HSBC Holdings plc
Annual Report and
Accounts 2025

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.

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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 this 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.

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 ◆ AI LTI

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 LTI

$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 LTI 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.

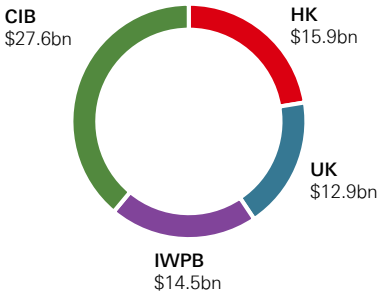
Deliver focused sustainable growth

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 inter-connectedness 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

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 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.

"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 bank[1]. 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.

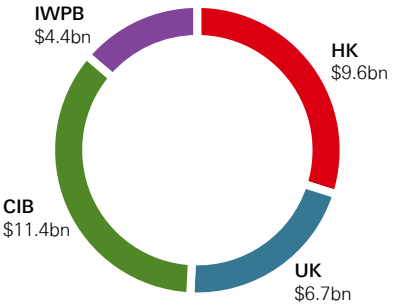
Our strong performance in 2025 allowed us to announce ordinary dividends of $0.75 per share to our shareholders, compared with $0.66 in 2024.

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 Kong[1]. Our deposit base grew by 7% to over $540bn, maintaining our number one position in market share[1] 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 million[4], 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 Kong[2]

8.1%
Mortgage market share in the UK[5]

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 2Q25 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 trade[6], and were ranked number one in 21 markets around the world[7]. In Global Payments Solutions ('GPS'), HSBC was recognised as the number one Global Cash Management service provider in products, service and technology[8]. 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 facilitated[6]

$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 bank[10]. 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 bank[1]. We are the leading bank for multinational companies, of which around 50% bank with us[2]. 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 banks[3] and were the first bank to launch international wealth solutions in GIFT City[4].

In the UAE, we generated $0.8bn in profit before tax, and are the largest foreign bank[5]. We continued to further strengthen our leadership in Corporate and Institutional Banking. We were named 'Best Investment Bank' in the Middle East[6], including being top ranked in debt capital markets in the region for the fifth consecutive year[7]. 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 term[8]. 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 basis[9]). 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 items[9]

17% or better

RoTE excluding notable items target for 2026, 2027 and 2028[9]

50%

Dividend payout ratio target basis, 2026-2028[9]

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.

Key financial metrics

	For the year ended 31 Dec		
Reported results	**2025**	2024	2023
Profit before tax ($m)	**29,907**	32,309	30,348
Profit after tax ($m)	**23,131**	24,999	24,559
Net operating income before change in expected credit losses and other credit impairment charges ('revenue') ($m)	**68,274**	65,854	66,058
Cost efficiency ratio (%)	**53.4**	50.2	48.5
Net interest margin (%)	**1.59**	1.56	1.66
Basic earnings per share ($)	**1.21**	1.25	1.15
Diluted earnings per share ($)	**1.20**	1.24	1.14
Dividend per ordinary share (in respect of the period) ($)[1]	**0.75**	0.87	0.61
Dividend payout ratio (%)[2]	**50**	50	50
Alternative performance measures ◆			
Constant currency profit before tax ($m)	**29,907**	32,384	29,802
Constant currency revenue ($m)	**68,274**	66,009	65,040
Constant currency banking net interest income ($m)	**44,084**	43,550	42,515
Constant currency cost efficiency ratio (%)	**53.4**	50.2	48.7
Constant currency profit before tax excluding notable items ($m)	**36,617**	34,181	32,841
Constant currency revenue excluding notable items ($m)	**71,020**	67,591	64,835
Constant currency profit before tax excluding notable items and strategic transactions ($m)	**36,617**	33,768	N/A
Constant currency revenue excluding notable items and strategic transactions ($m)	**71,020**	66,377	N/A
Expected credit losses and other credit impairment charges (annualised) as a % of average gross loans and advances to customers, including held for sale (%)	**0.39**	0.34	0.31
Basic earnings per share excluding material notable items and related impacts ($)	**1.51**	1.31	1.22
Return on average ordinary shareholders' equity (annualised) (%)	**12.3**	13.6	13.6
Return on average tangible equity (annualised) (%)	**13.3**	14.6	14.6
Return on average tangible equity excluding notable items (annualised) (%)	**17.2**	15.6	16.0
Target basis operating expenses ($m)	**33,464**	32,478	N/A

	At 31 Dec		
Balance sheet	**2025**	2024	2023
Total assets ($m)	**3,233,034**	3,017,048	3,038,677
Net loans and advances to customers ($m)	**988,399**	930,658	938,535
Constant currency net loans and advances to customers ($m)	**988,399**	970,778	955,706
Customer accounts ($m)	**1,786,828**	1,654,955	1,611,647
Constant currency customer accounts ($m)	**1,786,828**	1,719,240	1,641,000
Average interest-earning assets, year to date ($m)	**2,190,078**	2,099,285	2,161,746
Loans and advances to customers as % of customer accounts (%)	**55.3**	56.2	58.2
Total shareholders' equity ($m)	**198,225**	184,973	185,329
Tangible ordinary shareholders' equity ($m)	**165,153**	154,295	155,710
Net asset value per ordinary share at period end ($)	**10.36**	9.26	8.82
Tangible net asset value per ordinary share at period end ($)	**9.64**	8.61	8.19
Capital, leverage and liquidity			
Common equity tier 1 capital ratio (%)[3,4]	**14.9**	14.9	14.8
Risk-weighted assets ($m)[3,4]	**888,647**	838,254	854,114
Total capital ratio (%)[3,4]	**20.5**	20.6	20.0
Leverage ratio (%)[3,4]	**5.3**	5.6	5.6
High-quality liquid assets (liquidity value) ($m)[4,5]	**702,123**	649,210	647,505
Liquidity coverage ratio (%)[4,5]	**137**	138	136
Net stable funding ratio (%)[4,5]	**143**	143	138
Share count			
Period end basic number of $0.50 ordinary shares outstanding, after deducting own shares held (millions)	**17,140**	17,918	19,006
Period end basic number of $0.50 ordinary shares outstanding and dilutive potential ordinary shares, after deducting own shares held (millions)	**17,276**	18,062	19,135
Average basic number of $0.50 ordinary shares outstanding, after deducting own shares held (millions)	**17,427**	18,357	19,478

▶ For reconciliation and analysis of our reported results on a constant currency basis, including lists of notable items, see page 76. Definitions and calculations of other alternative performance measures are included in 'Reconciliation of alternative performance measures' on page 92.

1 In 2024, dividend per share includes the special dividend of $0.21 per ordinary share arising from the proceeds of the sale of our banking business in Canada to Royal Bank of Canada.
2 Our dividend payout ratio is adjusted for material notable items and related impacts, including all associated income statement impacts relating to those items.
3 Regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end, followed by the end of the CRR II grandfathering provisions on 28 June 2025.
4 Regulatory numbers and ratios are as presented at the date of reporting. Small changes may exist between these numbers and ratios and those submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods.
5 The liquidity coverage ratio is based on the average value of the preceding 12 months. The net stable funding ratio is based on the average value of four preceding quarters.

Income statement results

2025 compared with 2024

Movement in reported profit before tax compared with 2024

Reported results	2025 $m	2024 $m	2023 $m	2025 vs 2024 $m	2025 vs 2024 %	of which strategic transactions[1] $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 $m	2024 $m	2023 $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 NII[2]	**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

Results – on a constant currency basis ◆	2025	2024	2023	2025 vs 2024		of which strategic transactions[1]
	$m	$m	$m	$m	%	$m
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.

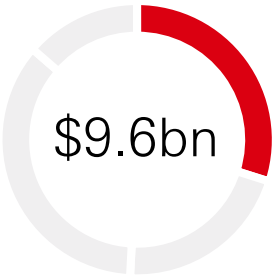
▶ For further details, see 'Capital overview' on page 158.

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 NII[3]	**12,082**	11,997	12,108	**85**	**1**	**–**
Fee and other income[4]	**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 $m	2024 $m	2023 $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 NII[3]	**11,096**	10,355	9,903	**741**	**7**	**–**
Fee and other income[4]	**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.

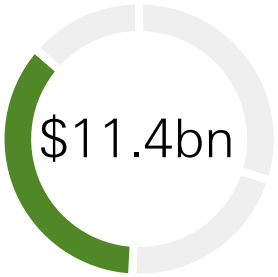
ECL of $0.7bn increased by $0.3bn compared with 2024, on a constant currency basis. The increase reflected a more normalised level of ECL in 2025, as well as the non-recurrence of releases against retail exposures in 2024.

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 NII[3]	**14,532**	14,519	13,399	**13**	**0**	**(758)**
Fee and other income[4]	**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 $m	2024 $m	2023 $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.

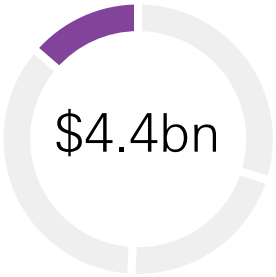
ECL of $0.7bn decreased by $0.2bn compared with 2024 on a constant currency basis. The decrease reflected lower charges in Asia, due to a reduction in ECL within the CRE sector in mainland China.

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 NII[3]	**7,000**	7,640	7,288	**(640)**	**(8)**	**(552)**
Fee and other income[4]	**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 $m	2024 $m	2023 $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 CIB, 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 $m	2024 $m	2023 $m	2025 vs 2024 $m	2025 vs 2024 %	of which strategic transactions[2] $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 $m	2024 $m	2023 $m	2025 vs 2024 $m	2025 vs 2024 %	of which strategic transactions[2] $m
Banking NII[3]	**(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)**
Revenue[4]	**(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 $m	2024 $m	2023 $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 operations[1]

84.9%

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

▶ Read more on page 48.

Financed emissions

7 sectors

Number of sectors where we have set interim financed emissions targets

▶ Read more on page 40.

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.

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.

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.

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

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.

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.

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

Director engagement with key stakeholders in 2025

Customers

How we engaged

- 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.

Outcomes of engagement

- 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.

Employees

How we engaged

- 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.

Outcomes of engagement

- 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.

Investors

How we engaged

- 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.

Outcomes of engagement

- 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.

Communities

How we engaged

- 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.

Outcomes of engagement

- 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.

Regulators and governments

How we engaged

- 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.

Outcomes of engagement

- 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.

Suppliers

How we engaged

- 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.

Outcomes of engagement

- 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

Environmental, social and governance review

Our ESG review sets out our approach to our environment, customers, employees and governance. It explains how we aim to achieve our purpose, deliver our strategy in a way that is sustainable, and build strong relationships with all of our stakeholders.

How we present our TCFD disclosures
Our overall approach to TCFD can be found on page 26 and additional information is included on pages 359 to 362. Further details have been embedded in this section and the Risk review section on pages 170 to 179. Our TCFD disclosures are highlighted with the following symbol: TCFD

Environmental
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35 Understanding our ESG reporting
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Social
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56 Developing skills, careers and opportunities
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57 Engaging with our communities

Governance
58 Setting high standards of governance
59 Human rights
60 Customer experience
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64 Safeguarding data



Environmental TCFD

Transition to net zero

We aim to support the transition to net zero and a sustainable future in partnership with our customers and other stakeholders

Our approach to the transition

Our Priorities	Be simple and agile		Drive customer-centricity	Deliver focused sustainable growth
Our Values	We value difference	We succeed together	We take responsibility	We get it done
Our Net Zero Ambition	**Ambition to become a net zero bank by 2050 supported by our Sustainability Strategy**			
Our Three Net Zero Pillars	Supporting our customers	Embedding net zero into the way we operate	Partnering for an enabling environment	
	We are seeking to align our capital and capabilities with our customers' transition goals, by tailoring our products and services to the specific needs of different customers around the world.	We are working to incorporate net zero considerations into our broader decision-making activities, our climate risk management framework, our metrics, and in our own operations and supply chains.	Our ability to finance our customers' transition is influenced by external market and policy conditions, therefore we seek to partner with stakeholders and advocate for progress across the financial system.	

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

Our updated Net Zero Transition Plan

When we published our first Net Zero Transition Plan, we committed to evolving our approach to keep pace with the dynamic world in which we and our customers operate. Since early 2024, the global landscape has shifted markedly, making the pace of transition more uneven. Against this broader landscape, we updated our Net Zero Transition Plan in November 2025, intensifying our efforts to be customer focused, commercial and agile. It sets out the actions we are continuing to take to achieve our net zero ambition and to align our financing with the Paris Agreement goals of holding the increase in global average temperature to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

Our Net Zero Transition Plan remains structured around our three core implementation pillars: supporting our customers, embedding net zero into the way we operate, and partnering for an enabling environment.

Supporting our customers

As a global financial institution, we exist to serve our customers. We believe supporting our customers' transition is one of the most significant roles we can play in the global transition to net zero. This will help to deliver long-term value for customers and shareholders. We have refined our approach to continue to be responsive to the diverse realities faced by our different customers across the world, from individuals through to multinational corporates and institutions.

Embedding net zero into the way we operate

Our net zero ambition is an important part of our corporate strategy. Our global businesses are developing strategic plans that integrate climate and sustainability considerations into their operations. This approach reflects the diverse transition maturities and local regulatory expectations across our global footprint.

Our focus on the transition to net zero is well established within our governance, culture, and key performance indicators. A number of measures supporting our progress towards our net zero ambition are included in executive performance scorecards and management reporting, helping align accountability across the organisation.

Partnering for an enabling environment

Recognising that our customers' transition, and our ability to finance it, relies in part on external market and policy conditions, we also seek to support enabling environments that can help accelerate the flow of capital towards business innovation and transformation.

Our approach seeks to build support across a range of stakeholder groups and reflect the varying pace and shape of the transition across sectors and geographies, as well as the size and scope of our presence in local markets.

Progress on our Net Zero Transition Plan

We continue to take actions across our organisation to support the implementation of our Net Zero Transition Plan. We continue to focus on developing and maintaining the capabilities of our people as the sustainability landscape evolves. This report provides key updates on our progress in 2025 and includes our annual TCFD reporting.

- For further details on our climate risk exposures, see page 170.
- For further details on building our net zero capabilities and upskilling, and assumptions, uncertainties and dependencies, see pages 9, 48, 49, and 57 of the HSBC Net Zero Transition Plan.
- For the HSBC Net Zero Transition Plan refer to https://www.hsbc.com/who-we-are/our-climate-strategy/our-net-zero-transition-plan

Key changes to our 2025 disclosures

In 2025, there was an impact on certain climate disclosures, including:

- Financed emissions: We have updated our interim 2030 financed emissions targets for all of our in-scope carbon-intensive sectors, apart from thermal coal mining. We have re-baselined and restated prior year metrics to account for the latest methodology and scope changes, including the addition of short-term lending. For further details, see page 40.
- Thermal coal financing drawn balance exposure: In 2025 we amended product scope in line with changes made for financed emissions as discussed above and have developed a more detailed framework for our approach to exclusions. This resulted in a re-baseline of our 2020 thermal coal financing drawn balance exposure. For further details, see page 51.

Understanding our ESG reporting

Engaging with our stakeholders and our material ESG topics
We know that engaging with our stakeholders is core to being a responsible business. To determine material topics that our stakeholders are interested in, we conduct a number of activities throughout the year, including engagements outlined on page 28. The TCFD requirements, HKLR Appendix C2 ESG Reporting Code Parts C and D and other applicable rules and regulations are considered as part of the identification of material issues and disclosures. Additional information can be found in the 'How we decide what to measure' section on page 359. Material ESG topics are listed on page 33 and related disclosures are covered in this ESG review.

Continuing to evolve our climate disclosures
We engage with standard setters to support the development of transparent and consistent climate-related industry standards in areas such as implementation of new International Sustainability Standards across jurisdictions, sustainable finance taxonomy and emissions accounting. We have aligned our definitions of risk and opportunities with our strategic planning cycle. For climate reporting, we define short-term as time periods up to 2 years, medium-term is between 3-5 years, and long-term is between 6-15 years.

We have reviewed our interim financed emissions targets, metrics and associated policies, seeking to remain science-aligned and compatible with our own net zero ambition, while remaining realistic and credible given global developments.

We expect to periodically review and, if required, update our targets. We seek to monitor the latest developments in climate science and associated scenarios to help inform our approach to target setting and our portfolio alignment to support the transition of the real economy to net zero. In 2026, we will continue to review and enhance our approach to disclosures.

Internal and external data challenges
The effective measurement, governance and reporting of progress against our climate ambitions is reliant on the availability of high-quality, accessible, comparable and reliable internal and external data. We are also reliant on our own ability to collect and process such relevant data as required in a timely manner. Reported client emission data may have up to a two-year lag, making alignment to financial reporting dates challenging and leading to further reliance on proxies.

Newer data sources and topics may be difficult to assure using traditional verification techniques. This, coupled with diverse external data sources and complex structures, further complicates data consolidation. Our internal data on customer groups that was used to source financial exposure and emissions data is based on credit and relationship management factors and is not always aligned with the need to analyse emissions across sector value chains. This can result in inconsistencies in our financed emissions calculations.

We continue to strengthen our ESG data and analytics capability, working to deliver trusted data assets, dashboards, AI, and advanced analytics solutions that help support initiatives like financed emissions, climate scenario analysis, stress testing, sustainable finance and portfolio optimisation.

Given our dependency on collecting emissions data from our clients and the manual nature of the process, enhanced verification and assurance procedures are performed on a sample basis over this data, including by the first and second lines of defence. Our climate models undergo independent review by an internal model review group, and we obtain limited assurance on our financed emissions and sustainable finance disclosures from external parties, including our external auditors.

Lack of consistency across sustainable finance taxonomies
Sustainable finance metrics, taxonomies and practices currently lack global consistency. As standards develop and regulatory guidance evolves across jurisdictions, our targets, methodologies and disclosures may also need to adapt. Recognising these challenges, we annually refresh and disclose our Sustainable Finance and Investment Data Dictionary to accompany reporting against our sustainable finance and investment ambition. For further details, see page 36.

Our re-baseline and restatement policy defines the circumstances for a restatement of previously reported data. We continue to engage with standard setters in different regions to support the development of transparent and consistent taxonomies to encourage science-based decarbonisation, particularly in high transition risk sectors.

Impact on our reporting and financial statements
We have assessed the impact of climate risk on our balance sheet and have concluded that no incremental adjustments were needed to capture climate impacts in our financial statements for the year ended 31 December 2025. The effects of climate change are a source of uncertainty. We capture known and observable potential impacts of climate-related risks in our asset valuations and balance sheet calculations. These are considered in relevant areas of our balance sheet, including expected credit losses, classification and measurement of financial instruments, goodwill and other intangible assets; and in making the long-term viability and going concern assessment. As part of assessing the impact on our financial statements we conducted scenario analysis to understand the impact of climate risk on our business (see pages 50 and 173), and we also used available information to perform a climate ECL sensitivity analysis for both our retail and wholesale portfolios (see page 178).

- For further details of how management considered the impact of climate-related risks on its financial position and performance, see 'Critical estimates and judgements' on page 275.

Assurance relating to ESG metrics TCFD

HSBC Holdings is responsible for preparation of the ESG information and all supporting records, including selecting appropriate measurement and reporting criteria, in this Annual Report and Accounts, the ESG Data Pack and the additional reports published on our website.

We recognise the importance of ESG disclosures and the quality of data underpinning them. We also acknowledge that our internal processes to support ESG disclosures continue to be developed and that currently they partly rely on manual sourcing and categorisation of data. Certain aspects of our ESG disclosures are subject to enhanced verification and assurance procedures, including by the first, second and third lines of defence. Assurance assists with reducing the risk of misstatement, although it cannot be fully eliminated given the challenges in data, evolving methodologies and emerging standards. We aim to continue to enhance our approach in line with external regulations and expectations.

For 2025, certain ESG metrics are subject to stand-alone independent limited third-party assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board. For a detailed list of metrics in scope, see page 359.

The work performed for independent limited assurance is substantially less than the work performed for a reasonable assurance opinion, such as that provided for financial statements. The underlying methodologies and targets related to the specific ESG metrics were not included in the scope of the work.

- Our data dictionaries and methodologies for preparing the above ESG-related metrics and independent third-party limited assurance reports can be found at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Supporting our customers

Sustainable finance and investment TCFD

We aim to help our customers' transition to net zero and a sustainable future by providing and facilitating between $750bn and $1tn of sustainable finance and investment by 2030. Our sustainable finance and investment ambition aims to help promote green, sustainable and socially-focused business and sustainable investment products and solutions.

Since 1 January 2020, we have provided and facilitated a cumulative $437.9bn of sustainable finance and $57.7bn of ESG and sustainable investing, as defined in our Sustainable Finance and Investment Data Dictionary 2025. This included 39% where the use of proceeds was dedicated to green financing, 11% to social financing, and 14% to other sustainable financing. It also included 24% of sustainability-linked financing and 12% of net new investment flows managed and distributed on behalf of investors.

In 2025, our underwriting activity for green, social, sustainability, and sustainability-linked bonds declined, primarily due to challenging market conditions, particularly in the latter half of the year. The global social bond market contracted during 2025, with HSBC's volume reducing by approximately $4bn compared with the previous year. Despite these headwinds, on-balance sheet sustainable lending transactions increased by 12% versus 2024, supported by strong growth of 15% in ESG and sustainable investing flows.

In 2025, as part of our continued monitoring and controls processes, we identified $0.3bn of transactions that no longer fulfil our eligibility criteria. These were declassified and removed from the 2025 total, taking the total amount declassified since 1 January 2020 to $1.6bn.

Continued progress towards achieving our sustainable finance and investment ambition is dependent on market demand for the products and services set out in our Sustainable Finance and Investment Data Dictionary 2025.

Sustainable finance and investment

$495.6bn†

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

Sustainable finance and investment summary[1]

	2025 ($bn)	2024 ($bn)	2023 ($bn)	Cumulative progress since 2020 ($bn)
Balance sheet-related transactions provided[2]	**52.8**	47.4	42.7	**221.5**
Capital markets/advisory (facilitated)	**32.6**	37.3	33.3	**216.4**
ESG and sustainable investing (net new flows)	**16.6**	14.5	7.7	**57.7**
Total contribution†	**102.0**	99.2	83.7	**495.6**
Sustainable finance and investment classification by theme[1]				
Green use of proceeds[5]	**41.7**	42.2	37.1	**196.0**
Social use of proceeds	**6.9**	9.6	8.4	**52.6**
Other sustainable use of proceeds[3]	**14.2**	13.9	10.7	**71.4**
Sustainability-linked[4]	**22.6**	19.0	19.8	**117.9**
ESG and sustainable investing	**16.6**	14.5	7.7	**57.7**
Total contribution†	**102.0**	99.2	83.7	**495.6**

† The $495.6bn cumulative progress since 1 January 2020 is subject to independent third-party limited assurance in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our Sustainable Finance and Investment Data Dictionary 2025 and independent third-party limited assurance report is available at: www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

1 The 2025 data in this table has been prepared in accordance with our Sustainable Finance and Investment Data Dictionary 2025, which includes green, social and sustainability activities. The amounts provided and facilitated include: the limits agreed for balance sheet-related transactions provided (including drawn and undrawn amounts), the proportional share of facilitated capital markets/advisory activities and ESG and sustainable investing net new flows of both HSBC Asset Management sustainable investment funds and third-party solutions distributed through Private Bank and Retail Banking.

2 In 2024 only nine months of retail green/energy efficient mortgages were included for the first time within Other Qualified Green Lending. In 2025 reporting, 12 months of transactions were included, reported a quarter in arrear (1 October 2024 to 30 September 2025) due to the time lag in sourcing supporting third-party data. For future years' reporting we will continue to report green/energy efficient mortgages a quarter in arrear.

3 Sustainable use of proceeds can be used for green, social or a combination of green and social purposes, assessed by HSBC against internal standards and relevant industry guidelines.

4 Sustainability-linked products, where the coupon or interest rate is dependent on whether the borrower achieves certain pre-defined sustainability performance target(s), are assessed by HSBC against internal standards and relevant industry guidelines and can be used for general purposes, which may be sustainable or non-sustainable.

5 Included within the total cumulative contribution towards our ambition are transactions to customers within the six high transition risk sectors (i.e. automotive, chemicals, construction and building materials, metal and mining, oil and gas, and power and utilities) as described on page 171, of which approximately $71bn is defined as green use of proceeds in line with the Sustainable Finance and Investment Data Dictionary 2025.

We believe supporting our customers' transition is one of the most significant roles we can play in the global transition to net zero.

Our Corporate and Institutional Banking ('CIB') business, which incorporates HSBC Infrastructure Finance, gives our customers seamless access to global capital, markets expertise and financing through a single platform.

We have refreshed our strategy to support the transitions of our CIB customers globally and our Commercial Banking customers in the UK and Hong Kong, and deliver on our growth ambition. Our lending to corporate and institutional customers makes up the majority of our balance sheet and financed emissions, so the role we play with these customers is critical to achieving our net zero ambition.

We intend to become:

– **The leading bank for fast-growing transition ecosystems.** Our customer base spans ecosystems like clean power, electrification of transport, and data centres and AI. These ecosystems represent a significant volume of the transition capex needed by 2030 as they are key decarbonisation and transformation vectors for the economy. Expanding clean electrification will be an important step to minimise AI's operational footprint while maximising the technology's potential[1].

  Demonstrating our ability to deliver innovative financing solutions for critical infrastructure, in 2025 HSBC supported the development of the new 3.2GW Sizewell C nuclear power plant in Suffolk, England by leading a $6.7bn green loan, acting as sole export credit agency and green loan coordinator, structuring bank, and nuclear technical bank. This innovative financing solution marked the world's first multibillion limited recourse commercial debt financing for a greenfield nuclear project. Once operational, Sizewell C is expected to provide low-carbon electricity for up to six million homes, supporting the UK's energy security and net zero ambitions.

– **The strategic transition partner for all our customers.** We aim to support all our customers across segments and sectors to meet their sustainability goals, leveraging our debt financing and trade finance capabilities across over 50 markets[1].

  We facilitated Chinachem Group's debut HK$8bn triple-themed sustainable syndicated term and revolving loan facilities, structured with green, social and sustainability-linked tranches, a first-of-its-kind in the Asian syndicated loan market.

– **Bank of choice to catalyse emerging climate tech.** With our HSBC Innovation Banking platform and substantial balance sheet, we can bridge the gap between early-stage development and large-scale deployment of climate-critical technologies. We are also well-positioned to connect these start-ups with our corporate and institutional customers that are looking to invest in climate tech ventures, and adopt their solutions to accelerate their transition journey[1].

  We supported Infinium in the $70m financing of the first-of-its kind Roadrunner eSAF Project in Pecos County, Texas, which is expected to be the largest eSAF facility globally once operational[2].

Understanding customer transition priorities

We take a holistic approach to understanding and supporting the transition journeys of our customers and potential customers. We regularly engage with our corporate customers to help tailor our solutions to the diverse realities they face around the globe, and the different stages of their transition journey.

Supporting personal customers

We offer financing and investing options to our individual banking customers in the key areas where they may be able to influence their carbon footprint.

To support our personal customers, HSBC UK expanded Energy Efficient Home Cashback mortgages into the buy-to-let market, offering cashback incentives to customers purchasing or remortgaging buy-to-let properties with an A or B EPC/PEA rating[3]. In 2025, HSBC UK won the Best Green Mortgage Lender award at the Your Mortgage Awards for our Energy Efficient Home Cashback mortgage.



Supporting AirTrunk's green and sustainable financing in Asia

AirTrunk is a fast-growing hyperscale-only data centre provider in the Asia-Pacific and Middle East regions. AirTrunk raised AUD16bn in green and sustainability-linked loans during 2025, and HSBC played key roles across various transactions including joint mandated lead arranger, underwriter, bookrunner, and as a sustainability structuring agent. The sustainability-linked loans embed key performance indicators across renewable energy adoption and energy and water efficiency.

1 For further details see HSBC Net Zero Transition Plan at https://www.hsbc.com/who-we-are/our-climate-strategy/our-net-zero-transition-plan pages 26-28.
2 eSAF is synthetic (hydrogen-derived) sustainable aviation fuel.
3 EPC is Energy Performance Certificate and PEA is Predicted Energy Assessment.

ESG and sustainable investing

Our ambition is to be one of the leading global asset and wealth managers and sustainability is an important enabler to achieving this ambition.

We offer a suite of ESG and sustainable investing solutions to institutional and individual investors who want to mitigate risk or seek value creation through considering climate, nature or other sustainability factors in their investment horizon. Covering both traditional and alternative investment areas, our solutions aim to advance ESG and sustainable goals. We take different approaches to achieve this, such as investing in issuers or securities that may either seek stronger ESG performance, align to themes such as climate or the net zero transition, or seek to deliver environmental or social outcomes.

As at 31 December 2025, HSBC Asset Management managed $213bn in ESG and sustainable investing solutions, marking an increase of $33.3bn or 18.5% from 2024. These assets include those that are distributed by our Private Bank and Retail Banking, and those that Asset Management manages on behalf of HSBC Insurance. This increase underscores our continued focus on providing a range of solutions tailored to meet the diverse investment objectives of our clients.

For our individual investors, our ESG and sustainable investing solutions span multiple asset classes, including mutual funds, ETFs, equities, fixed income, alternatives, as well as discretionary mandates. In 2025, we expanded our investment offering with the launch of four additional mutual funds and ETFs. We regularly publish insights to help our clients better understand the ESG implications of their investments.

In our Insurance business, as an asset owner, we seek to adopt a responsible investment approach. We give customers access to sustainability options through investment-linked insurance products where we offer a range of investment choices, including those relating to ESG and sustainable investing. Some may target specific net zero transition and climate themes.

▶ For further details of our Asset Management policies, see page 51.



Financing the Greater Changhua 2 Offshore Wind Farm

In 2025, HSBC provided project financing for the construction and operation of the 632MW Greater Changhua 2 Offshore Wind Farm in Taiwan, owned and developed by Ørsted A/S. We acted as mandated lead arranger, financial adviser, hedge provider and green loan coordinator in the c.$3.3bn non-recourse project financing, leading a group of 25 banks and five government-backed export credit agencies. The project marks Ørsted's third offshore wind farm transaction in Taiwan and highlights how collaboration across public and private sectors can help to mobilise large scale financing to meet clean energy needs in the region.

Our sustainable finance and investment data dictionary

We define sustainable finance and investment as any form of financial service that integrates ESG criteria into business or investment decisions. This includes financing, investing and related activities that support the achievement of the UN Sustainable Development Goals, including but not limited to the aims of the Paris Agreement on climate change.

Our Sustainable Finance and Investment Data Dictionary sets out our approach for classifying financing and investment as sustainable for the purpose of tracking and disclosing our performance against our sustainable finance and investment ambition.

We update our data dictionary annually, including reviewing our product definitions, adding new qualifying products and removing products that no longer qualify, making enhancements to our internal standards, and developing our reporting and governance.

We engage in industry initiatives to develop our understanding and approach to 'transition finance'. We do not currently include transition finance as a product label or stand-alone category in our data dictionary and reporting, and we will continue to monitor and consider industry guidance for future updates to our data dictionary.

We have established internal business governance forums and processes to assess and monitor the risks associated with sustainable finance products, ranging from product design, origination and approval, as well as tracking and monitoring product performance.

We recognise that there are products and assets included in HSBC's ESG and sustainable investing approach which may be counted towards our sustainable finance and investment ambition that do not necessarily qualify as 'sustainable investments' as defined by Sustainable Finance Disclosure Regulation (SFDR) and/or other relevant regulations, and may not qualify as 'sustainable' products for the purposes of the UK Sustainability Disclosure Requirements (SDR) and European Securities and Markets Authority (ESMA) fund naming guidance and/or any other regulatory standards.

▶ For our 2025 ESG Data Pack and Sustainable Finance and Investment Data Dictionary, see www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre

Partnering for an enabling environment

Our ability to support our customers' transition is heavily influenced by external market and policy conditions. We seek to partner for an enabling environment that can help to accelerate the flow of capital towards scaling transition solutions and innovation.

We aim to use our global reach and convening ability to engage and collaborate with a range of partners – including industry peers, customers, governments, academia, civil society and entrepreneurs – on solutions that can help support the transition.

Through our philanthropy, we also partner with a range of NGOs to help develop thought leadership, spur innovation, build capacity, mobilise capital and test and scale climate solutions.

Highlights from our sustainability-aligned partnerships

In 2025, we donated approximately $12.6m in grant funding to help establish a portfolio of partnerships aligned to the strategic focus areas set out in our Net Zero Transition Plan. We also supported initiatives focused on driving progress on cross-cutting issues, such as nature and the just transition.

In 2025 we launched the Future Industries Partnership with Third Derivative and Founders Factory to support climate innovation focused on hard-to-abate sectors in emerging markets across Asia and the Middle East, where industrial growth and rapid urbanisation are driving demand for scalable, low carbon technologies. This year the partnership announced its first cohort of 12 start-ups that will participate in the bespoke 18-month accelerator programme.

We also launched a new philanthropic nature initiative with Proforest, The Nature Conservancy and Conservation International to support efforts to accelerate financial flows into landscape and jurisdictional initiatives to promote resilient commodity production.

Our just transition approach

The speed and scale of the transition to net zero will be influenced by how it impacts communities, and how communities view and support the transition.

Our approach to net zero considers how we can support a just transition, including how best to engage with and inform our customers on the topic, as well as helping to ensure the transition to net zero can positively impact local communities.

Examples of our engagement include:

- In 2025, we supported the Just Transition Finance Lab at the London School of Economics, which produced thought leadership on topics including 'promoting a transition with inclusion in India' and 'mobilising bonds for a just transition'.
- HSBC Asset Management, in line with relevant stewardship activities, encourages companies to identify and address the impacts of their climate strategy on stakeholders, including workers, suppliers and the communities in which they operate. This may involve setting specific metrics or objectives concerning, but not limited to, employee training and development, green job creation, safeguarding workers' rights and support for affected communities.

Working in collaboration with other key stakeholders, the initiative will develop financing plans for pilot landscapes across Brazil and Indonesia focusing on more sustainable soy, beef and palm oil production.

We provided philanthropic funding to Apparel Impact Institute's (Aii) Fashion Climate Fund, which aims to mobilise $2bn in blended finance to help halve carbon emissions from the sector by 2030. We supported Aii to convene actors across the supply chain to develop tools and guidance for mobilising finance for decarbonisation investment. In 2025, HSBC funded country reports for Bangladesh and China that explored the policy and regulatory landscape and identified potential decarbonisation opportunities for the apparel sector and supported an apparel supplier activation event in Bangalore, India.

Climate Solutions Partnership

In 2025, we celebrated the conclusion of our five-year Climate Solutions Partnership (CSP) with the World Resources Institute (WRI) and WWF. Since 2020, $105m in funding has been deployed to over 50 local partners that supported nature-based solutions and the energy transition in Asia. CSP is estimated to have helped unlock $635m in public, private and philanthropic capital, with projects expected to avoid or sequester 7.8m tonnes of GHG emissions, and managed to maintain or improve biodiversity in 13m hectares of land.

We continue to partner with WRI and WWF to advance projects established under the CSP. This includes partnering with WRI to support efforts to strengthen water security and coastal resilience by creating public-private financial mechanisms that mobilise capital for forest and mangrove ecosystems, alongside contributing to efforts to help shape national policies on nature-positive investments. We are also partnering with WWF to support financial institutions in identifying and addressing environmental financial crimes through the open-access Environmental Crimes Financial Toolkit; and to try to address deforestation in palm oil supply chains by increasing the production, consumption and trade of certified sustainable palm oil in Asia.

Our approach to nature

Nature and its ecosystem services are foundational to economic growth, resilience and long-term value creation. Nature-related opportunities and risks – which can stem from the impacts and dependencies the global economy and financial system have on nature, as well as the complex interactions and compounding effects of climate change – are areas that require further consideration.

We have been developing our approach to nature, aligning it with our net zero approach: supporting our customers through financing and investing in nature-related solutions; starting to embed nature into the way we operate, initially through understanding our exposure to nature and managing nature-related risk in our European business; and partnering for a supportive enabling environment, for example, through our nature-focused philanthropic partnerships.

In 2025, we established a Group Nature Programme, including senior governance, to oversee the development of our approach to nature. We continued to advance our approach to nature-related risk, initially focused on key parts of our European business, by starting to incorporate nature into wholesale credit risk management processes and completing a pilot nature scenario analysis stress test. We continue to enhance our capabilities, methodologies and tools, in line with evolving regulatory and reporting expectations.

HSBC Asset Management highlights good practices relating to nature in its Stewardship Plan, emphasising natural capital strategy, risk and reporting, governance and engagement. We encourage priority investee companies (as defined in our Stewardship Plan), where nature-related issues are relevant, to work towards these practices.

In 2025, Climate Asset Management, a joint venture between HSBC Asset Management and climate investment and advisory firm Pollination, was ranked as Fund Manager of the year in both Global and European Categories at the Agri Investor Awards.

▶ For further details see HSBC Asset Management Stewardship Plan at https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/policies

Embedding net zero into the way we operate

Financed emissions TCFD

Financed emissions is one of the key metrics we use to measure progress on the transition of our portfolio. As part of our ambition to become a net zero bank by 2050, we have set financed emissions targets for 2030.

Our analysis of financed emissions comprises 'on-balance sheet financed emissions' and 'facilitated emissions', which we distinguish where necessary in our reporting.

Financed emissions link the financing we provide for our customers to their activities in the real economy and provide an indication of the associated GHG emissions. They form part of our scope 3 emissions, which include emissions associated with the use of a company's products and services.

Our on-balance sheet financed emissions include emissions related to on-balance sheet lending, such as project finance and direct lending. Our facilitated emissions include emissions related to financing we help clients to raise through capital markets activities. Our analysis covers financing from CIB, and Commercial Banking in the UK and Hong Kong.

Our combined on-balance sheet financed and facilitated emissions targets are for two emissions-intensive sectors: oil and gas; and power and utilities. Our on-balance sheet financed emissions targets cover the following sectors: cement; iron and steel; aviation; automotive; and thermal coal mining.

We have set absolute emissions reduction targets for the oil and gas, and thermal coal mining sectors. For the power and utilities; cement; iron and steel; aviation; and automotive sectors, we have set emissions intensity targets that allow us to deploy capital towards decarbonisation solutions.

As part of our financial reporting, we present the progress for these sectors against our financed emissions baselines and targets.

Our approach to financed emissions

In our approach to assessing our financed emissions, our key methodological decisions are shaped in line with industry practices and standards. We recognise that these practices and standards are still developing. We will also continue to review our reporting approach as regulatory standards evolve, such as the impact of the International Sustainability Standards Board (ISSB) Standards.

Coverage of our analysis

Our analysis focuses on the most carbon-emissive sectors and the parts of the value chain where we believe most of the emissions are produced, to help reduce double counting of emissions. Double counting may occur when GHG emissions are counted more than once in the financed emissions calculation. For instance, to minimise the overlap of emissions captured, we only include midstream activities of the automotive sector, as upstream may be included in other sectors that we finance, such as iron and steel. This is different to the scope of sectors within the wholesale corporate lending portfolio that we use to manage climate risk. These sectors are set out on page 171.

By estimating emissions and setting targets for customers that directly account for, or indirectly influence, the majority of emissions in each of the most carbon-emissive sectors, we can focus our engagement and resources where we believe the potential for change is highest. For each sector, our reported emissions now typically include all the major GHGs, including carbon dioxide, methane and nitrous oxide, among others. These are reported as tonnes of CO_2 equivalent ('tCO_2e').

To calculate annual on-balance sheet financed emissions, we have taken into consideration guidance from the Partnership for Carbon Accounting Financials ('PCAF') standard. We use drawn balances as at 31 December in the year of analysis related to wholesale credit and lending, including business loans and project finance, as the value of finance provided to customers.

For facilitated emissions we considered all capital market transactions in scope for the year of analysis. These included debt and equity capital markets, and syndicated loans.

▶ For further details see our Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre

Our financed emissions target refresh and associated changes

As stated in our 2025 Net Zero Transition Plan, we have undertaken a detailed review of each of our interim 2030 financed emissions targets this year to seek to ensure our approach continues to reflect the evolving external context, including developments in policy, technology, climate science, customer actions, available data and methodologies.

We have updated our targets for all our in-scope carbon-intensive sectors, apart from thermal coal mining. Our thermal coal mining target remains unchanged, in alignment with our thermal coal phase-out policy and thermal coal financing drawn balance exposure reporting.

The key change is the adoption of a target range for our interim 2030 financed emissions targets, informed by IEA's 2024 Net Zero Emissions ('NZE') Scenario and Announced Pledges Scenario ('APS').

For our emissions intensity-based targets, we have moved the baseline year from 2019 to 2023 to reflect improvements in available data and methodology. Targets for these sectors are point-in-time targets and independent from the baseline. We continue to use 2019 as the baseline year for our oil and gas combined financed and facilitated emissions target, and 2020 for our thermal coal mining financed emissions target, as our absolute emissions reduction targets are set based on a percentage reduction from the baseline year.

Lending products that are short term in nature are now included in our financed emissions reporting. We have included short-term lending with the aim to cover in-scope lending activity and align with industry guidance. In addition, we have descoped aluminium from the previously reported iron, steel and aluminium sector and changed the reporting unit for aviation from revenue passenger kilometre ('rpk') to revenue tonne kilometre ('rtk').

See page 46 for details on the scope and methodology changes driving our re-baselines and restatements.

▶ For further details see our Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre

The chart below shows the scope of our financed emissions analysis of seven sectors, including upstream, midstream and downstream activities within each sector. The allocation of companies to different parts of the value chain is highly dependent on expert judgement and data available on company revenue streams. As data quality improves, this will be further refined.

Financed emissions analysis

Sector	Scope of emissions	Value chain in scope				Coverage of GHGs
Oil and gas	1, 2 and 3	Upstream (e.g. extraction)	Midstream (e.g. transport)	Downstream (e.g. fuel use)	Integrated/ diversified	All GHGs
Power and utilities	1 and 2	Upstream (e.g. generation)	Midstream (e.g. transmission and distribution)	Downstream (e.g. retail)	Diversified utilities - Power generation	All GHGs
Cement	1 and 2	Upstream (e.g. raw materials, extraction)	Midstream (e.g. clinker and cement manufacturing)		Downstream (e.g. construction)	All GHGs
Iron and steel	1 and 2	Upstream (e.g. raw materials, extraction)	Midstream (e.g. ore to steel)		Downstream (e.g. construction)	All GHGs
Aviation	1 for airlines, 3 for aircraft lessors	Upstream (e.g. parts manufacturers)	Midstream (e.g. aircraft manufacturing)		Downstream (e.g. airlines and air lessors)	All GHGs
Automotive	1, 2 and 3	Upstream (e.g. suppliers)	Midstream (e.g. motor vehicle manufacture)		Downstream (e.g. retail)	All GHGs
Thermal coal mining	1, 2 and 3	Upstream (e.g. extraction)	Midstream (e.g. processing)		Downstream (e.g. retail)	All GHGs

Key: **Included in analysis**

Setting our targets

Our initial approach to target setting used a single reference scenario – the 2021 International Energy Agency ('IEA') Net Zero Emissions by 2050 Scenario ('NZE 2021'). We have now introduced a target range for all our in-scope carbon-intensive sectors (except for thermal coal mining) informed by the IEA's 2024 NZE and APS Scenarios.

