance and investment, bringing our cumulative total to \$495.6bn since January 2020. This puts us on track to meet our target by 2030.

Leadership and Board Changes

As I begin my first full year as Group Chairman, I want to acknowledge and pay tribute to Sir Mark Tucker's remarkable leadership and exemplary commitment to the Group.

Over a period of eight years, Mark helped steer HSBC through a number of unprecedented challenges – a global pandemic, decades-high inflation and profound shifts in the trade and geopolitical landscape – leaving the Group more profitable, resilient, and strongly positioned for accelerated growth. I am very grateful to him for the trusted partnership, friendship, and his support in ensuring a smooth handover.

We also announced the appointment of Wei Sun Christianson as an independent non-executive Director, with effect from 1 January 2026. Wei brings extensive banking and regulatory experience gained over a 30-year international career, including as Co-CEO of Asia Pacific at Morgan Stanley.

Ann Godbehere will be stepping down as a Director of the Company and retire from the Board at our 2026 AGM. I want to thank Ann for her considerable contributions to the HSBC Board.

In October, we announced the appointment of Angela McEntee as Group Company Secretary with effect from 1 January 2026.

In 2025, the Board held meetings in Hong Kong, India, and London. These were invaluable opportunities to meet with valued clients, government representatives, regulators and colleagues.

We also had productive engagements with our shareholders on important Group-related issues at our Annual General Meeting in London and at the Informal Meeting of our Hong Kong Shareholders.

Year Ahead

We expect the global economy to expand in 2026. Despite significant policy uncertainty, global trade is also set to grow, supported by the expansion of new trade corridors and the boom in AI hardware demand. Inflation should continue drifting downward, although with divergence across markets. Somewhat uneven growth across industries and geographies could contribute to periodic financial volatility.

In China, a stronger policy push should anchor its growth, and we expect it to broadly maintain its expansion pace of recent years, as structural reforms start to gain traction. As part of its continued economic transformation, the emphasis will be on strengthening domestic demand – particularly consumption, but also investment. Services consumption will benefit from government policy priorities, as will technology development. Hong Kong will continue to benefit as the super-connector between mainland China and the rest of the world. Buoyant markets and improvements in consumption are expected to support its growth this year.

Elsewhere in Asia, robust consumption and rising exports generated impressive growth in a number of markets, in ASEAN in particular. That combination is expected to continue in 2026. In India, domestic demand will likely be the main driver of growth, reflecting robust consumption, as well as ongoing government infrastructure investment.

Economic diversification continues in the Middle East, with deep capital reserves being deployed into significant investments in infrastructure, technology, and human capital. The Asia-Middle East trade, investment, and travel corridor continues to grow.

Europe's economy will be supported by fiscal expansion, particularly in Germany, coupled with lower effective interest rates and steady consumption growth. We see euro area growth maintaining its recent pace over the next year. In the UK, greater fiscal headroom should give markets and businesses more confidence. Lower expected inflation and interest rates should provide a tailwind for consumption growth.

The US should be a key driver of global growth, reaping the benefits of sizeable investments in AI, tax cuts and incentives, as well as substantial deregulation.

Our Colleagues

I will end where I began, by recognising and wholeheartedly thanking our HSBC colleagues. They are the ones who deliver for our customers, day in and day out, with excellence, dedication, and respect.

They are the backbone of the Group, embodying our high-performance culture. Their commitment to our customers and to maintaining and further strengthening the relationships we have built with them is what set us apart in 2025 and what will help us thrive going forward, to the benefit of our shareholders.

Brendan Nelson
Group Chairman

25 February 2026

Group CEO's shareholder letter



Georges Elhedery
Group CEO

ambition and targeting 17% RoTE or better in each year from 2026 to 2028, excluding notable items. We are also targeting year-on-year revenue growth over the same period rising to 5% in 2028 compared with 2027, excluding notable items. We maintain our dividend payout ratio target basis of 50% in 2026, 2027 and 2028. Our target basis payout ratio is calculated as a percentage of EPS, excluding material notable items and related impacts.

Strong performance

On a reported basis, profit before tax of \$29.9bn fell 7% year-on-year due to the impact of notable items. These included dilution and impairment losses of \$2.1bn related to BoCom, legal provisions of \$1.4bn and \$1.0bn of restructuring and other related costs associated with our organisational simplification. On this basis, we delivered a RoTE of 13.3%.

Excluding notable items, our RoTE was 17.2% achieving our 'mid-teens, or better' target. Our revenue increased 5% year-on-year to \$71bn and our profit before tax grew 7% to \$36.6bn, excluding notable items on a constant currency basis. Our common equity tier 1 ('CET1') capital ratio was 14.9%, reflecting our long-standing financial strength.

We maintained tight cost discipline, managing target basis cost growth to around 3%, thereby achieving our target. This strong performance enabled us to announce a total ordinary dividend per share for 2025 of \$0.75, or \$12.9bn, an increase of 14% on the prior year. In addition, we completed \$6bn of share buy-backs taking total returns to \$18.9bn.

Momentum

Our four businesses are built on customer trust and performed well. Revenue and deposits grew in each and all four delivered RoTE of mid-teens, or better, excluding notable items. We saw growth accelerate in areas of core strength and we are actively investing in modern technology to enhance innovation, productivity and customer experience.

Turning to business-line performance on a year-on-year and constant currency basis, our market-leading Hong Kong business generated revenue of \$15.9bn, or 6% growth. Our deposit base grew by 7% to more than \$540bn, helping us maintain our number one position in Hong Kong with market share of 25%. Our UK business delivered revenue of \$12.9bn, an increase of 5%, supported by robust balance sheet growth with customer loans increasing by 6% to more than \$300bn. CIB increased revenue by 3% to \$27.6bn, and we generated \$13.1bn of fee and other income, which was 7% higher than the prior year.

RoTE ♦

13.3%

(2024: 14.6%)

RoTE excluding notable items ♦

17.2%

(2024: 15.6%)

Profit before tax

\$29.9bn

(2024: \$32.3bn)

Dear fellow shareholders,

In previous letters I set out a clear agenda to unlock HSBC's full potential. 2025 marked a year of decisive action and swift execution. We are performing, transforming and investing for growth as demand for globally-connected financial services increases, especially in the world's fastest-growing regions.

We have aligned our structure with our strategy and strengthened our four complementary businesses. We are becoming a simple, more agile, focused bank built for a fast-changing world. One that stays true to our strong foundations and hallmark financial strength yet moves with the speed our customers need to navigate the modern world.

The dynamic market environment shows why our global network, deep local expertise built over generations and financial strength set us apart. It also shows why our customers continue to turn to us as their reliable and trusted financial partner.

New targets: 2026-2028

Last February, we set out a three-year target of a mid-teens return on average tangible equity ('RoTE') in each of the three years from 2025 to 2027, excluding notable items. We made clear progress against this target in 2025. That is why we are now raising our

“We are becoming a simple, more agile, focused bank built for a fast changing world.”

In 2025, we facilitated around \$900bn in trade, which is comparable to the economic output of a G20 economy. This represents the equivalent of around \$2.5bn of goods and services moving through our global network every single day. This scale, which gives access to 86% of world trade flows, is why we were voted in a survey of 13,000 corporates as Euromoney's 'World's Best Trade Finance Bank' for the ninth consecutive year. Across our network we processed around \$500tn of payment transactions in 130 currencies, equivalent to almost \$1bn every minute. That is why 30,000 customers surveyed by Euromoney voted HSBC the number one payments bank in products, services and technology.

In IWPB, revenue was \$14.5bn, an increase of 5%. Wealth fee and other income across all our businesses was \$9.4bn, up 24%. At 31 December 2025, bank-wide Wealth balances were \$2.1tn, of which more than \$1tn was booked in Asia, reflecting our position as the leading wealth manager in Asia and the Middle East. Given the importance of managing customer deposits as well as their invested assets, we are changing our wealth disclosures. In 2026, we will replace Invested assets (2025: \$1.5tn) with a new calculation of Wealth balances. The new disclosure adds our wealth customers' deposits of \$608bn and removes \$580bn of Asset Management third-party distribution assets. On this new basis, Wealth balances in 2025 were \$1.6tn. In 2025, we were pleased to update our Net Zero Transition Plan, which reaffirms our ambition to become a net zero bank by 2050 and emphasises the importance of supporting our customers in their transitions.

Discipline

We expect to have taken action to deliver our \$1.5bn organisational simplification saves by the first half of 2026, six months ahead of plan. The initiative is designed to make HSBC simple and more agile with an immaterial revenue impact. Cost efficiency is one of the key benefits, clearer accountability and greater collaboration are others. The saves will be taken straight to the bottom line.

We have reviewed our portfolio against our strategic priorities and are moving at pace to exit non-strategic or low-returning activities. This initiative is expected to release \$1.5bn of incremental investment capacity, which we are actively reallocating to areas of competitive strength where we can generate accretive returns. In 2025, we announced 11 exits, of

which three have fully completed. These are in addition to the two transactions we announced in 2024.

Taken together, the completed and announced exits will generate \$0.7bn in annualised cost savings and exits in active execution, including activities under strategic review, are expected to generate a further \$0.6bn.

Following the privatisation of Hang Seng Bank, reported cost synergies across HSBC and Hang Seng Bank will release \$0.3bn, which we will direct towards growth opportunities in Hong Kong. To reflect this, we are increasing our medium-term cost reallocation commitment from \$1.5bn to \$1.8bn.

Investing for growth

Our \$13.7bn privatisation of Hang Seng Bank brings together 255 years of history and heritage, combining global reach and local depth. It allows us to scale capabilities across both banks for all customers. Hong Kong is a dynamic economy, a top three global financial centre and a thriving trade gateway. It is a super-connector between mainland China and the world. It is also poised to become the world's leading cross-border wealth hub by 2029. The privatisation of Hang Seng Bank reflects our confidence and conviction in Hong Kong's future growth.

In our home markets, we are expanding the number of Wealth Centres and enhancing our wealth capabilities. In Hong Kong we opened five new state-of-the-art Wealth Centres. They provide a space where our Private Banking and Premier customers can meet our wealth specialists to plan, invest and manage their long-term financial future. In the UK, our flagship Wealth Centre launched in Mayfair, London, and we opened a second in Leeds, a major regional wealth hub.

Also in the UK, investment in our Business Banking coverage model is generating results. We are growing customer numbers, lowering attrition rates and seeing greater advocacy.

In IWPB we opened a further 20 new Wealth Centres focusing on Asia and the Middle East, excluding those in markets under strategic review. These are in many of the world's fastest-growing wealth economies, such as mainland China, Singapore and the UAE. We became the world's first global asset manager to establish an onshore platform in the UAE, offering retail and institutional investors access to 10 new funds. We refreshed our Premier proposition for affluent customers in four markets and it is now live in seven.

In CIB, we are using digital innovation to serve customers faster. Our tokenised deposits now offer next-generation real time payments across our network. They are available in Hong Kong, Singapore, the UK and Luxembourg. Other markets will follow in 2026. With mobile-first consumers changing customer payment choices, we are changing digital wallet collection capabilities. Our Digital Merchant Services solution allows omnichannel payments, making e-commerce easier and more efficient for retailers. It is currently available in Hong Kong, India and Singapore, with six more markets launching in 2026.

We are also reengineering HSBC while focusing on resilience and risk management. We are modernising the bank through AI and automation to enhance customer experience, increase productivity and boost efficiency. We have more than 100 GenAI active use cases and are increasing AI partnerships to accelerate adoption of cutting-edge technologies. More than 31,000 of our engineers now use an AI-enabled coding assistant and our HSBC Productivity Suite tool is available to around 85% of our colleagues to help summarise, analyse and translate documents.

High performance culture

A clear strategy sets our direction. A strong culture is what turns it into results. This is why we are investing to build a high-performance culture. First, we refreshed our ambition: 'To be the most trusted bank globally, putting customers at the heart of everything we do'.

Second, we launched six new Leadership Principles and How We Lead, our new Group-wide leadership framework. All our senior leaders, and the broader Managing Director cohort, have now attended a two-day How We Lead event and 86% surveyed believe it is creating a positive cultural change. In 2026, we will roll it out to our broader people leaders globally. In the spirit of our Leadership Principle that 'great leaders build better leaders', more than 150 of our senior leaders will facilitate a How We Lead event in 2026.

Our people

I would like to thank Sir Mark Tucker for his exceptional leadership over the last eight years and congratulate Brendan Nelson on his appointment as Group Chairman. I look forward to continue working with Brendan as we pursue our clear agenda to unlock HSBC's full potential.

I would also like to take this opportunity to thank all my colleagues for their many valuable contributions to our results. It is a privilege to work with such talented people. Their dedication, commitment and passion to deliver for our customers truly differentiates HSBC and is key to delivering sustainable long-term growth for you, our shareholders.

Georges Elhedery
Group CEO

25 February 2026

Our strategy

In 2025, we continued to implement our strategy that supports our ambition to be the most trusted bank globally, putting customers at the heart of everything we do.

A growing, high-returning HSBC

Our strategic priorities remain clear: we aim to drive customer-centricity, deliver focused sustainable growth, and be simple and more agile.

We are intensely focused on our customers. The depth and quality of our customer relationships and our ability to connect customers globally help enable us to deliver best-in-class products and service excellence. Each of our four businesses is built on trust, as demonstrated by our \$2.1tn Wealth balances and our \$500tn annual payment volumes.