Our approach is aligned with the goals of the Paris Agreement to hold the global temperature increase to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Adopting a target range helps us to better navigate the inherent uncertainty in the pace of transition in the real economy.

Facilitated emissions included in our combined metrics are weighted at 33%, in accordance with the PCAF standard. To further reduce the inherent volatility in facilitated emissions, we apply a moving average up to three years building up from the baseline year (e.g. average of 2022, 2023 and 2024 for the 2024 oil and gas progress numbers) to track progress towards our combined target. This means that transactions facilitated in 2028 and 2029 will still have an impact on the 2030 progress number and will need to be taken into consideration as we manage progress towards our target.

We perform feasibility analysis of our financed emissions targets, considering multiple climate-related scenarios.

We do not plan to rely on purchasing credits to achieve any interim 2030 financed emissions targets we set.

An evolving approach

We continue to engage with regulators, standard setters, investors and industry bodies to help shape our approach to target setting and managing portfolio alignment to support the transition to net zero in the global economy.

For the agricultural, corporate and retail real estate sectors, we continue to expect to measure and report our financed emissions in future disclosures and we are working on improving the quality and granularity of internal data and sourcing suitable external data for reliable measurement.

▶ For further details see our Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre

Data and methodology limitations

Our financed emissions estimates and methodological choices are shaped by data availability for our sectors. We are members of the PCAF, which defines and develops GHG accounting standards for financial institutions. Its Global GHG Accounting and Reporting Standards for Financed Emissions and for Facilitated Emissions provide detailed methodological guidance.

- We have found that data quality scores vary across the different sectors and years of our analysis. While we expect our data quality scores to improve over time, as companies continue to expand their disclosures to meet growing regulatory and stakeholder expectations, there may be fluctuations within sectors year-on-year, and/or differences in the data quality scores due to changes in data availability.
- Most of our clients do not yet report the full scope of GHG emissions included in our analysis, in particular scope 3 at a subsidiary level. In the absence of client-reported emissions, we estimated emissions using proxies based on company production and revenue figures. We applied industry averages in our analysis where company-specific data was unavailable, using third-party datasets. As data improves for client-reported emissions, our reliance on estimates will continue to reduce.
- Reported client emissions data may have up to a two-year lag, which may result in alignment challenges to financial reporting dates and lead to further reliance on proxies.
- Mapping external datasets to our internal client entities can be challenging due to complex company ownership structures.
- The methodology and data used to assess financed emissions and set targets continue to evolve and we expect industry guidance, market practice, and regulations to continue to change.

Data and methodology limitations continued

- We remain conscious that the financed emissions calculation is sensitive to volatility in drawn amounts or market value fluctuations, and we plan to be transparent around drivers for change to portfolio financed emissions where possible.
- We calculate sector-level emissions intensity metrics using a portfolio-weighted approach.
- Due to data limitations, we are unable to obtain production data for all clients and so we calculate an emissions intensity figure using the 75th percentile of available data points to meet this data gap, which we consider as a conservative approach.
- Classification of our clients into sectors is performed at a counterparty group level with inputs from SMEs, and will continue to evolve with improvements to data and our sector classification approach. Our internal data on customer groups used to source financial exposure and emissions data is based on credit and relationship management attributes and may not always be aligned to the data required to analyse emissions across sector value chains.
- As the sub-sector, and therefore the value chain classification of a client, is based on expert judgement, and as clients continue to transition, classification changes can result in sectoral movement year-on-year.
- Emissions are calculated at a counterparty group level, rather than at subsidiary level, mainly due to the availability of emissions data, and this may lead to over- or under-estimation of emissions compared with calculation at the subsidiary level.
- Companies with multiple activities, such as conglomerates with near to equal business activity split across multiple sectors, are excluded from our reporting as these can have different activities and cannot be allocated to one sector target.
- For scope 2 emissions, companies may often choose between reporting location or market-based emissions. For our analysis, where available, market-based emissions data is prioritised for sourcing compared with location-based emissions.
- We use structured entities to securitise customer loans and advances we originate and to diversify sources of funding for asset origination and capital efficiency. These are currently excluded and we will continue to review our reporting approach as industry guidance and methodology evolves.
- Where we have sponsored or invested in our clients' securitisation vehicles, these have been included in our analysis where possible, recognising current data limitations, applying the PCAF business loans approach.
- The operating environment for climate analysis and portfolio alignment is maturing. We continue to work to improve our data management processes.

▶ For further details see our Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre

Targets and progress

We have set out in the table below our combined on-balance sheet financed and facilitated emissions targets for the oil and gas, and power and utilities sectors. We also set out our updated targets for the on-balance sheet financed emissions for cement, iron and steel, aviation and automotive, and our existing thermal coal mining target.

For our combined on-balance sheet financed and facilitated emissions targets in 2024, the moving average for facilitated emissions with a 33% weighting for the oil and gas sector totals 5.0 Mt CO_2e and for the power and utilities sector, it totals 279 tCO_2e/GWh.

These values are then combined with the on-balance sheet numbers for the relevant year to track progress to target. We set out the annual figures before the application of the three-year average built up from the baseline in the facilitated emissions table on page 47.

This year we have a three-year moving average for oil and gas in 2023 and 2024, and a two-year moving average for power and utilities in 2024. Averages will be built up to three years over time.

We disclose emissions in 2023 and 2024 and progress achieved in 2024 versus baseline for each sector.

The table incorporates re-baselines and restatements, where relevant, and in this section we set out the approach we take to target setting.

When assessing the changes from 2019 to 2024, it is important to emphasise how changes to exposure and market fluctuations impact yearly updates as we make progress towards our interim targets. Movement from one year to the next may not reflect future trends for the financed emissions of our portfolio.

See specific sector sections for further information on key movements.

Sector[1]	Baseline	2023	2024	2024 % change vs. baseline	2030 target	Unit[2]	Target type	Target scenario
Combined on-balance sheet financed and facilitated emissions at 33%, with up to 3 years moving average								
Oil and gas	46.2 in 2019	28.9	**28.5**	**(38)%**	(14-30)%	Mt CO_2e	Absolute	IEA APS and NZE 2024
Power and utilities	295 in 2023	295	**242**	**(18)%**	195-270	tCO_2e/GWh	Intensity	IEA NZE and APS 2024
On-balance sheet financed emissions								
Cement	0.59 in 2023	0.59	**0.61**	**3 %**	0.47-0.56	tCO_2e/t cement	Intensity	IEA NZE and APS 2024
Iron and steel	1.73 in 2023	1.73	**1.81**	**5 %**	1.29-1.52	tCO_2e/t steel	Intensity	IEA NZE and APS 2024
Aviation	747 in 2023	747	**737**	**(1)%**	709-776	tCO_2e/million rtk[3]	Intensity	IEA NZE and APS 2024
Automotive	152.8 in 2023	152.8	**146.8**	**(4)%**	65.5-95.3	tCO_2e/million vkm	Intensity	IEA NZE and APS 2024
Thermal coal mining[4]	3.4 in 2020	1.03	**0.22**	**(94)%**	(70)%[4]	Mt CO_2e	Absolute	IEA NZE 2021

1 Our absolute and intensity emissions metrics and targets are measured based on the drawn exposures of the counterparties in scope for each sector. Emissions intensity is a weighted average according to the portfolio weight of each investment, as a proportion of the total portfolio value.
2 For the oil and gas sector, absolute emissions are measured in million tonnes of carbon dioxide equivalent ('Mt CO2e'); for the power and utilities sector, intensity is measured in tonnes of carbon dioxide equivalent per gigawatt hour ('tCO2e/GWh'); for the cement sector, intensity is measured in tonnes of carbon dioxide equivalent per tonne of cement ('tCO2e/t cement'); for the iron and steel sector, intensity is measured in tonnes of carbon dioxide equivalent per tonne of steel ('tCO2e/t steel'); for the aviation sector, intensity is measured in tonnes of carbon dioxide equivalent per million revenue tonne kilometres ('tCO2e/million rtk'); for the automotive sector, intensity is measured in tonnes of carbon dioxide equivalent per million vehicle kilometres ('tCO2e/million vkm'); and for the thermal coal mining sector, absolute emissions are measured in million tonnes of carbon dioxide equivalent ('Mt CO2e').
3 We have changed our reporting unit for aviation from revenue passenger kilometre ('rpk') to revenue tonne kilometre ('rtk') to better align to counterparties in scope which often include all airline activities (passengers, belly cargo, dedicated cargo). Additionally, this metric enables direct comparison to climate scenarios that are based on traffic demand forecasts and aligns to industry practice.
4 The thermal coal mining scope differs from the other target sectors. We include solely emissions from thermal coal production and coal power generation, rather than the total emissions of a counterparty within a sector, to reflect the thermal coal mining absolute financed emissions reduction target.

We plan to report financed emissions and progress against our targets annually, and to be transparent in our disclosures about the methodologies applied and any challenges or dependencies. However, financed emissions figures may not be reconcilable or comparable year-on-year in future, and baselines and targets may require updates or revisions as data, methodologies and reference scenarios develop.

Consistent with the PCAF guidance on financed emissions accounting, we only consider the outstanding drawn financing amount, given this has a direct link to real economy emissions.

A number of clients have material undrawn balances that, if drawn, could significantly increase the financed emissions related to those clients. We expect to assess how to manage these exposures on a forward-looking basis as we progress towards our 2030 targets. In addition, for the sectors with intensity-based targets, the emissions intensity is sensitive to material clients, and changes to drawn balances year-on-year can therefore influence the trend.

We continue to engage with and support our clients in their decarbonisation journey by providing financing and advisory services.

The charts below display our progress to date in relation to the updated 2030 target, including historical progress metrics based on our previous methodology.

▶ For further details see our Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre

Oil and gas

For the oil and gas sector, our analysis included scope 1, 2 and 3 emissions, including carbon dioxide and methane, for upstream and integrated companies. Our baseline and progress figures reflect combined on-balance sheet financed and facilitated emissions.

We have set a target to reduce absolute combined on-balance sheet financed and facilitated emissions for our oil and gas portfolio by 14-30% by 2030 relative to our 2019 baseline. The percentage reduction range is equivalent to the percentage decrease that the IEA indicates in its APS and NZE 2024 scenarios for global sector emissions to 2030, from a 2019 baseline.

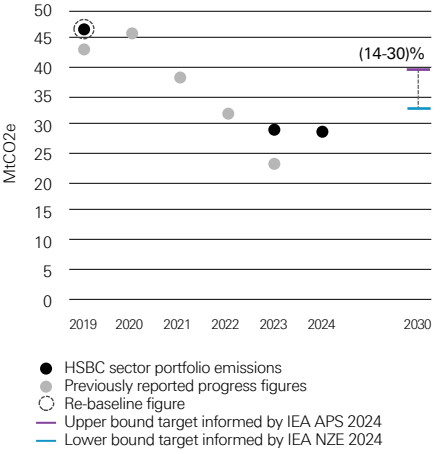
We show in the chart our progress to date against our 2030 target. For 2024, the oil and gas sector represents 48% of the financed emission footprint of our target sectors. In 2024, absolute combined on-balance sheet financed and facilitated emissions in our portfolio decreased by 38% to 28.5 million tonnes of carbon dioxide equivalent ('Mt CO_2e') relative to the 2019 baseline and decreased by 1% from 2023 to 2024.

The reduction was due to strategic portfolio management actions, complemented by temporary factors, such as low loan drawdown levels. These factors offset increases in 2024 for both short-term lending and capital markets transaction volumes, where capital markets activity remains subdued compared with the baseline year. Facilitated emissions are incorporated on a three-year rolling average basis, and lower volumes from 2022 and 2023 continue to be included in the 2024 reported number.

We are currently reporting below the 2030 target range. Achieving the target range is sensitive to market activities, such as clients increasing capital markets transactions, and volatility in short-term lending or external factors leading clients to draw down on existing facilities, all of which could lead to increased financed emissions in our portfolio. We continue to engage and support our clients in their transition journey while managing towards our risk appetite.

Oil and gas
Mt CO_2e

2024 progress from baseline
(38)%



Power and utilities

For the power and utilities sector, our analysis included scope 1 and 2 emissions for upstream power generation, and diversified utilities power generation companies. Our baseline and progress figures reflect combined on-balance sheet financed and facilitated emissions.

We target a combined on-balance sheet financed and facilitated emissions intensity of 195-270 tonnes of carbon dioxide equivalent per gigawatt hour ('tCO_2e/GWh') by 2030. This reduction range is equivalent to the global sector average emissions intensity for 2030 that the IEA indicates in its NZE and APS 2024 scenarios.

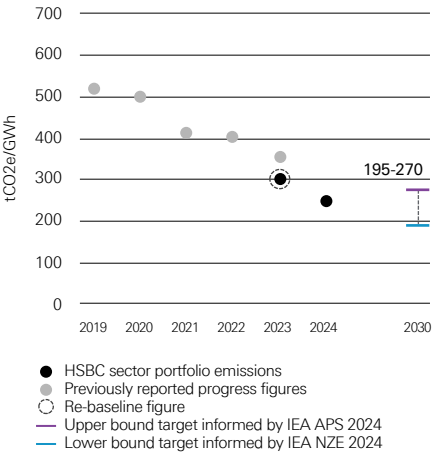
We have chosen an intensity-based target to enable increased financing of clients engaging in low-emissions solutions and transition initiatives, such as renewable and clean energy deployment, grid modernisation, energy storage and efficiency improvements. With electricity demand expected to more than double by 2050 due to population growth, electrification of industry, transport and buildings, and demand from air conditioners and data centres, a shift to low carbon-intensive power generation will be critical.

We show in the chart our progress to date against our 2030 target. For 2024, the power and utilities sector represents 14% of the financed emission footprint of our target sectors. In 2024, the combined on-balance sheet financed and facilitated emissions intensity in our portfolio decreased by 18% to 242 tCO_2e/GWh relative to the 2023 baseline and is currently within the 2030 target range.

This reduction was primarily driven by increased financing to lower emission-intensive clients and a greater shift towards financing renewable energy projects and pure-play companies.

Power and utilities
tCO_2e/GWh

2024 progress from baseline
(18)%



Cement

For the cement sector, our analysis included scope 1 and 2 emissions for midstream companies with clinker and cement manufacturing facilities.

We target an on-balance sheet financed emissions intensity of 0.47-0.56 tonnes of carbon dioxide equivalent per tonne of cement ('tCO_2e/t cement') by 2030, using 2023 as our baseline. This reduction is equivalent to the global sector average emissions intensity for 2030 that the IEA indicates in its NZE and APS 2024 scenarios.

In the short term, the global cement industry has demonstrated emissions reductions through energy efficiency, alternative fuels, kiln optimisation, lowering the clinker-to-cement ratio and incorporating supplementary cementitious materials. Achieving further emissions reductions and enabling near-zero emissions cement production in the medium to long term will require significant investment in emerging technologies, including alternative cementitious materials, renewable industrial heat, and large-scale carbon capture and storage.

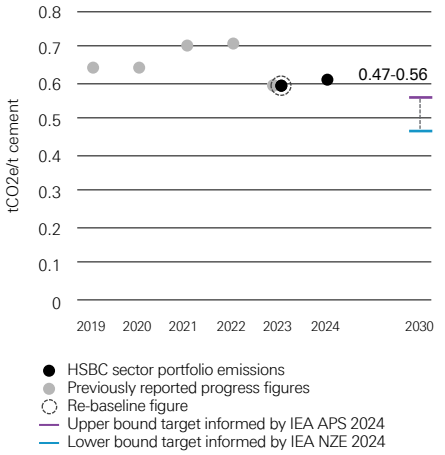
Globally, over 50 million tonnes per annum of near-zero emissions cement and concrete production capacity has been announced or is under development.

We show in the chart our progress to date against our 2030 target. For 2024, the cement sector represents 11% of the financed emission footprint of our target sectors.

The 2024 emissions intensity of our portfolio, at 0.61 tCO_2e/t cement, was 3% higher than the 2023 baseline. The increase in 2024 was mainly driven by sector mix. Our portfolio in this sector is heavily concentrated and emissions intensity trends are highly sensitive to material client exposures and changes to drawn balances year-on-year.

Cement
tCO_2e/t cement

2024 progress from baseline
3 %



Iron and steel

For the iron and steel sector, our analysis included scope 1 and 2 for midstream iron and steel production. We have now descoped aluminium as our exposure to this sector is very limited and the combination of two metals with different emissions intensity ranges and decarbonisation trajectories created volatility in reporting.

We have currently not set a separate aluminium target due to our low exposure to the sector, both in terms of client numbers and financed emissions. We will continue to monitor our aluminium exposure and in the event that it becomes a more material part of our portfolio in future, we may consider creating a separate target.

We target an on-balance sheet financed emissions intensity of 1.29-1.52 tonnes of carbon dioxide equivalent per tonne of steel ('tCO_2e/t steel') by 2030, using 2023 as our baseline. This reduction is equivalent to the global sector average emissions intensity for 2030 that the IEA indicates in its NZE and APS 2024 scenarios.

To achieve near-term emissions reductions, we note that steel producers are focusing on enhanced energy efficiency, increased scrap utilisation, procuring green electricity and testing alternatives to coke. A smaller group of clients are looking at more transformative investments, such as closing old coal-reliant capacity and replacing it with direct reduction and electric arc furnaces, and investing in upstream enablers, like high quality iron ore, and green iron supply chains.

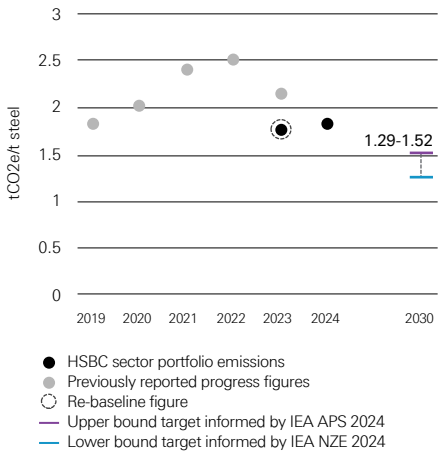
Further innovation and investments this decade will be crucial to scale and commercialise low-emissions iron and steel production processes, which will be an important factor in achieving our 2030 target.

We show in the chart our progress to date against our 2030 target. For 2024, the iron and steel sector represents 8% of the financed emissions footprint of our target sectors.

The emissions intensity of our portfolio in 2024 rose by 5% to 1.81 tCO_2e/t steel against our 2023 baseline, driven by a shift in our sector mix across our low to high emissions-intensive clients. The emissions intensity trends in this sector are highly sensitive to volatility in client exposures and changes to drawn balances year-on-year.

Iron and steel
tCO_2e/t steel[1]

2024 progress from baseline
5 %



1 Previously reported progress figures include aluminium.

Aviation

For the aviation sector, our analysis included passenger airlines' scope 1 and aircraft lessors' scope 3 emissions, focusing on downstream. We have changed our reporting unit for aviation from revenue passenger kilometre ('rpk') to revenue tonne kilometre ('rtk') to better align counterparties in scope, which often include all airline activities (passengers, belly cargo, dedicated cargo). Additionally, this metric enables a direct comparison with climate scenarios that are based on traffic demand forecasts, and aligns to industry practice.

We target an on-balance sheet financed emissions intensity of 709-776 tonnes of carbon dioxide equivalent per million revenue tonne kilometres ('tCO_2e/million rtk') by 2030, using 2023 as our baseline. This reduction is equivalent to the global sector average emissions intensity for 2030 that the IEA indicates in its NZE and APS 2024 scenarios.

We believe the sector needs significant policy support, investments in alternative fuels, such as sustainable aviation fuel ('SAF'), and new efficient aircraft to reduce emissions.

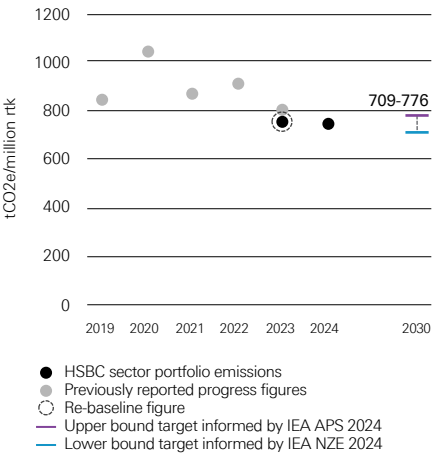
The adoption of SAF is in its infancy, currently accounting for an estimated 0.1% of all aviation fuels consumed.

SAF use needs to increase to over 10% by 2030 to be in line with the IEA NZE 2024 scenario. This requires a significant ramp-up of investment in production capacity and supportive policies, such as fuel taxes and low carbon fuel standards, as existing and planned SAF projects are expected to meet just 2–4% of jet fuel demand by 2030.

We show in the chart our progress to date against our 2030 target. Historical progress metrics are based on our previous methodology, with tCO_2e/rpk converted to tCO_2e/rtk using a multiplier of 10. For 2024, the aviation sector represents 7% of the financed emission footprint of our target sectors.

In 2024, the emissions intensity of our portfolio fell by 1% to 737 tCO_2e/million rtk relative to the 2023 baseline and is currently within the 2030 target range. This decline was primarily driven by higher exposure to airlines that are transitioning to lower emissions. Improved availability of client reported data has also improved the quality of our reported numbers. This sector is heavily concentrated, and emissions-intensity trends are highly sensitive to material client exposures and changes to drawn balances year-on-year.

Aviation tCO_2e/million rtk[1] | **2024 progress from baseline** (1)%



1 Previously reported progress figures in tCO_2e/million rpk are converted to tCO_2e/million rtk using a multiplier of 10.

Automotive

For the automotive sector, our analysis included scope 1 and 2 for midstream manufacturing of vehicles, and scope 3 for tank-to-wheel exhaust pipe emissions for light-duty vehicles. We excluded heavy-duty vehicles from our analysis as the target pathway derived from the IEA excludes them as they have a different decarbonisation pathway relative to light-duty vehicles. This approach is also consistent with industry practice. We will consider including heavy-duty vehicles at a later stage of our analysis, as data and methodologies develop.

We target an on-balance sheet financed emissions intensity of 65.5-95.3 tonnes of carbon dioxide equivalent per million vehicle kilometres ('tCO_2e/million vkm') by 2030 using 2023 as our baseline. This reduction is equivalent to the global sector average emissions intensity for 2030 that the IEA indicates in its NZE and APS 2024 scenarios.

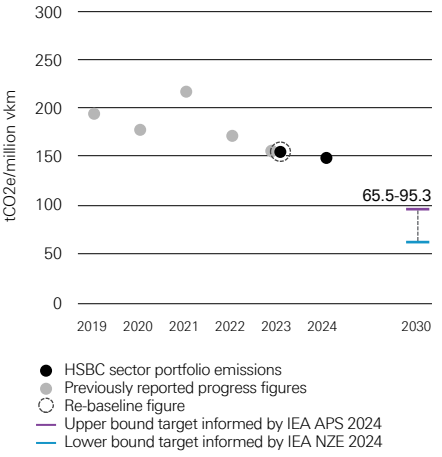
The IEA NZE 2024 scenario implies that by 2030, electric vehicle ('EV') share of sales would be 30%, based on HSBC analysis. During 2025, BloombergNEF estimates that EV sales were 24%.

Achieving our 2030 financed emissions target will be challenging unless there is a strong acceleration in the share of EV sales in certain markets. This will require large-scale investments in new EVs and battery manufacturing plants, alongside widespread charging infrastructure and government policies to support EVs.

We show in the chart our progress to date against our 2030 target. For 2024, the automotive sector represents 12% of the financed emissions footprint of our target sectors.

The 2024 emissions intensity of our portfolio dropped by 4% to 146.8 tCO_2e/million vkm against our 2023 baseline of 152.8 tCO_2e/million vkm. The decline against our baseline was driven by a sector mix towards lower emissions-intensity clients.

Automotive tCO_2e/million vkm | **2024 progress from baseline** (4)%



Thermal coal mining

For the thermal coal mining sector, our analysis focused on scope 1, 2 and 3 emissions in upstream companies, including those involved in extraction. When calculating our financed emissions from thermal coal mining, we focused on thermal coal extraction and processing companies, and diversified mining companies. The majority of our reported financed emissions relate to scope 3 emissions associated with coal mining, representing financing provided to large conglomerates that own diversified business interests including coal.

We have set a target to reduce our absolute on-balance sheet financed emissions by 70% by 2030, relative to the re-baselined 2020 figure of 3.4 million tonnes of carbon dioxide equivalent ('Mt CO_2e'). We used 2020 as a baseline to align with the baseline used for our drawn balance exposure targets in our thermal coal phase-out policy. Our target is consistent with a global 1.5°C-aligned pathway, as defined by the IEA NZE 2021 scenario.

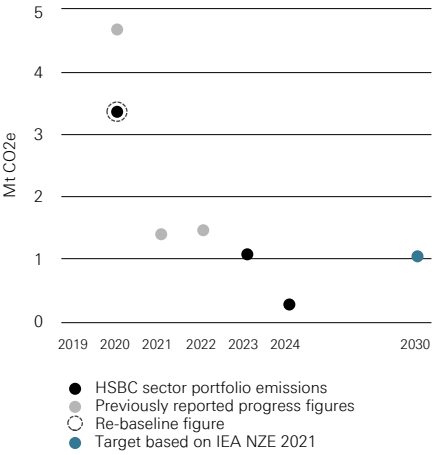
We show in the chart our progress to date against our 2030 target. For 2024, thermal coal mining represents 0.5% of the financed emissions footprint of our target sectors.

In 2024, absolute on-balance sheet financed emissions decreased by 94% to 0.22 Mt CO_2e relative to the 2020 baseline and decreased by 79% from 2023 to 2024. The overall reduction from the 2020 baseline figure for 2023 and 2024 was due to reduced project financing and specific coal purpose loans, combined with strategic decisions and low client drawdown levels.

We are currently reporting below the 2030 target. Looking ahead, this number remains sensitive to risk factors, such as increased client drawdowns of existing facilities and volatility in short-term lending products that could result in an increase from the current reported number. We continue to engage with and support our clients in their transition journey while managing these dynamics within our risk appetite to remain on track to meet the 2030 target.

Thermal coal mining
Mt CO_2e

2024 progress from baseline
(94)%



Our approach to re-baselines and restatements

Our re-baseline and restatement policy defines the circumstances for a restatement of previously reported data and targets, including a re-baseline.

Changes to methodology, errors, and scope or boundary changes are our key drivers of change.

Climate-related data and processes are continually evolving. Therefore, we do not consider data and process enhancements to be a key driver of change. This may change over time as data and processes mature.

When key drivers, in aggregate, breach our defined significance thresholds, a restatement of previously reported data and targets, including where necessary a re-baseline, is required.

We expect our policy to evolve with further industry guidance.

Financed emissions re-baselines and restatements

In 2025, we have re-baselined and restated previously reported metrics to account for the latest methodology and scope changes.

Lending products that are short term in nature are now included in our financed emissions reporting. This represents a scope change and was a key driver of change for all sectors except thermal coal mining.

We have refined our scope to include project finance for the relevant part of the value chain for each sector. This is a key driver of change for oil and gas.

Divestments as at the latest reporting year have been removed from all years of reporting. This scope change mainly impacts the oil and gas sector. We have also descoped aluminium from the previously reported iron, steel and aluminium sector.

Methodology changes include consideration of use of proceeds financing and financing for pure-play green clients, driving change in the power and utilities sector. We also changed the reporting unit for aviation from revenue passenger kilometre ('rpk') to revenue tonne kilometre ('rtk'). We have aligned thermal coal mining financed emissions to the refined thermal coal financing exposure basis of preparation.

Additionally, enhancements to our internal and external data have been reflected in our restated metrics. This includes improvements in our data sourcing of customer groups and sector classifications, and other sector-specific data enhancements aimed at reducing our reliance on proxy emission calculations.

The aggregated change across all of these items breaches the significance threshold for absolute financed emissions or emissions intensity for all sectors. We have set out in the table below our re-baselined and restated target metrics.

▶ For further details of our re-baselined and restated metrics, see our ESG Data Pack at www.hsbc.com/esg

Restated target metrics		Previously Reported			Restated Metrics[1]			Percentage Change		
Sector	**Unit**	**2019**	**2020**	**2023**	**2019**	**2020**	**2023**	**2019**	**2020**	**2023**
Combined on-balance sheet financed and facilitated emissions at 33% weighting, with up to 3 years moving average										
Oil and gas	Mt CO_2e	42.6	—	23.2	**46.2**	**—**	**28.9**	8 %	—	25 %
Power and utilities	tCO_2e/GWh	**—**	**—**	349.0	**—**	**—**	**295**	—	—	(15)%
On-balance sheet financed emissions										
Cement	tCO_2e/t cement	—	—	0.59	**—**	**—**	**0.59**	—	—	0 %
Iron and steel[2]	tCO_2e/t steel	—	—	2.1	**—**	**—**	**1.73**	—	—	(18)%
Aviation[3]	tCO_2e/million rtk	—	—	796	**—**	**—**	**747**	—	—	(6)%
Automotive	tCO_2e/million vkm	—	—	152.4	**—**	**—**	**152.8**	—	—	0.3 %
Thermal coal mining	Mt CO_2e	—	4.7	—	**—**	**3.4**	**—**	—	(28)%	—

1 All of the restated metrics set out below represent new baseline figures, apart from oil and gas 2023 which is a restated prior year comparative. Rounding in the restated metrics has been adjusted to align with the updated target metrics where relevant.
2 Previously reported metrics for iron and steel include aluminium, which has now been descoped.
3 Previously reported progress numbers for aviation in tCO2e/million rpk are converted to tCO2e/million rtk using a multiplier of 10.

On-balance sheet financed emissions

The table below summarises the results of our assessment of on-balance sheet financed emissions using 2023 and 2024 data.

		On-balance sheet financed emissions – wholesale credit lending and project finance[1]				
					PCAF Data quality score[2,†]	
Sector	**Year**	**Scope 1-2 (Mt CO_2e)†**	**Scope 3 (Mt CO_2e)†**	**Emissions intensity**	**Scope 1 and 2**	**Scope 3**
Oil and gas	2023	2.6	19.7	N/A	2.2	2.7
	2024	3.0	20.4	N/A	2.3	2.8
Power and utilities	2023	7.1	N/A	288	2.9	N/A
	2024	6.6	N/A	232	3.0	N/A
Cement	2023	7.2	N/A	0.59	2.3	N/A
	2024	5.1	N/A	0.61	2.2	N/A
Iron and steel	2023	3.2	N/A	1.73	2.9	N/A
	2024	3.7	N/A	1.81	2.9	N/A
Aviation	2023	2.9	0.51	747	2.2	2.5
	2024	2.8	0.60	737	2.2	2.7
Automotive	2023	0.16	9.3	152.8	2.2	3.2
	2024	0.11	5.9	146.8	2.3	3.2
Thermal coal mining	2023	0.06	0.97	N/A	3.2	3.2
	2024	0.01	0.21	N/A	3.0	3.0

Facilitated emissions

The table below summarises the results of our assessment of facilitated emissions for the oil and gas, and the power and utilities sectors.

As per the PCAF Standard for Facilitated Emissions, the facilitated emissions figures are weighted at 33%. We also disclose values at 100% weighting. For all 100%-weighted facilitated values, please refer to the ESG Data Pack at www.hsbc.com/esg.

		Facilitated emissions – ECM, DCM and syndicated loans[3] (33% weighting)				
					PCAF Data quality score[2,†]	
Sector	**Year**	**Scope 1-2 (Mt CO_2e)†**	**Scope 3 (Mt CO_2e)†**	**Emissions intensity**	**Scope 1 and 2**	**Scope 3**
Oil and gas	2023	0.32	3.1	N/A	2.1	2.5
	2024	0.50	6.7	N/A	2.2	2.4
Power and utilities	2023	1.2	N/A	320	2.4	N/A
	2024	1.7	N/A	247	2.5	N/A

1 For all sectors in scope of financed emissions targets, the total lending exposures included were approximately 3.3% of total loans and advances to customers at 31 December 2023 and approximately 3.5% at 31 December 2024. The total loans and advances have not been adjusted for assets held for sale. The methodology for quantifying our lending exposure to financed emissions sectors will evolve over time as data and processes continue to improve.
2 PCAF scores where 1 is high and 5 is low. This is a weighted average score based on financing for on-balance sheet financed emissions or facilitated volumes.
3 The total capital markets activity analysed applying a 100% weighting in 2024 was $17.1.bn, representing 4.3% of in-scope capital markets activity at 31 December 2024.
† Data is subject to independent third-party limited assurance in accordance with ISAE 3000 / ISAE 3410. For further details, see our Financed Emissions and Thermal Coal Exposures Methodology and the independent third-party limited assurance report, which are available at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Reducing emissions in assets under management

HSBC Asset Management continues to work towards its interim target[1] of reducing scope 1 and 2 financed emissions intensity by 58% between 2019 and 2030 for the in scope assets under management ('AUM'), consisting of listed equities and corporate fixed income managed within our major investment hubs.

As of 31 December 2019, in scope assets amounted to $193.9bn, equating to 38% of global AUM. This financed emissions target remains subject to developments in transition pathways and consultation with stakeholders, including investors, fund boards, industry bodies and regulators.

As at 31 December 2024, the scope 1 and 2 financed emissions intensity of HSBC Asset Management's in scope assets stood at 60.7 tCO_2e/M$ invested, representing a 51% reduction compared with the 2019 baseline. The PCAF[2] Data Quality score for the 31 December 2024 financed emissions intensity was 2.3.

Reported metrics[3]

	2019	**2023**	**2024**	**Unit**
Scope 1 and 2 financed emissions intensity	124.0	69.8	**60.7**	tCO_2e/M$ invested
AUM in scope	193.9	223.0	**250.2**	Billions $
PCAF Data Quality Score[4]	2.6	2.6	**2.3**	

1 This target remains subject to consultation with stakeholders including investors and fund boards on whose behalf we manage the assets. The 58% reduction target is based on assumptions for financial markets and other data, including the IEA's 2021 Net Zero Emissions by 2050 scenario and its underlying activity growth assumptions. Carbon emissions intensity is measured as tonnes of carbon dioxide equivalent per million USD invested (tCO_2e/M$ invested), where emissions are scaled by enterprise values including cash.
2 PCAF defines and develops greenhouse gas accounting standards for financial institutions. Its Global GHG Accounting and Reporting Standard for Financed Emissions provides detailed methodological guidance to measure and disclose financed emissions. PCAF Standards are available at: https://carbonaccountingfinancials.com/standard. HSBC Asset Management reports financed emissions based on Part A – Financed emissions 2nd edition (2022).
3 The 2024 metrics were subject to independent third-party limited assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', and with respect to the GHG emissions, in accordance with the International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board. For the independent third party's limited assurance report, see http://www.assetmanagement.hsbc.com/about-us/net-zero. The methodology used is available at: http://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/common/creating-a-new-climate-for-change/financed-emissions-disclosures-reporting-criteria.pdf.
4 From 2024, PCAF Data Quality Score is weighted by market value. In prior years, PCAF Data Quality Score was weighted by financed emissions.

Net zero in our own operations TCFD

In line with our ambition to become a net zero bank, we aim to achieve net zero emissions in our own operations and supply chain by 2050.

Reduce, replace and remove
We continue to address the emissions from our own operations and supply chain by focusing on reducing our consumption and replacing consumption with low carbon alternatives.

Based on our current pathway to net zero, in the interim we expect to achieve a reduction of around 40% in emissions across our operations, business travel and supply chain by 2030, compared with our 2019 baseline year.

We will only use high-integrity carbon credits to remove any residual emissions from our own operations that cannot otherwise be reasonably reduced. We continue to monitor external guidance, including from the Science Based Targets initiative, to seek to ensure our approach remains credible.

Our energy consumption
In 2025 we achieved a 34.5% reduction in our energy consumption compared with 2019. This was driven by our strategic divestments and adoption of energy conservation programmes, supported by more detailed and automated metering and monitoring of our consumption.

In 2025, we increased our purchase of electricity from renewable sources to 94.2%, a key milestone towards our ambition to purchase 100% renewable electricity across our own operations by 2030.

We continue to search for opportunities to procure renewable electricity in each of our markets. We follow RE100 principles to focus on creating additional renewable capacity through power purchase agreements (PPAs), where possible. Where regulation or our energy profile does not allow for PPAs, we pursue the procurement of renewable electricity through our utility partners, as is the case in France and regions of India. We are also investigating bespoke solutions such as on-site generation, direct investment into renewable assets and private wire agreements. If none of these options are available to us, we source remaining renewable electricity through energy attribute certificates.

Business travel
Connecting with clients and colleagues remains an important part of how we do business. We have introduced internal carbon budgets and enhanced our internal reporting to allow businesses and markets to monitor their travel emissions in greater detail. Through guidance on more sustainable ways to travel, we encourage ownership and conscious decision making.

Recognising the importance of sustainable aviation fuel ('SAF') to the decarbonisation of the aviation sector and following our 2024 strategic investment made in SAF through a partnership with EcoCeres and Cathay Pacific, we continue to explore new opportunities to invest in SAF. We do not currently account for the emissions reduction of SAF purchases in our emissions reporting.

Engaging with our supply chain
Our supply chain is the largest source of our operational emissions and where we face the most significant decarbonisation challenge, reflecting the pace of the transition across the real economy.

Our suppliers are at various stages in their sustainability journey, and we aim to support their transition while navigating external factors and challenges. Given many of our suppliers are also our customers, our customer engagement model is also beneficial to reducing our supply chain emissions. We consider sustainability and supply chain decarbonisation in our sourcing and supplier management process, where possible, to support the reduction of our supply chain emissions, being mindful of the business importance of certain goods and services and the varying regional approaches to the transition.

We support our sourcing teams to further integrate sustainability into sourcing strategy and decisions, including new supplier selection, renewals and ongoing supplier management.

We continue to deepen collaboration with suppliers and have increased our focus on those without public disclosures or emissions reduction plans, for example, by providing them with additional guidance. We have enhanced the questions we ask suppliers at onboarding, to get a better view of their transition journey, and are now including suppliers' carbon footprint as a consideration in our selection process.

Through ongoing engagement and targeted collaboration events, we are partnering with some of our suppliers that are more advanced in their sustainability journey, to jointly develop innovative ideas on decarbonisation and nature-related topics. We aim to support smaller suppliers in their transitions by providing educational materials.

Nature in our operations and supply chain
Alongside our net zero operations ambition, we aim to be a responsible consumer of natural resources across our operations and supply chain. In our supply chain, we have begun developing sustainable sourcing roadmaps across key categories, following a materiality assessment of biodiversity and nature risks. Wherever possible, we aim to protect the environment and mitigate our impact on natural resources through our procurement choices, design and construction, and our operations (e.g. reduction in waste generation and paper consumption).

Our presence in environmentally sensitive areas

Our global portfolio of buildings support customers and communities in some areas of water stress, and/or protected areas of biodiversity. About 53% of our global offices, branches and data centres are in urban or city centre locations with large, concentrated populations. These areas have been identified as being subject to water stress, accounting for almost half of our annual water consumption, with about 0.9% in protected areas of biodiversity.

Although our industry is a low user of potable water, we continue to implement measures to reduce water consumption across our portfolio, including the installation of water efficient taps and flow restrictors.



Environmental management of our portfolio

Our buildings policy recognises that regulatory and environmental requirements differ across regions. Supported by our real estate services procedures for environmental and sustainability management, our buildings policy seeks to ensure that HSBC properties minimise their overall direct environmental impact. Our green leasing programme supports close collaboration with our landlords to drive better energy efficiency and we aim to achieve Leadership in Energy and Environmental Design (LEED) or equivalent certification for our construction projects in key premises.

We seek to identify new opportunities to further reduce emissions and one of our emerging priorities is decarbonising our heating through electrification and heat networks by overcoming technical and engineering challenges. Detailed design considerations documented in our global engineering standards aim to reduce or avoid depletion of critical resources, such as energy, water, land and raw materials. Our suppliers are requested to comply with our Supplier Code of Conduct, including having in place environmental policies appropriate to the size and nature of their operations to reduce environmental impacts.

2025 emissions performance

We continue to make progress towards our 2050 net zero ambition. In 2025 we achieved a reduction in absolute operational greenhouse gas emissions (scope 1, 2 and business travel) of 84.9% from our 2019 baseline. Overall, including supply chain emissions, we achieved a 39.2% reduction against 2019 and 12.2% compared with 2024.

Scope 1 and 2 emissions

We have already reduced our scope 1 and 2 emissions considerably and are on track to achieve a reduction of at least 90% by 2030.

In 2025, we reduced these emissions (i.e. energy and road fleet) to 36,617 tonnes CO_2e, representing a 91.2% reduction from our 2019 baseline, and a 62.9% reduction from 2024, driven by a reduction in energy consumption and significant investment in renewable electricity, in conjunction with an overall reduction of the emission factors. For scope 1, we saw an increase due to an adjustment of our uplift rate to include estimated emissions from refrigerant leaks in our cooling systems. Refrigerant leaks occur when cooling gases escape from equipment, contributing to greenhouse gas emissions. Currently 94.2% of our electricity comes from renewable sources and we are on track for 100% renewable electricity by 2030.

In addition to the reduction in energy consumption driven by our strategic divestments, we are increasingly adopting innovative metering technologies and collaborating with strategic partners to seek to target the more challenging elements, such as our remaining data centres.

Specifically in the UK, the increase in energy and scope 1 and 2 emissions is driven by an increase in electricity consumption in data centres and an increase in primary fuels in our offices and branches.

In addition to our focus on energy consumption, we continue to transition our vehicles to electric, ordering fully electric or hybrid options, wherever possible.

Emissions from travel

We reduced our emissions from scope 3 business travel by 75.4% compared with 2019 and 49.9% compared with 2024. The decrease was driven by improved oversight, strengthened internal reporting and an overall reduction in the emissions factors provided by the UK Department for Energy Security and Net Zero.

Emissions from our supply chain

In 2025, we reduced our overall supply chain emissions (scope 3: category 1 and 2) by 10.3% against the 2019 baseline, and 2.1% compared with 2024. This was primarily due to the reduced emissions intensity (i.e. ratio of emissions vs revenue) of suppliers providing professional services and marketing, and who reported emissions to us. However, this has been partly counteracted by an increase in spend on servers and data centres, and an increase in the emissions intensity of suppliers providing real estate services, which also caused the increase in emissions from capital goods.

Operational and supply chain greenhouse gas emissions in tonnes CO_2e

	2025	2024	2019 baseline
Scope 1[1†] ▲	**16,698**	15,025	22,066
Scope 2 (market-based)[1†] ▼	**19,919**	83,760	392,270
Scope 3 ▼	**1,040,300**	1,127,909	1,356,631
Category 1: Purchased goods and services[2†] ▼	**807,293**	866,873	1,033,972
Category 2: Capital goods[2†] ▲	**165,988**	127,158	50,651
Category 6: Business travel[1†] ▼	**67,019**	133,878	272,008
Total ▼	**1,076,917**	1,226,693	1,770,967
Included scope 1 and 2 of UK ▲	**6,357**	5,887	10,432

† Data in 2025 is subject to an independent third-party limited assurance in accordance with ISAE 3000 / ISAE 3410. For further details, see third-party limited assurance report at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre. In respect of data in 2019 and 2024, see our relevant Annual Report and Accounts.

1 Our reporting period aligns with our financial year January – December. Due to a three-month time lag in data availability, we use the data from Q4 of the previous year, as an estimate for the current year's Q4 data

2. Supply chain emissions are calculated using a combination of supplier emissions data and industry average emissions factors. A data quality score is applied to this calculation where 1 is high and 4 is low, based on the quality of emissions data. This is a weighted average score based on HSBC supplier spend. Data quality scores can be found in the ESG Data Pack.

▶ Our scope 2 location-based emissions in 2025 were 259,129† tonnes CO_2e. For a detailed breakdown, information about contractual instruments, and relevant environmental key facts, see our ESG Data Pack at www.hsbc.com/esg.

Greenhouse gas emissions in tonnes CO_2e per FTE

	2025	2024	2019
Scope 1, 2 and 3 (Category 6) ▼	**0.5**	1.1	2.9
Scope 1, 2 and 3 (Category 1, 2 and 6) ▼	**5.1**	5.7	7.8

Energy consumption in kWh in 000s

	2025	2024	2019
Total ▼	**687,521**	728,890	1,049,072
UK only ▲	**211,033**	206,028	281,271

We continue to expand and improve our reporting as more suppliers make emissions data available.

Emissions calculations approach

Our emissions report adheres to the GHG Protocol, which incorporates the scope 2 market-based emissions methodology. We report GHG emissions associated with the energy used in our premises and employees' business travel and our supply chain in tonnes of CO_2 equivalent.

Based on our operational control boundary, in 2025 we collected data on energy use and business travel for our operations in 34 countries and territories out of the 56 markets we operate in, which accounted for approximately 98.2% of our full-time equivalent staff ('FTEs'). To estimate the emissions of our operations in entities where we have operational control and a small presence, we scale up the emissions to 100%.

We have reviewed and updated the emission uplift rate for scope 1 to reflect the actual data and the uncertainty regarding the volume of the estimated fugitive emissions. Following improvements in our reporting process, we have removed the uplift for scopes 2 and 3 (category 6: business travel). This approach is consistent with both the Intergovernmental Panel on Climate Change's Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories and our internal analysis.

Our calculation methodology for supply chain emissions follows the spend-based method under the GHG Protocol; a combination of supplier emissions data and industry averages. We source actual data via CDP, or direct engagement with suppliers through a third party. In the absence of this we use estimations data provided by a third party and industry average carbon intensities from CDP to estimate supply chain emissions.

As more of our suppliers report their emissions, we should be able to include more accurate data and fewer industry averages in the calculation. We have applied a data quality score to the sources of data we used to determine supplier emissions.

In 2025 we conducted a materiality assessment on scope 3 categories, and we have identified categories 1 (purchased goods and services), 2 (capital goods), and 6 (business travel) as material.

▶ For further details of our methodologies, assumptions, and sources of conversion factors used for the reporting of emissions, see the GHG Reporting Guidance 2025 at www.hsbc.com/esg.

Managing climate risk TCFD

Climate risk relates to the financial and non-financial impacts that may arise as a result of climate change and the move to a net zero economy. We manage climate risk across all our businesses and incorporate climate considerations within our traditional risk types, in line with our Group-wide risk management framework.

Our material exposure to climate risk relates to wholesale and retail client financing activity within our banking portfolio. We are also exposed to climate risk in relation to asset ownership by our insurance business and employee pension plans. Our clients are exposed to climate-related investment risk in our Asset Management business.

▶ For further details of our approach to climate risk, see 'ESG risk' on page 101 and 'Climate risk' on page 170.

Banking
Our banking business is well positioned to support our customers managing their own climate risk through financing. For our most material wholesale customers, we use our transition engagement questionnaire to understand clients' climate strategies and risks. We have set out a suite of policies to guide our management of climate risk. We continue to develop our climate risk appetite and metrics to help manage climate exposures in our wholesale and retail portfolios. We use climate scenario analysis to gain insights into the long-term effects of transition and physical risks across our wholesale and retail portfolios (for further details, see page 173).

Asset management
HSBC Asset Management recognises that climate-related risks may impact the operational and financial performance of investee companies. The impact of these risks will vary depending on characteristics such as asset class, sector, business model and geography. We continue to integrate climate analysis into our actively managed product offerings and seek to assess climate-related risks that may impact investment performance, where relevant.

As part of our stewardship activities, we engage on climate change issues with investee companies on a priority list, as defined in our Stewardship Plan. HSBC Asset Management acts independently in its investment and voting decisions.

Employee pensions
The Trustee of the HSBC Bank (UK) Pension Scheme ('the Scheme'), our largest plan with $38bn of assets under management, aims to achieve net zero greenhouse gas emissions across its defined benefit and defined contribution assets by 2050. The amount within the scheme includes defined benefit assets of $25bn and defined contribution assets amounting to $13bn. To help achieve this, it is targeting an interim emissions reduction of 50% by 2030 from 2019 levels for its equity and corporate bond mandates. This commitment was made in the context of wider efforts to manage the impact of climate change on the Scheme's investments and the consequent impact on the financial interests of members.

The Scheme reports the carbon footprint for its equity and corporate bond mandates in its annual TCFD Report, and will seek to widen the coverage of its assessment and reporting over time. In line with the Trustee's commitment to good stewardship, the Trustee engages its asset managers to seek to ensure that financially material ESG risks are explicitly considered in the investment process.

Insurance
We are improving our ability to perform exploratory solvency assessment of our biggest insurance businesses under climate stress scenarios.

- For further details of HSBC Asset Management's Stewardship Plan, see: www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/-/media/files/attachments/uk/policies/stewardship-plan-uk.pdf.
- For further details of the HSBC Bank (UK) Pension Scheme's annual TCFD statements and UK Stewardship Code submission, see https://futurefocus.staff.hsbc.co.uk/active-dc/information-centre/search-documents.

Sustainability risk policies TCFD

Our sustainability risk policies form part of our broader risk management framework and are important mechanisms for managing risks, including delivering our net zero ambition.

These policies focus on mitigating reputational, credit, legal and other risks related to our customers' environmental and social impacts.

Our policies
HSBC has sector-specific sustainability risk policies covering the energy sector, thermal coal, agricultural commodities, forestry, and mining and metals. These are summarised in our Sustainability Risk Policies Framework which also contains HSBC's Thermal Coal Phase-Out Policy. We also implement a cross-sector policy for project-related financing, informed by international standards.

The Framework provides an overview of how HSBC identifies, evaluates and manages risks related to the delivery of our sustainability approach.

Implementation of the sector-specific policies is achieved through internal policies and procedures, supported by technical experts and specialists and our relationship managers.

We take a risk-based approach when identifying transactions and clients to which our sustainability risk policies apply and, where relevant, when reporting on relevant exposures, adopting approaches proportionate to risk and materiality. This helps to focus our efforts on areas that we consider to be most critical, taking into account experience from policy implementation over time.

We continue to review policy implementation as we apply our policies in practice, engage customers on their transition plans and consider how we can support them. We conduct periodic policy reviews, incorporating feedback and where appropriate, updating based on factors including risk materiality, implementation experience, evolving scientific guidance, regulatory requirements and evolving industry practices.

For customers in scope of sector-specific policies, we will look to take actions as outlined in our policies, such as enhanced due diligence. Such instances may require additional review and approval by our sustainability risk specialists and risk committees.

Governance and implementation
Our Group Risk and Compliance function has specialists who review and support implementation of our sustainability risk policies. Our relationship managers are primarily responsible for assessing relevant considerations under our risk management framework, including whether our clients may be in scope of applicable sustainability risk policies. Where considered appropriate, policy matters are escalated to relevant governance committees.

Oversight of the development and implementation of policies is the responsibility of relevant governance committees comprising senior members of the Group Risk and Compliance function and global businesses.

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

Nature-related policies
Our sustainability risk policies impose restrictions on certain financing activities that may have material negative impacts on nature. Our forestry and agricultural commodities policies focus specifically on the upstream impacts of key agricultural commodities including palm oil, timber, soy and cattle. We also require palm oil customers to obtain certification under the Roundtable on Sustainable Palm Oil.

Our energy policy
Our energy policy applies to the broader energy system, including upstream oil and gas, fossil fuel power generation, hydrogen, renewables and hydropower, nuclear, biomass and energy from waste sectors.

The policy seeks to achieve two objectives: to help drive global greenhouse gas emissions reductions, both to achieve a net zero HSBC portfolio and to support our customers in the transition to a net zero global energy future; and to identify and manage risks arising from the provision of financing or advisory services to customers with energy assets.

The energy policy was first published in December 2022, and is reviewed periodically, with the most recent update in November 2025.

Our thermal coal phase-out policy
Our thermal coal phase-out policy seeks to achieve two objectives: to phase out the financing of thermal coal-fired power and thermal coal mining by 2030 in markets in the European Union ('EU') and Organisation for Economic Cooperation and Development ('OECD'), and by 2040 in other markets (Phase-Out Commitment); and to identify and manage risks arising from the provision of financing or advisory services to customers with thermal coal assets.

The policy was first published in December 2021 and is reviewed annually, with the most recent update in November 2025.

- For further details of our energy policy and our thermal coal phase-out policy see our Sustainability Risk Policies Framework, at https://www.hsbc.com/sustainability-risk
- For further details of our oil and gas, and power and utilities financed emissions targets, see page 43.

Thermal coal financing exposures
We aim to reduce thermal coal financing drawn balance exposure from a 2020 baseline by at least 25% by 2025, and aim to reduce it by 50% by 2030.

Our basis of preparation for reporting on thermal coal financing drawn balance exposures is aligned with our thermal coal phase-out policy and applies a risk-based approach to reporting on relevant exposures. This includes the use of globally recognised third-party data sources to screen clients and applies materiality considerations to product type, customer type and exposure type, which informs inclusion and exclusion requirements.

Specifically, for customer types, exclusions are applied for certain customer types such as sovereigns and individuals. For exposure types, a threshold of $15m for drawn balances is applied for thermal coal financing exposures reporting.

We recognise that we provide financing to groups of connected companies where the wider group has thermal coal exposures, and this introduces additional complexities when estimating thermal coal exposure. In such cases, we consider relevant factors, including the nature and the extent of the connection to thermal coal activity, any relevant structural considerations in relation to the wider group and any restrictions on use of financing proceeds to fund thermal coal activities.

We continue to refine our basis of preparation and have made further enhancements in 2025 to develop a more detailed framework for our approach to exclusions from reporting.

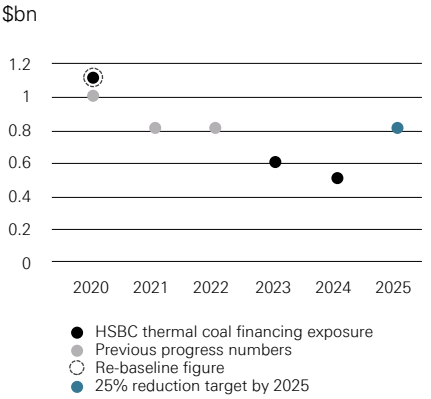
In line with changes to financed emissions product scope, short-term lending products are now included in scope for thermal coal drawn balance exposures.

Thermal coal financing drawn balance exposure is sensitive to volatility from both short-term lending products and additional drawdowns under committed facilities.

Applying our refined basis of preparation resulted in a net 10% increase in the thermal coal financing drawn balance exposure baseline (as of 31 December 2020) to $1.1bn† from $1.0bn. This year we present figures for 2023 and 2024, therefore we are not restating 2021 and 2022 figures.

Our thermal coal financing drawn balance exposures for 2023 and 2024 were $0.6bn† and $0.5bn† respectively. We intend to present our 2025 figures in our Annual Report and Accounts 2026. The reductions from the revised baseline were primarily driven by natural amortisation and portfolio level financing decisions.

Thermal coal financing drawn balance exposure



† Data is subject to independent third-party limited assurance, in accordance with ISAE 3000/ISAE 3410. For further details, see our Financed Emissions and Thermal Coal Exposures Methodology and independent third-party limited assurance report, which are available at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

- For further details of our approach to financed emissions, see page 40.
- For further details of our financed emissions and thermal coal exposures methodology, see www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Asset Management's Energy and Thermal Coal Policies

HSBC Asset Management's Energy and Thermal Coal policies have been developed in support of HSBC Group's net zero ambition. Under the Energy Policy, HSBC Asset Management aims to engage with and assess transition plans of listed issuers responsible for around 70% of relevant emissions covering listed equity and corporate fixed income issuers managed in its major investment hubs. Engagement and assessment are undertaken for the oil and gas, and power and utilities issuers in this group.

The Thermal Coal Policy is developed in support of the transition from thermal coal-fired power and thermal coal mining (collectively 'thermal coal') within the 2030/40 timelines set out in the HSBC Thermal Coal Phase-Out Policy.

- The current policies including their application can be found here: https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/policies.

Social

Building inclusion and resilience

We play an active role in opening up a world of opportunity for our customers, colleagues and communities by connecting across our international networks to help build a more inclusive and resilient society.

Our commitment to inclusion

Our approach

For 160 years, our core strategy has been connecting people and businesses across geographies and cultures.

By embracing diversity and fostering inclusive thinking, we better meet our customers' needs and deliver improved outcomes.

We are committed to continuing to build an inclusive organisation by focusing on four key areas as detailed below.

The focus of our Global Inclusion strategy

Building an inclusive culture

We recognise the importance of fostering an inclusive culture, benefiting both our colleagues and customers.

Embracing differences enhances diversity of thought and experiences, leading to better outcomes. Our Global Inclusion strategy embraces our unique international footprint, while seeking to ensure it remains locally relevant and compliant with local laws.

Fair and inclusive recruiting

Having a diverse and inclusive workforce that better reflects the communities we serve remains one of our key strategic pillars.

By ensuring a fair and transparent recruitment process, we aim to attract and retain talent from all backgrounds.

Fair progression of talent

We understand the importance of having motivated and engaged teams.

By offering growth opportunities, such as training and development programmes, and internal mobility opportunities, we aim to foster a strong sense of belonging and equip our people with the skills needed for the future.

Supporting an inclusive society

We are dedicated to fostering a culture where everyone feels they belong, guided by shared values and a commitment to inclusion.

By listening to the voices of both colleagues and customers from all backgrounds, we seek to create a more inclusive and accessible banking experience, impacting communities positively.

Our progress

Prior analysis of our workforce identified that both women and Black heritage colleagues were underrepresented across senior leadership roles. We introduced a set of public aspirational ambitions, which aimed to increase representation of these two groups by 2025 and improve our Inclusion Index score as measured in our employee engagement survey, Snapshot. By the end of 2025[1], we achieved:

- a 34.7% representation of women in senior leadership roles against an ambition of 35%[1];
- a 3.0% representation of Black heritage colleagues in senior leadership roles (UK/US combined) against an ambition of 3.4%[1]; and
- an Inclusion Index score of 78% against an ambition of 75%.

We have made annual progress in increasing the representation of women in senior leadership roles, strengthened by our hiring, promotion and retention strategies. Over this period, representation of women in senior leadership roles has increased by three percentage points. We narrowly missed our gender representation ambition of 35%, primarily due to a reduction in the number of promotions and new hires in 2025. This has also impacted our progress against our ambition to achieve 3.4% of Black heritage colleagues in senior leadership roles in the UK/US combined since 2021, which has remained steady since 2023[1].

Previously in 2020, we set an initial ambition to double the number of Black heritage colleagues in senior leadership roles globally by the end of 2025. Over the past five years, changes in our global organisation, such as the divestiture of the US Wealth and Personal Banking business, and increased investment across Asia, have made achieving this ambition more challenging. By the end of 2025, we increased the number of Black heritage colleagues in senior leadership roles by 48%[1].

While our publicly stated aspirational ambitions concluded at the end of 2025, we remain committed to building an inclusive culture for all colleagues, measured using our Inclusion Index. We continue to work towards better reflecting the communities we serve, in order to deliver better outcomes for our customers.

Data and transparency

Colleagues' self-identification data enables us to refine and evolve our Global Inclusion strategy by ensuring we make informed decisions and set priorities that will have the greatest impact. It also helps us to identify and address any inequalities or barriers.

We invite colleagues to voluntarily share their demographic data with us including ethnicity, sexual orientation and disability. In 2025, 69.1% of colleagues shared their ethnic background. We collect data in markets and territories where we are legally permitted to do so.

We continue to disclose the shape of our workforce publicly, as well as participating in the government-led FTSE Women Leaders Review and Parker Review benchmarks in the UK, which track the gender and ethnicity representation of our Operating Committee and senior leadership population.

▶ For further details of our representation data, pay gap data, and actions, see www.hsbc.com/who-we-are/our-people/inclusion-at-hsbc and the ESG Data Pack at www.hsbc.com/esg

1 These numerical ambitions do not form part of any US-based senior leader performance or other objectives, or in other jurisdictions where application of such objectives would be contrary to local law.

Fostering an inclusive culture

Embedding inclusion
Our recruitment practices are designed to be fair and transparent providing equal opportunities for all colleagues to progress their careers. We promote inclusive leadership and recognise that diverse perspectives drive innovation and stronger business outcomes.

In 2025, we partnered with KPMG to support personal development opportunities for UK-based Black heritage colleagues in our IWPB and Global Functions teams. Fifteen individuals were matched with sponsors aligned to their career aspirations, who aim to broaden participants' network and advocate for their talent and career progression. In 2025 we continued Solaris, our UK development programme for female Black heritage colleagues, with 19 individuals completing the course in 2025.

Removing barriers for colleagues with a disability
In 2025, we led the way in benchmarking disability confidence across Asia, aligning with United Nations Guidelines for People with Disabilities. HSBC is recognised for disability inclusion as featured by the International Labour Organisation (ILO) Global Business Disability Network.

In 2025, our Digital Accessibility programme garnered 15 awards, including recognition from the Hong Kong Digital Accessibility Recognition Scheme for the accessibility of our digital channels. We were also honoured at the Pay 360 Awards in the UK celebrating outstanding achievements in the payments industry.

We retained our Business Disability Forum 'Smart Gold' status in the UK in 2025. The Disability Smart Framework helps businesses enhance their performance for disabled customers, service users, colleagues and stakeholders.

We have developed a Disability Toolkit to support colleagues with a disability and their line managers, outlining the well-being resources available and how each can help colleagues manage their condition.

In the US, we have been recognised as a 'Best Place to Work for Disability Inclusion' in the Disability:IN, 2025 Disability Index.

We are enhancing our workplace adjustments programme to better support colleagues with their needs. In 2025, it was extended to include colleagues in UAE, Egypt, Algeria, Kuwait and Oman.

Supporting colleagues from a lower socio-economic background
Research indicates that individuals from low socio-economic backgrounds encounter additional barriers when entering the financial services industry, and are less likely to advance to senior leadership.

To support early career colleagues from these backgrounds, we launched a grant initiative in 2025, offering new joiners £1,000 to support pre-joining expenses.

In 2025, we improved our position in the UK Social Mobility Index to 18th, up from 37th in 2024 and 67th in 2023.

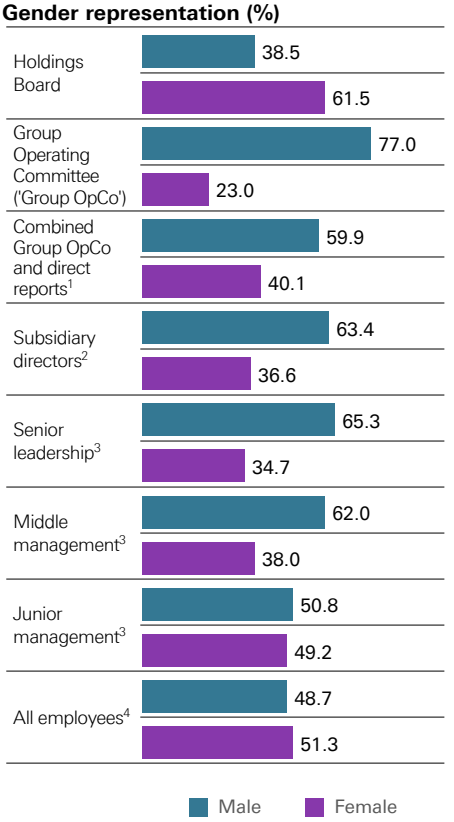
We have also partnered with Community Business, which is a non-governmental organisation that advances research on social mobility across Asia, focusing on Hong Kong, mainland China, India, Singapore, Japan, Korea, the Philippines and Malaysia.

Inclusion for all
In 2025, the Hong Kong-based Equal Opportunities Commission introduced the Racial Diversity & Inclusion Employers Award Scheme to honour organisations committed to racial equality, diversity and inclusion in the workplace, and we received three gold awards.

We were also named the Best Bank for Diversity and Inclusion in Hong Kong at the Euromoney Awards 2025 for the second year running. We climbed to 2nd in the 2025 Hong Kong Community Business LGBTQ+ Index, marking us as the top financial institution and improving from 6th in 2023.

In the US, we partnered with organisations Handshake and HelloHive to broaden our reach to undergraduate students from all backgrounds. Community engagement opportunities to support career readiness have in turn resulted in increased candidate applications to the HSBC US Early Careers programme.

Gender representation (%)



1 Combined Group OpCo and direct reports includes Group OpCo members and their direct reports (excluding administrative staff) as of 31 December 2025.
2 Directors (or equivalent) of subsidiary companies that are included in the Group's consolidated financial statements, excluding corporate directors.
3 In our leadership structure, we classify senior leadership as those at global career band 3 and above; middle management as those at global career band 4; and junior management as those at global career bands 5 and 6.
4 As at 31 December 2025, the Group's headcount consisted of 103,086 Males and 108,393 Females. Employees with undisclosed gender have been included in the 'Male' category. Due to local restrictions, Saudi Arabia headcount has been excluded from gender reporting.

▶ For further details of our employee profile data, see the ESG Data Pack at www.hsbc.com/esg

Representation and pay gaps
Our reports on gender, ethnicity and disability pay gaps show the difference in average pay between these groups of people and the wider workforce, regardless of their role or seniority.

We have reported our UK gender representation and pay gap data since 2017, in line with reporting regulations. These UK disclosures are available in our ESG Data Pack. We have voluntarily extended this to include the US, mainland China, Hong Kong, India, Mexico, Singapore, Malaysia and the UAE, alongside ethnicity data for the UK and US, which are available on our website.

In 2025, our mean aggregate UK-wide gender pay gap was 39.4% (2024: 40.6%), and the ethnicity pay gap was 9.8% (2024: 7.7%).

These gaps are primarily driven by workforce composition, with more men in senior, higher-paid roles and more women in junior, lower-paid roles. While we are confident in our approach to pay equity, average pay gaps will persist until there is proportional representation of women and ethnic minority colleagues at all levels.

We are committed to paying colleagues fairly regardless of their gender or ethnicity and have processes to review that remuneration is free from bias. We review our pay practices regularly to ensure that our commitments to equal pay are upheld.

▶ For further details of our representation data, pay gap data, and actions see www.hsbc.com/who-we-are/our-people/inclusion-at-hsbc and the ESG Data Pack at www.hsbc.com/esg

Building a healthy workplace

Listening to our colleagues

We value difference at HSBC, and we do this by seeking out different perspectives and listening. Our colleagues succeed together by being connected across the organisation, and they take responsibility by speaking up. These activities are core to our values and we capture regular feedback from our colleagues to help improve HSBC and the employee experience.

How we listen
At the heart of our employee dialogue strategy is listening to our people and responding to their feedback, fostering open, two-way communication between colleagues and the organisation.

To support organisational change in 2025, we enhanced our feedback process. In addition to our annual Snapshot survey, we introduced a monthly Pulse survey for quick leadership insights. This complements our event-based lifecycle surveys, capturing colleague sentiment as they apply, join, transition and leave HSBC.

We streamlined our 2025 Snapshot survey by reducing the number of questions by 40%, and aligning our reporting with overall strategic priorities. A response rate of 87% was achieved, with over 186,000 colleagues sharing their insights.

Survey insights are shared with the Group Operating Committee, the Board, and over 11,000 people leaders who receive 10 or more team responses. We facilitate effective feedback discussions by providing interactive dashboards, action planning tools and discussion guides.

Despite organisational change, our Snapshot results remain robust, with only slight declines in some areas. Our Employee Engagement index, which reflects how our people feel about HSBC, decreased by two percentage points to 78%. This is four percentage points above the global financial services benchmark.

Our Inclusion Index, an indicator of our commitment to fostering an inclusive culture at HSBC, remained at 78%. Our Well-being Index increased by one percentage point, positioning us five percentage points ahead of our peers in the financial services sector.

While we were eight percentage points above the financial services benchmark for our Sustainable Growth Index, confidence in our future direction decreased by three percentage points to 76%. This decline was mainly due to lower scores among groups more impacted by ongoing organisational changes. We continue to prioritise clear communication with our colleagues about what these changes mean for them.

Our new How We Lead Index, designed to gauge the embedding of our new Group-wide leadership framework, achieved 77%. This surpassed the financial services benchmark by five percentage points.

We launched four new values-aligned indices, each scoring between 79% and 81%. Each overall index score surpassed the financial services benchmark.

Going forward we will continue to encourage high levels of engagement and feedback.

▶ For further details of our Snapshot data, see the ESG Data Pack at www.hsbc.com/esg.

Employee relations
We engage, consult, and where appropriate, negotiate with employee representative bodies. Our policy is to maintain well-developed communications and consultation programmes with all employee representative bodies.

We are committed to complying with the applicable employment laws and regulations in all the jurisdictions in which we operate. HSBC's employment practices and relations policy provides the framework and controls through which we seek to uphold that commitment.

Employee conduct and harassment
We expect our employees to treat each other with dignity and respect, and we do not tolerate or condone discrimination, harassment, bullying or retaliation in any form as outlined in our Global Anti-Bullying and Harassment Code. This is supported by our Global Code of Conduct.

We encourage our colleagues to speak up about poor behaviour. We measure confidence of colleagues to speak up via our Snapshot response, which stood at 81% in 2025.

We recognise the need for ongoing focus on our speak-up culture to ensure we create the right environment. We are committed to raising awareness and providing education on poor behaviours and strengthening our response to these issues across the organisation. Our colleagues receive training on bullying, harassment, discrimination and retaliation at least every other year through our global mandatory training and as part of other learning resources.

We monitor cases raised via our speak-up channels, and data is reported to senior leadership to ensure visibility. In 2025, we received a total of 793 cases raised in relation to bullying and harassment. Where the concerns were substantiated following an investigation, appropriate actions were taken, including dismissal where warranted. In 2025, 30% of cases raised were either partly or fully substantiated, and 38 colleagues were dismissed in relation to bullying, harassment, discrimination or retaliation.

We continue to act where we find that any colleague has breached our values and high standards of conduct.

How we listen

Snapshot survey response
87%
A response rate of 87% was achieved, with over 186,000 colleagues sharing their insights.

Employee Engagement Index
78%
Our Employee Engagement Index decreased by two percentage points to 78%. This is four percentage points above the global financial services benchmark.

How We Lead Index
77%
Our new How We Lead Index achieved 77%. This surpasses the financial services benchmark by five percentage points.

Being a great place to work

Reward and recognition

Our aim is to create an environment that energises colleagues to perform at their best. This is critical for attracting, retaining and motivating our colleagues, supported by our core reward principles: rewarding colleagues responsibly, recognising colleagues' success and supporting our colleagues to grow.

Rewarding colleagues responsibly
Pay is a key element of our overall proposition. We aim to enhance transparency and clarity, helping our colleagues to better understand how we make our pay decisions. We remain committed to providing a competitive total compensation package that balances an appropriate mix of fixed and variable pay.

HSBC achieved accreditation on 31 December 2024 from the Fair Wage Network, which provides an independent source of wage levels, as a global living wage employer for two years. Following our accreditation, we have collaborated with the Fair Wage Network to ensure we continue to meet or surpass local living wage benchmarks. A living wage should be sufficient to cover an adequate standard of living, given the cost of goods and services in each country and territory where we operate.

We also seek to implement contractual clauses that encourage our suppliers to pay at least a living wage in the UK, including our most material consultancy and workforce contracts.

Recognising colleagues' success
We have performance routines to foster a high-performance culture, and in 2025 these routines encouraged colleagues to set challenging goals aligned with our strategic priorities. Regular feedback exchanges helped colleagues understand their progress and areas for improvement. Ongoing performance check-ins result in a clear and focused year-end performance assessment that wraps up these discussions.

In 2025, our Snapshot results showed that 86% of colleagues clearly understood what is expected of them, aligned to the 2024 result of 87%. Also, 81% of colleagues received performance-improving feedback, consistent with the results from 2024.

Our variable pay plans recognise the performance and behaviours of our colleagues. We operate Target Variable Pay for over 127,000 colleagues across 48 markets, promoting clarity and transparency in pay decisions. This helps colleagues understand how they contribute to the organisation's performance.

Our 'At Our Best' recognition platform empowers our colleagues to recognise each other for role model behaviours aligned with our values. In 2025, we celebrated each other 1.4 million times. We also launched short-term recognition campaigns engaging over 30,000 colleagues, encouraging nominations for outstanding 'How We Succeed' behaviours.

Share plans also empower colleagues to engage in HSBC's success. In 2025, we invited around 199,000 colleagues to join our share plans, and 95% of colleagues globally have eligibility. Currently, around 63,000 colleagues participate in one of the plans.

Supporting our colleagues to grow

We recognise the importance of personal and professional growth for our colleagues, and seek to support their mental, physical and financial well-being.

We have refined our Well-being index in the Snapshot survey to focus on where we can make the most positive impact and updated our questions to focus on happiness at work, stress levels, job satisfaction, and sense of purpose, aligning our methodology to the Organisation for Economic Co-operation and Development ('OECD') measures of well-being.

In 2025 our Well-being index increased to 66%, with improvements of one percentage point across happiness at work, stress levels and job satisfaction.

Mental health
We were ranked 1st globally for the fourth consecutive year in the CCLA Corporate Mental Health Benchmark Global 100+. We are the only organisation to achieve Tier 1 status since the benchmark's inception. In 2025, we scored 83%, significantly higher than the financial services industry average of 34%.

In 2025, we hosted two global masterclass series, one focused on mental health and performance, and the other on sleep and well-being. These events brought together senior leaders and industry experts to share evidence-based strategies for enhancing well-being and performance, while addressing workplace myths and stigma.

In 2025, we updated the well-being content in our global mandatory training and launched a new voluntary mental health module. The new module has been completed over 1,300 times since launch in November, with 27% of those completions being done by people leaders.

Our network of over 250 mindfulness champions delivered sessions to over 27,000 colleagues, up 43% on 2024, and enrolment to the meditation app, Headspace, increased by 8%.

Physical health
We provided private medical insurance to 99% of our permanent employees, and offered telemedicine services in most countries and territories. In some markets, we also have on-site medical centres. In 2025, 80% of colleagues can access free health assessments. We also expanded medical outpatient reimbursement to over 35,000 colleagues in India. In Singapore and the UK, we introduced fertility medical support, increasing the number of countries offering this benefit to 10.

In 2025, we continued to offer the Personify Health app to colleagues, helping boost their physical activity. Over 33,000 colleagues have downloaded the app, an increase of 57% on 2024. Additionally, over 11,400 colleagues participated in the HSBC Global Activity Challenge in September, an increase of over 149% in participation from 2024. We set a new Guinness World Record for the most participants in a 10,000 step challenge in 24 hours.

Financial health
We introduced a four-part financial well-being series providing 'Money Skills That Make Life Easier', which gained an overall satisfaction score of 97%. According to our Performance and Reward survey, 37% of colleagues expressed a desire for more financial well-being support. In response, we trialled an independent financial well-being platform for colleagues in Mexico, UAE, the UK and India to enhance financial literacy. Over 1,600 colleagues are participating in the trial, which concludes in March 2026.

Flexible working
We support hybrid working, with 85% of our colleagues embracing this approach.

We value flexibility but also emphasise the importance of in-person interactions to foster collaboration, build trust, and demonstrate care and empathy. Strong relationships among colleagues lead to better outcomes for our customers.

In 2025, we reset our expectations that Managing Directors are present in the office a minimum of four days a week, emphasising the importance of relationships, as we evolve our culture.

We enhanced our family leave policies to promote flexibility and work-life balance. Over 99% of colleagues now have access to at least 18 weeks of fully-paid parental leave for primary caregivers, along with five paid compassionate leave days. Additionally, around 72% of colleagues can also use up to five paid days as carer leave days, when regular arrangements unexpectedly fall through.

Developing skills, careers and opportunities

Learning and skills development

Employee development energises our colleagues for growth and helps equip them with the skills they need today while also preparing them to meet future challenges.

Establishing our leadership framework
To support our refreshed strategy and ambition, a cross-section of business leaders developed and launched a set of leadership principles and a new Group-wide leadership framework called How We Lead. This is characterised by simple, practical and universal tools and consistent leadership language for all people leaders across HSBC.

Supporting future skills
We have evolved our platforms to offer skills, opportunities and development pathways, supporting our colleagues to grow, perform and adapt in a changing environment. In 2025, we:

- increased the number of active users and participation in learning programmes. To bridge skill gaps we offered access to learning content, fostering knowledge-sharing, collaboration and structured learning pathways; and
- increased efforts in our digital badging to recognise skill-building achievements, with 46 new badges launched and more than 42,000 credentials issued in areas across data, digital, banking and finance, and wealth.

Maintaining our risk management culture
We continue to improve our risk management learning programmes to seek to ensure that they maintain relevance and reinforce our risk management culture.

In 2025, we introduced a multi-year Financial Crime learning programme aimed at enhancing our ability to manage financial crime risks. This programme seeks to equip our colleagues in high-risk roles with essential skills and knowledge to effectively mitigate these risks. Learning is delivered through role-specific scenarios that assess capability by applying knowledge and addressing skill gaps with tailored content.

We have evolved our global mandatory training, a key component of our risk and compliance framework. Moving away from traditional compliance methods, we have adopted thematic structures in risk management, financial crime, and conduct, focusing on skills and behaviours. This approach emphasises practical application and tailors content to individual capabilities. By 2026, the training will develop into a dynamic, personalised experience, emphasising foundational knowledge for new joiners and ongoing improvement for colleagues.

Fostering AI adoption
Our AI Academy continues to drive innovation and improvement, equipping colleagues with the skills to use AI technologies effectively and ethically. Since its launch in 2024, the Academy has evolved to focus on specialised technical pathways tailored to employee roles and their level of AI involvement. It provides comprehensive training on AI literacy, responsible AI, and AI ethics, with participants earning badges to recognise their achievements. In 2025, we piloted the AI Ambassador mentorship programme to empower a future-ready workforce. This initiative accelerates skills development and expands professional networks through dynamic peer-to-peer mentorship and meaningful connections.

Engagement with the AI Academy remained strong throughout 2025, with 26,000 colleagues completing over 122,000 hours of learning.

Hong Kong has progressed AI capability-building with its 'Skills Galaxy' and 'Skills Master' initiatives. These programmes focus on AI, data and leadership. The Skills Galaxy carnival attracted over 1,400 colleagues, offering interactive booths, workshops and information sessions. The Skills Master initiative was launched as a self-paced online learning journey, engaging over 3,300 colleagues in themed semesters to promote continuous learning in AI and data.

Advancing wealth management expertise
In 2025 we introduced the Wealth Academy to cultivate top-tier wealth managers. The Academy offers a wealth knowledge hub with 198 topics across five core skills, offering 26 hours of learning content in four languages. Our colleagues can earn digital badges at three competency levels through passing online assessments. By September 2025, over 1,000 team members interacted with the Hub, and 720 qualified for competency badges.

We have teamed up with the London Business School for a nine-month programme for our 70 top-performing wealth managers. This programme combines academic rigour with practical wealth management strategies, virtual learning and customer-focused challenges. Wealth managers will earn a certificate from the London Business School upon completion.

Supporting in-person development
In June, we opened our fourth HSBC University campus in Nansha, Guangzhou with an event that brought together senior leaders from across the Group. Our flagship residential learning campus is dedicated to uniting our colleagues globally in a space designed for learning and engagement. It features 170 guest rooms, a large auditorium, a multi-purpose hall, modern flexible classrooms and well-being areas. To date, over 4,500 senior leaders globally have attended leadership events held at the China campus.



Energising our colleagues for growth

This year, we made significant upskilling efforts to fast track our digital, sustainability and growth ambitions:

- Since its inception in 2024, our Digital Acceleration Programme has delivered over 25,000 hours of targeted training for key roles, including product owners and scrum masters. This strategic investment in professional development empowers our teams to build superior products and deliver services more efficiently, driving better outcomes for our customers.
- We launched a programme to strengthen our Sustainable Supply Chain Finance CIB capabilities. This initiative increased ESG-related activity including client calls, deal pipeline and mandates awarded.
- Expanding on our 'Doing Business In' series, we focused on new growth markets, such as India. In collaboration with the Indian School of Business, we conducted a four-day on-campus programme that provided bankers with a comprehensive understanding of the Indian economy, business environment, regulatory framework and clients' banking priorities.

Training at HSBC

5.6 million

Training hours by our colleagues in 2025.
(2024: 6.2 million)

26.8 hours

Training hours per FTE in 2025.
(2024: 29.6 hours)

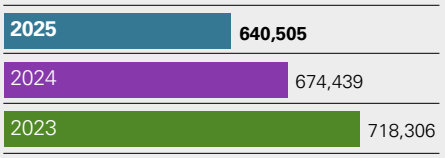
Building customer inclusion and resilience

Our approach to customer inclusion and resilience

We support our customers, colleagues and communities through offering solutions that aim to remove barriers to accessing financial services. This section highlights some of the solutions that we offer.

Access to HSBC products and services
In the UK and Hong Kong, we offer no-cost accounts for customers who do not qualify for standard accounts or who might need additional support due to social or financial vulnerability. This aims to enable them access to essential banking services. In the UK, through our partnership with Shelter, we extend this service to include customers with no fixed address, so that people experiencing homelessness may be able to access HSBC services.

Making banking accessible
The table shows the number of no-cost accounts held by customers in the UK and Hong Kong



The reduction in no-cost accounts between 2024 and 2025 is in part due to bulk closure of inactive accounts in the UK.

Supporting financial knowledge and education
We continue to invest in financial education content and tools across different channels to help customers, colleagues and communities be confident users of financial services.

Supporting customer financial well-being
We seek to support the financial well-being of our customers and employees so that they can make the most of their money both day-to-day and in the long term. We offer a combination of personalised services and digital tools, including a financial fitness test, future planner, webinars and financial health checks.

Creating an inclusive banking experience
We seek to ensure that our banking products and services are designed to be accessible for customers experiencing either temporary or permanent challenges, such as disability, impairment or a major life event. We regularly assess our web and mobile banking platforms against Web Content Accessibility Guidelines ('WCAG') 2.2 AA standards. Our digital accessibility programme has received industry awards including accolades from the Hong Kong Digital Accessibility Recognition Scheme, and recognition at the UK Pay 360 Awards. To foster inclusive digital environments, we are providing public training resources through our Accessibility Hub and Train 1000 programme, which offer resources for digital professionals, including developers, designers and content authors. Over 100,000 individuals engaged with these resources in 2025.

Engaging with our communities

Helping people and communities

We seek to support the communities in which we operate, and work with charity partners to initiate a range of programmes that help people and communities respond to opportunities and challenges.

We continued our partnership with the British Council in Brazil, Mexico, India, Indonesia and Vietnam, and with The King's Trust Group in Australia, India and Malaysia to empower young, marginalised people through training and skills development on topics including employability and climate, and to help equip them for the new economy.

In the UK, Egypt and Mexico, we supported financial and social empowerment: over 286,000 young people in the UK were provided with financial skills in partnership with Young Enterprise; 1,150 widows in Egypt were supported to improve their self-reliance through micro-banking with Global Fund For Widows; and 800 incarcerated women in Mexico with our charity partner La Cana were supported in gaining employability and emotional skills.

In China and India, HSBC initiatives aimed to support financial literacy and entrepreneurship: 46,003 children and 26,291 families in China benefited from financial education, while over 15,000 entrepreneurs in India, primarily women, saw on average a 20% income increase and improved access to credit, markets and social security.

HSBC grants in the US trained 639 individuals from low-income communities about clean energy, benefiting 6,484 people.

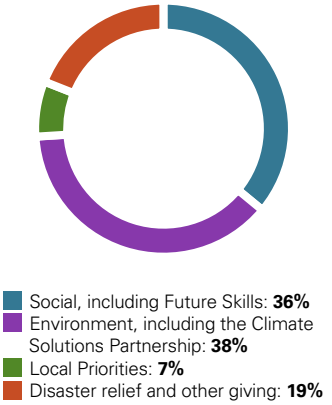
In Hong Kong, Food Angel launched a new production line to scale up cook-chill meal operations, supporting 27,000 marginalised elderly people with HSBC's support.

Philanthropy can also play an important role in addressing the barriers to action, helping to build capacity, and testing and scaling the innovation required to achieve a resilient and sustainable net zero future.

▶ For more information about our environment-related philanthropy, refer to 'Partnering for an enabling environment' on page 39.

Community engagement and volunteering
We offer paid volunteering days, and encourage our people to offer their time, skills and knowledge to causes within their communities. In 2025, our colleagues gave over 248,639 hours to community activities during work hours and 272,088 hours during their own time.

Charitable contributions in 2025 (%)



Cash charitable contributions
$103.7m

Total value of our contribution to communities
$137.8m

Governance

Acting responsibly

Setting high standards of governance TCFD

How ESG is governed

The Board takes overall responsibility for ESG strategy, overseeing executive management in developing the approach, execution and associated reporting. Progress against our ESG ambitions is reviewed through Board discussion and review of key topics, such as updates on the sustainability strategy and reviewing the ESG strategy dashboard. The Board is regularly provided with specific updates on ESG matters, including the Net Zero Transition Plan, philanthropy strategy, human rights and workforce engagement. Board members receive ESG-related training as part of their induction and ongoing development, and seek out further opportunities to build their skills and experience in this area. For further details of Board members' ESG skills and experience, see page 187. For further details of their induction and training in 2025, see page 198.

In March 2025, we streamlined our ESG governance with the demise of the ESG Committee, which was part of the Group Operating Committee, with the business of the meeting being embedded across the formal Operating Committee level governance meetings or managed via individual accountability. We expect that our approach to ESG governance is likely to continue to develop, in line with our evolving approach to ESG matters and stakeholder expectations.