We are driving focused sustainable growth by targeting areas of competitive strengths. The privatisation of Hang Seng Bank is an example of this. The transaction allows us to further capture the growth opportunities in Hong Kong, one of our home markets where we are already the number one bank¹. All four of our businesses are high-returning, delivering mid-teens or better RoTE individually.

We aim to be a simple and agile organisation in accordance with the strategy we set out in 2024. We simplified our organisation down to four connected businesses. We are also exiting non-strategic businesses at pace, freeing up investment to grow our core businesses where we have scale and competitive advantage.

¹ Based on deposit market share. Source: Hong Kong Monetary Authority ('HKMA').

Strong performance in 2025

We delivered a strong set of results in 2025. Our reported revenue was \$68.3bn. On a constant currency basis and excluding notable items, our revenue was \$71.0bn, 5% higher compared with 2024.

Our reported profit before tax was \$29.9bn. On a constant currency basis and excluding notable items, we grew our profit before tax by 7% to \$36.6bn.

We continue to grow our deposit base. On a constant currency basis, customer deposits increased by \$68bn during 2025 and reached \$1.8tn as at 31 December 2025.

In 2025, we achieved a RoTE of 13.3%. Excluding the impact of notable items, RoTE was 17.2%, achieving our RoTE target of 'mid-teens or better'. We delivered a 15.6% RoTE excluding notable items in 2024.

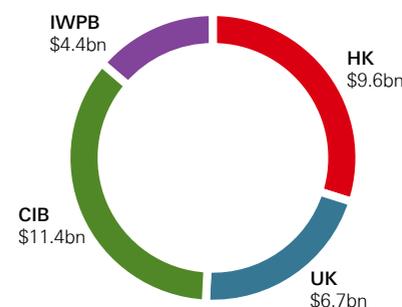
Our strong performance in 2025 allowed us to announce ordinary dividends of \$0.75 per share to our shareholders, compared with \$0.66 in 2024.

RoTE excluding notable items ◆

17.2%

(2024: 15.6%)

Reported profit before tax by business segment (\$bn)



Reshaping and focusing the Group

We continued to make progress in reshaping the Group. We announced a further 11 exits in 2025. These included our business in Malta, Sri Lanka retail banking, our UK life insurance business, our Germany custody and fund administration businesses, our stake in Grupo Financiero Galicia, our French retained portfolio of home and certain other loans, our Uruguay business, our Bangladesh retail banking business, equity capital markets ('ECM') and mergers and acquisitions ('M&A') in the US, UK and Europe, and our Bahrain retail banking unit.

The targeted strategic reviews of our retail businesses in Australia, Indonesia and Egypt remain underway, on which no decisions have been made. We remain committed to our wholesale banking activities in these markets. In addition, we commenced a strategic review of HSBC Life Singapore.

We completed the privatisation of Hang Seng Bank on 26 January 2026. This transaction will further simplify the Group and deepen our presence in one of our home markets where we are already the market leader.

We are committed to serving Hong Kong with two iconic brands. We intend to retain Hang Seng Bank as a separately-licensed bank with its own governance, brand, distinct customer proposition and branch network. We aim to strengthen both the HSBC and Hang Seng brands by focusing on their competitive advantages, while allowing customers to choose where to bank.

Connectivity – our key strength

Connectivity distinguishes HSBC. We have four deeply-connected businesses that complement each other. CIB and IWPB are leading global franchises that serve the Group by providing a wide range of products and capabilities. Hong Kong and the UK are our home markets where we have substantial retail and wholesale distribution networks.

Our customers choose us because we are a trusted bank with extensive international connectivity. We connect customers across borders in our 56 markets. We are well placed to help our clients manage increased complexity as global trade reconfigures, and their wealth and investment needs globally.

We partner with our clients for the long term as their business and wealth grow over time. We are one of the few global universal banking franchises that offer our clients a full banking product suite and services for their diverse financial needs. We serve clients from small businesses to global institutions, from retail customers to ultra-high net worth individuals. As our customers grow, they grow with us.

Our home markets

Hong Kong

Our Hong Kong business generated revenue of \$15.9bn in 2025, growing by 6% on a constant currency basis. We have the market-leading banking franchise in Hong Kong¹. Our deposit base grew by 7% to over \$540bn, maintaining our number one position in market share¹ in Hong Kong at 25.4%². We also consistently lead peers in customer satisfaction, retaining the number one position in strategic net promoter scores ('NPS')³. In our Commercial Banking ('CMB') business, we focused on strengthening our market position across multiple products. In trade finance, we maintained our strong performance with a market share of 32.6%². We continued to solidify and grow our Retail Banking and Wealth ('RBW') business. We welcomed over 1.1 million new-to-bank customers, bringing the total to over seven million⁴, and we opened five new Wealth Centres in 2025. These achievements reflect our ongoing commitment to growth, customer satisfaction and long-term value creation.

UK

Our UK business delivered revenue of \$12.9bn in 2025, an increase of 5% on a constant currency basis, supported by robust balance sheet growth, with customer loans increasing by 6% to over \$300bn. We continue to support key growth sectors in the UK economy, with our CMB business voted the 'Best Bank for Corporates' in the UK by Euromoney for the second consecutive year. We see an opportunity to build share in the small and medium-sized enterprise ('SME') segment and have introduced fee-free banking for SME clients. In our RBW business, we aim to support customers to manage and grow their wealth. Following the relaunch of our Premier proposition, we rolled out 'Funds on Mobile' to make it easier for customers to buy, sell and trade funds via the HSBC app, in addition to opening two new Wealth Centres. We continued to build on our mortgage franchise, growing balances by \$9bn on a constant currency basis, taking market share to 8.1%⁵.

32.6%

Trade finance market share in Hong Kong²

8.1%

Mortgage market share in the UK⁵

- 1 HSBC internal analysis based on HSBC Group deposit balances in Hong Kong as of 30 June 2025, and the financial data presented in the 2025 interim financial reports of 12 selected peer banks.
- 2 Market share refers to HSBC Group balances in Hong Kong compared with the HKMA Hong Kong market data as of December 2025.
- 3 Strategic NPS ranking based on a survey by third-party vendors, InMoment and MDRI Asia Limited. Scores pertain to our Retail Banking and Wealth business only.
- 4 New-to-bank and total customer numbers exclude Hang Seng Bank customers.
- 5 Source: Bank of England. Retail mortgages only.

Our network business

Corporate and Institutional Banking

In CIB, revenue was \$27.6bn, an increase of 3% compared with 2024 on a constant currency basis. HSBC continued to be a leading global wholesale transaction bank. Bank-wide, we generated \$10.9bn of wholesale transaction banking fees and other income in 2025, which was 4% higher compared with 2024. We also grew our deposits by \$10bn in 2025, bringing the total to \$600bn. We facilitated around \$900bn in trade⁶, and were ranked number one in 21 markets around the world⁷. In Global Payments Solutions ('GPS'), HSBC was recognised as the number one Global Cash Management service provider in products, service and technology⁸. In Foreign Exchange, we were named the 'World's Best FX Bank for Corporates'⁹. In addition, we were recognised as 'Asia's Best Bank for Securities Services' by Euromoney. We continued to invest in innovative technologies to help build a bank for the future. We launched a Tokenised Deposit Service in four markets, enabling continuous access to real-time settlement for corporate clients.

International Wealth and Premier Banking

In IWPB, revenue was \$14.5bn, an increase of 5% compared with 2024 on a constant currency basis. We continued to execute our bank-wide Wealth strategy in 2025. Our Premier 3.0 service is now live in seven markets and we opened 29 new Wealth Centres across the Group, including seven in our home markets. Bank-wide Wealth fee and other income was \$9.4bn, up 24% on a constant currency basis, delivering on our ambition of 'double-digit' growth. At 31 December 2025, wealth balances across all our businesses were \$2.1tn, of which \$1.2tn was booked in Asia, making us a leading wealth manager in the region. We attracted bank-wide net new invested assets of \$80bn in 2025, with \$39bn booked in Asia. In our insurance business, our insurance manufacturing contractual service margin ('CSM') grew by 21% to \$14.6bn, which is a store of potential future revenue for us.

c.\$900bn

Trade volumes facilitated⁶

\$2.1tn

Wealth balances increased by 16% compared with 2024

- 6 HSBC internal management information.
- 7 Source: Euromoney Trade Finance Survey in 2025.
- 8 Source: Euromoney Cash Management Survey 2025.
- 9 Source: Euromoney Foreign Exchange Awards 2025.

Performance across geographies

We have an established presence in a number of markets globally. We are particularly focused on mainland China, India, Singapore and the UAE. These markets are especially well connected to international trade, wealth and investment flows and are key to our strategy.

In 2025, we reported profit before tax of \$1.1bn in our mainland China business, including a loss of \$2.1bn related to the dilution and impairment of our associate BoCom. We continued to support our customers expanding internationally, where we serve approximately half of Fortune Global

500 companies. We were recognised as the 'Best International Bank' by Euromoney in 2025. We continued to perform strongly in Wealth, where Wealth invested assets grew by 37% compared with 2024, driven by strong wealth distribution and growth in Private Banking.

In Singapore, we generated profit before tax of \$1.5bn, and we remain the largest foreign bank¹⁰. Singapore is our primary wholesale offshore booking centre and wealth hub within the ASEAN region. In 2025, we were recognised by Euromoney as the 'Best Bank for Large Corporates'. Singapore, where we

opened two new Wealth Centres, is our largest Wealth business outside our home markets and fast growing. Wealth fee and other income grew by 27% and our Wealth invested assets surpassed \$100bn for the first time.

- 10 Based on 9M25 profit before tax, using peers' published results.

Performance across geographies (continued)

In India, we reported a profit before tax of \$1.9bn and continued to be the largest foreign bank¹. We are the leading bank for multinational companies, of which around 50% bank with us². We launched HSBC Innovation Bank with a \$1bn financing pool and launched new digital propositions in Payments and Trade. Our ECM issuance grew more than 60% in 2025. We expanded to four new cities with wealth and international potential, remained the top wealth manager across foreign banks³ and were the first bank to launch international wealth solutions in GIFT City⁴.

In the UAE, we generated \$0.8bn in profit before tax, and are the largest foreign bank⁵. We continued to further strengthen our leadership in Corporate and Institutional Banking. We were named 'Best Investment Bank' in the Middle East⁶, including being top ranked in debt capital markets in the region for the fifth consecutive year⁷. Our UAE wealth business saw strong growth, with invested assets up 33% and international new-to-bank customers up 12%. In 2025, we launched Premier 3.0, opened a new Wealth Centre, and introduced 10 new asset management funds.

- 1 HSBC internal analysis based on 1H25 revenue, deposits and advances, using peers' published results.
- 2 Source: Ministry of Commerce of India.
- 3 By Wealth AUM. Source: Indian Mutual Fund Industry.
- 4 Gujarat International Finance Tec-City.
- 5 HSBC internal analysis based on 9M25 revenue, deposits and advances, using peers' published results.
- 6 Euromoney Awards for Excellence 2025.
- 7 Source: Bloomberg league table.

Deposit strength core to our strategy

The strength of our franchise is built on the solid foundation of our \$1.8tn deposit base, which is comprised primarily of current and savings accounts. We are proud of our deposit strength, which is a product of the trust of our customers and an important source of funding for us, and forms the foundation of our financial stability.

We have customer loans of \$1.0tn, excluding held for sale assets, representing 55% of customer deposits. We operate with a surplus of customer deposits relative to loans in each of our four franchises and in our major operating entities, including The Hongkong and Shanghai Banking Corporation Limited, HSBC UK and HSBC Bank plc.

\$1.8tn

Customer deposit balances
(2024: \$1.7tn)

Improving operational excellence through artificial intelligence

In 2025, we accelerated the adoption of Generative AI ('GenAI') across HSBC, moving from experimentation to scaled delivery. Today, we have over 100 GenAI solutions in use and a strong pipeline of use cases in development. Our adoption of AI is underpinned by our people, and we continue to invest in training and tooling to support staff in their roles. Around the globe, around 85% of our colleagues have access to our large language model-based productivity

tool, HSBC Productivity Suite, which helps them to analyse and translate documents, summarise information and generate insights.

While the progress this year has been significant, the opportunity ahead is far greater. Our strategic partnership with Mistral strengthens our commitment to scale GenAI capabilities and we will continue to prioritise areas that matter most to our customers and

colleagues, and drive performance. Through 2026, we intend to expand enterprise-wide adoption of AI tools and strive to embed AI deeper into our core processes.

> 100

GenAI solutions in use

Our ambitions

Revenue growth rising to 5% YoY

We are focused on growth opportunities within our strategy that play to our strengths, while maintaining tight cost discipline and continuing to invest in growth and efficiency. We are targeting revenue growth rising to 5% year-on-year by 2028 on a constant currency basis excluding notable items. We see growth opportunities in each of our four businesses. In Hong Kong, we intend to consolidate market leadership with the privatisation of Hang Seng Bank. In the UK, we see the opportunity to continue building our mortgage franchise and build share in SME banking. In IWPB, we intend to particularly focus on building our successful wealth business, especially in Asia and the Middle East. In CIB, the opportunities include further expanding our international network business and transaction banking. Having simplified our approach to now include a revenue growth target, we no longer provide separate guidance on Wealth fee and other income growth.

RoTE of 17% or better

Underpinned by the momentum in our earnings and the positive progress we are making in our strategic execution, we are targeting a RoTE excluding notable items of 17% or better for each of 2026, 2027 and 2028.