The diagram on the right provides an illustration of our ESG governance process, including how the Board's strategy on climate is cascaded and implemented throughout the organisation. It identifies examples of forums that manage both climate-related opportunities and risks, as well as considering the associated trade-offs. Details are also provided on their responsibilities and the responsible chair. The structure of the process remains consistent with a defined escalation pathway for issues and emerging challenges, with issues either resolved in a given forum or raised to the appropriate level of governance with appropriate scope and authority.

Given the wide-ranging remit of ESG matters, the governance activities are managed through a combination of specialist governance infrastructure and regular meetings and committees, where appropriate. These include the Group Risk Committee and Group Audit Committee, which provide oversight for the scope and content of ESG disclosures.

For some areas, such as climate where our approach is more advanced, dedicated governance activities exist to support the wide range of activities.

The Group Chief Risk and Compliance Officer and the chief risk officers of our PRA-regulated businesses are the senior managers responsible for climate financial risks under the UK Senior Managers Regime. Climate risks are considered in the Group Risk Management Meeting and the Group Risk Committee, with scheduled updates provided, as well as detailed reviews of material matters, such as climate-related stress-testing exercises.

How HSBC's climate strategy is cascaded

Opportunities | Risks

Board level governance

Group Board
Takes overall responsibility for climate strategy, overseeing executive management in developing the approach and execution.
Chair: Brendan Nelson

Group Audit Committee
Monitors and assesses the integrity of the Group's financial disclosures, including those relating to ESG.
Chair: Brendan Nelson

Group Risk Committee
Oversees and advises the Board on risk-related matters including those related to ESG risks (incorporating climate risk).
Chair: James Forese

Specialist Board governance

Sustainability Working Group
Meets on an ad hoc basis to provide guidance on the Group-wide medium and longer-term sustainability strategy, including our progress towards our net zero ambition, taking into account key factors such as risk appetite, commerciality, capability and data.
Chair: Geraldine Buckingham

Management level governance

Group Operating Committee
Receives regular ESG updates and shapes and influences our strategy.
Chair: Group Chief Executive Officer

Group Risk Management Meeting
Oversees the enterprise-wide management of all risks, including updates relating to the Group's climate risk profile and risk appetite, top and emerging climate risks.
Chair: Group Chief Risk and Compliance Officer

Regional, global business and group infrastructure

Examples of ESG-related management governance
The following governance bodies support management in its delivery of ESG activities.

Group Reputational Risk Committee
Provides recommendations and advice on significant reputational risk matters with impact across the Group.
Chair: Group Chief Risk and Compliance Officer

Sustainability Leadership Meeting
Monitors execution of the Group's sustainability strategy and requirements.
Chair: Group Chief Sustainability Officer

Human rights

Our respect for human rights

As set out in our Human Rights Statement, we recognise the role of business in respecting human rights. Our approach is guided by the UN Guiding Principles on Business and Human Rights ('UNGPs') and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

Our salient human rights issues
We continue to develop our understanding of our salient human rights issues. These are the human rights at risk of the most severe negative impact through our business activities and relationships.

An extensive review of our salient human rights issues conducted in 2022 identified five human rights risks inherent to HSBC's business globally, and five types of activity through which such risks might arise. These are represented in the adjacent table. We reviewed those earlier findings in 2025, drawing on consultations with stakeholders including employees, customers, investors, public authorities and civil society groups representing potentially affected people. This review validated our existing assessment, and no substantive changes have been made to the table as a result. Respondents highlighted several developing issues, including the potential social impacts of AI on communities.

In 2025, we continued to focus on our approach to human rights risk management relating to the goods and services we buy from third parties and in respect of our business customers.

Our salient human rights issues

Illustration of HSBC Group's inherent human rights risks mapped to our business activities.

Inherent human rights risks		Employer	Buyer	Provider of products and services: Personal customers	Provider of products and services: Business customers	Investor
Right to decent work	Freedom from forced labour		◆		◆	◆
	Just and favourable conditions of work	◆	◆		◆	◆
	Right to health and safety at work	◆	◆		◆	◆
Right to equality and freedom from discrimination		◆	◆	◆	◆	◆
Right to privacy		◆		◆		◆
Cultural and land rights			◆		◆	◆
Right to dignity and justice		◆	◆	◆	◆	◆

Managing risks to human rights
We continued the process of adapting our risk management procedures, reflecting what we learned from the recent work on salient human rights issues and continued to embed the guidance documents issued in 2024 for those who manage our relationships with suppliers and with business customers.

Our Global Procurement function continued to implement its human rights due diligence operating procedure. This procedure sets out how HSBC aims to identify suppliers where the risk of human rights impact is considered to be higher, and the process to be followed to review and mitigate the associated risks. We continued the human rights audits of suppliers and closed out findings from the 2024 audits.

We use independent negative news data to help identify controversies related to our corporate customers, including on human rights, which may lead to further review and escalation.

▶ For further details of the actions taken to respect the right to decent work, see our 2024 Annual Statement under the UK Modern Slavery Act at www.hsbc.com/modern-slavery-act.
▶ See 'Our approach to inclusion' on page 52 for details relating to freedom from discrimination.

Sustainability risk policies
Some of our business customers operate in sectors in which the risk of adverse human rights impact is considered greater. Our sustainability risk policies consider human rights issues such as forced labour, harmful or exploitative child labour, workers' rights, health and safety of communities and land rights.

Through our membership of international certification schemes, such as the Forestry Stewardship Council, the Roundtable on Sustainable Palm Oil and the Equator Principles, we support standards aimed at respecting human rights.

▶ For further details on our sustainability risk policies see page 50.

Financial crime controls
Our financial crime risk framework also seeks to mitigate the risk of being associated with adverse human rights impacts, by helping to identify and assess the financial crime risk associated with our customers, employees and third parties.

▶ For further details of how we fight financial crime see www.hsbc.com/fighting-financial-crime.

Other principles
HSBC's Principles for the Ethical Use of Data and Artificial Intelligence include how we seek to respect the right to privacy while making use of these technologies.

▶ For further details see www.hsbc.com/ai-principles.

Supporting change
We continued to participate in industry forums, including the Thun Group of Banks, which is an informal group that seeks to promote understanding of the UNGPs within the sector, and the UN Global Compact Human Rights Working Group.

HSBC has been a member of the Mekong Club since 2016. We are a participant in their financial services working group, and we use their informative typological toolkits, infographics and other multimedia resources covering current and emerging issues. Our compliance teams regularly collaborate and engage with the Mekong Club in designing Group-wide knowledge sharing and training sessions.

Investments
HSBC Asset Management acknowledges the important role that business plays in respecting human rights.

HSBC Asset Management engages with companies prioritised for purposeful engagement under its stewardship plan on core relevant themes, including human rights. Engagements may be on a one-on-one basis, or collaboratively with other investors. Further details can be found in its stewardship plan. The Global Voting Guidelines provide an overview of its approach to exercising its shareholder rights in respect of ESG issues, including human rights.

Supporting those impacted and those potentially at risk
We continued to expand our Survivor Bank programme, which has now supported over 4,100 (a more than 15% increase since last year) survivors of modern slavery and human trafficking in the UK.

Our personal customers (IWPB) team continues to deliver training to raise awareness of modern slavery, which seeks to enable employees to spot signs of abuse and escalate their concerns through established channels. In addition, our customer-facing employees globally are given training as part of their induction which aims to help them identify and support vulnerable customers.

▶ For further details of our work to support vulnerable communities, see page 57.

Effectiveness
We increased the proportion of our suppliers who had either confirmed adherence to HSBC's code of conduct or their own alternative, which was accepted by our Global Procurement function, to 97.3%. We also continued to train employees in relevant roles on one or more aspects of a range of human rights related topics, having now reached over 11,300 employees over the past 24 months.

Customer experience

We remain committed to improving customers' experiences. In 2025, we gathered feedback from over one million customers across our four business segments to help us understand our strengths and the areas we need to focus on.

Customer satisfaction

Listening to drive improvement
We continue to listen, learn and act on customer feedback. We use the net promoter score ('NPS') system to share feedback with our front-line teams, allowing them to respond directly to customers. We also run dedicated global forums to provide oversight of our retail and business customers' experiences and promote continuous improvement.

How we fared
In Hong Kong, we were ranked in first place for both RBW and CMB. Notably, we reached a record high NPS in RBW.

We also reached our highest NPS to date in the UK among RBW customers and improved our rank.

In CMB, we ranked second for mid-market enterprises, and improved our SME Business Banking ranking to fifth.

In IWPB, among the mass affluent we improved our NPS or rank in seven of 10 key markets. We ranked in the top 3 of the eight competitively benchmarked markets. We rose to first place in Singapore and China and maintained second place in Malaysia.

India and Mexico both experienced a decline in NPS during the period. Although NPS is influenced by various factors, the increase in customer complaints contributed to a shift in overall customer sentiment. For further details on IWPB customer complaints, please refer to page 61.

In our private bank, our global NPS increased to 54 points, compared with 48 points in 2024.

In CIB, among Corporates we were ranked among the top 3 in seven of 10 key markets. We led in three markets and held a stronger position in Asia and the Middle East than in Europe and the Americas.

How we listen

To improve how we serve our customers, we must be open to feedback and acknowledge when things go wrong. We continue to adapt at pace to provide support for customers facing new challenges, new ways of working and those that require enhanced care needs. We aim to be open and consistent in how we track, record and manage complaints, although as we serve a wide range of customers – from personal banking and wealth customers to large corporates, institutions and governments – we tailor our approach in each of our global businesses.

How we handle complaints

Our principles	Our actions
Making it easy for customers to complain	Customers can complain through the channel that best suits them. We provide a point of contact along with clear information on next steps and timescales.
Acknowledging complaints	All colleagues welcome complaints as opportunities and exercise empathy to acknowledge our customers' issues. Complaints are escalated if they cannot be resolved at first point of contact.
Keeping the customer up to date	We set clear expectations and keep customers informed throughout the complaint resolution process through their preferred channel.
Ensuring fair resolution	We thoroughly investigate all complaints to address concerns and ensure the right outcome for our customers.
Providing available rights	We provide customers with information on their rights and the appeal process if they are not satisfied with the outcome of the complaint.
Undertaking root cause analysis	Complaint causes are analysed on a regular basis to identify and address any systemic issues and to inform process improvements.

Hong Kong

As of 31 December 2025, Hong Kong CMB received 7,324 customer complaints, down 3.5% from the year before. The primary drivers of these complaints were related to servicing, policy, and digital issues. Policy-related complaints focused on Client Selection and Exit Management ('CSEM') cases and CSEM appeals, while digital complaints involved business internet banking log-on problems, webpage design and online transactions issues.

In 2025, despite a growing customer base, the Hong Kong RBW average complaints per 1,000 customers per month decreased from 0.71 to 0.68.

Acting on feedback
The bi-monthly CMB complaint review forum brings together key decision makers, customer relationship owners and product and process owners to identify the latest complaint trends and concern areas. It oversees root cause analysis and implements improvement actions with the aim of reducing complaints and enhancing customer service. Awareness sessions are provided to client-facing staff to reinforce the CMB complaint handling procedure and customer feedback tool functionalities, to help equip staff with relevant skills and knowledge to manage complaints effectively.

The improvement for Hong Kong RBW was achieved through enhanced banking capabilities and a focus on customer experience. The positive trend stemmed from fostering a customer-centric culture, emphasising service resolutions, and proactively addressing feedback through root cause analysis and insights from complaint management information and NPS. Strengthened cross-departmental collaboration and advanced technological methods in complaint management further enhanced our efficiency and responsiveness.

UK

For UK CMB, complaints reduced by 13.8% in 2025 compared with 2024, with the most common complaint categories continuing to relate to telephony, servicing and transactions. A refined customer contact strategy has been embedded to drive improved outcomes and customer experience.

In 2025, average complaints per 1,000 customers per month for UK RBW were 0.84. Overall, complaints fell by 18% in 2025 vs 2024.

During 2025, our two key priorities continued to be complaints prevention and improving the quality of resolution of the complaints we received. We made good progress in both areas, driven by targeted intervention in priority areas and ongoing regular oversight.

Acting on feedback
A focus on root cause analysis identified more than 240 opportunities to reduce dissatisfaction in key customer journeys in CMB.

In RBW, we focused on the top 35 complaint themes – such as telephony customer experience, transaction disputes and international payment processing – and allocating them to individual executives as accountable 'owners' to remedy the root cause.

Corporate and Institutional Banking

Within CIB, excluding Hong Kong CMB and UK CMB, we achieved a 3.7% reduction in complaints. Complaint volumes decreased in 2025, with 7,373 complaints received compared with 7,655 in 2024, indicating an overall downward trend.

In Markets and Securities Services (MSS) complaints increased slightly by 4.6% to 320. The majority of the complaints were operational in nature and resolved in a timely manner. Of the overall MSS complaints in 2025, 46% came from Asia-Pacific and 44% came from Europe, our two largest markets.

Acting on feedback
These complaints were mainly related to servicing and transactions across all regions, with a notable concentration in Latin America, the Middle East and North Africa, Asia-Pacific and Europe.

To mitigate potential risks, comprehensive mandated conduct and complaints training has been provided to all CIB employees. This training aims to strengthen a culture of accountability, transparency and learning aligned to our conduct principles.

In 2025, focus continued to be on increasing the quality of the documentation of customer feedback received within MSS. Continuous training for front-line staff on recurring themes that are identified when managing complaints ensured that we continued to learn from feedback, allowing us to further embed changes into our processes, leading to a better customer experience. Although complaint volumes increased slightly, we identified better quality of complaint documentation, allowing us to address the issues more effectively.

International Wealth and Premier Banking

In 2025, IWPB received approximately 717,000 complaints from customers in eight priority markets. Average complaints per 1,000 customers (CPK) per month increased from 4.2 in 2024 to 4.7 in 2025. Our top three markets – Mexico, Australia and India – accounted for 88% of IWPB complaints globally. The rise in complaints was primarily driven by disputes in Mexico, largely stemming from customer concerns about unauthorised or fraudulent transactions. Additionally, the introduction of credit card annual fees, and more frequent risk reviews contributed to higher complaint volumes in Australia and India. We are closely monitoring these trends and have initiated targeted actions in each market to address the underlying causes.

We continue our commitment to drive accuracy over how we log and respond to customer feedback.

In our Private Bank, we received 593 complaints, a decrease of 54 compared with 2024, helped by the sale of our private bank in Germany. Banking products and service issues accounted for the largest volume of complaints overall, a high proportion of which were attributable to issues with payment processing and credit cards. Overall, our Private Bank resolved 578 complaints in 2025.

Acting on feedback
In 2025, we further strengthened our customer capabilities – the tools, skills, and processes that empower our teams to better understand, actively listen and improve the customer experience globally.

We upgraded our listening platforms which support our colleagues in meeting minimum service standards and in prioritising customer experience in their daily routines. A key milestone was the launch of a new platform designed to gather and analyse customer feedback, generating actionable insights for continuous improvement. These upgrades help us to improve customer experience and systematically track and measure our progress.

▶ For further details of complaints volumes by business lines, see our ESG Data Pack at www.hsbc.com/esg.

Integrity, conduct and fairness

Safeguarding the financial system

We have continued our efforts to combat financial crime and reduce its impact on our organisation, customers and the communities that we serve. Financial crime includes fraud, bribery and corruption, tax evasion and the facilitation of tax evasion, sanctions and export control violations and evasion, money laundering, terrorist financing and proliferation financing.

We manage financial crime risk because it is the right thing to do to protect our customers, shareholders, staff, the communities in which we operate, as well as the integrity of the financial system on which we all rely. Our financial crime risk management framework is applicable across all global businesses and functions, and in all countries and territories in which we operate. The financial crime risk framework is overseen by the Board, supported by our financial crime policy, and is designed to enable adherence to applicable laws and regulations globally.

Annual global mandatory training is provided to all colleagues, with additional targeted training tailored to certain individuals. We carry out regular risk assessments to identify where we need to respond to evolving financial crime threats, as well as to monitor and test our financial crime risk management programme.

Our anti-bribery and corruption policy
We are required to comply with all applicable anti-bribery and corruption laws in every market and jurisdiction in which we operate. We seek to focus not only on the letter, but also on the spirit of relevant laws and regulations to demonstrate our commitment to ethical behaviours and conduct, as part of our environmental, social and corporate governance.

Our global financial crime policy requires that all activity must be: conducted without intent to bribe or corrupt; reasonable and transparent; considered to be neither lavish nor disproportionate to the professional relationship; appropriately documented with business rationale; and authorised at an appropriate level of seniority. Our global financial crime policy requires that we identify and mitigate the risk of our employees, customers and third parties committing bribery or corruption. Among other controls, we use risk assessments, due diligence and ongoing monitoring following a risk-based approach, to identify and help mitigate the risk that our customers are involved in, or use HSBC's products or services, to commit bribery or corruption.

There were no concluded legal cases regarding bribery or corruption brought against HSBC or its employees in 2025.



The scale of our work

Each month in 2025 we monitored approximately 980 million transactions for signs of financial crime. We performed daily screening of approximately 109 million customer records for sanctions exposure. In 2025, we filed nearly 137,000 suspicious activity reports to law enforcement and regulatory authorities where we identified potential financial crime.

99%

Total percentage of permanent and non-permanent employees who received financial crime training, including on anti-bribery and corruption in 2025.

Whistleblowing

We want colleagues and stakeholders to have confidence in speaking up when they observe unlawful or unethical behaviour. We offer a range of speak-up channels to listen to the concerns of individuals and have a zero-tolerance policy for acts of retaliation.

Listening through whistleblowing channels
Our global whistleblowing channel, HSBC Confidential, is one of our speak-up channels, which allows colleagues past and present and other stakeholders to raise concerns confidentially and, if preferred, anonymously (subject to local laws). In most of our markets, HSBC Confidential concerns are raised through an independent third party, offering 24/7 hotlines and a web portal in multiple languages. We also provide and monitor an external email address for concerns about accounting, internal financial controls or auditing matters (accountingdisclosures@hsbc.com).

Concerns are investigated proportionately and independently, with action taken where appropriate. This can include disciplinary action, such as dismissal and adjustments to variable pay and performance ratings, or operational actions including changes to policies and procedures.

We continue to actively promote our full range of speak-up channels to colleagues to help ensure their concerns are handled through the most effective route. In 2025, 1,100 concerns were investigated through HSBC Confidential (2024: 925) with 34% found to have some level of substantiation (2024: 35%) and a further 19% identifying other issues (2024: 22%).

The Group Audit Committee has oversight of the Group's whistleblowing arrangements, and the Chair of the Group Audit Committee acts as HSBC's Whistleblowers' Champion with responsibility for ensuring and overseeing the integrity, independence and effectiveness of the Group's policies and procedures.

Regulatory Compliance sets the whistleblowing policy and procedures and provides the Group Audit Committee with periodic updates on their effectiveness. Specialist teams and investigation functions own whistleblowing controls, with monitoring in place to determine control effectiveness.

▶ For further details of the role of the Group Audit Committee in relation to whistleblowing, see page 205.

A responsible approach to tax

We seek to pay our fair share of tax in all jurisdictions in which we operate, applying both the letter and spirit of the law, and to minimise the risk of customers using our products and services to evade or inappropriately avoid tax. Our approach to tax and governance processes is designed to achieve these goals.

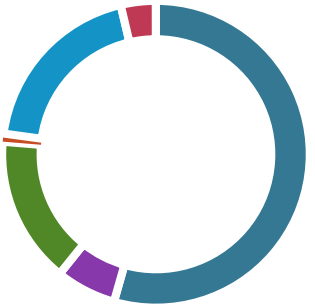
We maintain open and transparent relationships with tax authorities. We cooperate to resolve differing interpretations or disputes in a timely manner.

Through adoption of the Group's risk management framework, we seek to ensure that we do not adopt inappropriately tax-motivated transactions or products, and that tax planning is scrutinised and supported by genuine commercial activity. HSBC has no appetite for using aggressive tax structures.

With respect to our customers' taxes, we have made considerable investments to support external tax transparency initiatives to reduce the risk of banking services being used to facilitate customer tax evasion and implemented processes that aim to ensure that inappropriately tax-motivated products and services are not provided to our customers.

Our tax contributions
During 2025, we paid $7.7bn (2024: $9.2bn) in respect of our own tax liabilities and collected taxes of $10.0bn (2024: $10.1bn) on behalf of governments around the world. Tax paid was lower than in the previous year primarily due to the 2025 corporate income tax assessments for the Group's entities in Hong Kong being received and paid in January 2026, whereas the 2024 assessments were received and settled during 2024.

Taxes paid – by type of tax



- Tax on profits **$4,296m** (2024: $6,080m)
- Withholding taxes **$685m** (2024: $667m)
- Employer taxes **$1,102m** (2024: $1,003m)
- Bank levy **$273m** (2024: $135m)
- Irrecoverable VAT **$1,160m** (2024: $1,098m)
- Other duties and levies **$221m**[1] (2024: $229m)

1 Other duties and levies includes property taxes of $83m (2024: $76m).

Our approach to customer and market conduct

Our Conduct Approach guides us to do the right thing and to focus on the impact we have for our customers and the financial markets in which we operate. It is embedded throughout our product and services lifecycle, with a focus on five clear outcomes:

- We understand our customers' needs.
- We provide products and services that offer a fair exchange of value.
- We service customers' ongoing needs and put it right if we make a mistake.
- We act with integrity in the financial markets we operate in.
- We operate resiliently and securely to avoid harm to customers and markets.

Our principles, policies and procedures set standards to help ensure that we consider and meet customer needs and protect market integrity. They help ensure our products and services remain fit-for-purpose, offer fair value exchange and mitigate the risk of customer or market detriment.

We train all our colleagues on the importance of customer and market conduct, helping to ensure our conduct outcomes are part of everything we do.

Our approach with suppliers

We maintain global policies and procedures for the onboarding and use of third-party suppliers. We expect suppliers to meet our third-party risk compliance requirements and assess them to identify any financial stability concerns.

Sustainable procurement
Supporting and engaging with our supply chain is vital to progressing our sustainable procurement goals. In 2025:

- We continued gathering carbon emission data from our suppliers through CDP (formerly the Carbon Disclosure Project) and an additional data collection source introduced in 2024 to simplify and expand our supplier outreach for scope 3 data collection.
- We continued to deepen our collaboration with suppliers and have increased our focus on those without public disclosures or emissions reduction plans, and supported them by providing additional guidance where appropriate.
- Through ongoing engagement and targeted collaboration events, we are partnering with some of our suppliers who are more advanced in their sustainability journey to jointly develop innovative ideas on decarbonisation and nature-related topics.
- We also supported our sourcing teams to further integrate sustainability into sourcing strategy and decision making, including new supplier selection, renewals and ongoing supplier management.
- As part of our nature approach, we have begun developing sustainable sourcing roadmaps across key sectors, such as support services, technology services and corporate real estate, following a materiality assessment of biodiversity and nature risks. The roadmaps will help us address high-risk areas and include considerations for nature and biodiversity within our procurement activities.
- We continue to implement our human rights due diligence process to help identify supplier risks.
- We maintained an inclusive approach to supplier engagement, supporting fair access to procurement opportunities for all suppliers.

Supplier Code of Conduct
Our Supplier Code of Conduct ('the Code') sets out the minimum standards we expect of our suppliers in respect of the environment, inclusion and human rights. In 2025, we refreshed the Code to include principles on responsible use of AI. We continue to formalise adherence to the Code by seeking to add clauses to our supplier contracts which support the right to audit and act if a breach is discovered. At the end of 2025, 97.3% of approximately 9,830 contracted suppliers had either confirmed adherence to the Code, or provided their own alternative that was accepted by our Global Procurement function. Our Supplier Code of Conduct is available at: www.hsbc.com/who-we-are/esg-and-responsible-business/working-with-suppliers

▶ For further details of the number of suppliers in each geographical region, see the ESG Data Pack at www.hsbc.com/esg

Safeguarding data

Data privacy

We are committed to protecting and managing the data we process, in accordance with the laws and regulations of the markets in which we operate. Our strategy rests on having the right talent, technology, and processes to manage privacy risks effectively. Our Group-wide data risk policy provides a consistent approach to data and privacy risk management, applicable across all global businesses and infrastructure. This policy is reviewed annually with the aim of ensuring that we remain responsive to regulatory changes. Our HSBC Privacy Principles can be found at: www.hsbc.com/ who-we-are/esg-and-responsible-business/ managing-risk/ operational-risk.

We regularly provide employees with training and awareness sessions on data privacy and security, offering both mandatory and supplementary sessions as required. In addition, we mark International Data Privacy Day each year, with events that discuss developments in the data privacy landscape and reinforce privacy awareness across HSBC.

We provide transparency to our customers, employees and other stakeholders regarding processing of personal data and their rights. Where relevant, we work with third parties to help ensure adequate protections are provided, in line with our data risk policy and regulatory requirements. We offer a broad range of channels for customers, employees and other stakeholders to raise privacy concerns and questions.

Data privacy is regularly monitored at multiple governance forums, including at Board level, providing senior executive oversight on privacy risk and global programmes. Our Global Internal Audit function independently assures whether our data privacy risk management approach is effectively designed and operational. In addition, we have established data privacy governance structures and continue to embed accountability across all businesses and functions.

We continue to review and implement industry best practices for data privacy and security, working closely with our data protection officers, industry bodies, and research institutions. Regular reviews and privacy risk assessments are conducted to strengthen our data privacy controls. Procedures are in place to address data privacy considerations, including notifying regulators, customers and data subjects as required by law in the event of a data privacy breach.

Intellectual property rights practices
Our Group intellectual property risk policy, supported by comprehensive controls and guidance, is designed to manage risks associated with intellectual property. This policy seeks to ensure that our commercially and strategically valuable intellectual property is properly identified and safeguarded. This includes applying to register trademarks and patents and enforcing our rights against third parties making unauthorised use of our intellectual property. Additionally, our intellectual property framework helps prevent infringement of third-party rights, thereby supporting the consistent and effective management of intellectual property risk in alignment with our risk appetite.

Cybersecurity

The threat of a significant cyber incident remains a concern for the Group and the broader financial sector. As cyber threats continue to evolve, failure to protect our operations may result in disruption to our business services and negative impacts on our customers, such as a financial loss, loss of sensitive data or damage to our reputation, among other risks.

Identify, protect, detect, respond and recover
We invest in business and technical controls to help prevent, detect and mitigate cyber threats. Our controls follow a 'defence in depth' approach, leveraging multiple security layers, and recognising the complexity of our environment. Our ability to detect and respond to attacks through our round-the-clock security operations is intended to help reduce the impact of attacks. We routinely test our data backup and disaster recovery processes with the aim of limiting the impact on customers and restoring services in the event of a cyber-attack.

Our cyber intelligence and threat analysis team proactively collects and analyses internal and external cyber information to evaluate threat levels, including from ongoing geopolitical events, potential outcomes, and what control adjustments are needed to best defend against them. We collaborate with the broader cyber intelligence community, the financial services industry and global government agencies.

In 2025, we continued to enhance our cybersecurity capabilities to help reduce the likelihood and impact of unauthorised access, security vulnerabilities being exploited, data leakage, third-party security exposure and advanced malware. We focused on preparedness for emerging technology risks, such as AI and quantum computing.

We work with third parties, suppliers and financial infrastructure bodies to help reduce the threat of cyber-attacks impacting our business services. We have a third-party security risk management process in place to continually assess, identify and manage cybersecurity risks with suppliers and other third-party relationships. This includes assessments of the third parties against our own cybersecurity standards and requirements.

Policy and governance
We have a suite of cybersecurity policies, procedures and controls to help with the effective oversight and management of the organisation. This includes but is not limited to defined information security responsibilities for employees, contractors and third parties, as well as standard procedures for cyber incident identification, investigation, mitigation and reporting. We operate a three lines of defence model, aligned to the enterprise risk management framework, to help the oversight and challenge of our cybersecurity capabilities.

The assessment and management of our cybersecurity risk is led and coordinated by our Global Chief Information Security Officer ('CISO'), who has extensive experience in financial services, security and resilience as well as strategy, governance, risk management and regulatory compliance. The Global CISO is supported by business and regional level CISOs. In the event of incidents, both the Global and relevant supporting CISOs are informed and are engaged in line with our cybersecurity incident response protocols. Key risk indicators, significant cyber incidents and other matters related to cybersecurity are presented on a regular basis to various risk and control committees, including Board committees, the Group Risk Management Meeting and global businesses.

Our cybersecurity capabilities are periodically assessed against standards issued by the National Institute of Standards and Technology and by independent third parties, and we proactively collaborate with regulators to participate in regular testing activities. In addition, HSBC engages external, independent third parties to support our penetration and threat-led penetration testing.

Cyber training and awareness
Our people play an important role in protecting against cybersecurity threats and we aim to provide tools, and encourage behaviours, to keep our organisation and customer data safe. This includes cybersecurity training and awareness for all our people and targeted training for staff that are identified as having elevated cyber risk exposure. We host an annual Cyber Awareness Month, covering topics such as online safety at home, social media safety, safe hybrid working and cyber incidents and response. We also provide a wide range of education and guidance to our customers about how to spot and prevent online fraud.

▶ See 'Top and emerging risks' on pages 100 and 101 for more information relevant to data privacy and cybersecurity.

Financial review

The financial review gives detailed reporting of our financial performance in 2025 at Group level, our business segments and legal entities.

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76 Business segments and legal entities
92 Alternative performance measures

3

Financial summary

Basis of presentation

Constant currency performance

Constant currency performance is computed by adjusting reported results for the effects of foreign currency translation differences, which reflect the movements of the US dollar against most major currencies during 2025. Excluding these differences allows us to assess balance sheet and income statement performance on a like-for-like basis and to better understand the underlying trends in the business. Foreign currency translation differences for 2025 are computed by retranslating into US dollars for non-US dollar branches, subsidiaries, joint ventures and associates:

– the income statement for the year ended 31 December 2024 at the average rate of exchange for the year ended 31 December 2025; and
– the balance sheets at 31 December 2024 at the prevailing rates of exchange on 31 December 2025.

No adjustment has been made to the exchange rates used to translate foreign currency-denominated assets and liabilities into the functional currencies of any HSBC branches, subsidiaries, joint ventures or associates. The constant currency data of our operations in Türkiye has not been adjusted further for the impacts of hyperinflation. When reference is made to foreign currency translation differences in tables or commentaries, comparative data reported in the functional currencies of HSBC's operations has been translated at the appropriate exchange rates applied in the current period on the basis described above.

Notable items and material notable items

We separately disclose 'notable items', which are components of our income statement that management would consider as outside the normal course of business and generally non-recurring in nature.

Certain notable items are classified as 'material notable items', which are 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 operating expenses associated with actions to exit or wind down non-strategic businesses. They also include a dilution loss and the recognition of an impairment of our investment in BoCom, and a legal provision relating to developments in a claim in Luxembourg relating to the Bernard L. Madoff Investment Securities LLC fraud.

▶ The tables on pages 76 to 78 and pages 85 to 90 detail the effects of notable items on each of our business segments, legal entities and selected countries/territories in 2025 and 2024.

Impact of strategic transactions

In addition to the items categorised as material notable items, the impacts of strategic transactions include the distorting impact observed between the periods of the operating income statement results related to acquisitions, disposals and wind-downs that affect period-on-period comparisons. Once a transaction has completed or a wind-down has commenced, the impact will include the operating income statement results of each business, which are not classified as notable items, in any comparative period if there are no results in the current period as a result of a transaction, or a reduction in revenue or costs has arisen from the wind-down of a business. We consider the monthly impact of distorting income statement results when calculating the impact of strategic transactions. In the case of wind-downs, or transactions that complete in phased tranches, there may be timing differences between the recognition of operating cost impacts and operating revenue impacts. These would arise in the event there is a timing lag between the impact of cost actions and the resultant impact on operating revenue.

Impact of hyperinflationary accounting

The sale of our business in Argentina, previously treated as a hyperinflationary economy for accounting purposes, was completed in 2024. We continue to treat Türkiye as a hyperinflationary economy for accounting purposes. The impact of applying International Accounting Standard ('IAS') 29 'Financial Reporting in Hyperinflationary Economies' and the hyperinflation provisions of IAS 21 'The Effects of Changes in Foreign Exchange Rates' in the current period for our operations in Türkiye was a decrease in the Group's profit before tax of $150m (2024: $157m), comprising a decrease in revenue, including a loss on net monetary position of $145m (2024: $146m) and an increase in ECL and operating expenses of $4m (2024: increase of $11m). The consumer price index at 31 December 2025 for Türkiye was 3,513.87, with an increase in the period of 829.32 (2024: 825.55 increase).

Use of alternative performance measures

Our reported results are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards'), as detailed in the financial statements starting on page 262.

To measure our performance, we supplement our IFRS Accounting Standards figures with non-IFRS Accounting Standards measures, which 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 include those derived from our reported results that eliminate factors distorting year-on-year comparisons. The 'constant currency performance' measure used throughout this report is described above. Definitions and calculations of other alternative performance measures are included in our 'Alternative performance measures' on page 92. Additionally, the insurance-specific non-GAAP measure 'Insurance equity plus CSM net of tax' is provided on page 81, along with its definition and reconciliation to the GAAP measure. All alternative performance measures are reconciled to the closest reported performance measure.

Return on average tangible equity excluding notable items

The calculation for RoTE excluding notable items adjusts the 'profit attributable to the ordinary shareholders, excluding goodwill and other intangible assets impairment' for the post-tax impact of notable items. To better align with market practice, from 2025 we no longer adjust the 'average tangible equity' for the post-tax impact of notable items in each period. Comparatives have been re-presented.

▶ See page 92 for the definition of return on average tangible equity excluding notable items and page 93 for the reconciliation to the GAAP measure.

Banking net interest income

Banking net interest income ('banking NII') adjusts our NII primarily for the impact of funding trading and fair value activities reported in interest expense. It represents the Group's banking revenue that is directly impacted by changes in interest rates. We use this measure to determine the deployment of our surplus funding, and to help optimise our structural hedging and risk management actions. For more information on banking NII, see page 70.

Constant currency revenue and profit before tax excluding notable items and the impact of strategic transactions

To aid the understanding of our results, we separately report 'constant currency revenue excluding notable items' and 'constant currency profit before tax excluding notable items', which exclude the impact of notable items and the impact of foreign exchange translation. We also separately disclose 'constant currency revenue excluding notable items and the impact of strategic transactions' and 'constant currency profit before tax excluding notable items and the impact of strategic transactions', which also exclude the impact of strategic transactions classified as material notable items as described above. We consider these measures to provide useful information to investors as they remove items that distort period-on-period comparisons.

The impact of strategic transactions also includes the distorting impact between the periods of the operating income statement results related to acquisitions and disposals and that affect period-on-period comparisons. These impacts are not included in our notable or material notable items. The impact of strategic transactions is computed by including the operating income statement results of each business in any period for which there are no results in the comparative period.

▶ See page 93 for the reconciliation to the GAAP measure.

Target basis operating expenses

Target basis operating expenses is computed by excluding the direct cost impact of the disposals of our banking business in Canada and our business in Argentina from the 2024 baseline. It is measured on a constant currency basis and excludes notable items and the impact of retranslating the prior year results of hyperinflationary economies at constant currency, which we consider to be outside of our control. We consider target basis operating expenses to provide useful information to investors by quantifying and excluding the notable items that management considered when setting and assessing cost-related targets.

▶ See page 95 for further details and the reconciliation to the GAAP measure.

Basic earnings per share excluding material notable items and related impacts

We established a dividend payout ratio target basis of 50% for 2025. For the purposes of computing our dividend payout ratio target basis, we exclude from earnings per share material notable items and related impacts. Material notable items for the 'basic earnings per share excluding material notable items and related impacts' measure in 2025 and comparative periods are described above.

Related impacts include those items that do not qualify for designation as notable items but whose adjustment is considered by management to be appropriate for the purposes of determining the basis for our dividend payout ratio target basis calculation, for which we exclude from earnings per share material notable items and related impacts.

▶ See page 80 for the supplementary analysis of the impact of strategic transactions.
▶ See page 92 for the definition of basic earnings per share excluding material notable items and related impacts and page 96 for the reconciliation to the GAAP measure.

Critical estimates and judgements

The results of HSBC reflect the choice of accounting policies, assumptions and estimates that underlie the preparation of HSBC's consolidated financial statements. The material accounting policies, including the policies which include critical estimates and judgements, are described in Note 1.2 on the financial statements. The accounting policies listed below are highlighted as they involve a high degree of uncertainty and have a material impact on the financial statements:

- Impairment of amortised cost financial assets and financial assets measured at fair value through other comprehensive income ('FVOCI'): The most significant judgements relate to defining what is considered to be a significant increase in credit risk, determining the lifetime and point of initial recognition of revolving facilities, selecting and calibrating the probability of default ('PD'), the loss given default ('LGD') and the exposure at default ('EAD') models, as well as selecting model inputs and economic forecasts, making assumptions and estimates to incorporate relevant information about late-breaking and past events, current conditions and forecasts of economic conditions, and selecting applicable recovery strategies for certain wholesale credit-impaired loans. A high degree of uncertainty is involved in making estimations using assumptions that are highly subjective and very sensitive to the risk factors. See Note 1.2(j) on page 280.
- Deferred tax assets: The most significant judgements relate to those made in respect of recoverability, which are based on expected future profitability. See Note 1.2(m) on page 284.
- Valuation of financial instruments: In determining the fair value of financial instruments a variety of valuation techniques are used, some of which feature significant unobservable inputs and are subject to substantial uncertainty. See Note 1.2(d) on page 278.
- Impairment of investment in subsidiaries: Impairment testing, including testing for reversal of impairment, involves significant judgement in determining the value in use, and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment, based on a number of management assumptions. See Note 1.2(a) on page 275.
- Impairment of interests in associates: Impairment testing, including testing for reversal of impairment, involves significant judgement in determining the value in use, and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment, based on a number of management assumptions. The most significant judgements relate to the impairment testing of our investment in Bank of Communications Co., Limited ('BoCom'). See Note 1.2(a) on page 275.
- Impairment of goodwill and non-financial assets: A high degree of uncertainty is involved in estimating the future cash flows of the cash-generating units ('CGUs') and the rates used to discount these cash flows. See Note 1.2(b) on page 276.
- Provisions: Significant judgement may be required due to the high degree of uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. See Note 1.2(n) on page 285.
- Post-employment benefit plans: The calculation of the defined benefit pension obligation involves the determination of key assumptions including discount rate, inflation rate, pension payments and deferred pensions, pay and mortality. See Note 1.2(l) on page 284.

Given the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of the items above, it is possible that the outcomes in the next financial year could differ from the expectations on which management's estimates are based, resulting in the recognition and measurement of materially different amounts from those estimated by management in these financial statements.

Consolidated income statement

Summary consolidated income statement

	2025	2024	2023[1]	2022	2021
	$m	$m	$m	$m	$m
Net interest income	**34,794**	32,733	35,796	30,377	26,489
Net fee income	**13,343**	12,301	11,845	11,770	13,097
Net income from financial instruments held for trading or managed on a fair value basis[2]	**19,682**	21,116	16,661	10,278	7,744
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**11,175**	5,901	7,887	(13,831)	4,053
Net insurance premium income	**—**	—	—	—	10,870
Insurance finance (expense)/income	**(11,197)**	(5,978)	(7,809)	13,799	—
Insurance service result	**1,825**	1,310	1,078	809	—
Gain on acquisition[3]	**—**	—	1,591	—	—
Losses recognised on sale of business operations[4]	**(47)**	(1,752)	(61)	(2,678)	—
Other operating income/(expense)[5,6]	**(1,301)**	223	(930)	96	1,687
Total operating income	**68,274**	65,854	66,058	50,620	63,940
Net insurance claims and benefits paid and movement in liabilities to policyholders	**—**	—	—	—	(14,388)
Net operating income before change in expected credit losses and other credit impairment charges[7]	**68,274**	65,854	66,058	50,620	49,552
Change in expected credit losses and other credit impairment charges	**(3,850)**	(3,414)	(3,447)	(3,584)	928
Net operating income	**64,424**	62,440	62,611	47,036	50,480
Total operating expenses excluding impairment of goodwill and other intangible assets	**(36,023)**	(32,966)	(32,355)	(32,554)	(33,887)
(Impairment)/reversal of impairment of goodwill and other intangible assets	**(405)**	(77)	285	(147)	(733)
Operating profit	**27,996**	29,397	30,541	14,335	15,860
Share of profit in associates and joint ventures	**2,911**	2,912	2,807	2,723	3,046
Impairment of interest in associate[6]	**(1,000)**	—	(3,000)	—	—
Profit before tax	**29,907**	32,309	30,348	17,058	18,906
Tax expense	**(6,776)**	(7,310)	(5,789)	(809)	(4,213)
Profit for the year	**23,131**	24,999	24,559	16,249	14,693
Attributable to:					
– ordinary shareholders of the parent company	**21,102**	22,917	22,432	14,346	12,607
– preference shareholders of the parent company	**—**	—	—	—	7
– other equity holders	**1,183**	1,062	1,101	1,213	1,303
– non-controlling interests	**846**	1,020	1,026	690	776
Profit for the year	**23,131**	24,999	24,559	16,249	14,693

Five-year financial information

	2025	2024	2023[1]	2022	2021
	$	$	$	$	$
Basic earnings per share	**1.21**	1.25	1.15	0.72	0.62
Diluted earnings per share	**1.20**	1.24	1.14	0.72	0.62
Dividends per ordinary share (paid in the period)[8]	**0.66**	0.82	0.53	0.27	0.22
	%	%	%	%	%
Dividend payout ratio[9]	**50**	50	50	44	40
Post-tax return on average total assets	**0.7**	0.8	0.8	0.5	0.5
Return on average ordinary shareholders' equity	**12.3**	13.6	13.6	9.0	7.1
Return on average tangible equity	**13.3**	14.6	14.6	10.0	8.3
Effective tax rate	**22.7**	22.6	19.1	4.7	22.3

1 From 1 January 2023, we adopted IFRS 17 'Insurance Contracts', which replaced IFRS 4 'Insurance Contracts'. Comparative data for the financial year ended 31 December 2022 have been restated accordingly. Comparative data for the year ended 31 December 2021 is prepared on an IFRS 4 basis.
2 In 2025, the amounts include a $0.1bn (2024: $0.1bn gain) mark-to-market gain on interest rate hedging of the portfolio of retained loans post sale of our retail banking operations in France and a $0.1bn fair value loss on Grupo Financiero Galicia's ('Galicia') American Depositary Receipts ('ADRs') received as purchase consideration from the sale of our business in Argentina. In 2024, the amounts include a $0.3bn gain (2023: $0.3bn loss) on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.
3 Gain recognised in respect of the acquisition of SVB UK.
4 In 2024, the amount includes a $1.0bn loss on disposal and a $5.2bn loss on the recycling in foreign currency translation reserve losses and other reserves arising on sale of our business in Argentina. This was partly offset by a gain of $4.6bn, inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves losses but excluding the $0.3bn gain on the foreign exchange hedging (see footnote 2 above) on the sale of our banking business in Canada. The amount in 2023 primarily reflected losses due to restrictions impacting the recoverability of assets in Russia, partly offset by a gain on sale of our retail banking operations in France. The amount in 2022 included losses from classifying businesses as held for sale as part of a broader restructuring of our European business.
5 Includes a loss on net monetary positions of $0.2bn (2024: $1.2bn; 2023: $1.7bn) as a result of applying IAS 29 'Financial Reporting in Hyperinflationary Economies'.
6 In 2025, the amounts include recycling of cumulative fair value losses of $1.5bn relating to the French retained portfolio of home and certain other loans following the completion of its sale to a consortium comprising Rothesay Life plc and CCF and a loss of $1.1bn inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom. We have also recognised a $1.0bn impairment loss following an impairment test on the carrying value of the Group's investment in BoCom in 'Impairment of interest in associate'. See Note 18 on pages 319 to 322.
7 Net operating income before change in expected credit losses and other credit impairment charges also referred to as revenue.
8 Includes dividend paid during the period, which consisted of a fourth interim dividend of $0.36 per ordinary share in respect of the financial year ended 31 December 2024 paid in April 2025 and the first, second and third interim dividends of $0.30 per ordinary share in respect of the financial year ending 31 December 2025. In 2024, a special dividend of $0.21 per ordinary share from the Canada sale proceeds was paid in June.
9 In 2025, 2024 and 2023, our dividend payout ratio was adjusted for material notable items and related impacts. In 2022, our dividend payout ratio was adjusted for the loss on classification to held for sale of our retail banking business in France, items relating to the sale of our banking business in Canada, and the recognition of certain deferred tax assets. No items were adjusted for in 2021.