Capital generation

Our business model is designed to be highly capital generative. In 2025, our CET1 capital ratio was 14.9%, remaining stable compared with 31 December 2024. During the calendar year, we paid \$5.2bn ordinary dividends with respect to 2025, and we expect to pay a further \$7.7bn through the fourth interim dividend with respect to 2025. We aim to maintain a CET1 capital ratio in the range of 14-14.5% over the medium term⁸. Capital may fall below our target range during the first half of 2026 owing to the privatisation of Hang Seng Bank. We plan to address this through organic capital generation and pausing share buy-backs until CET1 capital is back within or above this range. A decision to recommence buy-backs will be subject to our normal buy-back considerations and process on a quarterly basis.

Our primary use of capital generation is to pay an ordinary dividend of 50% of profit attributable to ordinary shareholders, excluding material notable items and related impacts (our dividend payout ratio target basis⁹). Our preferred use of capital after paying the dividend is to support the growth of our four businesses.

Our targets for 2026-2028

Rising to **5%**

Revenue growth YoY by 2028, on a constant currency basis excluding notable items⁹

17% or better

RoTE excluding notable items target for 2026, 2027 and 2028⁹

50%

Dividend payout ratio target basis, 2026-2028⁹

⁸ Medium term is defined as 3-5 years from 1 January 2026.

⁹ We do not reconcile our forward guidance on revenue on a constant currency basis excluding notable items, RoTE excluding the impact of notable items or dividend payout ratio target basis to their equivalent reported measures.

Financial overview

Performance compared with our 2025 Group financial targets

Return on average tangible equity excluding notable items

17.2%

(2024: 15.6%)

In 2025, RoTE was 13.3%, a decrease of 1.3 percentage points from 2024.

For the purposes of measuring performance against our Group target, we adjust RoTE to exclude notable items.

RoTE excluding notable items was 17.2%, an increase of 1.6 percentage points compared with 2024 and above our mid-teens target for 2025.

To better align with market practice, from our 2025 full-year results we no longer adjust the 'average tangible equity' for the post-tax impact of notable items in each period. We have re-presented comparatives on the revised basis. This revision improved RoTE excluding notable items by 16bps in 2025. In 2024, this revision had a 34bps adverse impact.

- ▶ See pages 66 and 93 for further detail on RoTE excluding notable items.
- ▶ See page 66 for further details on notable items.

Target basis operating expenses

\$33.5bn

(2024: \$32.5bn)

In 2025, operating expenses of \$36.4bn increased by \$3.4bn or 10%, on a reported basis.

Target basis operating expenses grew by 3% compared with 2024 in line with our target of approximately 3%. This primarily reflected higher planned spend in technology, higher performance-related pay and the impact of inflation.

Our target basis operating expenses exclude the direct cost impact of the business disposals in Canada and Argentina, notable items and the impact of retranslating the prior year results of hyperinflationary economies at constant currency.

Our target basis operating expenses included the impact of simplification-related savings associated with our reorganisation, which generated \$0.6bn of cost reductions in 2025. We are on track to have taken actions to deliver our \$1.5bn annualised cost reduction by the end of June 2026, which is six months earlier than planned.

- ▶ See page 95 for a reconciliation of target basis operating expenses to reported operating expenses.

Capital and dividend policy

CET1 ratio

14.9%

(2024: 14.9%)

Dividend payout ratio in respect of 2025

50%

on a dividend payout ratio target basis

At 31 December 2025, our CET1 capital ratio was 14.9%, which was higher than our medium-term target range of 14% to 14.5%. We intend to continue to manage the CET1 ratio within this range.

The total dividend per share announced in respect of 2025 was \$0.75. On a dividend payout ratio target basis this resulted in a payout ratio of 50% of earnings per share. For the purposes of computing our target basis dividend payout ratio, we exclude from earnings per share material notable items and related impacts.

- ▶ See page 96 for a reconciliation of basic earnings per share excluding material notable items and related impacts to basic earnings per share.

Basis of presentation

Constant currency performance

Constant currency performance is computed by adjusting reported results of comparative periods for the effects of foreign currency translation differences, which distort period-on-period comparisons. Constant currency performance provides useful information for investors by aligning internal and external reporting, reflecting how management assesses period-on-period performance.

Notable items and material notable items

We separately disclose 'notable items', which are components of our income statement that management considers as outside the normal course of business and generally non-recurring in nature. Certain notable items are classified as 'material notable items', a subset of notable items. Categorisation as a material notable item is dependent on the nature of each item in conjunction with the financial impact on the Group's income statement, and are excluded from our target basis dividend payout ratio calculation and earnings per share measure.

Material notable items in 2025 or relevant comparative periods relate to the following:

- Income statement impacts associated with actions to exit or wind down certain businesses to redeploy costs from non-strategic activities (reported under 'Disposals, wind-downs, acquisitions and related costs' in notable items).
- Dilution and impairment losses on our investment in BoCom.
- A legal provision following developments in a claim in Luxembourg relating to the Bernard L. Madoff Investment Securities LLC fraud.

Impact of strategic transactions

To aid the understanding of our results, we separately disclose the impact of strategic transactions classified as material notable items on the results of the Group and our business segments. The distorting impact of the operating income statement results related to acquisitions and disposals that affect period-on-period comparisons primarily related to our disposals in Canada and Argentina.

Management view of revenue on a constant currency basis

We provide breakdowns of revenue for each of our business segments on a constant currency basis by major product. These reflect

the basis on which revenue performance of the businesses is assessed and managed. In the management view of revenue, notable items are presented separately.

We group certain products in a consistent manner across our business segments. Wholesale transaction banking comprises our Global Foreign Exchange, Global Payments Solutions ('GPS'), Global Trade Solutions ('GTS') and Securities Services businesses. Wealth comprises our Investment Distribution, Insurance, Private Bank and Asset Management businesses.

On page 15, we provide a summarised management view of revenue for the Group's results to supplement the Group's reported revenue performance using the product grouping used to manage and assess our segmental performance.

- ▶ See page 80 for further details on the impact of strategic transactions.
- ▶ See page 66 for further details on basis of preparation and use of alternative performance measures.
- ▶ See pages 76 to 78 and pages 85 to 90 for details of notable items in our business segments and legal entities.

Income statement results

2025 compared with 2024

Movement in reported profit before tax compared with 2024

Reported results	2025	2024	2023	2025 vs 2024		of which strategic transactions ¹
	\$m	\$m	\$m	\$m	%	\$m
Revenue	68,274	65,854	66,058	2,420	4	(1,936)
– of which: net interest income	34,794	32,733	35,796	2,061	6	(1,628)
ECL	(3,850)	(3,414)	(3,447)	(436)	(13)	87
Net operating income	64,424	62,440	62,611	1,984	3	(1,849)
Total operating expenses	(36,428)	(33,043)	(32,070)	(3,385)	(10)	606
Operating profit	27,996	29,397	30,541	(1,401)	(5)	(1,243)
Share of profit in associates and joint ventures less impairment	1,911	2,912	(193)	(1,001)	(34)	
Profit before tax	29,907	32,309	30,348	(2,402)	(7)	(1,243)
Tax expense	(6,776)	(7,310)	(5,789)	534	7	
Profit after tax	23,131	24,999	24,559	(1,868)	(7)	
Revenue excluding notable items ♦	71,020	67,434	65,723	3,586	5	
Profit before tax excluding notable items ♦	36,617	34,122	33,198	2,495	7	

1 For details, see 'Strategic transactions supplementary analysis' on page 80.

Reported profit

Reported profit before tax of \$29.9bn was \$2.4bn or 7% lower, mainly due to a \$4.9bn year-on-year net adverse impact from notable items.

In 2025, notable item impacts included recognition of dilution and impairment losses of \$2.1bn related to BoCom, reserve recycling losses of \$1.5bn following the completion of the sale of our French retained portfolio of home and certain other loans, legal provisions of \$1.4bn and restructuring and other related costs associated with our organisational simplification of \$1.0bn. In 2024, these included a gain of \$4.8bn on the disposal of our banking business in Canada and the impacts of the disposal of our business in Argentina, comprising a \$1.0bn loss on disposal, and the recycling of foreign currency reserve losses and other reserves of \$5.2bn. They also included a \$0.2bn loss on the early redemption of legacy securities.

On a constant currency basis, profit before tax of \$29.9bn was \$2.5bn lower than in 2024, while excluding notable items it increased by \$2.4bn or 7%.

Reported revenue

Reported revenue of \$68.3bn was \$2.4bn or 4% higher, reflecting strong fee and other income growth. This was partly offset by a net adverse movement in notable items of \$1.2bn, primarily relating to business disposals, as well as a dilution loss of \$1.1bn following the completion of BoCom's capital issuance in June 2025, which reduced our interest from 19.03% to 16.00%.

Revenue excluding notable items increased by \$3.6bn, primarily reflecting higher fee and other income in Wealth and Wholesale Transaction Banking, as well as from the non-recurrence of adverse hyperinflationary impacts in Argentina.

In Wealth, there was a strong performance in Insurance, due to a higher CSM release, reflecting strong new business growth and favourable net investment returns and experience variances, and growth in our Private Bank and investment distribution from higher customer activity. In Wholesale Transaction Banking, fee and other income growth reflected a strong performance in 2025, particularly in Global Foreign Exchange amid elevated market volatility.

Net interest income

NII increased by \$2.1bn reflecting the benefit of the reinvestment of our structural hedge at higher yields, deposit balance growth and higher NII in Markets Treasury. In addition, the increase reflected the non-recurrence of a \$0.2bn loss in 2024 on the early redemption of legacy securities. This was partly offset by the adverse impact of \$1.6bn from business disposals in Argentina and Canada, and margin compression on our deposits from lower interest rates. The growth in NII also reflected a benefit from lower funding costs associated with the trading book of \$1.7bn. Banking NII, which excludes these funding costs, increased by \$0.3bn.

On a constant currency basis, revenue increased by \$2.3bn or 3% and banking NII rose by \$0.5bn.

Notable items – on a reported basis

	2025	2024	2023
	\$m	\$m	\$m
Revenue			
Disposals, wind-downs, acquisitions and related costs ¹	(1,642)	(1,343)	1,298
Dilution loss of interest in BoCom associate	(1,104)	–	–
Fair value movements on financial instruments	–	–	14
Disposal losses on Markets Treasury repositioning	–	–	(977)
Early redemption of legacy securities	–	(237)	–
Currency translation on revenue notable items	–	(2)	(130)
Operating expenses			
Disposals, wind-downs, acquisitions and related costs	(502)	(199)	(321)
Restructuring and other related costs	(1,030)	(34)	136
Legal provisions	(1,432)	–	–
Currency translation on operating expenses notable items	–	18	–
Share of profit in associates and joint ventures less impairment			
Impairment losses of interest in BoCom associate	(1,000)	–	(3,000)
Currency translation on associate notable items	–	–	(59)

1 2024 includes losses of \$0.2bn related to the sale of our business in Russia, which are not categorised as a material notable item.

Reported ECL

Reported ECL charges of \$3.9bn were \$0.4bn or 13% higher than 2024, including charges in both periods related to the CRE sectors in Hong Kong and mainland China. In 2025, the charge in this sector in Hong Kong of \$0.7bn (2024: \$0.1bn) reflected higher allowances for new defaulted exposures, the impact of an over-supply of non-residential properties that has put continued downward pressure on rental and capital values, and updates to our models used for ECL calculations. The 2025 charge in the mainland China CRE sector was \$0.2bn (2024: \$0.4bn).

- ▶ For further details of the calculation of ECL, see pages 124 to 126.

Reported operating expenses

Reported operating expenses of \$36.4bn were \$3.4bn or 10% higher. The increase primarily reflected notable items in 2025, including legal provisions of \$1.4bn, restructuring and other related costs in 2025 of \$1.0bn and \$0.5bn related to disposals, wind-downs, acquisitions and related costs.

The remaining growth in reported operating expenses included higher planned spend and investment in technology, higher performance-related pay and the impacts of inflation. These increases were partly offset by reductions following the completion of business disposals in Canada and Argentina, and the benefits delivered by our restructuring activities.

Target basis operating expenses were \$33.5bn or 3% higher than in 2024 due to higher planned spend and investment in technology and the impact of inflation.

Reported share of profit in associates and joint ventures less impairment

of \$1.9bn was \$1.0bn or 34% lower, primarily due to an impairment loss of \$1.0bn recognised on BoCom following our value-in-use assessment made in 2025.

- ▶ For further details on our value-in-use assessment, see Note 18: Interests in associates and joint ventures on page 319.

Tax expense

In 2025 tax expense was a charge of \$6.8bn, representing an effective tax rate of 22.7% (2024: 22.6%). Excluding the non-deductible impairment and dilution loss in BoCom and legal provisions on which no tax benefit is recorded, the effective rate for 2025 was 20.6% (2024: 21.5%, excluding the impact of the non-taxable gains and losses on the sale of our banking business in Canada and our business in Argentina).

- ▶ For further details on tax expense, see page 71.

Supplementary management view of revenue ◆

	2025	2024	2023	2025 vs 2024		of which strategic transactions ¹
	\$m	\$m	\$m	\$m	%	\$m
Banking NII²	44,084	43,975	44,095	109	0	(1,603)
Fee and other income	26,936	23,459	21,628	3,477	15	128
– Wealth	9,390	7,559	6,339	1,831	24	(164)
– Wholesale Transaction Banking	10,860	10,433	10,654	427	4	(171)
– Other	6,686	5,467	4,635	1,219	22	463
Revenue excluding notable items	71,020	67,434	65,723	3,586	5	(1,475)
Notable items	(2,746)	(1,580)	335	(1,166)	(74)	(461)
Revenue	68,274	65,854	66,058	2,420	4	(1,936)

1 For details, see 'Strategic transactions supplementary analysis' on page 80.

2 For a reconciliation of banking NII to reported NII, see page 70. In the supplementary management view of revenue, banking NII in 2024 excludes notable items of \$0.2bn, which are separately presented in 'notable items'. There were no notable items in banking NII in 2025 or 2023.