Income statement commentary

The following commentary compares Group financial performance for the year ended 2025 with 2024, unless otherwise stated.

Net interest income

	Year ended			Quarter ended		
	31 Dec 2025	31 Dec 2024	31 Dec 2023	**31 Dec 2025**	30 Sep 2025	31 Dec 2024
	$m	$m	$m	**$m**	$m	$m
Interest income	**97,872**	108,631	100,868	**24,503**	24,361	26,004
Interest expense	**(63,078)**	(75,898)	(65,072)	**(15,307)**	(15,584)	(17,819)
Net interest income	**34,794**	32,733	35,796	**9,196**	8,777	8,185
Average interest-earning assets	**2,190,078**	2,099,285	2,161,746	**2,221,054**	2,218,472	2,113,276
	%	%	%	**%**	%	%
Gross interest yield[1]	**4.47**	5.17	4.67	**4.38**	4.36	4.90
Less: gross interest payable[1]	**(3.11)**	(3.95)	(3.47)	**(2.93)**	(3.01)	(3.60)
Net interest spread[2]	**1.36**	1.22	1.20	**1.45**	1.35	1.30
Net interest margin[3]	**1.59**	1.56	1.66	**1.64**	1.57	1.54

1 Gross interest yield is the average annualised interest rate earned on average interest-earning assets ('AIEA'), net of amortised premiums and loan fees. Gross interest payable is the average annualised interest cost as a percentage of average interest-bearing liabilities.
2 Net interest spread is the difference between the average annualised interest rate earned on AIEA, net of amortised premiums and loan fees, and the average annualised interest rate payable on average interest-bearing funds.
3 Net interest margin is net interest income expressed as an annualised percentage of AIEA.

Summary of interest income by type of asset

	2025			2024			2023		
	Average balance	**Interest income**	**Yield**	Average balance	Interest income	Yield	Average balance	Interest income	Yield
	$m	**$m**	**%**	$m	$m	%	$m	$m	%
Short-term funds and loans and advances to banks	**325,790**	**11,460**	**3.52**	349,517	14,727	4.21	403,674	14,770	3.66
Loans and advances to customers	**971,804**	**46,036**	**4.74**	949,825	49,879	5.25	957,717	47,673	4.98
Reverse repurchase agreements – non-trading[1]	**273,941**	**16,616**	**6.07**	238,694	17,721	7.42	240,263	14,391	5.99
Financial investments	**539,107**	**20,830**	**3.86**	470,182	20,587	4.38	407,363	16,858	4.14
Other interest-earning assets	**79,436**	**2,930**	**3.69**	91,067	5,717	6.28	152,729	7,176	4.70
Total interest-earning assets	**2,190,078**	**97,872**	**4.47**	2,099,285	108,631	5.17	2,161,746	100,868	4.67

Summary of interest expense by type of liability

	2025			2024			2023		
	Average balance	**Interest expense**	**Cost**	Average balance	Interest expense	Cost	Average balance	Interest expense	Cost
	$m	**$m**	**%**	$m	$m	%	$m	$m	%
Deposits by banks[2]	**76,081**	**2,613**	**3.43**	66,405	2,930	4.41	60,392	2,401	3.98
Customer accounts[3]	**1,487,032**	**33,289**	**2.24**	1,385,840	40,173	2.90	1,334,803	34,162	2.56
Repurchase agreements – non-trading[1]	**188,748**	**13,629**	**7.22**	187,337	15,617	8.34	146,605	10,858	7.41
Debt securities in issue – non-trading	**198,317**	**10,847**	**5.47**	196,440	12,806	6.52	184,867	11,223	6.07
Other interest-bearing liabilities	**77,793**	**2,700**	**3.47**	84,773	4,372	5.16	146,216	6,428	4.40
Total interest-bearing liabilities	**2,027,971**	**63,078**	**3.11**	1,920,795	75,898	3.95	1,872,883	65,072	3.47

1 The average balances for repurchase and reverse repurchase agreements include net amounts where the criteria for offsetting are met, resulting in a lower net balance reported for repurchase agreements and thus higher cost.
2 Including interest-bearing bank deposits only.
3 Including interest-bearing customer accounts only.

Net interest income ('NII') for 2025 was $34.8bn, an increase of $2.1bn or 6% compared with 2024. The increase reflected 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 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.

Excluding the unfavourable impact of foreign currency translation differences of $0.2bn, net interest income increased by $2.3bn or 7%.

NII for 4Q25 was $9.2bn, up 5% compared with 3Q25, and up 12% compared with 4Q24. The increase in NII compared with 3Q25 was predominantly driven by the increase in short-term interest rates in Hong Kong and deposit balance growth.

Net interest margin ('NIM') for 2025 of 1.59% was 3bps higher compared with 2024, reflecting the reinvestment of our structural hedge at higher yields and lower funding costs associated with the trading book The increase in NIM included the adverse impact of foreign currency translation differences. Excluding this, NIM increased by 6bps.

4Q25 NIM was 1.64%, up 7bps compared with 3Q25, and up 10bps compared with 4Q24. The increase against the previous quarter was primarily driven by higher short-term interest rates in Hong Kong.

Interest income for 2025 of $97.9bn decreased by $10.8bn compared with 2024, primarily due to lower market interest rates.

Interest income of $25bn in 4Q25 was $0.1bn higher compared with 3Q25, due to the increase of short-term interest rates in Hong Kong, partly offset by lower interest rates in currencies including pounds sterling and US dollar. Interest income in 4Q25 was down $1.5bn compared with 4Q24.

The change in interest income in 2025 compared with 2024 included a favourable impact of foreign currency translation differences of $0.2bn. After excluding foreign currency translation differences, interest income decreased by $11.0bn.

Interest expense for 2025 of $63.1bn decreased by $12.8bn compared with 2024, primarily due to lower market interest rates. The fall in interest expense included the adverse effects of foreign currency translation differences of $0.5bn. Excluding this, interest expense decreased by $13.3bn. Interest expense of $15.3bn in 4Q25 was $0.3bn lower than 3Q25, and $2.5bn lower compared with 4Q24. The decrease against the previous quarter was due lower market interest rates, particularly in US dollars and pounds sterling.

Banking net interest income

	Year ended		Quarter ended		
	31 Dec 2025	31 Dec 2024	**31 Dec 2025**	30 Sep 2025	31 Dec 2024
	$m	$m	**$m**	$m	$m
Net interest income	**34,794**	32,733	**9,196**	8,777	8,185
Banking book funding costs used to generate 'net income from financial instruments held for trading or managed on a fair value basis'	**9,686**	11,434	**2,592**	2,384	2,874
Third-party net interest income from insurance	**(396)**	(429)	**(66)**	(112)	(109)
Banking net interest income	**44,084**	43,738	**11,722**	11,049	10,950
Currency translation		(188)		(34)	136
Banking net interest income – on a constant currency basis	**44,084**	43,550	**11,722**	11,015	11,086
Banking net interest income – on a reported basis	**44,084**	43,738	**11,722**	11,049	10,950
– of which:					
The Hongkong and Shanghai Banking Corporation Limited	**21,676**	21,691	**5,710**	5,351	5,464
HSBC UK Bank plc	**11,523**	10,368	**3,046**	2,969	2,663
HSBC Bank plc	**5,257**	4,630	**1,477**	1,351	1,182

Banking net interest income adjusts our NII, primarily for the impact of funding trading and fair value activities reported in interest expense. It represents the Group's banking revenue that is directly impacted by changes in interest rates. It is defined as Group net interest income after deducting:

- the internal cost to fund trading and fair value net assets for which associated revenue is reported in 'Net income from financial instruments held for trading or managed on a fair value basis', also referred to as 'trading and fair value income'. These funding costs reflect proxy overnight or term interest rates as applied by internal funds transfer pricing;
- the funding costs of foreign exchange swaps in Markets Treasury, where an offsetting income or loss is recorded in trading and fair value income. These instruments are used to manage foreign currency deployment and funding in our entities; and
- third-party net interest income in our insurance business.

In our segmental disclosures, the funding costs of trading and fair value net assets are predominantly recorded in CIB in 'net income from financial instruments held for trading or managed on a fair value basis'. On consolidation, this funding is eliminated in Corporate Centre, resulting in an increase in the funding cost reported in NII with an equivalent offsetting increase in 'net income from financial instruments held for trading or managed on a fair value basis' in this segment. In the consolidated Group results, the cost to fund these trading and fair value net assets is reported in NII.

Banking NII was $44.1bn in 2025, an increase of $0.3bn or 1% compared with 2024. The growth reflected the benefits 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 loss of $0.2bn in 2024 on the early redemption of legacy securities. This was partly offset by the adverse impact of $1.6bn from the disposals of our business in Argentina and our banking business in Canada, and the impact of margin compression on our deposits from lower interest rates.

Banking NII also deducts third-party NII related to our Insurance business, which was $0.4bn, broadly stable compared with 2024. The funding costs associated with generating trading and fair value income were $9.7bn, a decrease of $1.7bn compared with 2024, reflecting the reduction in interest rates that more than offset a rise in trading book balances.

The internally allocated funding to generate trading and fair value income was approximately $225bn at 31 December 2025, a rise of approximately $25bn since 31 December 2024, and $11bn lower compared with 30 September 2025. This relates to trading, fair value and associated net asset balances predominantly in CIB.

Net fee income of $13.3bn was $1.0bn or 8% higher than in 2024, and included an adverse impact of $0.3bn due to the disposal of our banking business in Canada and business in Argentina. On a constant currency basis, net fee income was $1.0bn higher. This primarily reflected increased broking fee income in our Hong Kong business and higher fee income from unit trusts and funds under management in IWPB, primarily in Hong Kong and mainland China.

Net income from financial instruments held for trading or managed on a fair value basis of $19.7bn was $1.4bn lower compared with 2024. This primarily reflected a decrease in the trading book funding costs of $1.7bn associated with generating this income, due to lower interest rates which more than offset the impact of a rise in trading book balances, resulting in a corresponding increase in NII. Inclusive of the reduction in funding costs, net trading income in CIB was higher, notably as elevated market volatility and higher trading volumes benefited Global Foreign Exchange and Debt and Equity Markets.

The reduction of trading income in Corporate Centre also included an adverse movement of $0.1bn in 2025 on American Depositary Receipts received as purchase consideration from the sale of our business in Argentina, which we disposed of in 2025. It also included the non-recurrence of favourable fair value movements of $0.3bn in 2024 on the foreign exchange hedging of the proceeds of the sale of our banking business in Canada until the completion of the sale.

Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss of $11.2bn increased by $5.3bn compared with 2024 reflecting strong equity markets and the favourable impact of the downward movement in interest rates on our fixed income investments in our IWPB business in Hong Kong, partly offset by rising interest rates in mainland China.

This favourable movement resulted in a corresponding movement in insurance finance expense, which has an offsetting impact for the related liabilities to policyholders.

Insurance finance expense of $11.2bn was $5.2bn higher than in 2024, reflecting the impact of investment returns on underlying assets on the value of liabilities to policyholders, which moves inversely with 'net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss'.

Insurance service result of $1.8bn increased by $0.5bn compared with 2024, reflecting higher contractual service margin ('CSM') release as a result of strong new business growth, and favourable experience variances from positive investment management fee, maintenance expense and claims experience.

Losses recognised on the sale of business operations fell by $1.7bn in 2025. In 2025, the net loss included a loss on the sale of our France life insurance business, including the recycling of related reserves, and a loss related to the sale of our UK life insurance entity. These were partly offset by gains on the disposals of our private banking business in Germany and our retail operations in Bahrain. In 2024, losses arose from the completion of the disposal of our business in Argentina, comprising the recycling of $5.2bn of foreign currency translation reserve losses and other reserves to the income statement and a $1.0bn loss on disposal. These were partly offset by a gain of $4.6bn in 2024 on the sale of our banking business in Canada, inclusive of recycling of foreign currency translation reserve and other reserve losses to the income statement.

Other operating income/(expense) was $1.5bn lower than in 2024. The 2025 period included reserve recycling losses of $1.5bn following the completion of the sale of our French retained portfolio of home and certain other loans, and a dilution loss of $1.1bn on BoCom following the

completion of its capital issuance. This was partly offset by a lower loss on net monetary positions in hyperinflationary economies following the disposal of our business in Argentina.

Change in expected credit losses and other credit impairment charges ('ECL') of $3.9bn was $0.4bn higher than in 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 on the calculation of ECL, including the measurement uncertainties and significant judgements applied to such calculations, the impact of the economic scenarios and management judgemental adjustments, see pages 115 to 124.

Operating expenses

	Year ended		
	2025	2024	2023
	$m	$m	$m
Gross employee compensation and benefits	**21,512**	20,153	19,623
Capitalised wages and salaries	**(1,959)**	(1,688)	(1,403)
Property and equipment	**5,066**	4,786	4,285
Amortisation and impairment of intangibles	**2,945**	2,235	1,827
UK bank levy	**290**	249	339
Legal proceedings and regulatory matters	**1,542**	145	188
Other operating expenses[1]	**7,032**	7,163	7,211
Reported operating expenses	**36,428**	33,043	32,070
Currency translation	**—**	103	(379)
Constant currency operating expenses	**36,428**	33,146	31,691

1 Other operating expenses includes professional fees, contractor costs, transaction taxes, marketing and travel.

Staff numbers (full-time equivalents)[1]

	2025	2024	2023
Business segments			
Hong Kong	**29,633**	34,578	34,886
UK	**29,922**	30,783	30,638
Corporate and Institutional Banking	**78,981**	71,935	72,713
International Wealth and Premier Banking	**69,854**	73,668	82,287
Corporate Centre	**330**	340	337
At 31 Dec	**208,720**	211,304	220,861
– of which (by country/territory):			
India	**47,423**	44,262	42,287
UK	**32,294**	33,970	34,125
Hong Kong	**25,639**	26,599	26,472

1 Represents the number of full-time equivalent staff ('FTE') with contracts of service with the Group who are being paid at the reporting date. Comprises FTE in front-line roles and those providing dedicated support services managed by the business segments ('direct FTE') (at 31 December 2025: Hong Kong: 20,290; UK: 20,969; CIB: 45,970; IWPB: 53,136) and an allocation of Corporate Centre FTE in proportion to business usage of shared support services and global infrastructure. During 2025, certain Operations FTE were transferred from Corporate Centre to the business segments for which they provide dedicated support services (if these FTE had been transferred at 31 December 2024, the direct FTE of the segments would have been as follows: Hong Kong: 20,471; UK: 20,794; CIB: 46,914; IWPB: 55,482).

Reported operating expenses of $36.4bn were $3.4bn or 10% higher than in 2024. The increase primarily reflected notable items in 2025, including legal provisions of $1.4bn, restructuring and other related costs in 2025 of $1.0bn related to our organisational simplification, mainly severance costs, and $0.5bn related to strategic transactions.

In addition, growth in reported operating expenses included higher planned spend and investment in technology, and the impacts of inflation. These increases were partly offset by reductions following the completion of business disposals in Canada and Argentina, and benefits delivered by our organisational simplification of $0.6bn.

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

▶ For a reconciliation of target basis operating expenses to reported operating expenses see page 95.

The number of employees expressed in full-time equivalent ('FTE') staff at 31 December 2025 was 208,720, a reduction of 2,584 compared with 31 December 2024. The number of contractors at 31 December 2025 was 3,974, a reduction of 252 from 31 December 2024.

Share of profit in associates and joint ventures of $2.9bn was stable compared with 2024.

Impairment of interest in associate of $1.0bn related to BoCom.

▶ For further details of our impairment review process, see Note 18: Interests in associates and joint ventures on page 319.

Tax expense

Tax expense in 2025 was a charge of $6.8bn, representing an effective tax rate of 22.7% (2024: 22.6%). The effective tax rate for 2025 was increased by the non-deductible impairment and dilution loss in BoCom and legal provisions on which no tax benefit is recorded. Excluding these items, 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). The decrease in the effective tax rate excluding these items was primarily the result of a reduction in the unfavourable impact of hyperinflation following the sale of our business in Argentina in 2024.

Tax expense

	2025	2024
	$m	$m
Tax (charge)/credit		
Reported	**(6,776)**	(7,310)
Currency translation	**—**	(39)
Constant currency tax (charge)/credit	**(6,776)**	(7,349)

Notable items

	2025	2024
	$m	$m
Tax		
Tax (charge)/credit on notable items	**440**	108

Return on average tangible equity

In 2025, RoTE was 13.3%, compared with 14.6% in 2024. RoTE excluding notable items was 17.2% in 2025, compared with 15.6% in 2024.

Consolidated balance sheet

Five-year summary consolidated balance sheet

	2025	2024	2023	2022[1]	2021
	$m	$m	$m	$m	$m
Assets					
Cash and balances at central banks	**242,859**	267,674	285,868	327,002	403,018
Trading assets	**366,153**	314,842	289,159	218,093	248,842
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**133,063**	115,769	110,643	100,101	49,804
Derivatives	**237,740**	268,637	229,714	284,159	196,882
Loans and advances to banks	**108,462**	102,039	112,902	104,475	83,136
Loans and advances to customers	**988,399**	930,658	938,535	923,561	1,045,814
Reverse repurchase agreements – non-trading	**298,392**	252,549	252,217	253,754	241,648
Financial investments	**567,211**	493,166	442,763	364,726	446,274
Assets held for sale	**11,115**	27,234	114,134	115,919	3,411
Other assets	**279,640**	244,480	262,742	257,496	239,110
Total assets at 31 Dec	**3,233,034**	3,017,048	3,038,677	2,949,286	2,957,939
Liabilities					
Deposits by banks	**97,952**	73,997	73,163	66,722	101,152
Customer accounts	**1,786,828**	1,654,955	1,611,647	1,570,303	1,710,574
Repurchase agreements – non-trading	**204,974**	180,880	172,100	127,747	126,670
Trading liabilities	**72,122**	65,982	73,150	72,353	84,904
Financial liabilities designated at fair value	**158,456**	138,727	141,426	127,321	145,502
Derivatives	**237,854**	264,448	234,772	285,762	191,064
Debt securities in issue	**99,675**	105,785	93,917	78,149	78,557
Insurance contract liabilities	**122,955**	107,629	120,851	108,816	112,745
Liabilities of disposal groups held for sale	**23,382**	29,011	108,406	114,597	9,005
Other liabilities	**223,170**	203,361	216,635	212,319	190,989
Total liabilities at 31 Dec	**3,027,368**	2,824,775	2,846,067	2,764,089	2,751,162
Equity					
Total shareholders' equity	**198,225**	184,973	185,329	177,833	198,250
Non-controlling interests	**7,441**	7,300	7,281	7,364	8,527
Total equity at 31 Dec	**205,666**	192,273	192,610	185,197	206,777
Total liabilities and equity at 31 Dec	**3,233,034**	3,017,048	3,038,677	2,949,286	2,957,939

1 From 1 January 2023, we adopted IFRS 17 'Insurance Contracts', which replaced IFRS 4 'Insurance Contracts'. Comparative data for the financial year ended 31 December 2022 have been restated accordingly. Comparative data for the years ended 31 December 2021 has been prepared on an IFRS 4 basis.

▶ A more detailed consolidated balance sheet is contained in the financial statements on page 264.

Five-year selected financial information

	2025	2024	2023	2022[1]	2021
	$m	$m	$m	$m	$m
Called up share capital	**8,588**	8,973	9,631	10,147	10,316
Capital resources[2]	**182,371**	172,386	171,204	162,423	177,786
Undated subordinated loan capital	**—**	17	18	1,967	1,968
Preferred securities and dated subordinated loan capital[3]	**37,581**	35,258	36,413	29,921	28,568
Risk-weighted assets	**888,647**	838,254	854,114	839,720	838,263
Total shareholders' equity	**198,225**	184,973	185,329	177,833	198,250
Less: preference shares and other equity instruments	**(20,716)**	(19,070)	(17,719)	(19,746)	(22,414)
Total ordinary shareholders' equity	**177,509**	165,903	167,610	158,087	175,836
Less: goodwill and intangible assets (net of deferred tax)	**(12,356)**	(11,608)	(11,900)	(11,160)	(17,643)
Tangible ordinary shareholders' equity	**165,153**	154,295	155,710	146,927	158,193
Financial statistics					
Loans and advances to customers as a percentage of customer accounts (%)	**55.3**	56.2	58.2	58.8	61.1
Average total shareholders' equity to average total assets (%)	**5.99**	6.12	6.01	5.97	6.62
Net asset value per ordinary share at year-end ($)[4]	**10.36**	9.26	8.82	8.01	8.76
Tangible net asset value per ordinary share at year-end ($)[4]	**9.64**	8.61	8.19	7.44	7.88
Tangible net asset value per fully diluted share at year-end ($)	**9.56**	8.54	8.14	7.39	7.84
Number of $0.50 ordinary shares in issue (millions)	**17,175**	17,947	19,263	20,294	20,632
Basic number of $0.50 ordinary shares outstanding, after deducting own shares held (millions)	**17,140**	17,918	19,006	19,739	20,073
Basic number of $0.50 ordinary shares outstanding and dilutive potential ordinary shares, after deducting own shares held (millions)	**17,276**	18,062	19,135	19,876	20,189
Closing foreign exchange translation rates to $:					
$1: £	**0.746**	0.797	0.784	0.830	0.739
$1: €	**0.853**	0.964	0.903	0.937	0.880

1 From 1 January 2023, we adopted IFRS 17 'Insurance Contracts', which replaced IFRS 4 'Insurance Contracts'. Comparative data for the financial year ended 31 December 2022 have been restated accordingly. Comparative data for the years ended 31 December 2021 has been prepared on an IFRS 4 basis.
2 Capital resources are regulatory total capital, the calculation of which is set out on page 159.
3 Including perpetual preferred securities, details of which can be found in Note 29: Subordinated liabilities on page 333.
4 For the definition, see page 92.

Combined view of customer lending and customer deposits[1]

	2025 $m	2024 $m
Loans and advances to customers	**988,399**	930,658
Loans and advances to customers of disposal groups reported in 'Assets held for sale'	**2,190**	965
– private banking business in Germany	**—**	309
– Germany custody business	**323**	—
– business in South Africa	**431**	656
– retail banking business in Sri Lanka	**101**	—
– business in Uruguay	**1,314**	—
– other	**21**	—
Non-current assets held for sale	**1,303**	12
Combined customer lending	**991,892**	931,635
Currency translation	**—**	40,108
Combined customer lending at constant currency	**991,892**	971,743
Customer accounts	**1,786,828**	1,654,955
Customer accounts reported in 'Liabilities of disposal groups held for sale'	**16,173**	5,399
– private banking business in Germany	**—**	2,085
– Germany custody business	**12,316**	—
– business in South Africa	**2,056**	3,294
– retail banking business in Sri Lanka	**430**	—
– business in Uruguay	**1,369**	—
– other	**2**	20
Combined customer deposits	**1,803,001**	1,660,354
Currency translation	**—**	64,285
Combined customer deposits at constant currency	**1,803,001**	1,724,639

1 On 9 April 2024, HSBC Latin America B.V. entered into a binding agreement to sell its business in Argentina to Galicia. The sale was completed on 6 December 2024, so is not included in the table above.

Balance sheet commentary compared with 31 December 2024

At 31 December 2025, total assets of $3.2tn were $216bn or 7% higher on a reported basis and increased by $93bn or 3% on a constant currency basis.

Reported loans and advances to customers as a percentage of customer accounts was 55.3% compared with 56.2% at 31 December 2024 (excluding balances classified as held for sale). The movement in this ratio reflected a higher growth in customer accounts than in lending.

Assets

Cash and balances at central banks decreased by $25bn or 9%, which included a $22bn favourable impact of foreign currency translation differences. The reduction was primarily due to lower allocated balances from Markets Treasury within HSBC Bank plc, leading to decreases across CIB and IWPB. Cash also declined in our UK business, driven by increased customer lending and redeployment into other asset classes.

Trading assets rose by $51bn or 16%, which included a favourable impact of foreign currency translation differences of $13bn. The growth was mainly in our CIB business reflecting increased client demand and an increase in valuations.

Derivative assets decreased by $31bn or 12%, which included a favourable impact of foreign currency translation differences of $17bn. The reduction was primarily in our CIB business and reflected fair value movements on foreign exchange contracts, driven by foreign exchange rate volatility, and reductions in the fair value of interest rate contracts resulting from curve movements. The decrease in derivative assets was consistent with the decrease in derivative liabilities, as the underlying risk is broadly matched.

Loans and advances to customers of $988bn were $58bn or 6% higher on a reported basis. This included a favourable impact of foreign currency translation differences of $40bn.

On a constant currency basis, loans and advances to customers increased by $18bn, reflecting the following movements:

– In our UK business, customer lending rose by $18bn, primarily driven by continued growth in mortgage balances as well as increased commercial lending.
– In CIB, customer lending increased by $7bn. This was driven by term lending growth in our main legal entities in Asia, including, Australia, India and Hong Kong, and from an increase in the Middle East, partly offset by the reclassification of our business in Uruguay to held for sale.
– In IWPB, customer lending increased by $6bn, primarily driven by wealth lending growth in the Private Bank, notably in our main legal entity in Hong Kong.
– In our Hong Kong business, customer lending decreased by $6bn, primarily in wholesale lending, reflecting low demand driven by macroeconomic conditions.
– In Corporate Centre, customer lending decreased by $8bn following the reclassification and subsequent sale of a portfolio of home and certain other loans retained in France following the disposal of our French retail operations.

Reverse repurchase agreements – non-trading rose by $46bn or 18%, primarily reflecting client demand.

Financial investments increased by $74bn or 15% The increase was across both debt instruments held at fair value through other comprehensive income and instruments held at amortised cost, as we redeployed our commercial surplus to benefit from higher yield curves and enhanced our structural hedge.

Assets held for sale decreased by $16bn or 59%, primarily due to the reductions in IWPB following the completion of the sales of our French life insurance business and our German private banking business, partly offset by reclassification of assets from our UK life insurance business. There were also increases in CIB and IWPB following the announcement of the planned sale of our Uruguay business.

Other assets grew by $35bn or 14% reflecting higher settlement accounts balances, notably in CIB, from higher client-driven trading activity with a corresponding increase in settlement liabilities. In addition, the growth reflected higher valuations on bullion.

Liabilities

Deposits by banks increased by $24bn or 32%, reflecting an increase in client inflows, notably in our CIB business.

Customer accounts of $1.8tn increased by $132bn or 8% on a reported basis. This included a favourable impact of foreign currency translation differences of $64bn, mainly in our UK entities.

On a constant currency basis, customer accounts increased by $68bn, reflecting the following movements:

- In our Hong Kong business, customer accounts increased by $37bn, primarily in retail deposits, reflecting broader market growth.
- In our UK business, customer accounts increased by $11bn primarily due to market growth in retail and corporate savings.
- In CIB, customer accounts increased by $10bn mainly driven by strong deposit momentum in Asia, including in mainland China and India, partly offset by the reclassification of our Germany custody business to held for sale.
- In IWPB, customer accounts rose by $9bn, notably in the Private Bank in Hong Kong, Singapore and the UK, reflecting strong wealth deposit inflows amidst market volatility.

Repurchase agreements – non-trading increased by $24bn or 13%, with increases in our CIB and UK businesses.

Financial liabilities designated at fair value increased by $20bn or 14%, notably in Corporate Centre, reflecting an increase in debt securities in issue of $10bn in 2025, and in our CIB business from increased medium-term note issuances by our Debt and Equity Markets business.

Liabilities of disposal groups held for sale decreased by $6bn or 19%, primarily due to reductions in IWPB following the completion of the sales of our French life insurance business and our German private banking business, partly offset by reclassification of liabilities from our UK life insurance business. There were also additions in CIB and IWPB following the announcement of the planned sale of our Uruguay business.

Other liabilities increased by $20bn or 10%. This included a rise of $7bn in settlement accounts in our main legal entity in the US from an increase in trading activity.

Equity

Total shareholders' equity, including non-controlling interests, of $206bn increased by $13bn or 7% compared with 31 December 2024.

Profits generated of $22bn and net gains through other comprehensive income ('OCI') of $10bn were partly offset by the impact of dividends paid of $13bn, and the impact of our $8bn share buy-back activities in 2025, which included the $2bn buy-back announced with our 2024 annual results in February 2025.

The net gains through OCI of $10bn included $7bn of exchange differences and a $2bn increase in the cash flow hedging reserve.

Financial investments

As part of our interest rate hedging strategy, we hold a portfolio of debt instruments, reported within financial investments, which are classified as hold-to-collect-and-sell. As a result, the change in value of these instruments is recognised through 'debt instruments at fair value through other comprehensive income' in equity. At 31 December 2025, we had recognised a pre-tax cumulative unrealised loss reserve through other comprehensive income of $1.1bn related to these hold-to-collect-and-sell positions, excluding investments held in our insurance business. This compared with an unrealised loss of $3.8bn at 31 December 2024, and reflected a $2.7bn pre-tax gain in 2025, inclusive of movements on related fair value hedges.

We also hold a portfolio of financial investments measured at amortised cost, which are classified as hold-to-collect and are primarily held to manage our interest rate exposure. At 31 December 2025, the debt instruments within this portfolio had a cumulative unrecognised loss of $0.4 bn, representing a $2.5bn improvement during 2025.

Customer accounts by country/territory

	2025	2024
	$m	$m
Hong Kong	**619,029**	575,141
UK	**568,712**	524,251
US	**99,458**	99,278
Singapore	**81,740**	76,737
Mainland China	**69,473**	63,169
France	**50,880**	40,384
Australia	**34,171**	31,951
Germany[1]	**15,588**	23,564
Mexico	**29,493**	27,525
UAE	**30,861**	28,008
India	**28,725**	27,199
Taiwan	**18,771**	17,067
Malaysia	**20,252**	17,038
Egypt	**5,610**	4,137
Indonesia	**5,777**	5,558
Türkiye	**3,624**	3,489
Other[1]	**104,664**	90,459
At 31 Dec	**1,786,828**	1,654,955

1 At 31 December 2025, customer accounts of $16.2bn met the criteria to be classified as held for sale and are reported within 'Liabilities of disposal groups held for sale' on the balance sheet, of which $12.3bn, $2.1bn, $1.4bn and $0.4bn belongs to the planned sale of our German custody business, South Africa business, HSBC Bank (Uruguay) S.A., and Sri Lanka retail banking business, respectively. Refer to Note 23 on page 329 for further details.

Loans and advances, deposits by currency

	At 31 Dec 2025						
$m	**USD**	**GBP**	**HKD**	**EUR**	**CNY**	**Others[1]**	**Total**
Loans and advances to banks	**38,546**	**17,085**	**3,716**	**4,810**	**9,146**	**35,159**	**108,462**
Loans and advances to customers	**171,177**	**323,026**	**201,691**	**71,148**	**54,015**	**167,342**	**988,399**
Total loans and advances	**209,723**	**340,111**	**205,407**	**75,958**	**63,161**	**202,501**	**1,096,861**
Deposits by banks	**43,915**	**14,910**	**4,427**	**11,995**	**5,308**	**17,397**	**97,952**
Customer accounts	**529,437**	**465,673**	**320,778**	**134,689**	**72,626**	**263,625**	**1,786,828**
Total deposits	**573,352**	**480,583**	**325,205**	**146,684**	**77,934**	**281,022**	**1,884,780**

	At 31 Dec 2024						
Loans and advances to banks	33,727	15,267	5,340	4,137	8,129	35,439	102,039
Loans and advances to customers	171,530	286,797	203,586	68,437	51,966	148,342	930,658
Total loans and advances	205,257	302,064	208,926	72,574	60,095	183,781	1,032,697
Deposits by banks	31,415	18,771	3,973	8,788	4,114	6,936	73,997
Customer accounts	476,210	426,747	316,997	124,452	67,405	243,144	1,654,955
Total deposits	507,625	445,518	320,970	133,240	71,519	250,080	1,728,952

1 'Others' includes items with no currency information available of $0.5bn for loans and advances to banks (2024: $0.9bn), and $1.3bn for loans and advances to customers (2024: $0.9bn), Nil for deposits by banks (2024: Nil) and $0.2bn for customer accounts (2024: $6m).

Risk-weighted assets

Risk-weighted assets ('RWAs') increased by $50.3bn during the year, including an increase of $27.4bn from foreign currency translation differences. The remaining increase was largely driven by $39.9bn of asset size movements; which included an $11.6bn rise in operational risk, driven by higher average income. Further increases were due to corporate lending growth, largely in our UK and CIB business segments and in SAB within Corporate Centre.

These increases were partly offset by an $11.6bn decrease in RWAs due to credit risk parameter refinements, including methodology changes to our undrawn exposures within our UK and CIB businesses; and a UK transaction where some credit risk was transferred to a third party, and a $4.5bn decrease from strategic disposals.

RWAs by currency

	At 31 Dec 2025						
$m	**USD**	**GBP**	**HKD**	**EUR**	**CNY**	**Others**	**Total**
RWAs[1]	**210,900**	**189,045**	**133,894**	**75,334**	**55,811**	**223,663**	**888,647**

	At 31 Dec 2024						
RWAs[1]	205,645	165,684	136,001	67,440	56,561	206,923	838,254

1 RWAs include credit risk, counterparty credit risk, market risk and operational risk RWAs.

Business segments and legal entities

Basis of preparation

Business segments

Our business segments – Hong Kong, UK, Corporate and Institutional Banking, and International Wealth and Premier Banking – along with Corporate Centre, are our reportable segments under IFRS 8 'Operating Segments'. Reconciliations of the total constant currency business segment results to the Group's reported results are presented on page 304.

The Group Operating Committee is considered the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Group's reportable segments. Business segment results are assessed by the CODM on the basis of constant currency performance. We separately disclose 'notable items', as described on page 66.

Our operations are closely integrated and, accordingly, the presentation of data includes internal allocations of certain items of income and expense. These allocations include the costs of certain support services and global infrastructures to the extent that they can be meaningfully attributed to business segments. While such allocations have been made on a systematic and consistent basis, they involve a certain degree of subjectivity. Costs that are not allocated to business segments are included in Corporate Centre.

Where relevant, income and expense amounts presented include the results of inter-segment funding along with inter-company and inter-business line transactions. All such transactions are undertaken on arm's length terms. The intra-Group elimination items for business segments are presented in Corporate Centre.

Effective 1 January 2026, we have transitioned certain clients, primarily from Hong Kong and the UK to the Corporate and Institutional Banking segment to better serve their specific needs. Such transition did not involve a change in our reportable segments.

Legal entities

The results of main legal entities are presented on a reported and constant currency basis, including HSBC UK Bank plc, HSBC Bank plc, The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank Middle East Limited, HSBC North America Holdings Inc., and Grupo Financiero HSBC, S.A. de C.V.

HSBC Holdings incurs the liability of the UK bank levy, with the cost being recharged to its UK operating subsidiaries. The current year expense will be reflected in the fourth quarter as it is assessed on our balance sheet position as at 31 December.

The results of legal entities are presented on a reported basis on page 83 and a constant currency basis on page 85.

Supplementary analysis of constant currency results and notable items by business segment

Constant currency results

	2025					
	Hong Kong	UK	CIB	IWPB	Corporate Centre	Total
	$m	$m	$m	$m	$m	$m
Revenue	**15,878**	**12,938**	**27,637**	**14,520**	**(2,699)**	**68,274**
ECL	**(1,476)**	**(696)**	**(696)**	**(892)**	**(90)**	**(3,850)**
Operating expenses	**(4,826)**	**(5,537)**	**(15,556)**	**(9,285)**	**(1,224)**	**(36,428)**
Share of profit in associates and joint ventures	**—**	**—**	**1**	**24**	**1,886**	**1,911**
Profit/(loss) before tax	**9,576**	**6,705**	**11,386**	**4,367**	**(2,127)**	**29,907**
Loans and advances to customers (net)	**229,491**	**303,698**	**305,022**	**150,047**	**141**	**988,399**
Customer accounts	**543,381**	**364,323**	**597,719**	**281,058**	**347**	**1,786,828**

Notable items

	2025					
	Hong Kong	UK	CIB	IWPB	Corporate Centre	Total
	$m	$m	$m	$m	$m	$m
Notable items						
Revenue						
Disposals, wind-downs, acquisitions and related costs[1]	**—**	**—**	**(9)**	**(73)**	**(1,560)**	**(1,642)**
Dilution loss of interest in BoCom associate[2]	**—**	**—**	**—**	**—**	**(1,104)**	**(1,104)**
Operating expenses						
Disposals, wind-downs, acquisitions and related costs	**—**	**1**	**(290)**	**(83)**	**(130)**	**(502)**
Restructuring and other related costs[3]	**(16)**	**(70)**	**(348)**	**(161)**	**(435)**	**(1,030)**
Legal provisions[4]	**—**	**—**	**(322)**	**—**	**(1,110)**	**(1,432)**
Impairment loss of interest in BoCom associate[2]	**—**	**—**	**—**	**—**	**(1,000)**	**(1,000)**

1 Amounts include recycling of cumulative fair value losses of $1.5bn relating to the French retained portfolio of home and certain other loans following the completion of its sale to a consortium comprising Rothesay Life plc and CCF.
2 Amounts include a loss of $1.1bn inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom. We have also recognised a $1.0bn impairment loss following an impairment test on the carrying value of the Group's investment in BoCom in 'Impairment loss of interest in BoCom associate'. See Note 18 on pages 319 to 322.
3 Amounts include a $1.0bn organisational simplification provision recognised in 2025.
4 Amounts include a $1.1bn provision in connection with a claim brought by Herald Fund SPC in the Luxembourg District Court, relating to the Bernard L. Madoff Investment Securities LLC fraud and a $0.3bn provision in connection with certain historical trading activities in HSBC Bank plc.

Reconciliation of reported results to constant currency results – business segments (continued)

	2024					
	Hong Kong $m	UK $m	CIB $m	IWPB $m	Corporate Centre $m	Total $m
Revenue						
– Reported	15,034	11,954	26,819	13,976	(1,929)	65,854
– Currency translation	13	388	(47)	(159)	(40)	155
– Constant currency	15,047	12,342	26,772	13,817	(1,969)	66,009
ECL						
– Reported	(1,076)	(402)	(869)	(1,038)	(29)	(3,414)
– Currency translation	(1)	(13)	(9)	45	—	22
– Constant currency	(1,077)	(415)	(878)	(993)	(29)	(3,392)
Operating expenses						
– Reported	(4,837)	(4,947)	(14,544)	(9,013)	298	(33,043)
– Currency translation	(4)	(157)	(68)	113	13	(103)
– Constant currency	(4,841)	(5,104)	(14,612)	(8,900)	311	(33,146)
Share of profit/(loss) in associates and joint ventures						
– Reported	—	—	1	47	2,864	2,912
– Currency translation	—	—	—	(2)	3	1
– Constant currency	—	—	1	45	2,867	2,913
Profit/(loss) before tax						
– Reported	9,121	6,605	11,407	3,972	1,204	32,309
– Currency translation	8	218	(124)	(3)	(24)	75
– Constant currency	9,129	6,823	11,283	3,969	1,180	32,384
Loans and advances to customers (net)						
– Reported	235,208	267,293	284,701	136,325	7,131	930,658
– Currency translation	(155)	18,485	13,176	7,702	912	40,120
– Constant currency	235,053	285,778	297,877	144,027	8,043	970,778
Customer accounts						
– Reported	507,389	330,012	557,796	259,443	315	1,654,955
– Currency translation	(832)	22,821	30,130	12,145	21	64,285
– Constant currency	506,557	352,833	587,926	271,588	336	1,719,240

Notable items (continued)

	2024					
	Hong Kong $m	UK $m	CIB $m	IWPB $m	Corporate Centre $m	Total $m
Notable items						
Revenue						
Disposals, wind-downs, acquisitions and related costs[1]	—	—	(14)	28	(1,357)	(1,343)
Early redemption of legacy securities	—	—	—	—	(237)	(237)
Operating expenses						
Disposals, wind-downs, acquisitions and related costs	—	6	(10)	(3)	(192)	(199)
Restructuring and other related costs[2]	—	7	(2)	(14)	(25)	(34)

1 Amounts include a $1.0bn loss on disposal and a $5.2bn loss on the recycling in foreign currency translation reserve losses and other reserves arising on sale of our business in Argentina, partly offset by a $4.8bn gain on disposal of our banking business in Canada, inclusive of a $0.3bn gain on the foreign exchange hedging of the sale proceeds, the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves losses.
2 Amounts include organisational simplification provisions recognised in 2024 and reversals of restructuring provisions recognised during 2022.