Movement in reported profit before tax compared with 2024 – constant currency basis

	2025	2024	2023	2025 vs 2024		of which strategic transactions ¹
	\$m	\$m	\$m	\$m	%	\$m
Results – on a constant currency basis ◆						
Revenue	68,274	66,009	65,040	2,265	3	(1,681)
ECL	(3,850)	(3,392)	(3,250)	(458)	(14)	72
Total operating expenses	(36,428)	(33,146)	(31,691)	(3,282)	(10)	417
Operating profit	27,996	29,471	30,099	(1,475)	(5)	(1,192)
Share of profit in associates and joint ventures less impairment	1,911	2,913	(297)	(1,002)	(34)	–
Profit before tax	29,907	32,384	29,802	(2,477)	(8)	(1,192)
Revenue excluding notable items	71,020	67,591	64,835	3,429	5	
Profit before tax excluding notable items	36,617	34,181	32,841	2,436	7	

1 For details, see 'Strategic transactions supplementary analysis' on page 80.

Balance sheet and capital**Balance sheet strength**

Total assets of \$3.2tn were \$216bn higher than at 31 December 2024 on a reported basis, and \$93bn higher on a constant currency basis. The increase was driven by growth in financial investments balances, higher trading assets and reverse repurchase agreements and higher other asset balances. This was partly offset by lower cash and balances at central banks due to redeployment opportunities and a decrease in derivative assets. Loans and advances to customers also increased, and as a percentage of customer accounts they were 55.3%, compared with 56.2% at 31 December 2024 (excluding balances classified as held for sale).

Given customer loan growth has been muted in recent years, we will no longer provide guidance on medium- to long-term customer lending growth.

- ▶ For detailed balance sheet commentary, see page 73.

Distributable reserves

The distributable reserves of HSBC Holdings at 31 December 2025 were \$46.2bn, a \$17.9bn increase since 31 December 2024, primarily driven by \$22.1bn in profits and other reserve movements generated in 2025, cancellation of \$16.6bn standing to the credit of its share premium and capital redemption

reserves pursuant to the Court approval obtained by HSBC Holdings on 24 June 2025, offset by \$20.8bn of dividends on ordinary shares, additional tier 1 coupon and share buy-back payments.

Capital and liquidity position

Our CET1 ratio at 31 December 2025 remained at 14.9%, unchanged from 31 December 2024. The average high-quality liquid assets ('HQLA') we held was \$702.1bn (31 December 2024: \$649.2bn). This excludes HQLA in legal entities that are not transferable due to local restrictions.

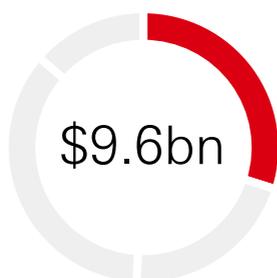
- ▶ For further details, see 'Capital overview' on page 158.

Business segments

Hong Kong

Our Hong Kong business has a leading market position in our home market of Hong Kong. It comprises Retail Banking and Wealth and Commercial Banking of HSBC Hong Kong and Hang Seng Bank.

Contribution to Group profit before tax ♦



Calculation is based on profit before tax of our business segments excluding Corporate Centre.

Divisional highlights

40%

Growth in Wealth fee and other income compared with 2024, on a constant currency basis. ♦

7%

Growth in deposits compared with 2024, on a constant currency basis. ♦

Results – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Revenue	15,878	15,047	14,532	831	6	—
ECL	(1,476)	(1,077)	(1,494)	(399)	(37)	—
Operating expenses	(4,826)	(4,841)	(4,514)	15	—	—
Share of profit/(loss) from associates and joint ventures	—	—	—	—	—	—
Profit before tax	9,576	9,129	8,524	447	5	—
RoTE ¹ (%)	35.5	37.5	34.7			
RoTE excluding notable items ¹ (%)	35.5	37.5	36.4			

Management view of revenue – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Banking NII³	12,082	11,997	12,108	85	1	—
Fee and other income⁴	3,796	3,050	2,798	746	24	—
– Retail Banking and Wealth	2,658	1,941	1,678	717	37	—
– Retail Banking	326	312	287	14	4	—
– Wealth	2,206	1,577	1,203	629	40	—
– Other ⁵	126	52	188	74	>100	—
– Commercial Banking	1,138	1,109	1,120	29	3	—
– Wholesale Transaction Banking	730	709	692	21	3	—
– Credit and Lending	78	83	76	(5)	(6)	—
– Other ⁵	330	317	352	13	4	—
Revenue excluding notable items	15,878	15,047	14,906	831	6	—
Notable items	—	—	(374)	—	n/a	—
Revenue	15,878	15,047	14,532	831	6	—

1 For details of our RoTE calculation by business segment, see page 94.

2 Impact of strategic transactions classified as material notable items. For further details, see 'Strategic transactions supplementary analysis' on page 80.

3 For a description of how we derive banking NII, see page 66. In the Hong Kong business, there are no adjustments to NII to derive banking NII.

4 For supplementary analysis of fee and other income, see page 79.

5 Includes revenue from Markets Treasury. It also includes other non-product-specific income and notional tax credits.

Notable items

	2025	2024	2023
	\$m	\$m	\$m
Revenue			
Disposal losses on Markets Treasury repositioning	—	—	(373)
Currency translation on revenue notable items	—	—	(1)
Operating expenses			
Restructuring and other related costs	(16)	—	—
Currency translation on operating expenses notable items	—	—	—

Sky-high banking: a towering triumph

We opened a new Wealth Centre in Hong Kong on the 99th floor of the International Commerce Centre (ICC). The ICC serves our high-net-worth clients in a luxurious and private environment and is our fifth Wealth Centre in the city and the largest in the Group globally. It houses around 100 wealth management experts trained to guide our clients through their wealth decisions via face-to-face meetings and the use of digital tools. Strategically located next to the West Kowloon Station and Airport Express – vital conduits for mainland China and international customers – the new centre helps enable us to meet the diverse banking needs of customers, especially in the Greater Bay Area.



Financial performance

Profit before tax of \$9.6bn increased by \$0.4bn or 5% compared with 2024, on a constant currency basis.

Revenue of \$15.9bn was \$0.8bn or 6% higher, on a constant currency basis.

Banking NII of \$12.1bn was broadly stable compared with 2024, as the benefit of growth in deposit balances was largely offset by margin compression on deposits in a lower interest rate environment, together with lower lending balances.

Fee and other income of \$3.8bn grew by \$0.7bn or 24%, primarily reflecting an increase of \$0.6bn or 40% in Wealth from a strong performance in investment distribution due to higher customer activity.

ECL of \$1.5bn increased by \$0.4bn compared with 2024, on a constant currency basis, including charges in both periods related to the Hong Kong CRE sector. In 2025, the increased charge in this sector reflected higher allowances for new defaulted exposures, the impact of an over-supply of non-residential properties that has put continued downward pressure on rental and capital values, and updates to our models used for ECL calculations.

Operating expenses of \$4.8bn were stable, on a constant currency basis. This reflected lower operations costs, which were broadly offset by increases from planned higher spend on technology, including the development of our Wealth proposition, and the impact of inflation.

UK

Our UK business has a leading market position in our home market of the UK. It comprises UK Retail Banking and Wealth (including first direct and M&S Bank) and UK Commercial Banking, including HSBC Innovation Bank.

Contribution to Group profit before tax ♦



Calculation is based on profit before tax of our business segments excluding Corporate Centre.

Divisional highlights

6%

Growth in loans and advances to customers compared with 2024, on a constant currency basis. ♦

7%

Growth in banking NII compared with 2024, on a constant currency basis.³ ♦

Results – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Revenue	12,938	12,342	13,439	596	5	—
ECL	(696)	(415)	(545)	(281)	(68)	—
Operating expenses	(5,537)	(5,104)	(4,829)	(433)	(8)	(7)
Share of profit/(loss) from associates and joint ventures	—	—	—	—	—	—
Profit before tax	6,705	6,823	8,065	(118)	(2)	(7)
RoTE ¹ (%)	22.6	25.0	33.3			
RoTE excluding notable items ¹ (%)	22.9	25.0	25.1			

Management view of revenue – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Banking NII³	11,096	10,355	9,903	741	7	—
Fee and other income⁴	1,842	1,987	2,036	(145)	(7)	—
– Retail Banking and Wealth	617	744	749	(127)	(17)	—
– Retail Banking	255	273	260	(18)	(7)	—
– Wealth	339	391	419	(52)	(13)	—
– Other ⁵	23	80	70	(57)	(71)	—
– Commercial Banking	1,225	1,243	1,287	(18)	(1)	—
– Wholesale Transaction Banking	891	912	926	(21)	(2)	—
– Credit and Lending	238	216	178	22	10	—
– Other ⁵	96	115	183	(19)	(17)	—
Revenue excluding notable items	12,938	12,342	11,939	596	5	—
Notable items	—	—	1,500	—	n/a	—
Revenue	12,938	12,342	13,439	596	5	—

1 For details of our RoTE calculation by business segment, see page 94.

2 Impact of strategic transactions classified as material notable items. For further details, see 'Strategic transactions supplementary analysis' on page 80.

3 For a description of how we derive banking NII, see page 66. In the UK business, there are no adjustments to NII to derive banking NII.

4 For supplementary analysis of fee and other income, see page 79.

5 Includes revenue from Markets Treasury. It also includes other non-product-specific income, gains/(losses) on property disposals and notional tax credits.

Notable items

	2025 \$m	2024 \$m	2023 \$m
Revenue			
Disposals, wind-downs, acquisitions and related costs	—	—	1,591
Disposal losses on Markets Treasury repositioning	—	—	(142)
Currency translation on revenue notable items	—	—	51
Operating expenses			
Disposals, wind-downs, acquisitions and related costs	1	6	(45)
Restructuring and other related costs	(70)	7	17
Currency translation on operating expenses notable items	—	—	(3)

Refreshed mobile app drives customer engagement

In March 2025, we relaunched HSBC UK's mobile banking app with a refreshed design, improved personalisation and modern technology infrastructure. The relaunch drove a notable increase in customer satisfaction, discoverability of features, and levels of digital engagement. Across 2025, we delivered more than 50 new features across 24 releases, enhancing functionality and resilience for our c.8 million active mobile customers. These improvements have transformed the mobile experience, with average time spent in-app increasing by over 50%. We remain committed to investing in our mobile platform, with 30 planned releases in 2026 set to further strengthen our digital customer experience.



Financial performance

Profit before tax of \$6.7bn was \$0.1bn or 2% lower than 2024, on a constant currency basis.

Revenue of \$12.9bn was \$0.6bn or 5% higher on a constant currency basis.

Banking NII of \$11.1bn increased by \$0.7bn or 7%, despite reductions in interest rates. This increase was driven by the continued benefit of our structural hedge, as well as higher lending balances across mortgages and corporate lending and from growth in deposit balances, in line with the increase in the overall market size. These increases were partly offset by the impact of lower interest rates.

Fee and other income of \$1.8bn fell by 7%.

- In Retail Banking and Wealth, fee and other income was lower reflecting an increased cost of customer rewards following the relaunch of HSBC Premier.
- In Commercial Banking, lower business banking fees due to proposition changes were partly offset by higher corporate lending fees.

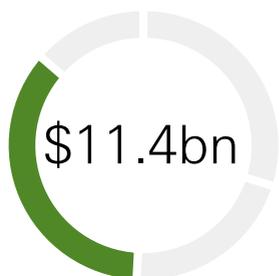
ECL of \$0.7bn increased by \$0.3bn compared with 2024, on a constant currency basis. The increase reflected a more normalised level of ECL in 2025, as well as the non-recurrence of releases against retail exposures in 2024.

Operating expenses of \$5.5bn increased by \$0.4bn or 8%, on a constant currency basis, including restructuring and other related costs associated with our organisational simplification of \$0.1bn. The increase primarily reflected planned higher investment spend in technology, including on operational resilience.

Corporate and Institutional Banking

Our CIB business is a market leader in cross-border transaction banking and capital markets.

Contribution to Group profit before tax ♦



Calculation is based on profit before tax of our business segments excluding Corporate Centre.

Divisional highlights

7%

Growth in fees and other income compared with 2024, on a constant currency basis. ♦

16.2%

RoTE excluding notable items up 2.0 percentage points compared with 2024. ♦

Results – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Revenue	27,637	26,772	24,723	865	3	(638)
ECL	(696)	(878)	(524)	182	21	36
Operating expenses	(15,556)	(14,612)	(13,755)	(944)	(6)	96
Share of profit/(loss) from associates and joint ventures	1	1	(1)	–	–	–
Profit before tax	11,386	11,283	10,443	103	1	(506)
RoTE ¹ (%)	14.9	14.2	14.3			
RoTE excluding notable items ¹ (%)	16.2	14.2	14.8			

Management view of revenue – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Banking NII³	14,532	14,519	13,399	13	0	(758)
Fee and other income⁴	13,114	12,267	11,701	847	7	129
– Wholesale Transaction Banking	9,239	8,847	8,920	392	4	(137)
– Investment Banking	962	946	851	16	2	(26)
– Debt and Equity Markets	2,283	2,252	1,628	31	1	33
– Wholesale Credit and Lending	567	626	668	(59)	(9)	(52)
– Other ⁵	63	(404)	(366)	467	>100	311
Revenue excluding notable items	27,646	26,786	25,100	860	3	(629)
Notable items	(9)	(14)	(377)	5	36	(9)
Revenue	27,637	26,772	24,723	865	3	(638)

1 For details of our RoTE calculation by business segment, see page 94.

2 Impact of strategic transactions classified as material notable items. For further details, see 'Strategic transactions supplementary analysis' on page 80.

3 For a description of how we derive banking NII, see page 66. In CIB, there are no adjustments to NII to derive banking NII. The internal funding costs of trading and fair value net assets are recorded in 'fee and other income'. On consolidation, this funding is eliminated in Corporate Centre. In 2025, this funding cost was \$9.7bn (2024: \$11.5bn).

4 For supplementary analysis of fee and other income, see page 79.

5 Includes allocated revenue from Markets Treasury and hyperinflationary impacts. It also includes notional tax credits.

Notable items

	2025	2024	2023
	\$m	\$m	\$m
Revenue			
Disposals, wind-downs, acquisitions and related costs	(9)	(14)	—
Disposal losses on Markets Treasury repositioning	—	—	(371)
Currency translation on revenue notable items	—	—	(6)
Operating expenses			
Disposals, wind-downs, acquisitions and related costs	(290)	(10)	(7)
Restructuring and other related costs	(348)	(2)	45
Legal provisions	(322)	—	—
Currency translation on operating expenses notable items	—	3	2

Sustainable supply chain financing is world first for Unilever

We launched a sustainable supply chain finance programme for Unilever in the Philippines – a global first for the UK-based multinational corporation. The \$55 million deal also marked our first sustainable supply chain programme in the market. As a leading global trade bank, we understand the critical role suppliers play in helping companies achieve their sustainability and decarbonisation targets. The financing supports Unilever's aim to decarbonise their broader supply chain and enhance transparency.



Financial performance

Profit before tax of \$11.4bn was \$0.1bn or 1% higher than in 2024, on a constant currency basis.

Revenue of \$27.6bn was \$0.9bn or 3% higher, on a constant currency basis, including the adverse impact of \$0.6bn from strategic transactions.

Banking NII of \$14.5bn was broadly stable in comparison with 2024 including an adverse impact of \$0.8bn from strategic transactions. Banking NII benefited from an increase in allocated revenue from Markets Treasury along with a strong growth of 8% in GTS, mainly in Asia. This was offset by a reduction in GPS due to the impact of lower interest rates, offsetting a 5% growth in average balances.

Fee and other income of \$13.1bn increased by \$0.8bn or 7%.

- In Wholesale Transaction Banking, fee and other income increased by \$0.4bn or 4%, mainly due to strong trading performance in Global Foreign Exchange from elevated market volatility and Securities Services, reflecting improved market conditions and new clients.
- In Debt and Equity Markets, fee and other income increased by 1% from elevated market volatility and strong client demand from both wealth and corporate clients within Equity Derivatives.
- In Other, fee and other income increased by \$0.5bn, largely due to the non-recurrence of adverse hyperinflationary impacts in Argentina.

ECL of \$0.7bn decreased by \$0.2bn compared with 2024 on a constant currency basis. The decrease reflected lower charges in Asia, due to a reduction in ECL within the CRE sector in mainland China.

Operating expenses of \$15.6bn were \$0.9bn or 6% higher than in 2024 on a constant currency basis, including a \$0.1bn favourable impact from strategic transactions. The increase reflected the impact of notable items of \$1.0bn, including restructuring and other related costs associated with our organisational simplification of \$0.3bn, legal provisions of \$0.3bn, and costs associated with the wind-down of M&A and ECM activities in the UK, Europe and the US. Cost growth also reflected planned higher spend and investment in technology, and inflationary impacts.

International Wealth and Premier Banking

Our IWPB business comprises Premier banking outside of Hong Kong and the UK, our Private Bank, Asset Management and Insurance businesses.

Contribution to Group profit before tax ♦



Calculation is based on profit before tax of our business segments excluding Corporate Centre.

Divisional highlights

22%

Growth in wealth fees and other income compared with 2024, on a constant currency basis. ♦

35%

Growth in Insurance manufacturing new business CSM compared with 2024, up \$0.9bn.

Results – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Revenue	14,520	13,817	12,385	703	5	(590)
ECL	(892)	(993)	(686)	101	10	36
Operating expenses	(9,285)	(8,900)	(8,549)	(385)	(4)	253
Share of profit/(loss) from associates and joint ventures	24	45	62	(21)	(47)	—
Profit before tax	4,367	3,969	3,212	398	10	(301)
RoTE ¹ (%)	17.8	15.7	13.1			
RoTE excluding notable items ¹ (%)	19.0	15.5	13.6			

Management view of revenue – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Banking NII³	7,000	7,640	7,288	(640)	(8)	(552)
Fee and other income⁴	7,593	6,151	5,391	1,442	23	61
– Retail Banking	665	765	745	(100)	(13)	(41)
– Wealth	6,845	5,618	4,661	1,227	22	(143)
– Other ⁵	83	(232)	(15)	315	>100	245
Revenue excluding notable items	14,593	13,791	12,679	802	6	(491)
Notable items	(73)	26	(294)	(99)	>(100)	(99)
Revenue	14,520	13,817	12,385	703	5	(590)

1 For details of our RoTE calculation by business segment, see page 94.

2 Impact of strategic transactions classified as material notable items. For further details, see 'Strategic transactions supplementary analysis' on page 80.

3 For a description of how we derive banking NII, see page 66. Banking NII in IWPB is computed by deducting third-party NII in our insurance business from total IWPB NII, which was \$0.4bn in 2025 (2024: \$0.4bn). Total Insurance NII is presented in 'fee and other income' in Wealth.

4 For supplementary analysis of fee and other income, see page 79.

5 Includes allocated revenue from Markets Treasury and hyperinflationary impacts. It also includes other non-product-specific income.

Notable items

	2025	2024	2023
	\$m	\$m	\$m
Revenue			
Disposals, wind-downs, acquisitions and related costs	(73)	28	4
Disposal losses on Markets Treasury repositioning	—	—	(91)
Currency translation on revenue notable items	—	(2)	(207)
Operating expenses			
Disposals, wind-downs, acquisitions and related costs	(83)	(3)	(53)
Restructuring and other related costs	(161)	(14)	11
Currency translation on operating expenses notable items	—	—	—

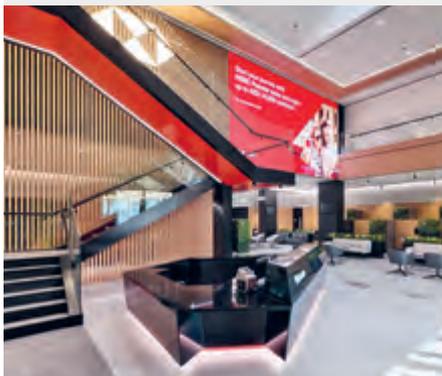
Becoming a leading international wealth manager

Wealth Centres

We launched 29 new Wealth Centres, including in the UK, Hong Kong, the UAE, mainland China, Singapore, Mexico and Malaysia. These centres are designed to offer an exclusive environment, delivering exceptional service and state-of-the-art facilities for our Premier and Private Banking customers, deepening wealth relationships and enhancing the overall wealth management experience.

Wealth Academy

Drawing on insights from over 800 colleagues and developed in partnership with London Business School, we launched the Wealth Academy, providing a comprehensive training framework for Relationship Managers, supporting their progression from foundational knowledge to advanced wealth expertise, and promoting professional development.



Financial performance

Profit before tax of \$4.4bn was \$0.4bn higher than in 2024, on a constant currency basis.

Revenue of \$14.5bn was \$0.7bn or 5% higher on a constant currency basis. This included an adverse impact of \$0.6bn from strategic transactions.

Banking NII of \$7.0bn decreased by \$0.6bn or 8%, primarily driven by the impact of strategic transactions of \$0.6bn, and the effects of lower interest rates on deposits. This reduction was partly offset by growth in deposits and lending balances, mainly in Asia.

Fee and other income of \$7.6bn was up by \$1.4bn or 23%, driven by Wealth due to broad-based growth across all products and in multiple markets, including Hong Kong, mainland China, Singapore, Taiwan and Mexico.

In Wealth, fee and other income of \$6.8bn was up \$1.2bn or 22%, including an adverse impact of \$0.1bn from strategic transactions.

- Insurance increased by \$0.6bn or 35%, reflecting a higher CSM release given continued year-on-year growth in our CSM balance and favourable net investment return and experience variances. The insurance manufacturing CSM balance at 31 December 2025 was \$14.6bn, up \$2.5bn or 21% compared with 31 December 2024. The increase primarily reflected new business CSM growth of \$3.4bn or 35% and favourable market movements, partly offset by CSM release.

- Private Bank increased by \$0.2bn or 16%, as increased customer activity supported by business initiatives led to strong performances in brokerage and trading, and from higher annuity fees, driven by growth in invested asset balances.
- Investment Distribution increased by \$0.2bn or 24% driven by higher sales of mutual funds and structured products, mainly in Asia.

In Other, fees and other income increased by \$0.3bn largely due to the non-recurrence of adverse hyperinflationary impacts in Argentina.

The net loss in notable items of \$0.1bn in 2025 was primarily related to net losses on the disposals of our French and UK life insurance businesses, partly offset by gains on the sales of our private banking business in Germany and our retail operations in Bahrain.

ECL of \$0.9bn were broadly stable on a constant currency basis.

Operating expenses of \$9.3bn were \$0.4bn or 4% higher than in 2024 on a constant currency basis, including a \$0.3bn favourable impact from strategic transactions. The growth primarily reflected continued investments in Wealth, planned higher spend and investment in technology, and the impact of inflation. There was also a \$0.1bn increase in restructuring and other related costs associated with our organisational simplification.

Corporate Centre

The results of Corporate Centre primarily comprise the financial impact of certain acquisitions and disposals and the share of profit from our interests in our associates and joint ventures and related impairments. It also includes Central Treasury, stewardship costs and consolidation adjustments.

Financial performance

Loss before tax of \$2.1bn compared with a profit before tax of \$1.2bn in 2024, on a constant currency basis, primarily due to the impact from notable items. In 2025, these included reserve recycling losses of \$1.5bn following the completion of the sale of our French retained portfolio of home and certain other loans, legal provisions of \$1.1bn, a \$1.1bn loss from the dilution of our shareholding and a \$1.0bn impairment to the carrying value of the Group's interest in our associate BoCom. In 2024, notable items included a net loss of \$1.4bn related to business disposals in Canada and Argentina, as well as a \$0.2bn loss related to the early redemption of legacy securities.

► For further details of the dilution of our shareholding in BoCom and our impairment review process see Note 18: Interests in associates and joint ventures on page 319.

Revenue was \$0.7bn lower on a constant currency basis. This primarily reflected the impact of notable items, comprising the non-recurrence of notable items in 2024 as mentioned above, as well as the reserve recycling losses recognised following the sale of our French retained portfolio of home and certain other loans and the dilution loss related to BoCom, both in 2025.

Banking NII increased by \$0.1bn on a constant currency basis, primarily on the retained French portfolio of home and certain other loans, reflecting the effects of lower interest rates as well as disposal of the portfolio. Banking NII in 2025 removes from NII the internal cost to fund trading and fair value net assets, predominantly in ClB, of \$9.7bn (2024: \$11.5bn).

Fee and other income of \$0.6bn was \$0.2bn higher, primarily due to fair value movements on financial instruments in Central Treasury and structural foreign exchange hedges, and the non-recurrence of an impairment in 2024 related to the sale of our operations in Armenia.

Operating expenses of \$1.2bn increased by \$1.5bn on a constant currency basis, primarily reflecting a legal provision of \$1.1bn and a rise in restructuring and other related costs associated with our organisational simplification of \$0.4bn.

Share of profit from associates and joint ventures less impairment of \$1.9bn decreased by \$1.0bn on a constant currency basis, primarily due to an impairment loss of \$1.0bn referred to above.

Results – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Revenue	(2,699)	(1,969)	(39)	(730)	(37)	(453)
ECL	(90)	(29)	(1)	(61)	>(100)	–
Operating expenses	(1,224)	311	(44)	(1,535)	>(100)	75
Share of profit in associates and joint ventures less impairment	1,886	2,867	(358)	(981)	(34)	–
Profit/(loss) before tax	(2,127)	1,180	(442)	(3,307)	>(100)	(378)
RoTE ¹ (%)	(5.6)	0.7	(1.0)			
RoTE excluding notable items ¹ (%)	6.1	4.3	6.0			

Management view of revenue – on a constant currency basis ♦

	2025	2024	2023	2025 vs 2024		of which strategic transactions ²
	\$m	\$m	\$m	\$m	%	\$m
Banking NII³	(626)	(726)	(183)	100	14	105
Fee and other income	591	351	394	240	68	(199)
Revenue excluding notable items	(35)	(375)	211	340	91	(94)
Notable items	(2,664)	(1,594)	(250)	(1,070)	(67)	(359)
Revenue⁴	(2,699)	(1,969)	(39)	(730)	(37)	(453)

1 For details of our RoTE calculation by business segment, see page 94.

2 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 79.

3 For a description of how we derive banking NII, see page 66. Corporate Centre banking NII includes funding charges on property and technology assets, and the banking NII of the French retained portfolio of home and other loans prior to disposal. Banking NII in 2024 excludes notable items of \$0.2bn, which are separately presented in 'notable items'. There were no notable items in banking NII in 2025 or 2023.