Reconciliation of reported results to constant currency results – business segments (continued)

	2023					
	Hong Kong	UK	CIB	IWPB	Corporate Centre	Total
	$m	$m	$m	$m	$m	$m
Revenue						
– Reported	14,476	12,690	25,762	13,329	(199)	66,058
– Currency translation	56	749	(1,039)	(944)	160	(1,018)
– Constant currency	14,532	13,439	24,723	12,385	(39)	65,040
ECL						
– Reported	(1,488)	(516)	(601)	(841)	(1)	(3,447)
– Currency translation	(6)	(29)	77	155	—	197
– Constant currency	(1,494)	(545)	(524)	(686)	(1)	(3,250)
Operating expenses						
– Reported	(4,499)	(4,551)	(14,005)	(9,072)	57	(32,070)
– Currency translation	(15)	(278)	250	523	(101)	379
– Constant currency	(4,514)	(4,829)	(13,755)	(8,549)	(44)	(31,691)
Share of profit/(loss) in associates and joint ventures						
– Reported	—	—	(1)	65	(257)	(193)
– Currency translation	—	—	—	(3)	(101)	(104)
– Constant currency	—	—	(1)	62	(358)	(297)
Profit/(loss) before tax						
– Reported	8,489	7,623	11,155	3,481	(400)	30,348
– Currency translation	35	442	(712)	(269)	(42)	(546)
– Constant currency	8,524	8,065	10,443	3,212	(442)	29,802
Loans and advances to customers (net)						
– Reported	239,218	264,544	288,351	146,155	267	938,535
– Currency translation	955	13,681	1,876	650	9	17,171
– Constant currency	240,173	278,225	290,227	146,805	276	955,706
Customer accounts						
– Reported	485,039	330,480	539,139	256,393	596	1,611,647
– Currency translation	1,834	17,090	9,136	1,271	22	29,353
– Constant currency	486,873	347,570	548,275	257,664	618	1,641,000

Notable items (continued)

	2023					
	Hong Kong	UK	CIB	IWPB	Corporate Centre	Total
	$m	$m	$m	$m	$m	$m
Notable items						
Revenue						
Disposals, wind-downs, acquisitions and related costs[1,2,3]	—	1,591	—	4	(297)	1,298
Fair value movements on financial instruments[4]	—	—	—	—	14	14
Disposal losses on Markets Treasury repositioning	(373)	(142)	(371)	(91)	—	(977)
Operating expenses						
Disposals, wind-downs, acquisitions and related costs	—	(45)	(7)	(53)	(216)	(321)
Restructuring and other related costs[5]	—	17	45	11	63	136
Impairment loss of interest in BoCom associate[6]	—	—	—	—	(3,000)	(3,000)

1 Amounts include impact of the sale of our retail banking operations in France.
2 Amounts include the gain of $1.6bn recognised in respect of the acquisition of SVB UK.
3 Amounts include fair value movements on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.
4 Amounts relate to fair value movements on non-qualifying hedges in HSBC Holdings.
5 Amounts relate to reversals of restructuring provisions recognised during 2022.
6 Amounts relate to an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom.

Fee and other income supplementary analysis

The following table presents an analysis of the components of fee and other income by business segment.

	2025					
	Hong Kong	**UK**	**CIB**	**IWPB**	**Corporate Centre**	**Total**
	$bn	**$bn**	**$bn**	**$bn**	**$bn**	**$bn**
Net fee income	**2,776**	**1,804**	**4,489**	**4,263**	**11**	**13,343**
Net income from financial instruments held for trading or managed on a fair value basis	**622**	**(25)**	**7,660**	**678**	**10,747**	**19,682**
Insurance revenue[1]	**89**	**—**	**—**	**1,756**	**(42)**	**1,803**
Gain less impairment relating to sale of business operations	**—**	**—**	**(15)**	**(31)**	**(1)**	**(47)**
Other operating (expense)/income	**309**	**63**	**971**	**458**	**(3,102)**	**(1,301)**
Total	**3,796**	**1,842**	**13,105**	**7,124**	**7,613**	**33,480**
Banking book funding costs used to generate 'net income from financial instruments held for trading or managed on a fair value basis'	**—**	**—**	**—**	**—**	**(9,686)**	**(9,686)**
Third-party net interest income from insurance	**—**	**—**	**—**	**396**	**—**	**396**
Notable items	**—**	**—**	**9**	**73**	**2,664**	**2,746**
Fee and other income	**3,796**	**1,842**	**13,114**	**7,593**	**591**	**26,936**
Supplementary management view of fee and other income - on a constant currency basis						
Wholesale Transaction Banking	**730**	**891**	**9,239**	**—**	**—**	**10,860**
– Global Foreign Exchange	**183**	**166**	**5,345**	**—**	**—**	**5,694**
– Global Payments Solutions	**343**	**534**	**1,417**	**—**	**—**	**2,294**
– Global Trade Solutions	**204**	**191**	**1,067**	**—**	**—**	**1,462**
– Securities Services	**—**	**—**	**1,410**	**—**	**—**	**1,410**
Wealth	**2,206**	**339**	**—**	**6,845**	**—**	**9,390**
– Investment Distribution	**2,124**	**335**	**—**	**1,165**	**—**	**3,624**
– Insurance[1]	**82**	**4**	**—**	**2,513**	**—**	**2,599**
– Asset Management	**—**	**—**	**—**	**1,500**	**—**	**1,500**
– Private Bank	**—**	**—**	**—**	**1,667**	**—**	**1,667**
Investment Banking, Debt and Equity Markets	**—**	**—**	**3,245**	**—**	**—**	**3,245**
Retail Banking	**326**	**255**	**—**	**665**	**—**	**1,246**
Wholesale Credit and Lending	**78**	**238**	**567**	**—**	**—**	**883**
Other	**456**	**119**	**63**	**83**	**591**	**1,312**

	2024					
Net fee income	2,305	1,821	4,345	3,857	(27)	12,301
Net income from financial instruments held for trading or managed on a fair value basis	390	13	7,304	517	12,892	21,116
Insurance revenue[1]	27	—	—	1,209	(3)	1,233
Gain less impairment relating to sale of business operations	—	—	(26)	(3)	(1,723)	(1,752)
Other operating (expense)/income	325	91	422	85	(700)	223
Total	3,047	1,925	12,045	5,665	10,439	33,121
Banking book funding costs used to generate 'net income from financial instruments held for trading or managed on a fair value basis'	—	—	—	—	(11,434)	(11,434)
Third-party net interest income from insurance	—	—	—	429	—	429
Notable items	—	—	14	(28)	1,357	1,343
Currency translation	3	62	208	85	(11)	347
Fee and other income	3,050	1,987	12,267	6,151	351	23,806
Supplementary management view of fee and other income - on a constant currency basis						
Wholesale Transaction Banking	709	912	8,847	—	—	10,468
– Global Foreign Exchange	180	165	5,096	—	—	5,441
– Global Payments Solutions	326	552	1,383	—	—	2,261
– Global Trade Solutions	203	195	1,059	—	—	1,457
– Securities Services	—	—	1,309	—	—	1,309
Wealth	1,577	391	—	5,618	—	7,586
– Investment Distribution	1,535	384	—	938	—	2,857
– Insurance[1]	42	7	—	1,864	—	1,913
– Asset Management	—	—	—	1,373	—	1,373
– Private Bank	—	—	—	1,443	—	1,443
Investment Banking, Debt and Equity Markets	—	—	3,198	—	—	3,198
Retail Banking	312	273	—	765	—	1,350
Wholesale Credit and Lending	83	216	626	—	—	925
Other	369	195	(404)	(232)	351	279

1 Includes Group 'net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss', 'insurance finance expense' and 'insurance service result'.

Strategic transactions supplementary analysis

The following table presents the selected impacts of strategic transactions on the Group and our business segments for transactions that are classified as material notable items. See page 66 for further information on material notable items and the impact of strategic transactions.

Constant currency results

	2025 $m	2024 $m	Variance 2025 vs. 2024 $m	of which: Hong Kong $m	UK $m	CIB $m	IWPB $m	Corporate Centre $m
Revenue	**(1,642)**	39	**(1,681)**	**—**	**—**	**(638)**	**(590)**	**(453)**
– distorting impact of operating results	**—**	1,214	**(1,214)**	**—**	**—**	**(629)**	**(491)**	**(94)**
– notable items	**(1,642)**	(1,175)	**(467)**	**—**	**—**	**(9)**	**(99)**	**(359)**
ECL	**—**	(72)	**72**	**—**	**—**	**36**	**36**	**—**
Operating expenses	**(502)**	(919)	**417**	**—**	**(7)**	**96**	**253**	**75**
– distorting impact of operating results	**—**	(729)	**729**	**—**	**—**	**381**	**336**	**12**
– notable items	**(502)**	(190)	**(312)**	**—**	**(7)**	**(285)**	**(83)**	**63**
Share of profit in associates and joint ventures	**—**	—	**—**	**—**	**—**	**—**	**—**	**—**
Profit before tax	**(2,144)**	(952)	**(1,192)**	**—**	**(7)**	**(506)**	**(301)**	**(378)**
– distorting impact of operating results	**—**	413	**(413)**	**—**	**—**	**(212)**	**(119)**	**(82)**
– notable items	**(2,144)**	(1,365)	**(779)**	**—**	**(7)**	**(294)**	**(182)**	**(296)**
Profit before tax[1]								
– business in Argentina	**(107)**	(5,990)	**5,883**	**—**	**—**	**(160)**	**(14)**	**6,057**
– banking business in Canada	**(3)**	4,980	**(4,983)**	**—**	**—**	**(143)**	**(67)**	**(4,773)**
– wind-down of M&A and ECM in the UK, Europe and US	**(114)**	(98)	**(16)**	**—**	**—**	**(16)**	**—**	**—**
– France life insurance business	**(231)**	(6)	**(225)**	**—**	**—**	**—**	**(214)**	**(11)**
– retained French portfolio of home and certain other loans	**(1,468)**	91	**(1,559)**	**—**	**—**	**—**	**—**	**(1,559)**
– Germany private banking business	**142**	13	**129**	**—**	**—**	**—**	**134**	**(5)**
– other strategic transactions	**(363)**	58	**(421)**	**—**	**(7)**	**(187)**	**(140)**	**(87)**

1 Represents the impact on profit before tax due to strategic transactions, inclusive of the notable items impacts and the distorting impact of operating results. This does not represent the profit before tax of each disposed business. In the case of wind-downs, there may be timing differences between the recognition of operating cost impacts and operating revenue impacts. These would arise in the event there is a timing lag between the impact of cost actions and the resultant impact on operating revenue.

Reconciliation of reported and constant currency risk-weighted assets

	At 31 Dec 2025: Hong Kong $bn	UK $bn	CIB $bn	IWPB $bn	Corporate Centre $bn	Total RWAs $bn
Risk-weighted assets						
Reported	**139.6**	**152.9**	**408.7**	**89.9**	**97.5**	**888.6**
Constant currency	**139.6**	**152.9**	**408.7**	**89.9**	**97.5**	**888.6**
	At 31 Dec 2024					
Risk-weighted assets						
Reported	143.7	133.5	388.0	85.7	87.4	838.3
Currency translation	0.1	9.3	12.7	4.0	1.1	27.2
Constant currency	143.8	142.8	400.7	89.7	88.5	865.5
	At 31 Dec 2023					
Risk-weighted assets						
Reported	145.2	124.9	398.2	97.6	88.2	854.1
Currency translation	0.7	6.5	(3.9)	(1.9)	(0.5)	0.9
Constant currency	145.9	131.4	394.3	95.7	87.7	855.0

Supplementary tables for Wealth

Insurance business performance

The following table provides an analysis of the results of our insurance business for the year. It comprises income earned by IWPB insurance manufacturing operations, income earned by wealth distribution channels within our IWPB, Hong Kong and UK business segments, and consolidation adjustments.

Total insurance profit and loss (constant currency)

	2025	2024	2023
	$m	$m	$m
Net fee income	**287**	223	194
Insurance service result	**1,825**	1,317	1,078
– release of contractual service margin	**1,593**	1,339	1,125
– risk adjustment release	**65**	66	36
– experience variance and other	**254**	35	26
– loss from onerous contracts	**(87)**	(123)	(109)
Investment income	**11,387**	6,115	8,027
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**11,175**	5,865	7,743
– other investment income	**212**	250	284
Insurance finance expense	**(11,197)**	(5,949)	(7,781)
Other income	**297**	207	(54)
Revenue[1]	**2,599**	1,913	1,464
ECL	**(1)**	—	4
Net operating income	**2,598**	1,913	1,468
Operating expenses	**(789)**	(724)	(690)
Operating profit	**1,809**	1,189	778
Share of profit in associates and JVs	**15**	32	49
Profit before tax	**1,824**	1,221	827

1 'Revenue' of $2.6bn (2024: $1.9bn; 2023: $1.5bn) includes $2.5bn earned within IWPB (2024: $1.8bn; 2023: $1.4bn) and $0.1bn earned within Hong Kong (2024: $0.1bn; 2023: $0.1bn). This comprises revenue from insurance manufacturing operations of $2.3bn (2024: $1.7bn; 2023: $1.3bn), and revenue from wealth distribution channels and consolidation impacts of $0.3bn (2024: $0.2bn; 2023: $0.2bn).

Total insurance revenue of $2.6bn was $0.7bn higher than in 2024 reflecting the following:

- Insurance service result of $1.8bn increased by $0.5bn compared with 2024 reflecting higher CSM release as a result of strong new business growth, and favourable experience variances from positive investment management fee, maintenance expense and claims experience.
- Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss of $11.2bn increased by $5.3bn compared with 2024 reflecting strong equity markets and the favourable impact of downward movements in interest rates on our fixed income investments in Hong Kong, partly offset by rising rates in mainland China.
- This was offset by Insurance finance expense of $11.2bn, which moves inversely with investment income. The margin between investment income and insurance finance expense benefited from increases in interest rates in mainland China.
- Other income increased by $0.1bn compared with 2024 from gains on reinsurance contracts in Hong Kong.

Insurance key performance metrics

	2025	2024	2023
	$m	$m	$m
Annualised new business premiums of insurance manufacturing operations	**6,505**	4,912	3,797
Insurance manufacturing new business contractual service margin	**3,405**	2,515	1,686
Consolidated Group new business contractual service margin	**3,799**	2,729	1,812
Net dividends of insurance manufacturing operations	**962**	1,522	813
Insurance equity plus CSM net of tax ◆	**18,800**	17,025	16,583

Annualised new business premiums ('ANP') is used to assess new insurance premiums generated by the business. It is calculated as 100% of annualised first year regular premiums and 10% of single premiums, before reinsurance ceded. ANP increased by 32% compared with 2024, primarily from strong new business sales in Hong Kong.

Consolidated Group new business contractual service margin represents insurance manufacturing new business CSM and the consolidation impact of inclusion of our bank distribution channel. Consolidated Group new business contractual service margin increased by $1.1bn compared with 2024, reflecting strong sales in Hong Kong and increased sales of higher margin products, contributing to the overall Group CSM at 31 December 2025 of $15.7bn (2024: $12.8bn; 2023: $11.4bn).

Net dividends of insurance manufacturing operations represents dividends paid to immediate parent companies net of CET1 qualifying injections to fund business growth. Net dividends of insurance manufacturing operations in 2025 included dividends paid to immediate parent companies of $1.2bn (2024: $1.6bn; 2023: $1.0bn) net of CET1 qualifying injections to fund business growth of $0.2bn (2024: $0.1bn; 2023: $0.2bn). Net dividends decreased by $0.6bn due to the non-recurrence of a 2024 release of surplus regulatory capital in Hong Kong.

Insurance equity plus CSM net of tax is a non-GAAP alternative performance measure that provides information about our insurance manufacturing operations' net asset value plus the future earnings from in-force business. At 31 December 2025, insurance equity plus CSM net of tax was calculated as follows:

Insurance equity plus CSM net of tax

	2025	2024	2023
	$m	$m	$m
Insurance manufacturing operations equity	**6,715**	7,015	7,731
Insurance manufacturing CSM	**14,598**	12,063	10,786
CSM deferred tax recognised	**(2,513)**	(2,053)	(1,934)
Insurance equity plus CSM net of tax ◆	**18,800**	17,025	16,583

Wealth balances

The following table shows our wealth balances, which include invested assets and wealth deposits. Invested assets comprise customer assets either managed by our Asset Management business or by external third-party investment managers, as well as self-directed investments by our customers. From 1 January 2026, we have updated the definition of our wealth balances to exclude Asset Management third-party distribution. This will enhance comparability with industry peers.

Reported wealth balances[1]

	2025	2024
	$bn	$bn
Private Bank invested assets[2]	**465**	395
Retail invested assets	**490**	409
Asset Management third-party distribution[3]	**580**	489
Reported invested assets[1]	**1,535**	1,293
– of which: The Hongkong and Shanghai Banking Corporation Limited	**773**	645
Wealth deposits (Premier and Private Bank)[4]	**608**	555
– of which: The Hongkong and Shanghai Banking Corporation Limited	**407**	372
Total reported wealth balances	**2,143**	1,848
– of which: The Hongkong and Shanghai Banking Corporation Limited	**1,180**	1,017
Total reported wealth balances excluding Asset Management third-party distribution	**1,563**	1,359
– of which: The Hongkong and Shanghai Banking Corporation Limited	**1,055**	907

1 Invested assets are not reported on the Group's balance sheet, except where it is deemed that we are acting as principal rather than agent in our role as investment manager.
2 Private Bank client balances, which comprise invested assets and customer deposits, were $566bn (31 December 2024: $484bn).
3 Total assets under management manufactured by Asset Management, which includes third-party distribution and other components that are reported in the Private Bank and Retail invested assets in the table above, were $866bn (31 December 2024: $731bn). This includes balances related to The Hongkong and Shanghai Banking Corporation Limited, of which $260bn (31 December 2024: $223bn).
4 Premier and Private Bank deposits, which include Prestige deposits in Hang Seng Bank, form part of the total IWPB, Hong Kong and UK businesses' customer accounts balance on page 76.

Invested assets

'Net new invested assets' represents the net customer inflows from retail invested assets, Asset Management third-party distribution and Private Bank invested assets. It excludes all customer deposits.

Invested assets

	2025	2024
	$bn	$bn
Opening balance	**1,293**	1,191
Net new invested assets	**80**	64
– of which: The Hongkong and Shanghai Banking Corporation Limited	**39**	47
Net market movements	**125**	97
Foreign exchange and others	**37**	(59)
Closing balance	**1,535**	1,293

Net new money

Net new money ('NNM') represents our net customer inflows from Private Bank and Retail invested assets and wealth deposits. It excludes foreign exchange movements and market and other movements not relating to client inflows/outflows which are reported within 'foreign exchange and others' and 'net market movements', respectively. This metric excludes net customer inflows from Asset Management third-party distribution. From 1 January 2026 management will disclose NNM as the key wealth metric, offering greater comparability to industry peers. From 1 January 2026, we no longer intend to disclose invested assets as a key metric.

Net new money

	2025	2024
	$bn	$bn
Opening balance (total reported wealth balances excluding Asset Management third-party distribution)	**1,359**	1,282
Net new money[3]	**86**	80
– of which: Net new invested assets excluding Asset Management third-party distribution	**46**	51
– of which: Change in deposits	**40**	29
Net market movements excluding Asset Management third-party distribution	**91**	60
Foreign exchange and others excluding Asset Management third-party distribution, including wealth deposits[1]	**27**	(63)
Closing balance[2]	**1,563**	1,359
Net new money – The Hongkong and Shanghai and Banking Corporation Limited	**72**	71
– of which: net new invested assets excluding Asset Management third-party distribution	**41**	43
– of which: change in deposits on a constant currency basis	**31**	28

1 Includes foreign exchange on wealth deposits.
2 Closing balance includes invested assets of $1,535bn (2024: $1,293bn), excluding Asset Management third-party distribution invested assets of $580bn (2024: $489bn) and includes wealth deposit balances of $608bn (2024: $555bn).
3 Clients' assets are translated at the average quarterly rates of foreign exchange applicable to the respective quarters, with the effects of currency translation reported separately.

CIB: Securities Services and Issuer Services

Assets held in custody

Custody is the safekeeping and servicing of securities and other financial assets on behalf of clients. Assets held in custody are not reported on the Group's balance sheet, except where it is deemed that we are acting as principal rather than agent in our role as investment manager. At 31 December 2025, we held $12.9tn of assets as custodian, an increase of 21% compared with 31 December 2024. The balance comprised $11.9tn of assets in Securities Services, which were recorded at market value, and $1.0tn of assets in Issuer Services, recorded at book value.

Assets under administration

Our assets under administration business includes the provision of bond and loan administration services, transfer agency services and the valuation of portfolios of securities and other financial assets on behalf of clients and complements the custody business. At 31 December 2025, the value of assets held under administration by the Group amounted to $6.0tn, which was 16% higher than at 31 December 2024. The balance comprised $3.6tn of assets in Securities Services, which were recorded at market value, and $2.4tn of assets in Issuer Services, recorded at book value.

Analysis of reported results by legal entities

HSBC reported profit/(loss) before tax and balance sheet data

	2025									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	11,406	1,684	16,471	1,524	2,130	—	2,229	1,422	(2,072)	34,794
Net fee income	1,696	1,618	6,483	555	1,513	—	635	996	(153)	13,343
Net income from financial instruments held for trading or managed on a fair value basis	568	6,490	10,910	339	548	—	440	112	275	19,682
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit and loss	—	1,364	9,741	—	—	—	49	15	6	11,175
Insurance finance income/(expense)	—	(1,462)	(9,695)	—	—	—	(43)	—	3	(11,197)
Insurance service result	—	218	1,538	—	—	—	69	—	—	1,825
Other income/(expense)[1]	132	(874)	(194)	192	539	—	94	150	(1,387)	(1,348)
Net operating income before change in expected credit losses and other credit impairment charges	13,802	9,038	35,254	2,610	4,730	—	3,473	2,695	(3,328)	68,274
Change in expected credit losses and other credit impairment charges	(710)	(203)	(1,635)	(186)	(201)	—	(786)	(25)	(104)	(3,850)
Net operating income	13,092	8,835	33,619	2,424	4,529	—	2,687	2,670	(3,432)	64,424
Total operating expenses excluding impairment of goodwill and other intangible assets	(5,663)	(8,818)	(15,132)	(1,332)	(3,326)	—	(2,045)	(1,544)	1,837	(36,023)
Impairment of goodwill and other intangible assets	(21)	(323)	(49)	(2)	(5)	—	(3)	—	(2)	(405)
Operating profit/(loss)	7,408	(306)	18,438	1,090	1,198	—	639	1,126	(1,597)	27,996
Share of profit in associates and joint ventures less impairment[2]	1	82	1,150	—	—	—	10	672	(4)	1,911
Profit/(loss) before tax	7,409	(224)	19,588	1,090	1,198	—	649	1,798	(1,601)	29,907
	%	%	%	%	%	%	%	%	%	%
Share of HSBC's profit before tax	24.8	(0.7)	65.5	3.6	4.0	—	2.2	6.0	(5.4)	100.0
Cost efficiency ratio	41.2	101.1	43.1	51.1	70.4	—	59.0	57.3	55.1	53.4
Balance sheet data	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	310,116	106,409	467,842	22,618	52,178	—	25,252	3,971	13	988,399
Total assets	475,752	950,562	1,492,150	64,295	261,401	—	50,197	32,339	(93,662)	3,233,034
Customer accounts	376,903	321,451	911,725	37,010	99,458	—	29,493	10,781	7	1,786,828
Risk-weighted assets[3,4]	157,963	146,010	411,824	27,180	73,961	—	32,509	57,014	2,106	888,647

HSBC reported profit/(loss) before tax and balance sheet data (continued)

	2024									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net interest income	10,331	1,254	15,077	1,590	1,613	300	2,292	2,774	(2,498)	32,733
Net fee income	1,672	1,629	5,449	508	1,372	129	630	1,076	(164)	12,301
Net income from financial instruments held for trading or managed on a fair value basis	580	6,042	11,781	331	914	33	504	411	520	21,116
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit and loss	—	1,100	4,608	—	—	—	22	183	(12)	5,901
Insurance finance income/(expense)	—	(1,261)	(4,562)	—	—	—	(26)	(150)	21	(5,978)
Insurance service result	—	217	1,042	—	—	—	76	(7)	(18)	1,310
Other income/(expense)	169	576	658	75	365	—	75	(984)	(2,463)	(1,529)
Net operating income before change in expected credit losses and other credit impairment charges	12,752	9,557	34,053	2,504	4,264	462	3,573	3,303	(4,614)	65,854
Change in expected credit losses and other credit impairment charges	(405)	(211)	(1,532)	(198)	(81)	(40)	(864)	(93)	10	(3,414)
Net operating income	12,347	9,346	32,521	2,306	4,183	422	2,709	3,210	(4,604)	62,440
Total operating expenses excluding impairment of goodwill and other intangible assets	(5,124)	(6,718)	(14,296)	(1,191)	(3,349)	(236)	(1,992)	(1,959)	1,899	(32,966)
Impairment of goodwill and other intangible assets	(11)	(5)	(33)	(1)	(2)	—	(2)	(22)	(1)	(77)
Operating profit/(loss)	7,212	2,623	18,192	1,114	832	186	715	1,229	(2,706)	29,397
Share of profit in associates and joint ventures less impairment	1	22	2,278	—	—	—	15	600	(4)	2,912
Profit/(loss) before tax	7,213	2,645	20,470	1,114	832	186	730	1,829	(2,710)	32,309
	%	%	%	%	%	%	%	%	%	%
Share of HSBC's profit before tax	22.2	8.2	63.4	3.4	2.6	0.6	2.3	5.7	(8.4)	100.0
Cost efficiency ratio	40.3	70.3	42.1	47.6	78.6	51.1	55.8	60.0	41.1	50.2
Balance sheet data	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	272,973	103,464	449,940	20,440	55,786	—	23,439	4,617	(1)	930,658
Total assets	426,165	914,506	1,400,456	57,215	253,251	—	46,007	26,623	(107,175)	3,017,048
Customer accounts	340,233	297,785	845,284	34,808	99,278	—	27,525	9,999	43	1,654,955
Risk-weighted assets[3,4]	138,332	137,609	402,847	26,624	74,416	—	29,671	50,731	(648)	838,254

	2023									
Net interest income	9,684	2,674	16,705	1,551	1,712	1,275	2,148	3,765	(3,718)	35,796
Net fee income	1,597	1,527	4,859	475	1,237	559	581	1,225	(215)	11,845
Net income from financial instruments held for trading or managed on a fair value basis	516	4,220	9,507	397	729	110	437	1,054	(309)	16,661
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit and loss	—	1,438	6,258	—	—	—	39	323	(171)	7,887
Insurance finance income/(expense)	—	(1,460)	(6,237)	—	—	—	(44)	(166)	98	(7,809)
Insurance service result	—	154	838	—	—	—	87	9	(10)	1,078
Other income/(expense)	1,608	736	(31)	2	185	22	65	(1,481)	(506)	600
Net operating income before change in expected credit losses and other credit impairment charges	13,405	9,289	31,899	2,425	3,863	1,966	3,313	4,729	(4,831)	66,058
Change in expected credit losses and other credit impairment (charges)/recoveries	(523)	(212)	(1,641)	(90)	(94)	(46)	(696)	(279)	134	(3,447)
Net operating income	12,882	9,077	30,258	2,335	3,769	1,920	2,617	4,450	(4,697)	62,611
Total operating expenses excluding impairment of goodwill and other intangible assets	(4,602)	(6,483)	(13,379)	(1,095)	(3,473)	(1,049)	(1,823)	(2,631)	2,180	(32,355)
Impairment of goodwill and other intangible assets	(10)	97	(16)	(1)	222	—	(3)	(4)	—	285
Operating profit/(loss)	8,270	2,691	16,863	1,239	518	871	791	1,815	(2,517)	30,541

HSBC reported profit/(loss) before tax and balance sheet data (continued)

	2023									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Share of profit in associates and joint ventures less impairment[2]	—	(52)	(696)	—	—	—	14	544	(3)	(193)
Profit/(loss) before tax	8,270	2,639	16,167	1,239	518	871	805	2,359	(2,520)	30,348
	%	%	%	%	%	%	%	%	%	%
Share of HSBC's profit before tax	27.2	8.7	53.3	4.1	1.7	2.9	2.6	7.8	(8.3)	100.0
Cost efficiency ratio	34.4	68.7	42.0	45.2	84.2	53.4	55.1	55.7	45.1	48.5
Balance sheet data	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	270,208	95,750	455,315	20,072	54,829	—	26,410	15,951	—	938,535
Total assets	423,029	896,682	1,333,911	50,612	252,339	90,731	47,309	59,051	(114,987)	3,038,677
Customer accounts	339,611	274,733	801,430	31,341	99,607	—	29,423	35,326	176	1,611,647
Risk-weighted assets[3,4]	129,211	131,468	396,677	24,294	72,248	31,890	32,639	59,574	6,704	854,114

1 In 2025, the amounts include recycling of cumulative fair value losses of $1.5bn relating to the French retained portfolio of home and certain other loans following the completion of its sale to a consortium comprising Rothesay Life plc and CCF and a loss of $1.1bn inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom.
2 Includes impairment losses of $1.0bn (2025) and $3.0bn (2023) recognised in respect of the Group's investment in BoCom. See Note 18 on pages 319 to 322.
3 Risk-weighted assets are non-additive across the legal entities due to market risk diversification effects within the Group.
4 Balances are on a third-party Group consolidated basis.

Summary information – legal entities and selected countries/territories

Legal entity reported and constant currency results

	2025									
	HSBC UK Bank plc	**HSBC Bank plc**	**The Hongkong and Shanghai Banking Corpo-ration Limited**	**HSBC Bank Middle East Limited**	**HSBC North America Holdings Inc.**	**HSBC Bank Canada**	**Grupo Financiero HSBC, S.A. de C.V.**	**Other trading entities[1]**	**Holding companies, shared service centres and intra-Group eliminations**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue	**13,802**	**9,038**	**35,254**	**2,610**	**4,730**	**—**	**3,473**	**2,695**	**(3,328)**	**68,274**
ECL	**(710)**	**(203)**	**(1,635)**	**(186)**	**(201)**	**—**	**(786)**	**(25)**	**(104)**	**(3,850)**
Operating expenses	**(5,684)**	**(9,141)**	**(15,181)**	**(1,334)**	**(3,331)**	**—**	**(2,048)**	**(1,544)**	**1,835**	**(36,428)**
Share of profit in associates and joint ventures less impairment	**1**	**82**	**1,150**	**—**	**—**	**—**	**10**	**672**	**(4)**	**1,911**
Profit/(loss) before tax	**7,409**	**(224)**	**19,588**	**1,090**	**1,198**	**—**	**649**	**1,798**	**(1,601)**	**29,907**
Loans and advances to customers (net)	**310,116**	**106,409**	**467,842**	**22,618**	**52,178**	**—**	**25,252**	**3,971**	**13**	**988,399**
Customer accounts	**376,903**	**321,451**	**911,725**	**37,010**	**99,458**	**—**	**29,493**	**10,781**	**7**	**1,786,828**

1 Includes the results of entities located in Türkiye, Egypt and Saudi Arabia (including our share of the results of Saudi Awwal Bank) which do not consolidate into HSBC Bank Middle East Limited. These entities had an aggregated impact on the Group's reported profit before tax of $1.5bn.

Legal entity results: notable items

	2025									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corpo-ration Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue										
Disposals, wind-downs, acquisitions and related costs[1]	—	(1,546)	—	71	—	—	—	—	(167)	(1,642)
Dilution loss of interest in BoCom[2]	—	—	(1,138)	—	—	—	—	—	34	(1,104)
Operating expenses										
Disposals, wind-downs, acquisitions and related costs	(1)	(388)	(46)	(16)	(18)	—	—	(2)	(31)	(502)
Restructuring and other related costs[3]	(161)	(350)	(300)	(27)	(66)	—	(65)	(31)	(30)	(1,030)
Legal provisions[4]	—	(1,197)	—	—	—	—	—	—	(235)	(1,432)
Impairment loss of interest in BoCom associate[2]	—	—	(1,000)	—	—	—	—	—	—	(1,000)

1 Includes recycling of cumulative fair value losses of $1.5bn relating to the French retained portfolio of home and certain other loans following the completion of its sale to a consortium comprising Rothesay Life plc and CCF.
2 Includes a loss of $1.1bn inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom. We have also recognised a $1.0bn impairment loss following an impairment test on the carrying value of the Group's investment in BoCom in 'Impairment loss of interest in BoCom associate'. See Note 18 on pages 319 to 322.
3 Amounts include organisational simplification provision recognised in 2025.
4 Includes a $1.1bn provision in connection with a claim brought by Herald Fund SPC in the Luxembourg District Court, relating to the Bernard L. Madoff Investment Securities LLC fraud in HSBC Bank plc and Holding companies and a $0.3bn provision in connection with certain historical trading activities in HSBC Bank plc.

Selected countries/territories results

	2025				
	UK[1]	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue	22,346	23,935	3,314	4,644	3,473
ECL	(839)	(1,478)	(68)	(200)	(785)
Operating expenses	(16,064)	(9,429)	(3,236)	(3,332)	(2,048)
Share of profit/(loss) in associates and joint ventures less impairment	81	(2)	1,077	—	10
Profit before tax	5,524	13,026	1,087	1,112	650
Loans and advances to customers (net)	357,246	273,396	45,585	52,178	25,252
Customer accounts	568,712	619,029	69,473	99,458	29,493

1 UK includes HSBC UK Bank plc (ring-fenced bank), HSBC Bank plc (non-ring-fenced bank), the ultimate holding company, HSBC Holdings plc, and the separately incorporated group of service companies ('ServCo Group').

Selected countries/territories results: notable items

	2025				
	UK	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue					
Disposals, wind-downs, acquisitions and related costs	(211)	—	—	—	—
Restructuring and other related costs	188	18	12	6	—
Dilution loss of interest in BoCom associate	—	—	(1,104)	—	—
Operating expenses					
Disposals, wind-downs, acquisitions and related costs	(41)	(16)	(5)	(18)	—
Restructuring and other related costs	(481)	(179)	(60)	(72)	(65)
Legal provisions[1]	(566)	—	—	—	—
Impairment loss of interest in BoCom associate	—	—	(1,000)	—	—

1 Includes $0.2bn in relation to internal reinsurance arrangements relating to the Bernard L. Madoff Investment Securities LLC fraud provision and a $0.3bn provision in connection with certain historical trading activities in HSBC Bank plc.

Legal entity reported and constant currency results (continued)

	2024									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities[1]	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue										
– Reported	12,752	9,557	34,053	2,504	4,264	462	3,573	3,303	(4,614)	65,854
– Currency translation	405	296	13	1	—	(27)	(163)	(380)	10	155
– Constant currency	13,157	9,853	34,066	2,505	4,264	435	3,410	2,923	(4,604)	66,009
ECL										
– Reported	(405)	(211)	(1,532)	(198)	(81)	(40)	(864)	(93)	10	(3,414)
– Currency translation	(14)	(6)	(1)	—	1	2	24	15	1	22
– Constant currency	(419)	(217)	(1,533)	(198)	(80)	(38)	(840)	(78)	11	(3,392)
Operating expenses										
– Reported	(5,135)	(6,723)	(14,329)	(1,192)	(3,351)	(236)	(1,994)	(1,981)	1,898	(33,043)
– Currency translation	(162)	(258)	(14)	—	—	14	84	240	(7)	(103)
– Constant currency	(5,297)	(6,981)	(14,343)	(1,192)	(3,351)	(222)	(1,910)	(1,741)	1,891	(33,146)
Share of profit/(loss) in associates and joint ventures										
– Reported	1	22	2,278	—	—	—	15	600	(4)	2,912
– Currency translation	—	1	—	—	—	—	(1)	1	—	1
– Constant currency	1	23	2,278	—	—	—	14	601	(4)	2,913
Profit before tax										
– Reported	7,213	2,645	20,470	1,114	832	186	730	1,829	(2,710)	32,309
– Currency translation	229	33	(2)	1	1	(11)	(56)	(124)	4	75
– Constant currency	7,442	2,678	20,468	1,115	833	175	674	1,705	(2,706)	32,384
Loans and advances to customers (net)										
– Reported	272,973	103,464	449,940	20,440	55,786	—	23,439	4,617	(1)	930,658
– Currency translation	18,878	10,852	6,722	9	—	—	3,607	51	1	40,120
– Constant currency	291,851	114,316	456,662	20,449	55,786	—	27,046	4,668	—	970,778
Customer accounts										
– Reported	340,233	297,785	845,284	34,808	99,278	—	27,525	9,999	43	1,654,955
– Currency translation	23,529	26,782	9,773	28	—	—	4,236	(62)	(1)	64,285
– Constant currency	363,762	324,567	855,057	34,836	99,278	—	31,761	9,937	42	1,719,240

1 Other trading entities includes the results of entities located in Türkiye, Egypt and Saudi Arabia (including our share of the results of Saudi Awwal Bank) which do not consolidate into HSBC Bank Middle East Limited. These entities had an aggregated impact on the Group's reported profit before tax of $1.4bn, and constant currency profit before tax of $1.4bn.

Legal entity results: notable items (continued)

	2024									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue										
Disposals, acquisitions and related costs[1]	—	(148)	—	—	—	—	—	(23)	(1,172)	(1,343)
Early redemption of legacy securities	—	—	—	—	—	—	—	—	(237)	(237)
Operating expenses										
Disposals, acquisitions and related costs	8	(9)	—	—	(29)	(36)	—	(61)	(72)	(199)
Restructuring and other related costs[2]	3	15	(5)	(2)	(4)	—	—	(9)	(32)	(34)

1 Includes a $1.0bn loss on disposal and a $5.2bn loss on the recycling in foreign currency translation reserve losses and other reserves arising on sale of our business in Argentina. This was partly offset by a $4.8bn gain on disposal of our banking business in Canada, inclusive of a $0.3bn gain on the foreign exchange hedging of the sales proceeds, the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves losses.
2 Amounts relate to organisational simplification provision recognised in 2024 and reversals of restructuring provisions recognised during 2022.

Selected countries/territories results (continued)

	2024				
	UK[1]	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue					
– Reported	21,017	22,038	4,078	4,216	3,573
– Currency translation	704	18	3	—	(163)
– Constant currency	21,721	22,056	4,081	4,216	3,410
ECL					
– Reported	(526)	(1,273)	(121)	(81)	(864)
– Currency translation	(13)	(1)	—	—	24
– Constant currency	(539)	(1,274)	(121)	(81)	(840)
Operating expenses					
– Reported	(13,725)	(8,886)	(2,971)	(3,350)	(1,994)
– Currency translation	(420)	(6)	(6)	—	84
– Constant currency	(14,145)	(8,892)	(2,977)	(3,350)	(1,910)
Share of profit/(loss) in associates and joint ventures					
– Reported	24	8	2,241	—	15
– Currency translation	—	1	2	—	(1)
– Constant currency	24	9	2,243	—	14
Profit before tax					
– Reported	6,790	11,887	3,227	785	730
– Currency translation	271	12	(1)	—	(56)
– Constant currency	7,061	11,899	3,226	785	674
Loans and advances to customers (net)					
– Reported	313,925	272,152	44,551	55,786	23,439
– Currency translation	21,709	(629)	1,956	—	3,607
– Constant currency	335,634	271,523	46,507	55,786	27,046
Customer accounts					
– Reported	524,251	575,141	63,169	99,278	27,525
– Currency translation	36,254	(1,330)	2,773	—	4,236
– Constant currency	560,505	573,811	65,942	99,278	31,761

1 UK includes HSBC UK Bank plc (ring-fenced bank), HSBC Bank plc (non-ring-fenced bank), the ultimate holding company, HSBC Holdings plc, and the ServCo Group.

Selected countries/territories results: notable items (continued)

	2024				
	UK	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue					
Disposals, acquisitions and related costs[1]	285	—	—	—	—
Early redemption of legacy securities	(237)	—	—	—	—
Operating expenses					
Disposals, acquisitions and related costs	(50)	(2)	(7)	(28)	—
Restructuring and other related costs	(42)	(4)	—	(4)	—

1 Includes fair value movements on the foreign exchange hedging of the sale of our banking business in Canada, which is booked in HSBC Overseas Holdings (UK) Limited.

Legal entity reported and constant currency results (continued)

	2023									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities[1]	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue										
– Reported	13,405	9,289	31,899	2,425	3,863	1,966	3,313	4,729	(4,831)	66,058
– Currency translation	775	287	(86)	2	—	(67)	(250)	(1,800)	121	(1,018)
– Constant currency	14,180	9,576	31,813	2,427	3,863	1,899	3,063	2,929	(4,710)	65,040
ECL										
– Reported	(523)	(212)	(1,641)	(90)	(94)	(46)	(696)	(279)	134	(3,447)
– Currency translation	(30)	(15)	(2)	(1)	—	1	48	193	3	197
– Constant currency	(553)	(227)	(1,643)	(91)	(94)	(45)	(648)	(86)	137	(3,250)
Operating expenses										
– Reported	(4,612)	(6,386)	(13,395)	(1,096)	(3,251)	(1,049)	(1,826)	(2,635)	2,180	(32,070)
– Currency translation	(283)	(330)	16	—	—	36	139	910	(109)	379
– Constant currency	(4,895)	(6,716)	(13,379)	(1,096)	(3,251)	(1,013)	(1,687)	(1,725)	2,071	(31,691)
Share of profit/(loss) in associates and joint ventures										
– Reported	—	(52)	(696)	—	—	—	14	544	(3)	(193)
– Currency translation	—	—	(102)	—	—	—	(1)	—	(1)	(104)
– Constant currency	—	(52)	(798)	—	—	—	13	544	(4)	(297)
Profit before tax										
– Reported	8,270	2,639	16,167	1,239	518	871	805	2,359	(2,520)	30,348
– Currency translation	462	(58)	(174)	1	—	(30)	(64)	(697)	14	(546)
– Constant currency	8,732	2,581	15,993	1,240	518	841	741	1,662	(2,506)	29,802
Loans and advances to customers (net)										
– Reported	270,208	95,750	455,315	20,072	54,829	—	26,410	15,951	—	938,535
– Currency translation	13,974	5,357	186	7	—	—	(1,595)	(758)	—	17,171
– Constant currency	284,182	101,107	455,501	20,079	54,829	—	24,815	15,193	—	955,706
Customer accounts										
– Reported	339,611	274,733	801,430	31,341	99,607	—	29,423	35,326	176	1,611,647
– Currency translation	17,563	14,913	1,855	17	—	—	(1,777)	(3,218)	—	29,353
– Constant currency	357,174	289,646	803,285	31,358	99,607	—	27,646	32,108	176	1,641,000

1 Other trading entities includes the results of entities located in Oman, Türkiye, Egypt and Saudi Arabia (including our share of the results of Saudi Awwal Bank) which do not consolidate into HSBC Bank Middle East Limited. These entities had an aggregated impact on the Group's reported profit before tax of $1.3bn and constant currency profit before tax of $1.1bn.

Legal entity results: notable items (continued)

	2023									
	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	HSBC Bank Canada	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue										
Disposals, acquisitions and related costs[1,2,3]	1,591	(14)	—	—	—	—	—	—	(279)	1,298
Fair value movements on financial instruments[4]	—	—	—	—	—	—	—	—	14	14
Restructuring and other related costs	—	361	—	—	—	—	—	—	(361)	—
Disposal losses on Markets Treasury repositioning	(145)	(94)	(473)	(20)	(246)	—	—	—	1	(977)
Operating expenses										
Disposals, acquisitions and related costs	(45)	(111)	—	—	(11)	(115)	—	—	(39)	(321)
Restructuring and other related costs[5]	20	30	10	2	10	—	6	2	56	136
Impairment loss of interest in BoCom associate[6]	—	—	(3,000)	—	—	—	—	—	—	(3,000)

1 Includes the impact of the sale of our retail banking operations in France.
2 Includes the gain of $1.6bn recognised in respect of the acquisition of SVB UK.
3 Includes fair value movements on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.
4 Fair value movements on non-qualifying hedges in HSBC Holdings.
5 Balances relate to reversals of restructuring provisions recognised during 2022.
6 Includes an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom.