4 Revenue from Markets Treasury, HSBC Holdings net interest expense and hyperinflation are allocated out to the business segments, to align them better with their revenue and expense. The total Markets Treasury revenue component of this allocation for 2025 was \$2.3bn (2024: \$1.5bn; 2023: \$0.4bn).

Notable items

	2025	2024	2023
	\$m	\$m	\$m
Revenue			
Disposals, wind-downs, acquisitions and related costs	(1,560)	(1,357)	(297)
Dilution loss of interest in BoCom associate	(1,104)	–	–
Fair value movements on financial instruments	–	–	14
Early redemption of legacy securities	–	(237)	–
Currency translation on revenue notable items	–	–	33
Operating expenses			
Disposals, wind-downs, acquisitions and related costs	(130)	(192)	(216)
Restructuring and other related costs	(435)	(25)	63
Legal provisions	(1,110)	–	–
Currency translation on operating expenses notable items	–	15	–
Impairment of interest in associate	(1,000)	–	(3,000)
Currency translation on associate notable items	–	–	(59)

ESG overview

Our approach to ESG is focused on creating long-term value for our customers and wider stakeholders.

Our approach

Our approach to ESG focuses on three main areas: the transition to net zero, building inclusion and resilience, and acting responsibly.

Transition to net zero

Our ambition is to become a net zero bank by 2050. Supporting our customers is core to our strategy and financing their transition is both critical to them and aligned to our net zero ambition. We want to be our customers' most trusted international financial partner through the transition, creating long-term value for them and our shareholders.

Our updated Net Zero Transition Plan

Our updated Net Zero Transition Plan, published in November 2025, sets out our commercially-grounded approach to helping our customers succeed as the world moves towards net zero amid changing economic and geopolitical conditions. It intensifies our efforts to be customer-focused, commercial and agile.

Our refreshed strategy supports the transition of our CIB customers, and Commercial Banking customers in the UK and Hong Kong, by directing our financing and capabilities to areas where we believe we can have the greatest impact on the real economy. Our aim is to support our customers' transition by providing and facilitating between \$750bn and \$1tn of sustainable finance and investment by 2030.

Targets and policies

In our Net Zero Transition Plan, we also set out our updated interim financed emissions targets, metrics and associated policies, seeking to remain science-aligned and compatible with our own net zero ambition. Our ability to meet our ambitions, targets and commitments largely depends on the pace of our customers' transition journeys in the real economy.

In light of the latest credible industry-specific net zero pathways and decarbonisation rates, we have updated our interim sector-specific financed emissions targets from fixed targets to target ranges.

We have also published a new Sustainability Risk Policies Framework, which details how we identify, evaluate and manage risks related to the delivery of our sustainability approach, and which sets out our sector-specific sustainability risk approach. It also includes our Thermal Coal Phase-Out Policy.

► For more details, see HSBC Net Zero Transition Plan at <https://www.hsbc.com/who-we-are/our-climate-strategy/our-net-zero-transition-plan>

Building inclusion and resilience

We seek to foster inclusion and build resilience to help create long-term value for all our stakeholders. For colleagues, we focus on creating an inclusive environment and offer resources that support well-being. In 2025, we achieved an Inclusion Index score of 78% against an ambition of 75%, as measured by our employee engagement survey, Snapshot. We work to improve accessibility through products that support customers experiencing challenges, such as disabilities, impairments, or significant life events, while also fostering financial education and well-being.

Acting responsibly

Our conduct approach guides us to do the right thing and focus on the impact we have on our customers and the financial markets in which we operate.

Progress on our ESG metrics

We have established ambitions and targets that guide how we do business, including how we operate and how we serve our customers. We set out below some of the key ESG metrics we use to measure progress against our ambitions. To help us achieve our ESG ambitions, a number of measures are included in the incentive scorecards of the Group CEO, Group CFO and Group Operating Committee members that underpin some of the ESG metrics in the table below. For a summary of how our non-financial metrics link to executive remuneration, see pages 220 - 223 of the Director's remuneration report.

Environment

Transition to net zero

Sustainable finance and investment

\$495.6bn

Cumulative total provided and facilitated since 1 January 2020 (2024: \$393.6bn)

► Read more on page 36.

Net zero in our own operations¹

84.9%

Reduction in absolute operational greenhouse gas emissions from 2019 baseline (2024: 66.1%)

► Read more on page 48.

Social

Building inclusion and resilience

Gender representation

34.7%

Senior leadership roles held by women (2024: 34.6%)

► Read more on page 52.

Black heritage

3.0%

Senior leadership roles held by Black heritage colleagues in the UK and US combined (2024: 3.0%)

► Read more on page 52.

Governance

Acting responsibly

Training

99%

Employees who completed conduct training in 2025 (2024: 99%)

► Read more on page 62.

Financed emissions

7 sectors

Number of sectors where we have set interim financed emissions targets

► Read more on page 40.

1 This absolute greenhouse gas emission figure covers scope 1, scope 2 and scope 3 (business travel) emissions only.

Task Force on Climate-related Financial Disclosures ('TCFD')

TCFD

We have considered our 'comply or explain' obligation under both the UK Financial Conduct Authority's Listing Rules 6.6.6R(8) ('UKLR') and Sections 414CA and 414CB of the UK Companies Act 2006 ('CA 2006'), collectively referred to as the 'TCFD requirements' and Hong Kong Listing Rules ('HKLR') Appendix C2 ESG Reporting Code Part D climate-related disclosures ('HKLR Part D').

We perform an assessment to ascertain the appropriate level of detail to be included in the climate-related financial disclosures set out in our Annual Report and Accounts 2025, as part of considering what to measure and publicly report.

Our assessment takes into account factors such as the level of our exposure to climate-related risks and opportunities, the scope and objectives of our climate-related strategy, transitional challenges, and the nature, size and complexity of our business. See 'How we decide what to measure' on page 359 for further information.

Many of the climate-related requirements are duplicated across both UKLR and HKLR Part D, and as a result we have streamlined our reporting approach where possible.

We confirm that we have made disclosures consistent with the TCFD Recommendations and Recommended Disclosures, including its annexes and supplemental guidance, save for one item: we do not plan to set short-term targets for financed emissions, sustainable finance or our own operations as our overall climate strategy is focused on our ambition to become a net zero bank by 2050. We have set interim financed emissions 2030 targets and a sustainable finance and investment ambition by 2030. Further information can be found on pages 36 and 42.

We disclose detailed explanatory statements for TCFD requirements and HKLR Part D. These statements include additional items that we either do not currently disclose or partly disclose within this report.

We further set out reasons for this, including associated data and system limitations. Where relevant, we also outline ongoing efforts to enhance our reporting in these areas.

- ▶ For a full summary of our TCFD disclosures, including cross-references to detailed disclosure locations, see page 360.
- ▶ Our detailed HKLR Index, including HKLR Part D, can be found in our ESG Data Pack at www.hsbc.com/esg.
- ▶ Detailed explanatory statements for TCFD requirements and HKLR Part D can be found from pages 360 to 362.

Group non-financial and sustainability information statement

The table below brings together key non-financial and sustainability-related disclosures to help stakeholders navigate the relevant information. It meets the requirements of the Strategic Report under section 414C of the CA 2006, as well as Section 414CA and 414CB of the CA 2006 with cross-references to where relevant information is addressed throughout the Annual Report and Accounts 2025.

This table also supports navigation of disclosures relevant to the HKLR Appendix C2 ESG Reporting Code Parts C and D.

Theme	Requirement Description	Disclosure location
Business Model	Description of the business model	▶ Page 4
Impact, policies and due diligence	Environmental	▶ Pages 34 - 51
	Employee matters	▶ Pages 52 - 56
	Social and Community matters	▶ Page 57
	Human rights matters ¹	▶ Page 59
	Anti-corruption and anti-bribery matters	▶ Page 62
Principal Risks and Management	Principal risks and how they are managed ²	▶ Pages 30 - 31
Key Performance Indicators	Environmental	▶ Pages 25, 36, 40 - 49
	Employee matters	▶ Pages 25, 52 - 56
	Social and Community matters	▶ Page 57

1 Our Human Rights Statement and annual statement under the UK Modern Slavery Act are available on www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre. For further details of our approach, see the 'Human rights' section of the ESG review on page 59.

2 For further details of how we manage sustainability risk and our Sustainability Risk Policies Framework, see <https://www.hsbc.com/sustainability-risk>

Board engagement with stakeholders and decision making

Section 172(1) statement

When taking decisions in 2025, the Directors gave careful consideration to the likely short- and long-term consequences of each decision, how it aligned with our strategic priorities and other relevant matters, including those set out in sections 172(1) (a) to (f) of the Companies Act 2006.

Pages 27 to 29 comprise our section 172(1) statement, which provides examples of stakeholder engagement mechanisms, and examples of how the interests of key stakeholders were considered by the Board when taking certain principal decisions in 2025.

The Board is supported in its decision-making by governance processes that ensure the Directors have access to appropriate information and resources in a timely manner. For more information see:

- ▶ Board governance: pages 244 to 246.
- ▶ Director induction and training: page 198.
- ▶ Committee reports: starting on page 200.

The Board promotes the success of the Company for the benefit of its members as a whole, having due regard to:

The likely consequences of any decision in the long term	Our strategy	▶ page 9
	Top and emerging risks	▶ page 31
	Long-term viability and going concern statement	▶ page 32
The interests of our employees	Workforce engagement	▶ page 196
	Social inclusion and representation	▶ page 52
	Being a great place to work	▶ page 55
	Cultural oversight	▶ page 196
The need to foster our business relationships with suppliers, customers and others	Our approach with our suppliers	▶ page 63
	Supporting our customers	▶ page 57
	Board engagement with key stakeholders	▶ page 28
Impact of our operations on the community and the environment	Engaging with our communities	▶ page 57
	Partnering for an enabling environment	▶ page 39
	Transition to net zero	▶ page 34
Our desire to maintain a reputation for high standards of business conduct	Group non-financial and sustainability information statement	▶ page 26
	Board induction and training	▶ page 198
	Whistleblowing	▶ page 62
Acting fairly between members of the Company	Investor engagement	▶ page 28
	Annual General Meeting and Hong Kong Informal Shareholders' Meeting	▶ pages 28 and 356
	Shareholder information	▶ page 356

Stakeholder engagement

Our stakeholders include our employees, customers, investors, regulators and governments, and members of the communities we serve. Many of our employees are also our customers and shareholders, while business clients may act as suppliers.

Our size and global reach mean our actions can have a significant impact and we are committed to doing business responsibly and making decisions for the long term.

Maintaining constructive dialogue with each of our key stakeholder groups is crucial to understanding their interests and perspectives and bringing these into boardroom discussions.

In 2025, the Directors took part in a comprehensive stakeholder engagement programme, meeting with stakeholders directly where practicable. The outcomes of these engagement activities were reported to

the Board, and Directors were invited to give their feedback to inform future engagement activities and priorities. The Board also received regular management updates on stakeholder engagement activities across the Group.

Our key stakeholders in 2025



Customers

We recognise that the greater our understanding of our customers' needs, the better we can help support them to achieve their financial aims and thereby helps us succeed in our purpose and strategy.



Investors

We seek to understand investor needs and sentiment through ongoing dialogue and a variety of engagements with both retail and institutional investors.



Regulators and governments

Maintaining constructive dialogue and relations with the relevant authorities in the markets in which we operate helps support the achievement of our strategic aims.



Employees

We want to continue to be a positive place to work and build careers, with the success of the Group's strategy dependent upon having motivated people with the expertise and skills required to deliver it.



Communities

We seek to play an important role in supporting the communities in which we operate through our corporate social responsibility and broader engagement activities.



Suppliers

We engage with our suppliers, which helps us operate our business effectively and execute our strategy.