Selected countries/territories results (continued)

	2023				
	UK[1]	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue					
– Reported	19,092	20,611	3,923	3,796	3,313
– Currency translation	1,310	86	(59)	—	(250)
– Constant currency	20,402	20,697	3,864	3,796	3,063
ECL					
– Reported	(594)	(1,529)	(93)	(94)	(696)
– Currency translation	(35)	(5)	(2)	—	48
– Constant currency	(629)	(1,534)	(95)	(94)	(648)
Operating expenses					
– Reported	(12,485)	(8,244)	(2,713)	(3,251)	(1,826)
– Currency translation	(726)	(33)	37	—	139
– Constant currency	(13,211)	(8,277)	(2,676)	(3,251)	(1,687)
Share of profit/(loss) in associates and joint ventures					
– Reported	(53)	30	(746)	—	14
– Currency translation	1	1	(102)	—	(1)
– Constant currency	(52)	31	(848)	—	13
Profit before tax					
– Reported	5,960	10,868	371	451	805
– Currency translation	550	49	(126)	—	(64)
– Constant currency	6,510	10,917	245	451	741
Loans and advances to customers (net)					
– Reported	309,262	279,551	44,275	54,829	26,410
– Currency translation	15,994	1,013	685	—	(1,595)
– Constant currency	325,256	280,564	44,960	54,829	24,815
Customer accounts					
– Reported	508,181	543,504	56,006	99,607	29,423
– Currency translation	26,280	1,969	868	—	(1,777)
– Constant currency	534,461	545,473	56,874	99,607	27,646

1 UK includes HSBC UK Bank plc (ring-fenced bank), HSBC Bank plc (non-ring-fenced bank), the ultimate holding company, HSBC Holdings plc, and the ServCo Group.

Selected countries/territories results: notable items (continued)

	2023				
	UK	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue					
Disposals, acquisitions and related costs[1]	1,272	—	—	—	—
Fair value movements on financial instruments	14	—	—	—	—
Disposal losses on Markets Treasury repositioning	(239)	(473)	—	(246)	—
Operating expenses					
Disposals, acquisitions and related costs	(71)	(1)	(5)	(11)	—
Restructuring and other related costs	75	9	4	10	6
Impairment loss of interest in BoCom associate	—	—	(3,000)	—	—

1 Includes the impairment gain relating to the sale of our retail banking operations in France.

Analysis by country/territory

Profit/(loss) before tax by country/territory within business segments

	2025					
	Hong Kong	**UK**	**CIB**	**IWPB**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
UK[1]	**(346)**	**6,687**	**(487)**	**75**	**(405)**	**5,524**
– of which: HSBC UK Bank plc (ring-fenced bank)	**—**	**7,044**	**161**	**135**	**68**	**7,408**
– of which: HSBC Bank plc (non-ring-fenced bank)	**—**	**—**	**758**	**375**	**(145)**	**988**
– of which: Holdings and other	**(346)**	**(357)**	**(1,406)**	**(435)**	**(328)**	**(2,872)**
France	**—**	**—**	**116**	**(71)**	**(1,566)**	**(1,521)**
Germany	**—**	**—**	**46**	**147**	**(57)**	**136**
Hong Kong	**9,891**	**—**	**1,770**	**1,948**	**(583)**	**13,026**
Australia	**—**	**—**	**519**	**159**	**(14)**	**664**
India	**—**	**12**	**1,500**	**88**	**266**	**1,866**
Indonesia	**—**	**—**	**172**	**3**	**(1)**	**174**
Mainland China[2]	**5**	**—**	**888**	**98**	**96**	**1,087**
Malaysia	**1**	**—**	**367**	**168**	**(6)**	**530**
Singapore	**2**	**—**	**967**	**598**	**(29)**	**1,538**

Profit/(loss) before tax by country/territory within business segments (continued)

	2025					
	Hong Kong	**UK**	**CIB**	**IWPB**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Taiwan	**—**	**—**	**277**	**144**	**(10)**	**411**
Egypt	**—**	**1**	**453**	**100**	**(5)**	**549**
UAE	**—**	**—**	**547**	**283**	**(51)**	**779**
Saudi Arabia[3]	**—**	**—**	**97**	**—**	**665**	**762**
US	**—**	**—**	**1,165**	**152**	**(205)**	**1,112**
Canada	**—**	**—**	**—**	**—**	**6**	**6**
Mexico	**—**	**—**	**497**	**195**	**(42)**	**650**
Other	**23**	**5**	**2,492**	**280**	**(186)**	**2,614**
Year ended 31 Dec 2025	**9,576**	**6,705**	**11,386**	**4,367**	**(2,127)**	**29,907**

	2024					
	$m	$m	$m	$m	$m	$m
UK[1]	(288)	6,605	(457)	85	845	6,790
– of which: HSBC UK Bank plc (ring-fenced bank)	—	6,889	146	106	72	7,213
– of which: HSBC Bank plc (non-ring-fenced bank)	—	—	754	534	(359)	929
– of which: Holdings and other	(288)	(284)	(1,357)	(555)	1,132	(1,352)
France	—	—	322	61	(153)	230
Germany	—	—	182	27	5	214
Hong Kong	9,377	—	1,373	1,619	(482)	11,887
Australia	—	—	477	141	(9)	609
India	—	—	1,323	96	269	1,688
Indonesia	—	—	219	7	(5)	221
Mainland China[2]	9	—	891	(154)	2,481	3,227
Malaysia	—	—	374	143	(3)	514
Singapore	1	—	823	572	(21)	1,375
Taiwan	—	—	293	113	(8)	398
Egypt	—	—	501	122	(16)	607
UAE	—	—	583	371	(83)	871
Saudi Arabia[3]	—	—	112	—	596	708
US	—	—	909	74	(198)	785
Canada[4]	—	—	153	70	4,503	4,726
Mexico	—	—	542	185	3	730
Other[5]	22	—	2,787	440	(6,520)	(3,271)
Year ended 31 Dec 2024	9,121	6,605	11,407	3,972	1,204	32,309

	2023					
	$m	$m	$m	$m	$m	$m
UK[1]	(346)	7,623	(1,011)	(106)	(200)	5,960
– of which: HSBC UK Bank plc (ring-fenced bank)	—	7,922	144	114	90	8,270
– of which: HSBC Bank plc (non-ring fenced bank)	—	—	416	396	177	989
– of which: Holdings and other	(346)	(299)	(1,571)	(616)	(467)	(3,299)
France	—	—	364	(36)	10	338
Germany	—	—	273	43	4	320
Hong Kong	8,760	—	1,150	1,262	(304)	10,868
Australia	—	—	403	178	(15)	566
India	—	—	1,171	57	289	1,517
Indonesia	—	—	191	24	(7)	208
Mainland China[2]	31	—	976	(96)	(540)	371
Malaysia	—	—	377	111	(21)	467
Singapore	—	—	879	234	(31)	1,082
Taiwan	—	—	270	99	(7)	362
Egypt	—	—	401	141	(11)	531
UAE	—	—	589	387	(83)	893
Saudi Arabia[3]	—	—	118	—	539	657
US	—	—	624	225	(398)	451
Canada	—	—	681	293	(96)	878
Mexico	—	—	520	316	(31)	805
Other	44	—	3,179	349	502	4,074
Year ended 31 Dec 2023	8,489	7,623	11,155	3,481	(400)	30,348

1 UK includes results from the ultimate holding company, HSBC Holdings plc, and the ServCo Group.
2 Includes our share of the profits of our associate, BoCom. Amounts in 2025 include a $1.1bn loss on dilution of our shareholding in BoCom and a $1.0bn impairment loss on Group's investment in BoCom. See Note 18 on pages 319 to 322. Amounts in 2023 include an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom.
3 Includes the results of HSBC Saudi Arabia and our share of the profits of our associate, Saudi Awwal Bank.
4 Corporate Centre in 2024 includes a gain on the sale of our banking business in Canada excluding the fair value movements on the foreign exchange hedging of the sale which is booked in HSBC Overseas Holdings (UK) Limited.
5 Corporate Centre in 2024 includes a loss of $6.2bn relating to the sale of our business in Argentina and inter-company debt eliminations of $0.3bn.

Alternative performance measures

The following tables provide the calculation, definition and reconciliation of alternative performance measures to the closest reported performance measure. For further details and an explanation of their basis of preparation, including constant currency, notable items and material notable items, and the impact of strategic transactions and hyperinflationary accounting, see page 66.

Alternative performance measure	Definition
Reported revenue excluding notable items	Reported revenue after excluding notable items reported under revenue
Reported profit before tax excluding notable items	Reported profit before tax after excluding notable items reported under revenue less notable items reported under operating expenses
Constant currency revenue excluding notable items	Reported revenue excluding notable items and the impact of foreign exchange translation
Constant currency profit before tax excluding notable items	Reported profit before tax excluding notable items and the impact of foreign exchange translation
Constant currency revenue excluding notable items and strategic transactions	Reported revenue excluding notable items, strategic transactions and the impact of foreign exchange translation
Constant currency profit before tax excluding notable items and strategic transactions	Reported profit before tax excluding notable items, strategic transactions and the impact of foreign exchange translation
Return on average ordinary shareholders' equity ('RoE')	Profit attributable to the ordinary shareholders / Average ordinary shareholders' equity
Return on average tangible equity ('RoTE')	Profit attributable to the ordinary shareholders, excluding impairment of goodwill and other intangible assets / Average ordinary shareholders' equity adjusted for goodwill and intangibles
Return on average tangible equity ('RoTE') excluding notable items	Profit attributable to the ordinary shareholders, excluding impairment of goodwill and other intangible assets and notable items / Average ordinary shareholders' equity adjusted for goodwill and intangibles
Net asset value per ordinary share	Total ordinary shareholders' equity[1] / Basic number of ordinary shares in issue after deducting own shares held
Tangible net asset value per ordinary share	Tangible ordinary shareholders' equity[2] / Basic number of ordinary shares in issue after deducting own shares held
Post-tax return on average total assets	Profit after tax / Average total assets
Average total shareholders' equity on average total assets	Average total shareholders' equity / Average total assets
Banking net interest income	Banking net interest income adjusts our reported NII, primarily for the impact of funding trading and fair value activities reported in interest expense and to exclude third-party insurance NII[3]
Expected credit losses and other credit impairment charges ('ECL') as % of average gross loans and advances to customers	Annualised constant currency ECL / Constant currency average gross loans and advances to customers
Expected credit losses and other credit impairment charges ('ECL') as % of average gross loans and advances to customers, including held for sale	Annualised constant currency ECL / Constant currency average gross loans and advances to customers, including held for sale
Target basis operating expenses	Reported operating expenses excluding notable items, foreign exchange translation and other excluded items
Basic earnings per share excluding material notable items and related impacts	Profit attributable to ordinary shareholders excluding material notable items and related impacts / Weighted average number of ordinary shares outstanding after deducting own shares held
Multi-jurisdictional client revenue	Total client revenue we generate from clients that hold a relationship with us that generates revenue in more than one market

1 Total ordinary shareholders' equity is total shareholders' equity less non-cumulative preference shares and capital securities.
2 Tangible ordinary shareholders' equity is total ordinary shareholders' equity excluding goodwill and other intangible assets (net of deferred tax).
3 For details on the calculation of banking NII, see page 70.

Constant currency revenue and profit before tax excluding notable items and strategic transactions

	Year ended		
	2025	2024	2023
	$m	$m	$m
Revenue			
Reported	**68,274**	65,854	66,058
Notable items	**2,746**	1,580	(335)
Reported revenue excluding notable items	**71,020**	67,434	65,723
Currency translation[1]		157	(888)
Constant currency revenue excluding notable items	**71,020**	67,591	64,835
Constant currency impact of strategic transactions (distorting impact of operating results between periods)[2]	**—**	(1,214)	N/A
Constant currency revenue excluding notable items and strategic transactions	**71,020**	66,377	N/A
Profit before tax			
Reported	**29,907**	32,309	30,348
Notable items	**6,710**	1,813	2,850
Reported profit before tax excluding notable items	**36,617**	34,122	33,198
Currency translation[1]	**—**	59	(357)
Constant currency profit before tax excluding notable items	**36,617**	34,181	32,841
Constant currency impact of strategic transactions (distorting impact of operating results between periods)[2]	**—**	(413)	N/A
Constant currency profit before tax excluding notable items and strategic transactions	**36,617**	33,768	N/A

1 Currency translation on the reported balance excluding currency translation on notable items.
2 For more details of strategic transactions, please refer to page 80.

Return on average ordinary shareholders' equity, return on average tangible equity and return on average tangible equity excluding notable items

	2025	2024	2023
	$m	$m	$m
Profit after tax			
Profit attributable to the ordinary shareholders of the parent company	**21,102**	22,917	22,432
Impairment of goodwill and other intangible assets (net of tax)	**144**	118	43
Profit attributable to the ordinary shareholders, excluding goodwill and other intangible assets impairment	**21,246**	23,035	22,475
Impact of notable items[1]	**6,126**	1,588	2,173
Profit attributable to the ordinary shareholders, excluding goodwill, other intangible assets impairment and notable items	**27,372**	24,623	24,648
Equity			
Average total shareholders' equity	**191,598**	187,507	184,029
Effect of average preference shares and other equity instruments	**(19,987)**	(18,480)	(18,794)
Average ordinary shareholders' equity	**171,611**	169,027	165,235
Effect of goodwill and other intangibles (net of deferred tax)	**(12,040)**	(11,626)	(11,480)
Average tangible equity	**159,571**	157,401	153,755
	%	%	%
Ratio			
Return on average ordinary shareholders' equity	**12.3**	13.6	13.6
Return on average tangible equity	**13.3**	14.6	14.6
Return on average tangible equity excluding notable items	**17.2**	15.6	16.0

1 For details of notable items please refer to Supplementary financial information on page 76.

To better align our return on average tangible equity ('RoTE') excluding notable items measure 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.

The following table details the adjustments made to reported results by business segment:

Return on average tangible equity by business segment

	Year ended 31 Dec 2025					
	Hong Kong	**UK**	**CIB**	**IWPB**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Profit before tax	**9,576**	**6,705**	**11,386**	**4,367**	**(2,127)**	**29,907**
Tax expense	**(1,604)**	**(1,953)**	**(2,414)**	**(987)**	**182**	**(6,776)**
Profit after tax	**7,972**	**4,752**	**8,972**	**3,380**	**(1,945)**	**23,131**
Less attributable to: preference shareholders, other equity holders, non-controlling interests	**(898)**	**(221)**	**(504)**	**(193)**	**(213)**	**(2,029)**
Profit attributable to ordinary shareholders of the parent company	**7,074**	**4,531**	**8,468**	**3,187**	**(2,158)**	**21,102**
Other adjustments	**339**	**210**	**(168)**	**64**	**(301)**	**144**
Profit attributable to ordinary shareholders	**7,413**	**4,741**	**8,300**	**3,251**	**(2,459)**	**21,246**
Impact of notable items	**9**	**45**	**717**	**226**	**5,129**	**6,126**
Profit attributable to ordinary shareholders, excluding notable items	**7,422**	**4,786**	**9,017**	**3,477**	**2,670**	**27,372**
Average tangible shareholders' equity	**20,889**	**20,936**	**55,828**	**18,313**	**43,605**	**159,571**
RoTE (%) (annualised)	**35.5**	**22.6**	**14.9**	**17.8**	**(5.6)**	**13.3**
RoTE (%), excluding notable items (annualised)	**35.5**	**22.9**	**16.2**	**19.0**	**6.1**	**17.2**

	Year ended 31 Dec 2024					
Profit before tax	9,121	6,605	11,407	3,972	1,204	32,309
Tax expense	(1,219)	(1,844)	(2,734)	(781)	(732)	(7,310)
Profit after tax	7,902	4,761	8,673	3,191	472	24,999
Less attributable to: preference shareholders, other equity holders, non-controlling interests	(944)	(225)	(487)	(158)	(268)	(2,082)
Profit attributable to ordinary shareholders of the parent company	6,958	4,536	8,186	3,033	204	22,917
Other adjustments	239	222	(427)	(46)	130	118
Profit attributable to ordinary shareholders	7,197	4,758	7,759	2,987	334	23,035
Impact of notable items	—	(9)	18	(34)	1,613	1,588
Profit attributable to ordinary shareholders, excluding notable items	7,197	4,749	7,778	2,953	1,946	24,623
Average tangible shareholders' equity	19,199	19,010	54,819	19,019	45,354	157,401
RoTE (%) (annualised)	37.5	25.0	14.2	15.7	0.7	14.6
RoTE (%), excluding notable items (annualised)	37.5	25.0	14.2	15.5	4.3	15.6

Net asset value and tangible net asset value per ordinary share

	2025	2024	2023
	$m	$m	$m
Total shareholders' equity	**198,225**	184,973	185,329
Preference shares and other equity instruments	**(20,716)**	(19,070)	(17,719)
Total ordinary shareholders' equity	**177,509**	165,903	167,610
Goodwill and intangible assets (net of deferred tax)	**(12,356)**	(11,608)	(11,900)
Tangible ordinary shareholders' equity	**165,153**	154,295	155,710
Basic number of $0.50 ordinary shares outstanding, after deducting own shares held	**17,140**	17,918	19,006
Value per share	**$**	$	$
Net asset value per ordinary share	**10.36**	9.26	8.82
Tangible net asset value per ordinary share	**9.64**	8.61	8.19

Post-tax return and average total shareholders' equity on average total assets

	2025	2024	2023
	$m	$m	$m
Profit after tax	**23,131**	24,999	24,559
Average total shareholders' equity	**191,598**	187,507	184,029
Average total assets	**3,198,379**	3,062,474	3,059,887
Ratio	**%**	%	%
Post-tax return on average total assets	**0.7**	0.8	0.8
Average total shareholders' equity to average total assets	**5.99**	6.12	6.01

Expected credit losses and other credit impairment charges as % of average gross loans and advances to customers and expected credit losses and other credit impairment charges as % of average gross loans and advances to customers, including held for sale

	2025	2024	2023
	$m	$m	$m
Expected credit losses and other credit impairment charges ('ECL')	**(3,850)**	(3,414)	(3,447)
Currency translation	**—**	22	197
Constant currency	**(3,850)**	(3,392)	(3,250)
Average gross loans and advances to customers	**975,905**	952,484	955,585
Currency translation	**12,891**	23,848	30,056
Constant currency	**988,796**	976,332	985,641
Average gross loans and advances to customers, including held for sale	**977,814**	968,785	1,020,992
Currency translation	**12,959**	23,308	29,489
Constant currency	**990,773**	992,093	1,050,481
Ratio	**%**	%	%
Expected credit losses and other credit impairment charges (annualised) as a % of average gross loans and advances to customers (%)	**0.39**	0.35	0.33
Expected credit losses and other credit impairment charges (annualised) as a % of average gross loans and advances to customers, including held for sale (%)	**0.39**	0.34	0.31

Target basis operating expenses

Target basis operating expenses

	2025	2024
	$m	$m
Reported operating expenses	**36,428**	33,043
Notable items	**(2,964)**	(233)
– disposals, wind-downs, acquisitions and related costs	**(502)**	(199)
– restructuring and other related costs	**(1,030)**	(34)
– legal provisions[1,2]	**(1,432)**	—
Currency translation[3]	**—**	121
Excluding the constant currency impact of the sale of our business in Argentina and banking business in Canada[4]	**—**	(509)
Excluding the impact of retranslating prior year costs of hyperinflationary economies at a constant currency foreign exchange rate	**—**	56
Target basis operating expenses	**33,464**	32,478

1 During 2025, a $0.3bn provision was recognised in connection with certain historical trading activities in HSBC Bank plc.
2 During 2025, a $1.1bn provision was recognised in connection with a claim brought by Herald Fund SPC in the Luxembourg District Court, relating to the Bernard L. Madoff Investment Securities LLC fraud.
3 Currency translation on reported operating expenses, excluding currency translation on notable items.
4 This represents the business as usual costs which are not classified as notable items relating to our business in Argentina and banking business in Canada, on a constant currency basis. This does not include the disposal costs which relate to these transactions.

Basic earnings per share excluding material notable items and related impacts

Basic earnings per share excluding material notable items and related impacts

	2025	2024
	$m	$m
Profit attributable to shareholders of company	**22,285**	23,979
Coupon payable on capital securities classified as equity	**(1,183)**	(1,062)
Profit attributable to ordinary shareholders of company	**21,102**	22,917
Dilution and impairment losses of interest in associate	**1,956**	—
Legal provisions[2]	**1,110**	—
Impact of disposals, wind-downs, acquisitions and related costs	**2,077**	1,137
– of which: impact of the sale of our banking business in Canada[1]	**1**	(4,963)
– of which: impact of the sale of our business in Argentina	**98**	6,161
– of which: other strategic transactions[3]	**1,978**	(61)
Profit attributable to ordinary shareholders of company excluding material notable items and related impacts	**26,245**	24,054
Number of shares		
Weighted average basic number of ordinary shares (millions) after deducting own shares held	**17,427**	18,357
Basic earnings per share ($)	**1.21**	1.25
Basic earnings per share excluding material notable items and related impacts ($)	**1.51**	1.31
Dividend per ordinary share (in respect of the period) ($)[4]	**0.75**	0.87
Dividend payout ratio (%) (dividend per ordinary share divided by basic earnings per share excluding material notable items and related impacts)	**50%**	50%

1 Represents gain on sale of our banking business in Canada recognised on completion, inclusive of the earnings recognised by the banking business from 30 June 2022, the recycling of losses in foreign currency translation reserves and other reserves, and gain on the foreign exchange hedging of the sale proceeds.
2 During 2025, a $1.1bn provision was recognised in connection with a claim brought by Herald Fund SPC in the Luxembourg District Court, relating to the Bernard L. Madoff Investment Securities LLC fraud.
3 For the year ended 31 December 2025, this includes a loss of $1.5bn from the recycling of other reserves associated with the sale of retained home loan portfolio, after the sale of our retail banking operations in France. Additionally, it also includes the loss of $0.3bn recognised from the sale of our French and UK life insurance businesses.
4 In 2024, dividend per share includes the special dividend of $0.21 per ordinary share arising from the proceeds of the sale of our banking business in Canada to Royal Bank of Canada.

Multi-jurisdictional client revenue

Multi-jurisdictional client revenue is a financial metric we use to assess our ability to drive value from our international network.

In our wholesale businesses, we identify a client as multi-jurisdictional if they hold a relationship with us that generates revenue in any market outside of where the primary relationship is managed. A client is defined as a master group (HSBC's own client groupings) that includes both the parent and, where relevant, any subsidiaries.

Multi-jurisdictional client revenue is a component of wholesale client revenue and represents the total client revenue we generate from multi-jurisdictional clients. Wholesale client revenue is derived by excluding from wholesale revenue the revenue we generate from Fixed Income, Equities, Commodities, and non-cash foreign exchange, as well as other non-client revenue.

Wholesale multi-jurisdictional client revenue

	2025	2024
	$bn	$bn
Wholesale revenue	**40.3**	39.1
Allocated revenue and other[1]	**(2.2)**	(1.3)
Fixed Income, Equities, Commodities, and non-Cash FX	**(6.4)**	(5.6)
Wholesale client revenue	**31.7**	32.3
– clients banked in multiple jurisdictions ('multi-jurisdictional')	**20.0**	20.0
– domestic only clients[2]	**11.7**	12.3

1 Including allocations of Market Treasury revenue, HSBC Holdings interest expense and hyperinflationary accounting adjustments, and interest earned on capital held in the business segment.
2 The fall in wholesale client revenue from domestic only clients primarily reflected the sale of our businesses in Canada and Argentina in 2024, as well as the impact of lower interest rates.

Risk review

Our risk review outlines our approach to risk management, how we identify and monitor top and emerging risks, and the actions we take to mitigate them. In addition, it explains our material banking risks, including how we manage capital.

98 Our approach to risk
100 Top and emerging risks
105 Our material banking risks
107 Credit risk
156 Treasury risk
167 Market risk
170 Climate risk
180 Resilience risk
180 Regulatory compliance risk
181 Financial crime risk
181 Model risk
182 Insurance manufacturing operations risk



Our approach to risk

We recognise that the primary role of risk management is to help protect our customers, business, colleagues, shareholders and the communities that we serve, while ensuring we are able to support our strategy and provide sustainable growth.

In addition, we recognise the importance of a strong culture, which refers to our shared attitudes, beliefs, values and standards that shape behaviours including those related to risk awareness, risk taking and risk management. All our people are responsible for the management of risk, with ultimate supervisory oversight residing with the Board.

The implementation of our business strategy remains a key focus. As we deliver change initiatives, we seek to actively manage the execution risks. We also perform periodic risk assessments, including against strategies, to help ensure retention of key personnel for our continued safe operation.

Our risk management framework

We aim to use a comprehensive risk management approach across the organisation and across all risk types, underpinned by our culture and values. This is outlined in our Risk Management Framework ('RMF'), including the key principles and practices that we employ in managing material risks, both financial and non-financial.

The RMF sets out in a consistent way how we identify, assess and manage the risks that matter the most with respect to our ability to operate, grow, and meet external commitments. It translates our strategy, values and commitments into practical actions and risk-based decisions.

Our Group Risk and Compliance function is responsible for the Group's RMF. Independent from the business segments, including our sales and trading functions, it provides challenge, oversight and appropriate balance of risk and reward in decision-making. Its responsibility includes establishing global policy, monitoring risk profiles, and identifying and managing forward-looking risk.

Our people are responsible for managing both financial and non-financial risk, including regulatory compliance and financial crime risks. They are required to manage the risks of the business and operational activities for which they are responsible. We maintain adequate oversight of our risks through our various specialist risk stewards and the collective accountability held by our chief risk officers ('CROs') and chief risk and compliance officers ('CRCOs'). We seek to maintain a sound control environment and regularly test and monitor our controls, which aim to prevent risks from materialising, detect when they do, and recover and learn from issues in a timely manner within our risk appetite.

Our risk appetite

Our risk appetite defines the level and types of risk that we are willing to take to achieve our strategic objectives.

The Board approves the Group's risk appetite and reviews it regularly to help ensure it remains fit for purpose.

Our enterprise-wide risk appetite is expressed holistically through various risk management mechanisms and activities, in both quantitative and qualitative terms and is formally articulated through our Risk Appetite Statement ('RAS').

The Group's risk appetite is established considering:

- alignment with our strategy, purpose, values, external risk environment, reputational and customer needs;
- compliance with applicable laws, regulations and regulatory priorities;
- forward-looking insights into future risk exposure;
- sufficiency of available capital, liquidity and balance sheet leverage to absorb the risks;
- capacity and capabilities of people to manage the risk landscape;
- functionality, capacity and resilience of available systems to manage the risk landscape;
- effectiveness of the applicable control environment to mitigate risk; and
- internally and externally disclosed commitments.

Performance against the Group's RAS is reported to the Group Risk Management Meeting to support targeted insight and discussion of breaches of risk appetite and any associated mitigating actions. This reporting helps risks to be promptly identified and mitigated and informs risk-adjusted remuneration to drive a strong risk culture.

Each principal subsidiary and material operating entity is covered by a RAS, and their alignment with the Group's RAS is monitored.

Our risk governance

The Board has ultimate supervisory responsibility for the effective management of risk.

The Group Chief Risk and Compliance Officer ('GCRCO'), supported by members of the Group Risk Management Meeting, holds executive accountability for the ongoing monitoring, assessment and management of the risk environment and the effectiveness of the risk management framework.

The GCRCO is also responsible for the oversight of reputational risk, with the support of the Group Reputational Risk Committee. Further details can be found under the 'Reputational risk' section of www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk.

Day-to-day responsibility for risk management is delegated to senior managers with individual accountability for decision making.

We use a defined executive risk governance structure to help enable appropriate oversight and accountability of risk, which facilitates reporting and escalation to the Group Risk Management Meeting. This structure is summarised in the following table.

Governance structure for the management of risk and compliance

Authority	Membership	Responsibilities include:
Group Risk Management Meeting	GCRCO Group Chief Legal Officer Group CEO Group CFO All other Group Operating Committee members	– Supporting the GCRCO in exercising Board-delegated risk management authority – Overseeing the implementation of risk appetite and the risk management framework – Forward-looking assessment of the risk environment, analysing possible risk impacts and taking appropriate action – Monitoring all categories of risk and determining appropriate mitigating action – Promoting a supportive Group culture in relation to risk management and conduct
Group Risk and Compliance Leadership Meeting	GCRCO CRCOs of HSBC's business segments Regional CRCOs and CROs Heads of Global Risk and Compliance sub-functions	– Supporting the GCRCO in providing strategic direction for the Group Risk and Compliance function, setting priorities and providing oversight – Overseeing a consistent approach to accountability for, and mitigation of, risk and compliance across the Group
Global business/regional risk management meetings	Global business/regional CRCOs and CROs Global business/regional CEOs Global business/regional CFOs Global business/regional heads of global functions	– Supporting the GCRCO in exercising Board-delegated risk management authority – Forward-looking assessment of the risk environment – Implementation of risk appetite and the risk management framework – Monitoring all categories of risk and overseeing appropriate mitigating actions – Embedding a supportive culture in relation to risk management and controls

▶ The Board committees with responsibility for oversight of risk-related matters are set out on page 195.
▶ Treasury risks, excluding pension and insurance risks, are the responsibility of the Group Finance Management Meeting and the Group Risk Committee. Global Treasury actively manages these risks, supported by the Holdings Asset and Liability Management Committee ('ALCO') and local ALCOs, overseen by Treasury Risk Management and Risk Management Meetings. Further details on treasury risk management are set out on page 156.

Our responsibilities

All our people are responsible for identifying and managing risk within the scope of their roles. Roles are defined using the three lines of defence model, which takes into account our business and functional structures as described below.

Three lines of defence

To create a robust control environment to manage risks, we use an activity-based three lines of defence model. This model delineates management accountabilities and responsibilities for risk management and the control environment.

The model underpins our approach to risk management by clarifying responsibility and encouraging collaboration, as well as enabling effective coordination of risk and control activities. The three lines of defence are summarised below:

– The first line of defence owns the risks and is responsible for identifying, recording, reporting and managing these risks in line with risk appetite, including that the right controls and assessments are in place to mitigate them.
– The second line of defence challenges the first line of defence on effective risk management, and provides advice, guidance and assurance of the first line of defence to help ensure it is managing risk effectively.
– The third line of defence is our Global Internal Audit function, which provides independent assurance as to whether our risk management approach and processes are designed and operating effectively.

Stress testing

Our stress testing programme assesses potential financial risks to our business model, and forms part of our risk management and capital and liquidity planning. As well as undertaking regulatory-driven stress tests, we conduct our own internally defined stress tests to understand the nature of our potential vulnerabilities, quantify their impact, and develop plausible mitigating actions. The outcome of a stress test provides management with key insights into the impact of severely adverse events on the Group and provides an indication to regulators of the Group's resilience to shocks and any consequences for financial stability.

Our internal capital assessment uses a range of stress scenarios that explore systemic risks, as well as other potential events that are idiosyncratic to HSBC.

During 2025, we completed a Group-wide internal stress test of the Group's strategy and corporate plan. The stress scenario assessed the impact of the ongoing trade policy uncertainty, including tariffs and geopolitical conflicts which remain key risks for the global economy.

In addition to the Group-wide stress testing scenarios, each principal subsidiary conducts regular macroeconomic and event-driven scenario analysis specific to its region. They also participate, as required, in the regulatory stress testing programmes of the jurisdictions in which they operate, including stress tests required by the Bank of England ('BoE') in the UK, the Federal Reserve Board ('FRB') in the US, and the Hong Kong Monetary Authority ('HKMA') in Hong Kong.

We also conduct reverse stress tests each year at the Group level and, where required, at a 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.

▶ For further details of our stress testing and recovery and resolution planning, see 'Stress testing and recovery and resolution planning' on page 157.

Key developments in 2025

In 2025, we continued to manage risks related to macroeconomic and geopolitical uncertainties and develop risk management capabilities through the continued enhancement of our risk management framework. We work to maintain and build stronger relationships with regulators and other external stakeholders to support our business and customer objectives. We retained our focus on risk transformation and financial crime and continued to assess the Group's operational resilience capability while prioritising the most significant enterprise risks. More specifically, we sought to enhance our risk management in the following areas:

– We have been advancing our programme aimed at strengthening our global regulatory reporting processes and making them more sustainable, including enhancing data, consistency and controls. While this programme continues, there may be further impacts on some of our regulatory ratios as we implement recommended changes and continue to enhance our controls across the process.
– We strengthened our control environment through the continued embedding of our Group Chief Control Oversight Office which established a centralised approach to controls oversight across the first line of defence business and process owners, including a consistent approach to control standards, aggregated reporting and testing.
– We enhanced our technology and cybersecurity controls to help improve the resilience and security of our technology services in response to the heightened external threat environment.

- We responded to new innovations in the financial system, including growing adoption of digital assets and currencies, as well as the evolving use of AI through reviewing and enhancing controls across risk areas to help us and our customers safely benefit from innovation.
- We continue to enhance our processes, framework and controls to improve the oversight of our third parties. We have strengthened our due diligence and monitoring capabilities, with respect to the financial stability of our third parties to better manage our supply chain and we continue to assess and seek to manage our operational resilience.
- We have further enhanced the way we identify and manage HSBC Group climate-related risks, which have also been embedded across the wider organisation. This has been achieved through risk policy and guideline updates, including updates to our HSBC Group climate risk approach document, and further development of our risk metrics and assessments to help monitor and manage exposures across our organisation. We have also reviewed a number of climate models and have sought to enhance our internal climate scenario analysis capabilities.
- We deployed advanced technology and analytics capabilities into new markets to improve our ability to identify suspicious activities and prevent financial crime. We will continue to evaluate technological solutions to improve our capabilities in the detection and prevention of financial crime.
- We continued to promote our whistleblowing service, HSBC Confidential, ensuring it is embedded in our speak-up culture. Continual enhancement is being undertaken to help ensure optimal effectiveness of the service, while maintaining adherence to regulation and legislation.
- We have refreshed our conduct approach to ensure it remains clear, accessible and aligned with how we work today, while maintaining the same strong standards and enhancing our capability to drive positive outcomes for our customers and protect the integrity of financial markets.

Top and emerging risks

We use a top and emerging risks process to provide a forward-looking view of issues with the potential to threaten our operations or the execution of our strategy over the medium to long term.

We proactively assess the internal and external risk environment, and review the themes identified across our regions and business segments, for any risks that may require global escalation. We update our top and emerging risks as necessary.

Our current top and emerging risks are as follows.

Externally driven

Geopolitical and macroeconomic risks

Key economic and financial risks are monitored closely. The Group remains exposed to these risks through its operations, investments and business activity.

The global economy proved resilient to trade policy changes and geopolitical shocks through 2025 and growth was stronger than expected. Economic activity was supported by a decline in policy interest rates and deficit spending across major economies. At the same time, oil prices remained broadly stable despite heightened geopolitical tensions over Venezuela and the Middle East. Asset prices also rose on account of strong corporate earnings and investor enthusiasm for technology stocks and investment in AI.

A key source of ongoing uncertainty is the volatility of US trade and tariff policies. Changes to tariff rates, including sector-specific levies, may deter capital investment and consumer spending, disrupt supply chains and reduce global trade growth. Policy uncertainty and trade disruption may also deter businesses from hiring. During 2025, unemployment rose across many of our major markets, and there remains a risk of further increases if layoffs begin to increase more significantly, employment growth continues to be constrained by uncertainty, or if investment in AI starts to yield productivity gains that reduce demand for labour.

A broader escalation of tariffs and a trade war remain a risk. Strategic competition between countries is reshaping trading relationships and increasing the focus on long-term economic and supply chain security, which could adversely affect the Group and our customers.

Tariffs are a particular challenge to China and other export-led economies. While China has responded by diversifying trade to other markets, it faces cyclical and structural challenges in the short to medium term, including reviving the property sector. In contrast, the effect of tariffs on the UK has been smaller, given the less significant role of trade with the US. The UK benefited from securing an early trade agreement with the US on relatively preferential terms, however it now faces the possibility that the deal is replaced by alternative US tariffs on different terms.

The disruption of key supply routes caused by geopolitical conflicts has continued to impact global supply chains. The Russia-Ukraine war and further conflict or military action, in the Middle East, Venezuela or elsewhere, could impact economic activity regionally or globally which, if continued for a prolonged period, could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings. The financial impact on the Group of geopolitical risks in Asia is heightened due to the region's relatively high contribution to the Group's profitability.

The monetary policy outlook remains uncertain across major economies. During 2025, major central banks cut policy interest rates, but several, including the US Federal Reserve, have had to balance inflation – that has persisted above target – against weaker employment growth. The Group's financial performance could be affected by changes to interest rate expectations. Policy interest rates could be reduced further if inflation continues to moderate. However, that trajectory could be disrupted if wage growth, tariffs or key commodity prices keep inflation higher for longer.

The US dollar depreciated in 2025 driven by changing interest rates and tariff policy uncertainty. The decline marked the end of a long period of sustained appreciation against major currencies. Although the US dollar remains the primary trade invoicing and reserve asset currency, elevated volatility is expected to persist, reflecting concern over fiscal sustainability and an increasingly complex fiscal and monetary policy environment.

Equity markets rose strongly during 2025, led by significant gains for the technology sector and AI company valuations in particular. While high asset prices may create a tailwind from positive wealth effects, current high valuations also raise the risk of a material fall in the markets if the expected gains to productivity fail to materialise. In addition, the Group remains exposed to the market risk and any potential impact on economic growth of an abrupt revaluation of asset prices.

Fiscal policy and high levels of government debt are monitored closely. Debt levels in many of our major markets have continued to rise due to higher social welfare costs and increased expenditures on defence and climate transition. Rising government debt and high interest payments could adversely impact the fiscal capacity and debt sustainability of highly-indebted sovereign issuers. Emerging markets with substantial debt and weak fiscal positions may also face increased repayment costs, heightened refinancing risks, a greater likelihood of sovereign rating downgrades, and a higher tax burden. This could prove negative for short and long-term growth prospects. Uncertainty about future taxation could undermine confidence, business investment and consumer spending, which would be negative for the Group's retail and corporate operations in various markets.

Demographic shifts, including population ageing and migration patterns, may alter savings and investment behaviours and result in reduced demand for bank borrowing.

We continue to closely monitor market conditions in the Hong Kong and mainland China commercial real estate ('CRE') markets. In Hong Kong, market sentiment and the economic outlook continue to show signs of improvement, supported by interest rate cuts, the positive wealth effect from a buoyant equities market and improving economic conditions. Nevertheless, recovery is likely to take time, with liquidity and valuation pressures expected to continue in the near term, particularly for mid-sized and sub-investment grade corporates. In mainland China, market fundamentals remain weak and refinancing risks continue.

▶ For further details of market conditions, see page 144.

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. HSBC actively monitors and responds to financial sanctions and restrictions on trade and investment.

Global tensions over trade and technology are resulting in divergent regulatory standards and compliance regimes, presenting long-term strategic challenges for multinational businesses such as HSBC. As the geopolitical landscape evolves, compliance by multinational corporations with their legal or regulatory obligations or other initiatives in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another, creating additional legal, regulatory, reputational and political risks for the Group. We maintain dialogue with our regulators in various jurisdictions on the impact of legal and regulatory obligations on our business and customers.

While it is the Group's policy to comply with all applicable laws and regulations of all jurisdictions in which it operates, geopolitical tensions and potential ambiguities in the Group's compliance obligations continue to present challenges and risks for the Group, and could have a material adverse impact on the Group's strategy, business, customers, operations, financial results and reputation.

Expanding data privacy, national security and cybersecurity laws in a number of markets could pose potential challenges to intra-group data sharing. These developments may affect our ability to manage financial crime risks across markets due to limitations on cross-border transfers of personal information.

Provisioning against credit loss is conducted under the IFRS 9 'Financial Instruments' ('IFRS 9') calculations of ECL, which use forward-looking scenarios that incorporate the economic and financial risks detailed above. There remains uncertainty regarding the adequacy of our models in capturing credit losses under emerging risks which are not captured by the historical loss experience of our models, or to effectively distinguish risks for specific sectors and portfolios.

The above risks could also have an impact on our customers, and we continue to closely monitor the potential impacts and offer support to our customers in line with regulatory, government and wider stakeholder expectations.

▶ For further details of our Central and other scenarios, see 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 115.

Mitigating actions

- We closely monitor geopolitical and economic developments in key markets and sectors. We may undertake scenario analysis, including stress testing portfolios of particular concern to identify sensitivity to loss under a range of scenarios. This helps us to take actions to manage our portfolios where necessary, including through enhanced monitoring, amending our risk appetite and/or reducing limits and exposures.
- We regularly review key portfolios, including our commercial real estate portfolio, to help ensure that individual customer or portfolio risks are understood and that our ability to manage the level of facilities offered through any downturn is appropriate.
- We apply management judgemental adjustments where modelled ECL does not fully reflect the identified risks and related uncertainty, or to capture significant late-breaking events.
- We continue to seek to manage the impact of sanctions and restrictions on trade and investment through the use of reasonably designed policies, procedures and controls, which are subject to ongoing testing and enhancements.
- We have taken steps, where necessary, to enhance physical security in geographical areas deemed to be at high risk from terrorism and military conflicts.

Technology and cybersecurity risk

We operate in an extensive and complex technology landscape. We need to remain resilient to support customers, our colleagues and financial markets globally. Risks arise where, for example, technology – including rapidly advancing AI – is not understood, maintained or developed appropriately. We also continue to operate in an increasingly complex cyber threat environment globally. These threats include potential unauthorised access to systems, whether ours or those of our third-party suppliers, including access to and potential exfiltration of customer data. These threats require ongoing investment in business and technical controls to defend against them.

Mitigating actions

- We continue to upgrade many of our technology systems and are transforming how software solutions are developed, delivered, maintained and tested as part of our investment in the Group's operational resilience to seek to meet the expectations of our customers and regulators, and to help prevent disruptions to our services and recover when they occur.
- Our cyber intelligence and threat analysis team continually evaluate threat levels for the most prevalent cyber-attack types and their potential outcomes (see page 64), and we continue to seek to strengthen our controls to help reduce the likelihood and impact of attacks including advanced malware, data leakage, exposure through third parties and security vulnerabilities.
- We continue to seek to enhance our cybersecurity capabilities, including infrastructure and network security, cloud security, identity and access management, metrics and data analytics, and third-party security assurance, and to invest in mitigating the potential threats of emerging technologies.
- We regularly report and review cyber risk and control effectiveness at executive level across business segments, functions and regions, as well as at non-executive Board level to help enable appropriate visibility and governance of the risk and its mitigating actions.
- We participate globally in industry bodies and working groups, working together to seek to protect against, detect, respond to and recover from cyber-attacks on financial organisations globally.
- We respond to attempts to compromise our cybersecurity in accordance with our cybersecurity framework. To date, none of these attacks have had a material impact on our business or operations.