Director engagement with key stakeholders in 2025

<p> Customers</p> <p>How we engaged</p> <ul style="list-style-type: none"> – Meetings and engagement events with key business customers. – Regular reports to the Board on customer matters, including operational resilience, customer experiences across the Group and results of retail customer surveys, including net promoter scores. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> – Customer engagement events and meetings provided opportunities to discuss growth opportunities in local markets and better understand our customers' challenges and how we can work with our customers to adapt to the changing operational environment and global economy. – Customer surveys provided insights into how the business is performing in its customer interactions and partnerships and how the Group can drive meaningful improvements in outcomes for customers.
<p> Employees</p> <p>How we engaged</p> <ul style="list-style-type: none"> – Employee events, including leadership forums, webcasts and town halls, and other events that form part of the workforce engagement programme led by the dedicated workforce engagement non-executive Director. For more information see page 196. – Interactions with leads of employee resource groups and participation at multiple employee events in various jurisdictions. – Regular updates from the Group Chief People & Governance Officer, including updates on the development and roll out of our new Leadership Principles and How We Lead, our new Group-wide leadership framework. – Dedicated deep dive sessions into key people matters. – Annual employee Snapshot survey, the results of which are presented to the Board. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> – Workforce engagement events helped to ensure continued connectivity between the Board and the workforce, inform Board discussions and decision making and enhance understanding of the Group culture across different geographies. – Engagements with employees provided context to employee Snapshot survey results and supported the Board's monitoring of activity in response to matters raised. – Feedback from employees helped to shape the design and implementation of How We Lead.
<p> Investors</p> <p>How we engaged</p> <ul style="list-style-type: none"> – Executive director meetings with analysts and investors and presentations at investor roadshows to discuss quarterly results. – Q&A sessions with retail shareholders at the 2025 AGM and the annual Informal Shareholders' Meeting in Hong Kong. The Group Chairman and senior independent non-executive Director met with key institutional investors, including through the Investor Forum, in advance of the 2025 AGM. – Remuneration Committee Chair investor meetings with top investors and proxy advisers. – 2025 HSBC Global Investment Summit in Hong Kong, which was attended by institutional and retail investors, key clients and business leaders. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> – Regular interactions with institutional and retail investors throughout the year helped the Board to understand investor sentiment regarding material matters such as strategy delivery and outlook. – Investor consultation informed the Directors Remuneration Policy presented to, and approved by, shareholders at the 2025 AGM.
<p> Communities</p> <p>How we engaged</p> <ul style="list-style-type: none"> – Board members met with strategic non-profit partners to learn more about the regional impacts of HSBC's philanthropic giving. – Directors attended summits to facilitate engagement with philanthropic partners and civil society on issues relevant to our communities, including the World Economic Forum. – Management reports to the Board on the impacts of HSBC's philanthropic outreach. – Meetings with members of the Sustainable Markets Initiative Council to discuss priorities and opportunities. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> – Regional strengths in volunteering programmes were observed together with opportunities to improve visibility of volunteering opportunities across the Group. – Insights from community engagement and feedback from philanthropic partners informed development of the Group's philanthropic strategy.
<p> Regulators and governments</p> <p>How we engaged</p> <ul style="list-style-type: none"> – Various meetings across our key markets with heads of state, international leaders and government officials. – Regular meetings with and presentations from our regulators, including the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA'), and specific meetings with regulators to discuss organisational and governance matters including our cultural transformation during 2025. – Regular reports and updates to the Board from management regarding regulatory and political developments relevant to the Group. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> – Frequent and varied engagements between the Board and heads of state, international leaders, government officials and regulators provided an opportunity for open dialogue on matters of regulatory interest and strategic importance. Presentations from our regulators helped the Board to understand their perspectives on key areas of strategy and challenge, through open two-way dialogue. – Consultation with the PRA and FCA provided helpful feedback to inform the development of the How We Lead framework and our governance processes, in alignment with regulatory requirements and regulator expectations. – Reports from management enabled the Board to monitor responses to geopolitical and regulatory changes and ensure that appropriate resources and controls are in place.
<p> Suppliers</p> <p>How we engaged</p> <ul style="list-style-type: none"> – Directors met with key suppliers to facilitate exploratory conversations, including discussions on how technology solutions may be enhanced through AI and data and opportunities for innovation, particularly in the areas of improving customer experience, risk management, operational resilience, and regulatory compliance. 	<p>Outcomes of engagement</p> <ul style="list-style-type: none"> – Direct supplier engagement provided the opportunity to discuss matters of strategic relevance; to better understand our suppliers' challenges and where there are opportunities for collaboration and innovation to further our strategic ambition.

Board decision making

During the year, the Board approved HSBC's refreshed ambition to become the most trusted bank globally, putting customers at the heart of everything we do. This ambition helps us to focus on areas with the strongest

growth potential and deliver attractive returns for our shareholders. The Board continued to evaluate business performance against key indicators and monitor strategic alignment and execution in the context of evolving

geopolitical and macroeconomic factors. Decisions taken were supported by regular updates from the Group CEO and other members of senior management and with external guidance taken, where appropriate.

Reallocation of resources

The Board oversaw the review and divestment of non-strategic assets, in alignment with HSBC's ongoing simplification programme, seeking to ensure that decisions taken were conducive to the Group's long-term strategic priorities. Thorough consideration was given to the implications of any proposal for our customers and workforce, and any regulatory matters.

Key decision

The Board endorsed the continued review and divestment of non-strategic assets to enable the Group to focus on increasing its leadership and market share in the areas where it has a clear competitive advantage and the greatest opportunities to grow and support our clients.

Further information about how we are reshaping the Group for growth is on page 9.

Stakeholders considered



Outcome

Among the transactions announced during the year was the sale of HSBC's custody business in Germany to BNP Paribas. This divestment seeks to enable our Securities Services business to focus on HSBC's market-leading franchise in Asia and the Middle East and on providing best in class custody and fund services to clients in the UK and Europe via our strategic hubs in London, Ireland and Luxembourg.

Investing for growth

The Board undertook extensive consideration of a proposal to privatise Hang Seng Bank through a scheme of arrangement. The Directors met frequently to consider the matter and attended dedicated, ad hoc meetings to ensure decisions were taken at the right times and in accordance with Group governance and regulatory requirements. At all stages the need to engage with relevant regulators was noted and factored into decision-making timelines.

Key decision

The Board considered diverse stakeholder perspectives, recognising Hang Seng Bank's brand, heritage, and its role in the local community. The financial implications of the transaction and long-term impacts for investors and customers were also considered.

The Board approved progression of the proposal, concluding that it met the Group's criteria for value-accretive investments. The Board also agreed to the expectation that share buy-backs would not be initiated for three quarters following announcement of the proposal.

Stakeholders considered



Outcome

HSBC's privatisation of Hang Seng Bank became effective on 26 January 2026 and Hang Seng Bank shares were delisted from the Hong Kong Stock Exchange on 27 January 2026. A decision to recommence share buy-backs will be subject to HSBC's normal buy-back considerations and process on a quarterly basis.

The privatisation of Hang Seng Bank represents Hong Kong's strategic importance as an HSBC home market and presents opportunities for enhanced investment and operational leverage.

Leadership and culture

People and culture matters featured strongly on the Board's agenda during the year. The impacts of embedding our simplified organisational design on our customers and employees were considered in depth and the Board oversaw development of our new Leadership Principles and the How We Lead framework. This framework has been designed to support the desired culture of accountability, leadership and excellence from the top down and make culture an enabler of our strategy.

Engagements with the PRA and FCA were undertaken to discuss the cultural transformation and new leadership framework and to understand their expectations.

Key decision

The Board endorsed the development and rollout of the new Leadership Principles and How We Lead framework, to support the desired culture across the Group.

Stakeholders considered



Outcome

The support of the Board enabled management to proceed with the development and launch of How We Lead. This framework has been rolled out to our most senior leaders and the focus in 2026 will be on further roll out to our remaining people leaders. The Board continues to monitor progress and feedback from employees through regular updates from management and through non-executive Director attendance at the dedicated management Advisory Group.

Sustainability

Supported by the Board Sustainability Working Group, the Board continued to oversee HSBC's sustainability strategy. Significant time was dedicated to considering the evolving global context of the net zero transition, including geopolitical changes, increases in energy demands, our learnings from customer transition journeys to date, and the pace of transition across the globe.

Key decision

The Board monitored development of HSBC's updated Net Zero Transition Plan 2025 and approved the publication of the plan in November 2025.

Stakeholders considered



Outcome

Supporting our customers is core to HSBC's strategy and our updated plan has been formed following significant engagement with our corporate customers, which has strengthened our understanding of their transition priorities, constraints and capital needs. HSBC's Net Zero Transition Plan 2025, available on our website, sets out the actions we are taking to achieve our net zero ambition and how we have evolved, and continue to evolve, our approach over time to respond to the changing global context.

► Read more about our sustainability strategy and Net Zero Transition Plan on pages 36 to 49.

Risk overview

Managing risk

We maintain a proactive approach to managing our exposure to economic, financial and geopolitical risks, supported by continuous monitoring and review. Developments in these areas have historically affected, and may in the future materially affect, HSBC's customers, operations and financial risk profile.

Geopolitical and macroeconomic risk

In 2025, the global economy showed resilience to unpredictable US trade policies, heightened geopolitical tensions and increased fiscal concerns in our major markets. Global GDP growth exceeded expectations, driven by export growth related to the front-loading of trade purchases to avoid US tariffs and a weaker US dollar, as well as government spending. Household consumption was more subdued due to weak confidence, higher unemployment and inflation concerns. In the US, GDP growth outperformed initial forecasts, helped by the surge of investment in the technology sector. In mainland China and Hong Kong, exports to markets in Asia and Latin America offset some of the impact of US tariffs, while supportive fiscal and monetary policies continued to underpin growth.

Trade and tariff policies are expected to remain a source of uncertainty for businesses and consumers. Changes to tariff rates, including the application of sector-specific levies, may deter capital investment and consumer spending, disrupt supply chains and reduce global trade growth. Although the reconfiguration of supply chains may offer new opportunities for investment and growth, such developments could also adversely affect the Group and our customers who operate in some of the most affected markets.

Financial markets have witnessed significant valuation gains, including in the artificial intelligence ('AI') and technology sectors. The investment in these sectors may deliver gains to productivity, but current high valuations also raise the risk of a material fall in the markets if the expected gains to productivity fail to materialise. A disruptive market correction could undermine economic growth, which may in turn have an adverse effect on HSBC's risk profile and earnings by increasing the financial vulnerability of customers and decreasing the value of collateral and other claims.

We also remain subject to interest rate risk, which can affect net interest income, the fair value of our assets and liabilities, and overall financial performance.

Major central banks have adjusted their policy approach in response to changing inflation and employment risks. The US Federal Reserve resumed its cycle of interest rate cuts in September 2025, after it assessed tariff-related inflation risks as transitory but labour market risks as having increased. The target range for the Federal Funds rate is now 3.5%–3.75%. In

the UK, the Bank of England judged that inflation pressures had moderated sufficiently to cut interest rates in December 2025.

Although financial markets have priced in further interest rate cuts, there is uncertainty around their future trajectory. Policy rates could be raised if inflation were to accelerate significantly beyond central bank target ranges. Higher interest rates may reduce loan demand across key consumer and business segments, which could lead to a deterioration in credit quality and weigh on real estate and other asset prices. By contrast, lower interest rates could pressure net interest margins and adversely affect profitability.

Our risk profile may be influenced by fiscal policies, public deficits and levels of indebtedness. In many of our major markets, government debt levels are rising due to higher social welfare costs and increased expenditure on defence and climate transition. A fragmented political landscape in many markets has diminished the political will for fiscal tightening. Higher long-term interest rates across major economies could adversely impact the fiscal capacity and debt sustainability of highly-indebted sovereigns. The rise in funding costs in our major markets could reduce the potential for GDP growth by raising the cost of borrowing while also creating refinancing risks for our customers and counterparties.

Exchange rate volatility may also affect our risk exposure through mark-to-market changes in trading positions and the translation effects of currency movements.

The geopolitical environment remains complex, and tensions could impact the Group's operations and risk profile. We continue to monitor the Russia-Ukraine war, developments in relation to conflict in the Middle East, and the wider implications as a result of the US military action in Venezuela, as well as any indication of other potential military action or conflicts elsewhere. These conflicts remain key sources of uncertainty, and may impact HSBC and our customers, including through increased market volatility and supply chain disruptions. Heightened strategic competition between the US and China, including cross-border investment restrictions, is also affecting the configuration of global supply chains, which may in turn affect the Group's operations.

Sanctions and restrictions on trade and investment are continually evolving in response to geopolitical events and may adversely affect the Group, its customers and the markets in which the Group operates. These factors may result in increased legal, regulatory, reputational and market risks, and a more complex operating environment.

Signs of a recovery have begun to emerge in the residential segment of Hong Kong's commercial real estate market in the second half of 2025. However, the office segment is still

facing pressure and market liquidity remains tight, particularly for mid-sized and sub-investment grade corporates. In mainland China, the property market remains weak with government stimulus yet to trigger a material improvement in buyer sentiment.

At the end of 2025, management adjustments to ECL were applied to reflect sector or portfolio risks that are not fully captured by our models. We continue to monitor, and seek to manage, the potential implications of all the above developments on our customers and our business.

Our key risk appetite metrics

At 31 December 2025, our CET1 ratio and ECL charges were within our defined risk appetite thresholds. At 31 December 2025, our CET1 ratio was 14.9%, unchanged from 31 December 2024. Wholesale and Retail ECL charges were within appetite at 0.4% and 0.34% of loans and advances, respectively.

Our operations

We remain committed to investing in the reliability and resilience of our technology systems and critical services, including our ability to withstand and respond to cyber-attacks. We assess our third parties to help ensure they deliver the standard of services we require to provide resilient services to our customers. We do so to help protect our customers and counterparties, and to help ensure that we minimise any disruption to our services. In our approach to defending against these threats, we invest in business and technical controls to help us detect, prevent, respond to, recover and learn from issues in a timely manner within our risk appetite.

HSBC is committed to using AI responsibly. We are working to balance the opportunity AI presents to accelerate delivery of our strategy with the need for appropriate controls to help mitigate the associated risks. To help meet the Group's needs and regulatory expectations for AI, whether developed internally or facilitated through third parties, we continue to enhance our Group-wide AI oversight, governance, lifecycle management and risk framework. HSBC's Principles for the Ethical Use of Data and AI are available at www.hsbc.com/ai.

We continue to focus on improving the quality and timeliness of the data used to support informed management decisions, and we are advancing our strategic and regulatory change initiatives to help deliver the right outcomes for our customers, people, investors and communities.

- ▶ For further details of our Central and other economic scenarios, see page 116.
- ▶ For further details on our CET1 ratio, see pages 2 and 159.
- ▶ For further details of our risk management framework and risk appetite, see page 98.

Top and emerging risks

Our top and emerging risks report identifies forward-looking risks so that they can be considered in determining whether any incremental action is needed to either prevent them from materialising or to limit their effect. Top risks are those that have the potential to have a material adverse impact on the financial results, reputation or business model of the

Group. We actively manage and take actions to mitigate our top risks. Emerging risks are those that, while they could have a material impact on our risk profile were they to occur, are not considered immediate and are not under active management. Our suite of top and emerging risks is subject to regular review by senior governance forums. We continue to

monitor closely the identified risks and agree management actions to remediate and/or reduce them to acceptable levels, as required.

► For further detail on our top and emerging risks, see page 100.

Risk	Trend	Description
Externally driven		
Geopolitical and macroeconomic risks	▲	Our operations and portfolios are subject to risks arising from political instability, civil unrest and military conflict, which may lead to disruption of our operations, physical risk to our staff and/or physical damage to our assets. We are also subject to macroeconomic risks, which may drive changes to our income growth and asset quality. Heightened geopolitical and macroeconomic risk globally, including uncertainty in international trade policy, is subject to close monitoring and review.
Technology and cybersecurity risk	▲	There is an increased risk of service disruption or loss of data resulting from technology failures or malicious activities from internal or external threats. We continue to monitor changes to the technology and threat landscape, including those arising from ongoing geopolitical and macroeconomic events alongside third-party incidents and the impact this may have on risk management. We operate a continuous improvement programme to help support the resilience and stability of our technology operations and counter a fast-evolving and heightened cyber threat environment.
Environmental, social and governance ('ESG') risks	▲	We are subject to ESG risks, including in relation to climate change, nature and human rights. These risks have increased due to diverging national and political agendas, a more complex and prescriptive regulatory environment across the jurisdictions we operate in, as well as increasing frequency of severe weather events across the globe. Financial institutions' actions and investment decisions in respect of ESG matters continue to be subject to heightened scrutiny by stakeholders. Failure to meet these evolving expectations may have financial and non-financial impacts, including reputational, legal and regulatory compliance risks.
Financial crime risk	▲	We are exposed to financial crime risk from our customers, staff and third parties engaging in criminal activity. The financial crime risk environment is heightened due to increasingly complex geopolitical challenges, the macroeconomic outlook, the complex and dynamic nature of sanctions and export control compliance, evolving financial crime regulations, rapid technological developments, an increasing number of national data privacy requirements and the increasing sophistication of fraud. As a result, we will continue to face the possibility of regulatory enforcement and reputational risk.
Digitalisation and technological advances risk	▲	Developments in technology and changes in regulations continue to enable new entrants to the banking industry as well as new products and services offered by competitors. This challenges us to continue to innovate with new digital capabilities and evolve our products, to attract, retain and best serve our customers. Along with opportunities, new technology, including GenAI, can introduce risks and disruption. We seek to manage technology developments with appropriate controls and oversight.
Evolving regulatory environment risk	▲	The regulatory and compliance risks are set against continued geopolitical risk and regulatory focus on operational resilience, resolvability, prudential requirements, financial reporting and data, ESG, conduct, as well as sound risk and financial crime risk management practices. The approach to regulation is increasingly fragmented, including in relation to AI and digital assets, and a trend towards deregulation has emerged in some jurisdictions, concurrently with regulatory actions to support business growth.
Internally driven		
Data risk	▶	We use data to serve our customers and run our operations, often in real-time within digital experiences and processes. If our data is not accurate and timely, our ability to serve customers, operate with resilience or meet regulatory requirements could be impacted. We seek to ensure that non-public data is kept confidential, and that we comply with the growing number of regulations that govern data privacy and cross-border movement of data.
Risks arising from the receipt of services from third parties	▲	We procure goods and services from a range of third parties. In the current macroeconomic and geopolitical climate, the risk of service disruption in supply chains is elevated, driven by an industry-wide increase in supply chain cyber threats. We continue to strengthen our controls, oversight and risk management policies and processes to select and manage third parties, including our third parties' own supply chains, particularly for key activities that could affect our operational resilience.
Model risk	▶	Model risk arises whenever business decision making includes reliance on models. We use models in both financial and non-financial contexts, as well as in a range of business applications. Evolving regulatory requirements and enhanced expectations continue to drive changes to the way model risk is managed across the banking industry, with a particular focus on capital and credit loss models. New technologies, including AI, are driving a need for enhanced model risk controls.
Strategic execution risk	▲	Successful execution of our strategy enables us to help address the swiftly changing needs of our customers and stakeholders. We are committed to enhancing the effectiveness of strategic execution risk controls and monitoring. This will help us minimise disruptions during a period of heightened execution risk, driven by the complexity and scale of ongoing strategic, regulatory and technological change.
Risks associated with workforce capability, capacity and environmental factors with potential impact on growth	▲	Our businesses, functions and geographies are exposed to risks associated with employee retention and talent availability, the evolving skills requirements of our workforce, and compliance with employment laws and regulations. Voluntary attrition across the Group remains stable, but failure to manage these risks may impact the delivery of our strategic objectives or lead to regulatory sanctions or legal claims, and the risks are heightened during the implementation of organisational change.

▲ Risk heightened during 2025 ▶ Risk remained at the same level as 2024

Long-term viability and going concern statement

Under the UK Corporate Governance Code, the Directors are required to provide a viability statement that must state whether the Group will be able to continue in operation and meet its liabilities, taking into account its current position and the principal risks it faces. They must also specify the period covered by, and the appropriateness of, this statement.

The Directors have specified a period of three years to 31 December 2028. They are satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable statement of viability. In addition, this period is covered by the Group's stress testing programmes, and its internal projections for profitability, key capital ratios and leverage ratios. Notwithstanding this, our stress testing programmes also cover scenarios out to five years and our assessments of risks are beyond three years where appropriate (see page 99):

- This period is representative of the time horizon to consider the impact of ongoing regulatory changes in the financial services industry.
- Our updated business plan covers 2026 – 2030.

The Board, having made appropriate enquiries, is satisfied that the Group as a whole has adequate resources to continue operations for a period of at least 12 months from the date of this report, and it therefore continues to adopt the going concern basis in preparing the financial statements.

Based upon their assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet liabilities as they fall due over the next three years.

In making their going concern and viability assessments, the Directors have considered a wide range of detailed information relating to present and potential conditions, including projections for profitability, liquidity, capital requirements and capital resources.

The Directors carried out a robust assessment of the emerging and principal risks facing the Group to determine its long-term viability, including those that would threaten its solvency and liquidity. They determined that the principal risks are the Group's top and emerging risks as set out on page 31. These include geopolitical and macroeconomic risks (including geopolitical tensions and their impact on sanctions, trade restrictions and

tariff increases, and continued distressed Chinese economic activity), digitalisation and technological advances, financial crime risk and ESG risks, all of which have remained at heightened levels during 2025.

The Directors assessed that the top and emerging risks identified are either considered to be material, or would be if they were to occur, and therefore appropriate to be classified as the principal risks to be considered in the assessment of viability. They also appraised the impact that these principal risks could have on the Group's risk profile, taking account of mitigating actions planned or taken for each, and compared this with the Group's risk appetite as approved by the Board.

In carrying out their assessment of the principal risks, the Directors considered a wide range of information including:

- details of the Group's business and operating models, and strategy (see page 9);
- details of the Group's approach to managing risk and allocating capital;
- a summary of the Group's financial position considering performance, its ability to maintain minimum levels of regulatory capital, liquidity funding and the minimum requirements for own funds and eligible liabilities over the period of the assessment. Notable are the risks which the Directors believe could adversely impact the Group's future results or operations;
- enterprise risk reports, including the Group's risk appetite profile (see page 98) and top and emerging risks (see page 100);
- the impact on the Group due to the Russia-Ukraine war and further conflict or military action in the Middle East, Venezuela or elsewhere; uncertainty around Hong Kong and mainland China's CRE sectors; ongoing and potential trade restrictions; cross-border investment restrictions; changes to tariff rates; and heightened strategic competition between the US and China;
- reports and updates regarding regulatory and internal stress testing. On 24 March 2025, the Bank of England ('BoE') launched the Bank Capital Stress Test ('BCST') exercise to assess the resilience of the UK banking system to a range of adverse shocks. The exercise involved determining projected capital and liquidity metrics under a severe but plausible stress scenario. The BoE published the results of the 2025 BCST as part of the Financial Stability Report on 2

December 2025. HSBC demonstrated a strong CET1 performance, highlighting its resilience in stress. Internal stress tests, including the 2026 Group-wide internal stress test performed in December 2025, together with additional scenario analysis examining the potential outcomes from ongoing geopolitical uncertainty, supported adequate capitalisation. We also conduct reverse stress tests each year at Group level and, where required at subsidiary entity level, to understand potential extreme conditions that would make our business model non-viable. Reverse stress testing identifies potential stresses and vulnerabilities we might face, and helps inform early warning triggers, management actions and contingency plans designed to mitigate risks;

- we conduct internal climate scenario analysis to evaluate our resilience to climate change, with a particular focus on both climate-related physical and transition risks. The findings indicate that the Group does not anticipate any material impacts arising from climate change, at least for the next three years. Furthermore, our capital position is robust enough to absorb severe climate-related stresses. Nonetheless, it is recognised that climate-related risks are likely to increase beyond this timeframe. Further details of our modelling approach, modelling limitations and insights from our 2025 climate scenario analysis are explained from page 173;
- reports and updates from management on risk-related issues selected for in-depth consideration;
- reports and updates on regulatory developments;
- legal proceedings and regulatory matters set out in Note 35 on the financial statements; and
- reports and updates from management on the operational resilience of the Group.

Angela McEntee
Group Company Secretary

25 February 2026

Supplementary information

Shareholder enquiries and communications

Enquiries

Any enquiries relating to shareholdings on the share register (for example, transfers of shares, changes of name or address, lost share certificates or dividend cheques) should be sent to the Registrars at the address given below. The Registrars offer an online facility, Investor Centre, which enables shareholders to manage their shareholding electronically.

Principal Register:	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, United Kingdom	Telephone: +44 (0) 370 702 0137 www.investorcentre.co.uk/contactus Investor Centre: www.investorcentre.co.uk
Hong Kong Overseas Branch Register:	Computershare Hong Kong Investor Services Limited Rooms 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Hong Kong	Telephone: +852 2862 8555 hsbc.ecom@computershare.com.hk Investor Centre: www.investorcentre.com/hk
Bermuda Overseas Branch Register:	Investor Relations Team HSBC Bank Bermuda Limited, 37 Front Street, Hamilton, HM 11, Bermuda	hbbm.shareholder.services@hsbc.bm hbbm.mutual.fund@hsbc.bm Investor Centre: www.investorcentre.com/bm
ADS Depositary:	The Bank of New York Mellon Shareowner Services, P.O. Box 43006, Providence RI 02940-3078, USA	Telephone (US): +1 877 283 5786 Telephone (International): +1 201 680 6825 shrrelations@cpushareownerservices.com

If you have elected to receive general shareholder communications directly from HSBC Holdings, it is important to remember that your main contact for all matters relating to your investment remains the registered shareholder, or custodian or broker, who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration of it) must continue to be directed to your existing contact at your investment manager or custodian or broker. HSBC Holdings cannot guarantee dealing with matters directed to it in error.

Shareholders who wish to receive a hard copy of this Strategic Report 2025 or our Annual Report and Accounts 2025 should contact HSBC's Registrars. Please visit www.hsbc.com/investors/investor-contacts for further information. You can also download an online version of the report from www.hsbc.com.

Electronic communications

Shareholders may at any time choose to receive corporate communications in printed form or to receive notifications of their availability on HSBC's website. To receive notifications of the availability of a corporate communication on HSBC's website by email, or revoke or amend an instruction to receive such notifications by email, go to www.hsbc.com/investors/shareholder-information/manage-your-shareholding. If you provide an email address to receive electronic communications from HSBC, we will also send notifications of your dividend entitlements by email. If you received a notification of the availability of this document on HSBC's website and would like to receive a printed copy, or if you would like to receive future corporate communications in printed form, please write or send an email (quoting your shareholder reference number) to the appropriate Registrars at the address given above. Printed copies will be provided without charge.

Chinese translation

A Chinese translation of this Strategic Report 2025 will be available upon request after 27 March 2026 from the Registrars:

Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Hong Kong	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ United Kingdom
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Status of the Strategic Report 2025

This is a part of HSBC Holdings plc's Annual Report and Accounts 2025 and is not the Group's statutory accounts. It does not contain the full text of the Directors' Report, and it does not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group and of its policies and arrangements concerning Directors' remuneration as would be provided by the full Annual Report and Accounts 2025.

Copies of the Annual Report and Accounts 2025

Shareholders who wish to receive a hard copy of this Strategic Report 2025 or our Annual Report and Accounts 2025 should contact HSBC's Registrars. Please visit www.hsbc.com/investors/investor-contacts for further information.

The Strategic Report 2025 and Annual Report and Accounts 2025 may also be downloaded from the HSBC website, www.hsbc.com.

Report of the auditors

The auditors' report in respect of the Annual Report and Accounts of HSBC Holdings plc for the year ended 31 December 2025, which includes their statement under the Companies Act 2006 in respect of whether the Strategic Report and the Report of the Directors are consistent with the audited financial statements and prepared in accordance with applicable legal requirements, was unqualified.

Certain defined terms

Unless the context requires otherwise, 'HSBC Holdings' means HSBC Holdings plc and 'HSBC', the 'Group', 'we', 'us' and 'our' refer to HSBC Holdings together with its subsidiaries. Within this document the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'. When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC Holdings ordinary shares and those preference shares and capital securities issued by HSBC Holdings classified as equity. The abbreviations '\$m', '\$bn' and '\$tn' represent millions, billions (thousands of millions) and trillions of US dollars, respectively.

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