Environmental, social and governance ('ESG') risks

We are subject to financial and non-financial risks associated with ESG-related matters, such as climate change, nature-related and human rights issues. These matters can impact us both directly and indirectly through our business activities and relationships. For details of how we govern ESG, see page 58.

We may face credit and trading losses, liquidity impacts and/or impacts to our real estate portfolios if climate-related regulatory, legislative or technological developments impact customers' business models or if extreme weather events disrupt or interrupt customers' operations, resulting in financial difficulty for customers and/or stranded assets, and impacting their ability to repay their debts or secure insurance. Our customers may find that their business models fail to align to a net zero economy or face disruption to their operations or deterioration to their assets as a result of extreme weather. Operational risk may also increase if extreme weather events impact critical operations and premises.

We may face regulatory compliance, legal, conduct and reputational risks resulting from the increasing pace, breadth and depth of climate-related regulatory expectations, including on the management of climate risk, and variations in external ESG-related reporting standards and taxonomies, requiring implementation in short timeframes across multiple jurisdictions. Such risks may also arise from how we decide to

support our customers in high-emitting sectors in their transition to net zero, the preferences of different stakeholders in relation to our approach to the transition to net zero, and if we make insufficient progress in achieving our ESG-related ambitions, targets and commitments.

We may face additional risks if we knowingly or unknowingly make inaccurate, unclear, misleading, or unsubstantiated claims regarding sustainability to our stakeholders.

Requirements, policy objectives, expectations, views or market and public perceptions and preferences in connection with the transition to a net zero economy and ESG-related matters may vary by jurisdiction and stakeholder, particularly in light of the differing perspectives and responses to climate change of stakeholders in different markets, such as the UK, the US, the EU, and others. We may be subject to potentially conflicting approaches to ESG matters in certain jurisdictions, which may impact our ability to conduct certain business within those jurisdictions or result in additional regulatory compliance, reputational, political or litigation risks.

For example, our reputation and client relationships may be damaged as a result of our decision to participate, or not to participate, in certain projects perceived to be associated with causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change, including the transition to net zero. These risks may also arise from divergence in the implementation of ESG, climate policy and financial regulation in the many regions in which we operate, including initiatives to apply and enforce policy and regulation with extraterritorial effect.

Our strategy and business model, including our products, services, and risk management processes, will need to continue to evolve to align with evolving regulatory requirements, stakeholder expectations and to manage ESG-related risks. This may involve adapting the way we measure and manage both financial and non-financial risks associated with ESG matters. Achieving our strategy with respect to ESG matters, including any related ambitions, targets and commitments we may set, depends on a number of factors beyond the Group's control, such as technological advancements and supportive public policies in our operating markets. If these external factors do not materialise or are delayed, we may not meet our ESG-related ambitions, targets and commitments.

We may encounter financial reporting risks concerning our climate and ESG disclosures due to model limitations and the limited quality and consistency of available data. As methodologies, data, scenarios, and industry standards evolve with market practices, regulations, or scientific advancements, our ability to collect and process required data may be challenged, exposing us to financial reporting risk in relation to our climate and ESG disclosures. This could result in the Group having to re-evaluate its progress towards its ESG-related ambitions, targets and commitments in the future, resulting in reputational, regulatory compliance and legal risks.

We recognise the importance of nature-related risks, as well as the complex interactions and compounding effects of climate and nature-related risk drivers. Nature-related risks may emerge when dependencies on natural capital – such as plants, soils and minerals and ecosystem services – such as water availability and air quality – are affected by key drivers of nature loss, or when there is a lack of alignment between an organisation's impact on the natural environment and actions to protect, restore or reduce negative impacts on nature. Such risks can affect both HSBC and our customers through various channels, including macroeconomic, market, credit, reputational, regulatory compliance and legal risks.

Businesses are expected to be transparent about their efforts to identify and respond to the risk of adverse human rights impacts arising from their business activities and relationships. Failure to manage this risk may negatively impact people and communities, which in turn may result in reputational, regulatory compliance and legal risks for HSBC.

Mitigating actions

- We continue to develop our climate risk management capabilities across four key pillars: governance and risk appetite, risk management, stress testing and scenario analysis, and disclosures.
- We continue to enhance our approach to managing and mitigating the risk of greenwashing.
- Our sustainability risk policies form part of our broader risk management framework and are important mechanisms for managing risks. Our sustainability risk policies focus on mitigating reputational, credit, legal and other risks related to our customers' environmental and social impacts. For further details of our sustainability risk policies, see page 50.
- Sustainability execution risk has been defined as a new risk type to help identify and manage the risks around the delivery and execution of our sustainability strategy. For further details, see page 171.
- We continue to develop our understanding of nature-related risks in line with European and other emerging regulatory expectations.
- In 2025, we continued to focus on our approach to human rights risk management relating to the goods and services we buy from third parties and in respect of our business customers. For further details of our approach to human rights risk management, see page 59.
- The scope of our financial reporting risk framework includes oversight of the accuracy and completeness of climate and ESG-related disclosures. Our risk appetite statement references our climate and ESG-related disclosures. Our internal controls incorporate requirements for addressing the risk of misstatement in climate and ESG-related disclosures. We developed a framework to support the implementation of controls for climate and ESG-related disclosures, which includes areas such as process and data governance, and risk assessment.
- We continue to engage with our customers, investors and regulators on the management of climate and ESG risks. We also engage with initiatives, including the Climate Financial Risk Forum, to help with informing developing practice for climate risk management.

▶ For further details of our approach to climate risk management, see 'Climate risk' on page 170.
▶ Our ESG review can be found on page 33.

Financial crime risk

Financial institutions remain under considerable regulatory scrutiny regarding their ability to detect and prevent financial crime. In 2025, these risks continued to be exacerbated by rising geopolitical tensions and ongoing macroeconomic factors. These challenges require not only the management of conflicting laws and approaches to legal and regulatory regimes, but also the implementation of more complex and less predictable sanctions and restrictions on trade and investment.

Amid growing cost of living pressures, we continue to face increasing regulatory expectations with respect to managing internal and external fraud and protecting customers. The accessibility and increasing sophistication of Generative AI ('GenAI') can create additional financial crime risks. While there is potential for the technology to support financial crime detection, there is also a risk that criminals use GenAI to perpetrate fraud, particularly scams.

The digitisation of financial services continues to have an impact on the payments ecosystem, with an increasing number of new market entrants and payment mechanisms, not all of which are subject to the same level of regulatory scrutiny or regulations as banks. Developments in digital assets and currencies have continued at pace, with an increasing regulatory and enforcement focus on the financial crimes linked to these types of assets.

We also continue to face increasing challenges presented by national data privacy requirements, which may affect our ability to manage financial crime risks across markets.

Mitigating actions

- We continue to seek to manage sanctions and restrictions on trade and investment through the use of reasonably designed policies, procedures and controls, which are subject to ongoing testing and enhancements.
- We continue to develop our fraud controls and invest in capabilities to fight financial crime through the application of advanced analytics and AI, while monitoring technological developments and engaging with third parties.
- We continue to assess the impact of a rapidly changing payments ecosystem, as well as risks associated with direct and indirect exposure to digital assets and currencies, in an effort to maintain appropriate financial crime controls.
- We engage with regulators, policymakers and relevant international bodies, to improve the effectiveness of managing financial crime risk through changes to international standards, guidance and legislation, including seeking to address data privacy challenges.

Digitalisation and technological advances risk

Developments in technology and changes to regulations are enabling new entrants to the industry, particularly with respect to payments. This challenges us to continue innovating, enhancing efficiency, and adapting our products to attract and retain customers, which may require increased investment to meet evolving customer needs. We aim to ensure that new digital capabilities do not weaken our resilience or wider risk management capabilities.

New technologies such as GenAI, large language models, blockchain, and quantum computing not only offer business opportunities but also pose potential risks for HSBC. As with the use of all technologies, we aim to maximise their potential while seeking to ensure a robust control environment is in place to help manage the inherent risks.

Mitigating actions

- We continue to monitor this emerging risk and advances in technology, as well as changes in customer behaviours, to understand how these may impact our business.
- We assess new technologies to help develop appropriate controls and maintain resilience.
- We closely monitor and assess financial crime risk and the impact on payment transparency and wider payment infrastructure.
- We conduct risk assessments and have governance in place (for example on AI and digital assets and currencies) to help enable Group-wide cross-risk focus on areas of emerging technology.
- We seek to be transparent as to how we are engaging with new technology innovation, for example publishing HSBC's Principles for the Ethical Use of Data and AI.
- We continue to make improvements to our related policies and to our control framework to enhance the end-to-end management of risks from new technology innovations.

Evolving regulatory environment risk

We operate across a range of highly regulated markets, designed to protect customers, ensure the stability of the financial system and prevent financial crime. Regulatory approvals and permissions are required to operate in these markets. 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.

Mitigating actions

- We proactively manage relationships with regulators globally covering a range of topics which include but are not limited to: prudential requirements; operational resilience; resolvability; financial reporting and data; ESG; conduct; sound risk and financial crime risk management practices. We also engage with financial services regulators to inform them of changes to the business and to address their concerns, including meetings with them to discuss strategic contingency plans, including those arising from geopolitical issues.
- We monitor and track regulatory developments to understand the evolving regulatory landscape and implement necessary changes required by legislation and regulations.
- We engage with governments and regulators directly, and by responding to formal consultations, to help shape legislation and regulations to support our customers and strategic objectives.

Internally driven

Data risk

We use multiple systems and an increasing volume of data to support our customers. Risk arises if data is incorrect, unavailable, misused or unprotected. Like other banks and financial institutions, we must comply with external regulatory obligations and laws governing data, such as the Basel Committee on Banking Supervision's 239 ('BCBS239') principles and the UK/EU General Data Protection Regulation.

Mitigating actions

- We actively monitor the quality, availability and security of data that supports our customers and internal processes, seeking to address any identified issues.
- We continue to make regular improvements to our data policies and control framework, including trusted sources, data flows and data quality, to enhance comprehensive management of data risk.
- We seek to protect customer data through our data privacy processes and controls, which set practices, design principles and guidelines to help ensure compliance with data privacy laws and regulations.
- We have established a comprehensive Risk Data Aggregation and Risk Reporting framework, seeking to ensure compliance with BCBS239 principles.
- We continue to modernise our data and analytics infrastructure through investments in cloud technology, data visualisation, machine learning and AI.
- We provide regular mandatory training globally to educate our employees on data risk management, seeking to ensure they know how to process and protect data effectively.

Risks arising from the receipt of services from third parties

We use third parties to provide a range of goods and services. It is critical that we seek to have appropriate risk management policies, processes and practices over the selection, governance and oversight of third parties and their supply chain, particularly for key activities that could affect our operational resilience. Any deficiency in the management of risks associated with our third parties could affect our ability to support our customers and meet regulatory expectations.

Mitigating actions

We continue to:

- monitor the effectiveness of the controls operated by our third-party providers and request third-party control reports, where required;
- develop the management of our intra-group arrangements using equivalent control requirements as we apply to external third-party arrangements;
- strengthen our due diligence and monitoring capabilities in respect of the financial stability of our third parties;
- strengthen third-party risk oversight across all non-financial risks and to enhance our processes and framework;
- enhance reporting capabilities to help improve the visibility of risk and enable more robust management of our material third parties by our business segments, functions and regions; and
- implement changes required by new regulations.

Model risk

Model risk remains a key area of focus given the regulatory scrutiny in this area, with local regulatory exams taking place in many jurisdictions and uplifted requirements from the PRA's supervisory statement 1/23 ('SS1/23') being implemented.

We continued to prioritise the redevelopment of internal ratings-based ('IRB') and internal model methods ('IMM') models, in relation to counterparty credit, as part of the IRB repair and Basel 3.1 and Fundamental Review of the Trading Book programmes. We have a key focus on enhancing the quality of data used as model inputs and ensuring that models adhere to both the letter and spirit of the regulation. Some models have been approved, and a number are pending approval decisions from the UK's Prudential Regulation Authority ('PRA') and other key regulators. We are a year into a major project to redevelop our Wholesale IRB models which are expected to be submitted for regulatory approval over the next two years. Should the agreed timelines not be met, there is a potential risk of requirements to hold additional capital or fines being applied by regulators.

Focus remains on AI and machine learning models given the rapid pace of technological advances, including the development of GenAI and agentic AI (autonomous systems powered by AI agents). AI is driving significant changes in modelling techniques, and regulators across the globe are beginning to publish regulations and guidance.

Mitigating actions

- We are investing in the redevelopment of our IRB models used in our wholesale businesses to enhance our modelling capability and help ensure we meet regulatory expectations for the adoption of Basel 3.1 requirements.
- We further enhanced our Model Risk Management ('MRM') framework to meet the requirements of the PRA's SS1/23 with a programme of work in progress to implement these changes across our model landscape.
- We completed the identification of tools that meet the definition of Deterministic Quantitative Methods ('DQMs'), which are complex and material calculators, and although not technically models, they present similar risks. We have now commenced a programme for uplifting the controls for these DQMs.
- We made changes to our Model Risk Governance committees at the Group, business and functional levels as part of our organisational simplification, to help ensure they continue to provide effective and efficient oversight of model risk.
- Model Risk Management works closely with businesses to support the development of IRB/IMM/IMA/IFRS 9/stress testing models by providing independent validation, review and challenge to help meet risk management, pricing, capital management, and credit risk measurement needs.
- Additional assurance work is performed by the model risk governance teams, which act as second lines of defence. The teams test whether controls implemented by model users comply with model risk policy and if model risk procedures are adequate.
- Models using AI or GenAI techniques are reviewed by the relevant risk teams and monitored by the business to help ensure that identified risks have adequate oversight and review. A framework has been developed to manage the range of risks that are generated by these advanced techniques and to recognise the multidisciplinary nature of these risks.
- We have enhanced our inventory control to apply heightened scrutiny of agentic AI use cases before deployment.

Strategic execution risk

Effective management of strategic execution risk is essential to delivering our strategy, fulfilling shareholder expectations, and sustaining stakeholder confidence. To achieve the Group's strategic commitments, it is essential to engage in effective financial resource planning that helps ensure safe and sustainable delivery of strategic outcomes. Strategic execution risk remains elevated due to the complexity and scale of ongoing strategic, regulatory and technological change. It is critical to uphold and enhance strategic execution risk controls and monitoring.

Mitigating actions

- We have refreshed our Strategic Risk Policy to strengthen control requirements.
- We have clarified strategic execution risk management requirements and oversight accountabilities.
- The Group Finance Management Meeting oversees the prioritisation and funding, strategic alignment, and management of strategic execution risk for transformative initiatives. Additionally, the HSBC Holdings Board provides enhanced oversight over the simplification programme, directly supervising its mobilisation and delivery.
- We have updated our strategic execution risk metrics and reporting to help support improved monitoring and oversight of performance.

Risks associated with workforce capability, capacity and environmental factors with potential impact on growth

Our business segments and functions in all of our markets are exposed to risks associated with workforce capacity challenges, including challenges to retain, develop and attract high-performing employees in key labour markets, the evolving skills requirements of our workforce and compliance with employment laws and regulations. Failure to manage these risks may have an impact on the delivery of our strategic objectives. It could also result in poor customer outcomes or a breach of employment laws and regulations, which may lead to regulatory sanctions or legal claims.

Mitigating actions

- We seek to promote an inclusive workforce and provide health and wellbeing support. We continue to build our speak-up culture through active campaigns.
- We monitor hiring activities and levels of employee attrition, with each business and function putting in place plans to help ensure they have effective workforce forecasting to meet business demands.
- We monitor people risks that could arise due to the implementation of organisational restructuring, seeking to ensure that we manage redundancies sensitively and support impacted employees. We encourage our people leaders to focus on talent retention at all levels, with an empathetic mindset and approach, while ensuring the whole proposition of working at HSBC is well understood.
- Our Future Skills curriculum aims to provide skills that enable employees and HSBC to be successful in the future.
- We develop succession plans for key management roles, with oversight from the Group Operating Committee.
- We have introduced 'How We Lead', a new Group-wide leadership framework designed to shape the way we operate. This initiative brings with it a new set of Leadership Principles, and we expect it to drive meaningful changes in our ways of working across the organisation.

Our material banking risks

The material risk types associated with our banking and insurance manufacturing operations are described in the following tables:

Description of risks – banking operations

Risks	Arising from	Measurement, monitoring and management of risk
Credit risk ▶ See page 107 Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract.	Credit risk arises principally from direct lending, trade finance and leasing business, but also from other products such as guarantees and derivatives.	Credit risk is: – measured as the amount that could be lost if a customer or counterparty fails to make repayments; – monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and – managed through a risk control framework, which seeks to outline clear and consistent policies, principles and guidance for risk managers; and by setting limits and appetite across geographical markets, portfolios or sectors.
Treasury risk ▶ See page 156 Treasury risk is the risk of having insufficient capital, liquidity or funding resources to meet financial obligations and satisfy regulatory requirements, including the risk of an adverse impact on earnings or capital due to structural and transactional foreign exchange exposures and changes in market interest rates, together with pension and insurance risk.	Treasury risk arises from changes to the respective resources and risk profiles driven by customer behaviour, management decisions or the external environment.	Treasury risk is: – measured through risk appetite and more granular limits, set to provide an early warning of increasing risk, minimum ratios of relevant regulatory metrics, and metrics to monitor the key risk drivers impacting treasury resources; – monitored and projected against appetites and by using operating plans based on strategic objectives together with stress and scenario testing; and – managed through control of resources in conjunction with risk profiles, strategic objectives and cash flows.
Market risk ▶ See page 167 Market risk is the risk of an adverse financial impact on trading activities arising from changes in market parameters such as interest rates, foreign exchange rates, asset prices, volatilities, correlations and credit spreads.	Market risk arises from both trading portfolios and non-trading portfolios. Market risk for trading portfolios is discussed in the Market risk section on page 168. Market risk for non-trading portfolios is discussed in the Treasury risk section on page 165. Market risk exposures arising from our insurance operations are discussed on page 184.	Market risk is: – measured using sensitivities, value at risk ('VaR') and stress testing, giving a detailed picture of potential gains and losses for a range of market movements and scenarios, as well as tail risks over specified time horizons; – monitored using VaR, stress testing and other measures; and – managed using risk limits approved by the Group Risk Management Meeting and the risk management meetings in various business segments.
Climate risk ▶ See page 170 Climate risk relates to the financial and non-financial impacts that may arise as a result of climate change and the move to a net zero economy.	Climate risk can materialise through: – physical risk, which arises from the increased frequency and severity of extreme weather events, such as hurricanes and floods, or chronic gradual shifts in weather patterns or rises in the sea level; – transition risk, which arises from the process of moving to a net zero economy, including changes in government policy and legislation, technology, market demand, and reputational implications triggered by a change in stakeholder expectations, action or inaction; and – the risk of greenwashing, which arises from the act of knowingly or unknowingly making inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to stakeholders.	Climate risk is: – measured using risk metrics and stress testing; – monitored against risk appetite statements; – managed through adherence to risk appetite thresholds, through specific policies, and through enhancements to processes and development of tools; and – this includes the development of product controls to manage the risk of greenwashing and the development of portfolio steering capabilities to manage our net zero ambitions.
Sustainability execution risk ▶ See page 173 Sustainability execution risk is the risk of not meeting our sustainability ambitions, targets and commitments as set out in firm-level external reporting, sustainability risk policies and associated internal policies, and other ESG commitments.	Sustainability execution risk can arise from: – financing or engaging in business activities with clients and/or transactions that are not aligned or that are inconsistent with our sustainability risk appetite and policies; – incorrectly including products or transactions as counting towards our sustainable finance ambition; – engaging in activities that do not support our ambition to become a net zero bank by 2050.	Sustainability execution risk is: – measured through progress against sustainability ambitions, targets and commitments using risk metrics; – monitored against targets to reduce emissions and risk appetite which includes sectoral decarbonisation pathways; and – managed through a risk control framework, appropriate policies and continual monitoring.

Description of risks – banking operations (continued)

Risks	Arising from	Measurement, monitoring and management of risk
Resilience risk ▶ See page 180		
Resilience risk is the risk of sustained and significant business disruption causing the inability to provide critical services to our customers, affiliates, and counterparties.	Resilience risk arises from failures or inadequacies in processes, people, systems or external events.	Resilience risk is: – measured using a range of metrics and against our agreed risk appetite; – monitored through oversight of enterprise processes, risks, controls and strategic change programmes; and – managed by continual monitoring and thematic reviews.
Regulatory compliance risk ▶ See page 180		
Regulatory compliance risk is the risk associated with breaching our duty to clients and other counterparties, inappropriate market conduct (including unauthorised trading) and breaching related financial services regulatory standards.	Regulatory compliance risk arises from the failure to observe relevant laws, codes, rules and regulations, potentially resulting in adverse market or conduct outcomes, fines, penalties and reputational harm.	Regulatory compliance risk is: – assessed and measured with reference to risk appetite, identified metrics, incident assessments, regulatory feedback and the judgement of our regulatory compliance teams; – monitored against the first line of defence risk and control assessments and testing, alongside the outcome of the second line of defence monitoring and control assurance activities, as well as internal and external audits and regulatory inspections; and – managed by establishing and communicating appropriate policies and procedures, training employees accordingly, and monitoring activities to help ensure compliance.
Financial crime risk ▶ See page 181		
Financial crime risk is the risk that HSBC's products and services will be exploited for criminal activity. This includes fraud, bribery and corruption, tax evasion and the facilitation of tax evasion, sanctions and export control violations and evasion, money laundering, terrorist financing and proliferation financing.	Financial crime risk arises from day-to-day banking operations involving customers, third parties and employees.	Financial crime risk is: – measured by reference to risk appetite, identified metrics, incident assessments, regulatory feedback and the judgement of, and assessment by, our financial crime teams; – monitored against the first line of defence risk and control assessments, and the results of the monitoring and control assurance activities of the second line of defence functions; and – managed by establishing and communicating appropriate policies and procedures, training employees and monitoring activity to help embed them. Proactive risk control and/or remediation work is undertaken where required.
Model risk ▶ See page 181		
Model risk is the risk of the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions.	Model risk arises in both financial and non-financial contexts whenever business decision making includes reliance on models.	Model risk is: – measured by reference to model performance tracking and the output of detailed technical reviews and regulatory feedback, with key metrics including model validation outcomes and monitoring results; – monitored against model risk appetite statements, insight from the independent validations completed by the model risk management team; and – managed by creating and communicating appropriate policies, procedures and guidance, training colleagues in their application, supervising their adoption to help ensure operational effectiveness, and ensuring models are approved for use.

Our insurance manufacturing subsidiaries are regulated separately from our banking operations. Risks in our insurance entities are managed using methodologies and processes that are subject to Group oversight. Our insurance operations are also subject to many of the same risks as our banking operations, and these are covered by the Group's risk management processes. However, there are specific risks inherent to the insurance operations as noted below.

Description of risks – insurance manufacturing operations

Risks	Arising from	Measurement, monitoring and management of risk
Financial risk ▶ See page 184		
For insurance entities, financial risk includes the risk of not being able to effectively match liabilities arising under insurance contracts with appropriate investments and that the expected sharing of financial performance with policyholders under certain contracts is not possible.	Exposure to financial risk arises from: – market risk affecting the fair values of financial assets or their future cash flows; – credit risk; and – liquidity risk of entities being unable to make payments to policyholders as they fall due.	Financial risk is: – measured for market risk, in terms of fluctuation in key financial reporting metrics; for credit risk, in terms of the market value that could be lost if a counterparty fails to make repayments; and for liquidity risk, in terms of internal metrics including stressed operational cash flow projections; – monitored through a framework of approved limits and delegated authorities; and – managed through a risk control framework, which seeks to outline clear and consistent policies, principles and guidance. This includes using product design, asset liability matching and bonus rates.
Insurance risk ▶ See page 185		
Insurance risk is the risk that, over time, the cost of insurance policies written, including claims and benefits, may exceed the total amount of premiums and investment income received.	The cost of claims and benefits can be influenced by many factors, including mortality and morbidity experience, as well as lapse and surrender rates.	Insurance risk is: – measured in terms of the variance between actual experience and expected assumptions and impact on key financial reporting metrics; – monitored through a framework of approved limits and delegated authorities; and – managed through a risk control framework, which seeks to outline clear and consistent policies, principles and guidance. This includes using product design, underwriting, reinsurance and claims-handling procedures.

Credit risk

▶ See page 105 for our definition of Credit risk.

Credit risk management

Key developments in 2025

There were no material changes to the policies and practices for the management of credit risk in 2025. We continued to apply the requirements of IFRS 9 'Financial Instruments' within the Credit Risk sub-function.

We actively managed the risks related to macroeconomic uncertainties, including interest rates, inflation, fiscal and monetary policy, broader geopolitical uncertainties and conflicts.

▶ For further details, see 'Top and emerging risks' on page 100.

Governance and structure

We have established Group-wide credit risk management and related IFRS 9 processes. We continue to assess the impact of economic developments in key markets on specific customers, customer segments or portfolios. As credit conditions change, we take mitigating actions, including the revision of risk appetites or limits and tenors, as appropriate. In addition, we continue to evaluate the terms under which we provide credit facilities within the context of individual customer requirements, the quality of the relationship, local regulatory requirements, market practices and our local market position.

Credit Risk sub-function

(Audited)

The Credit Risk sub-function in Group Risk and Compliance is responsible for the key policies and processes for managing credit risk, which include formulating Group credit policies and risk rating frameworks, guiding the Group's appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios while fostering a culture of responsible lending.

Key risk management processes

IFRS 9 'Financial Instruments' process

The IFRS 9 'Financial Instruments' process focuses on three main areas: modelling, data and forward economic guidance; implementation; and governance.

Modelling, data, and forward economic guidance

This involves establishing IFRS 9 modelling and data processes across various geographies, including internal model risk governance and independent reviews. A centralised process generates unbiased global economic scenarios, which are reviewed quarterly for consistency with current economic conditions and risks. These scenarios are subject to final review and approval by senior management in a forward economic guidance global business impairment committee.

Implementation

A centralised impairment engine calculates expected credit losses using data from various systems, which is subject to validation checks and enhancements from a variety of client, finance and risk systems. Where possible, these checks and processes are performed in a globally consistent and centralised manner.

Governance

Regional management review forums, including representatives from Credit Risk and Finance, review and approve impairment results. These approvals are reviewed by retail and wholesale impairment committees for final approval. Required committee members include the relevant Chief Risk Officers, Chief Financial Officers and the Global Financial Controller.

Concentration of exposure

(Audited)

Concentration of credit risk occurs when multiple counterparties share similar economic traits or operate in the same sectors or regions, making them collectively vulnerable to changes in economic or political conditions. To mitigate this risk, the Group uses various controls such as portfolio and counterparty limits, approval and review processes, and stress testing across industries, countries and businesses.

Credit quality of financial instruments

(Audited)

Our risk rating system facilitates the internal ratings-based approach under the Basel framework to support the calculation of our minimum capital requirement. The five credit quality classifications encompass a range of granular internal credit rating grades assigned to wholesale and retail customers, and the external ratings attributed by external agencies to debt securities.

For debt securities and certain other financial instruments, external ratings have been aligned to the five quality classifications based upon the mapping of related customer risk rating ('CRR') to external credit rating.

Wholesale lending

The CRR 10-grade scale summarises a more granular underlying 23-grade scale of obligor probability of default ('PD'). All corporate customers are rated using the 10- or 23-grade scale, depending on the degree of sophistication of the Basel approach adopted for the exposure.

Each CRR band is associated with an external rating grade by reference to long-run default rates for that grade, represented by the average of issuer-weighted historical default rates. This mapping between internal and external ratings is indicative and may vary over time.

Retail lending

Retail lending credit quality is based on a 12-month point-in-time probability-weighted PD.

Credit quality classification

	Sovereign debt securities and bills	Other debt securities and bills	Wholesale lending and derivatives		Retail lending	
	External credit rating	External credit rating	Internal credit rating[1]	12-month regulatory probability of default %	Internal credit rating	12 month probability-weighted PD %[2]
Quality classification						
Strong	**BBB and above**	**A- and above**	**CRR 1 to CRR 2**	**0–0.169**	**Band 1 and 2**	**0 – <=0.5**
Good	**BBB- to BB**	**BBB+ to BBB-**	**CRR 3**	**0.170–0.740**	**Band 3**	**>0.5 – <=1.5**
Satisfactory	**BB- to B and unrated**	**BB+ to B and unrated**	**CRR 4 to CRR 5**	**0.741–4.914**	**Band 4 and 5**	**>1.5 – <=20**
Sub-standard	**B- to C**	**B- to C**	**CRR 6 to CRR 8**	**4.915–99.999**	**Band 6**	**>20 – <100**
Credit impaired	**Default**	**Default**	**CRR 9 to CRR 10**	**100**	**Band 7**	**100**

1 Customer risk rating ('CRR').
2 12-month point-in-time probability-weighted PD.

Quality classification definitions

- 'Strong' exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or low levels of expected loss.
- 'Good' exposures require closer monitoring and demonstrate a good capacity to meet financial commitments, with low default risk.
- 'Satisfactory' exposures require closer monitoring and demonstrate an average-to-fair capacity to meet financial commitments, with moderate default risk.
- 'Sub-standard' exposures require varying degrees of special attention and default risk is of greater concern.
- 'Credit-impaired' exposures have been assessed as described in Note 1.2(j) to the financial statements.

Forborne loans and advances

(Audited)

Forbearance measures consist of concessions towards an obligor that is experiencing, or about to experience, difficulties in meeting its financial commitments.

We continue to class loans as forborne when we modify the contractual payment terms due to having concerns about the borrowers' ability to meet contractual payments when they were due. Our definition of forborne captures non-payment-related concessions, such as covenant waivers.

- For details of our policy on forbearance, see Note 1.2(j) in the financial statements.

Credit quality of forborne loans

For wholesale lending, where payment-related forbearance measures result in a diminished financial obligation, or if there are other indicators of impairment, the loan will be classified as credit impaired if it is not already so classified. All facilities with a customer, including loans that have not been modified, are considered credit impaired following the identification of a payment-related forborne loan. For retail lending, where a material payment-related concession has been granted, the loan will be classified as credit impaired. In isolation, non-payment related forbearance measures may not result in the loan being classified as credit impaired unless combined with other indicators of credit impairment. These are classed as performing forborne loans for both wholesale and retail lending.

Wholesale and retail lending forborne loans are classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, observed over a minimum one-year period, and there are no other indicators of impairment. Any forborne loans not considered credit impaired will remain forborne for a minimum of two years from the date that credit impairment no longer applies. For wholesale and retail lending, any forbearance measures granted on a loan already classed as forborne results in the customer being classed as credit impaired.

Forborne loans and recognition of expected credit losses

(Audited)

Forborne loans expected credit loss assessments reflect the higher rates of losses typically experienced with these types of loans; as such they are categorised as stage 2 and stage 3. The higher rates are more pronounced in unsecured retail lending requiring further segmentation.

For wholesale lending, forborne loans are typically assessed individually. Credit risk ratings are intrinsic to the impairment assessments. The individual impairment assessment takes into account the higher risk of the future non-payment inherent in forborne loans.

Impairment assessment

(Audited)

For details of our impairment policies on loans and advances and financial investments, see Note 1.2(j) on the financial statements.

Write-off of loans and advances

(Audited)

Under IFRS 9, write-off should occur when there is no reasonable expectation of recovering further cash flows from the financial asset.

This principle does not prohibit early write-off, which is defined in local policies to ensure effectiveness in the management of customers in the collections process.

Unsecured personal facilities, including credit cards, are generally written off at between 150 and 210 days past due. The standard period runs until the end of the month in which the account becomes 180 days contractually delinquent. However, in exceptional circumstances, to avoid unfair customer outcomes, deliver customer duty or meet regulatory expectations, the period may be extended further.

For secured facilities, write-off should occur upon repossession of collateral, receipt of proceeds via settlement, or determination that recovery of the collateral will not be pursued. Where these assets are maintained on the balance sheet beyond 60 months of consecutive delinquency-driven default, the prospect of recovery is reassessed.

Recovery activity, on both secured and unsecured assets, may continue after write-off.

Any unsecured exposures that are not written off at 180 days past due, and any secured exposures that are in 'default' status for 60 months or greater but are not written off, are subject to additional monitoring via the appropriate governance forums.

Credit risk in 2025

At 31 December 2025, gross loans and advances to banks and customers of $1,108bn increased by $65.1bn on a reported basis compared with 31 December 2024. Gross loans and advances to customers increased by $58.7bn and gross loans and advances to banks increased by $6.4bn. This included total favourable foreign exchange movements of $44.1bn.

On a constant currency basis, the increase of $21.0bn was driven by an $11.4bn rise in wholesale loans and advances to customers and a $6.8bn rise in personal loans and advances to customers. There was a further increase of $2.8bn in loans and advances to banks.

The rise in wholesale loans and advances to customers was driven by an increase in balances in HSBC UK (up $8.4bn) and in Asia (up $3.8bn), across multiple industry sectors.

The rise in personal loans and advances to customers was driven by mortgage growth of $8.8bn, mainly in HSBC UK (up $8.5bn), and higher other personal lending in our entities in Asia (up $4.8bn). This was partly offset by the disposal of our retained portfolio of home and certain other loans in France ($7.2bn).

There was a decrease in stage 2 loans and advances to banks and customers of $17.1bn on a constant currency basis. This was mainly driven by model recalibration for retail portfolios where the probability of default ('PD') was aligned to the most recent observed performance. This resulted in a shift of balances from stage 2 to stage 1, mainly in HSBC UK mortgages. The balances transferred consisted of up-to-date loans mainly in the 'Strong' and 'Good' credit quality buckets.

At 31 December 2025, the allowance for ECL of $11.2bn increased by $0.9bn compared with 31 December 2024, including adverse foreign exchange movements of $0.4bn, and write-offs of $3.6bn. The $11.2bn allowance comprised $10.8bn in respect of assets held at amortised cost and $0.4bn in respect of loan commitments and financial guarantees.

On a constant currency basis, the allowance for ECL in relation to loans and advances to customers increased by $0.6bn from 31 December 2024. This was attributable to:

- a $0.5bn increase in wholesale loans and advances to customers, which included a $0.8bn increase in stage 3 and a $0.3bn decrease in stages 1 and 2; and
- a $0.1bn increase in personal loans and advances to customers driven by stages 1 and 2.

The ECL charge for 2025 was $3.9bn (2024: $3.4bn), inclusive of recoveries. The ECL charge comprised: $2.4bn in respect of wholesale lending, of which the stage 3 charge was $2.1bn; and $1.5bn in respect of personal lending, of which $0.9bn was in stage 3.

Wholesale lending charges were recognised mainly in our legal entities in Hong Kong ($1.2bn). This included charges related to the Hong Kong CRE sector of $0.7bn. This reflected updates to our models used for ECL calculations, an increase in allowances for new defaulted exposures, as well as continued negative migration in the portfolio as market conditions remained challenging. ECL charges in the mainland China CRE sector of $0.2bn were mainly driven by a new default.

▶ Income statement movements are analysed further on page 69.

While credit risk arises across most of our balance sheet, ECL have typically been recognised on loans and advances to customers and banks, in addition to securitisation exposures and other structured products. As a result, our disclosures focus primarily on these two areas. For further details of:

- maximum exposure to credit risk, see page 115;
- measurement uncertainty and sensitivity analysis of ECL estimates, see page 115;
- reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees, see page 125;
- credit quality, see page 128;
- total wholesale lending for loans and advances to banks and customers by stage distribution, see page 136;
- wholesale and personal lending collateral, see page 134; and
- total personal lending for loans and advances to customers at amortised cost by stage distribution, see page 146.

Summary of credit risk

The following disclosure presents the gross carrying/nominal amount of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for ECL.

Summary of financial instruments to which the impairment requirements in IFRS 9 are applied – by business segment

	At 31 Dec 2025												At 31 Dec 2024											
	Gross carrying/nominal amount						Allowance for ECL[1]						Gross carrying/nominal amount						Allowance for ECL[1]					
	Hong Kong $m	UK $m	CIB $m	IWPB $m	Corporate Centre $m	Total $m	Hong Kong $m	UK $m	CIB $m	IWPB $m	Corporate Centre $m	Total $m	Hong Kong $m	UK $m	CIB $m	IWPB $m	Corporate Centre $m	Total $m	Hong Kong $m	UK $m	CIB $m	IWPB $m	Corporate Centre $m	Total $m
Loans and advances to customers at amortised cost	**233,389**	**305,700**	**308,169**	**151,657**	**176**	**999,091**	**(3,898)**	**(2,002)**	**(3,146)**	**(1,610)**	**(36)**	**(10,692)**	238,416	269,141	287,842	137,789	7,185	940,373	(3,208)	(1,848)	(3,141)	(1,464)	(54)	(9,715)
Loans and advances to banks at amortised cost	**11,478**	**7,696**	**67,733**	**16,630**	**4,932**	**108,469**	**—**	**—**	**(4)**	**(2)**	**(1)**	**(7)**	13,034	7,505	63,524	15,713	2,276	102,052	(1)	(2)	(7)	(1)	(2)	(13)
Other financial assets measured at amortised cost	**58,210**	**106,752**	**599,580**	**59,114**	**66,670**	**890,326**	**(28)**	**(10)**	**(65)**	**(25)**	**(1)**	**(129)**	52,869	100,322	553,664	58,713	63,012	828,580	(25)	(9)	(39)	(19)	—	(92)
– cash and balances at central banks	**6,717**	**52,218**	**165,027**	**18,174**	**723**	**242,859**	**—**	**—**	**—**	**—**	**—**	**—**	5,565	63,981	177,095	20,260	773	267,674	—	—	—	—	—	—
– Hong Kong Government certificates of indebtedness	**—**	**—**	**—**	**—**	**44,063**	**44,063**	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	42,293	42,293	—	—	—	—	—	—
– reverse repurchase agreements – non-trading	**6,076**	**26,197**	**258,424**	**6,354**	**1,341**	**298,392**	**—**	**—**	**—**	**—**	**—**	**—**	2,896	13,188	229,672	5,844	949	252,549	—	—	—	—	—	—
– financial investments	**38,967**	**24,871**	**72,693**	**28,344**	**17,226**	**182,101**	**(2)**	**(1)**	**(4)**	**(5)**	**—**	**(12)**	40,345	20,072	56,537	25,059	11,969	153,982	(1)	(1)	(4)	(3)	—	(9)
– assets held for sale[2]	**—**	**14**	**3,229**	**864**	**8**	**4,115**	**—**	**—**	**(18)**	**(9)**	**—**	**(27)**	—	5	670	2,595	3	3,273	—	—	(4)	—	—	(4)
– prepayments, accrued income and other assets[3]	**6,450**	**3,452**	**100,207**	**5,378**	**3,309**	**118,796**	**(26)**	**(9)**	**(43)**	**(11)**	**(1)**	**(90)**	4,063	3,076	89,690	4,955	7,025	108,809	(24)	(8)	(31)	(16)	—	(79)
Total on-balance sheet	**303,077**	**420,148**	**975,482**	**227,401**	**71,778**	**1,997,886**	**(3,926)**	**(2,012)**	**(3,215)**	**(1,637)**	**(38)**	**(10,828)**	304,319	376,968	905,030	212,215	72,473	1,871,005	(3,234)	(1,859)	(3,187)	(1,484)	(56)	(9,820)
Loan and other credit-related commitments	**108,011**	**103,230**	**353,721**	**125,138**	**692**	**690,792**	**(24)**	**(92)**	**(196)**	**(3)**	**—**	**(315)**	109,369	90,848	307,197	111,762	191	619,367	(29)	(116)	(187)	(16)	—	(348)
Financial guarantees	**622**	**1,199**	**13,946**	**1,709**	**—**	**17,476**	**(1)**	**(16)**	**(33)**	**(1)**	**—**	**(51)**	1,171	939	13,186	1,702	—	16,998	(2)	(3)	(24)	—	—	(29)
Total off-balance sheet[4]	**108,633**	**104,429**	**367,667**	**126,847**	**692**	**708,268**	**(25)**	**(108)**	**(229)**	**(4)**	**—**	**(366)**	110,540	91,787	320,383	113,464	191	636,365	(31)	(119)	(211)	(16)	—	(377)
	411,710	**524,577**	**1,343,149**	**354,248**	**72,470**	**2,706,154**	**(3,951)**	**(2,120)**	**(3,444)**	**(1,641)**	**(38)**	**(11,194)**	414,859	468,755	1,225,413	325,679	72,664	2,507,370	(3,265)	(1,978)	(3,398)	(1,500)	(56)	(10,197)

Summary of financial instruments to which the impairment requirements in IFRS 9 are applied – by business segment (continued)

	At 31 Dec 2025												At 31 Dec 2024											
	Fair value						Memorandum allowance for ECL[5]						Fair value						Memorandum allowance for ECL[5]					
	Hong Kong	UK	CIB	IWPB	Corporate Centre	Total	Hong Kong	UK	CIB	IWPB	Corporate Centre	Total	Hong Kong	UK	CIB	IWPB	Corporate Centre	Total	Hong Kong	UK	CIB	IWPB	Corporate Centre	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Debt instruments measured at FVOCI	**133,840**	**29,306**	**170,258**	**48,939**	**1,225**	**383,568**	**(1)**	**—**	**(20)**	**(9)**	**—**	**(30)**	128,568	26,405	137,538	51,516	2,097	346,124	(1)	(1)	(18)	(14)	(20)	(54)

1 The total ECL is recognised in the loss allowance for the financial asset unless the total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognised as a provision.
2 At 31 December 2025, the gross carrying amount comprised $3.6bn of loans and advances to customers and banks (31 December 2024: $1.1bn) and $0.5bn of other financial assets at amortised cost (31 December 2024: $2.1bn) including: the planned sales of our business in Uruguay ($1.4bn), our private banking and custody businesses in Germany ($0.3bn, 31 December 2024: $2.2bn), our business in South Africa ($0.4bn, 31 December 2024: $0.4bn) and sale of individual assets in the US ($1.3bn, 31 December 2024: $11m)). The corresponding allowance for ECL comprised $27m of loans and advances to customers and banks (31 December 2024: $4m) and nil of other financial assets at amortised cost (31 December 2024: $0.3m).
3 Includes only those financial instruments that are subject to the impairment requirements of IFRS 9. 'Prepayments, accrued income and other assets' as presented within the consolidated balance sheet on page 72 comprises both financial and non-financial assets, including cash collateral, settlement accounts and items in the course of collection from other banks.
4 Represents the maximum amount at risk should the contracts be fully drawn upon and clients default.
5 Debt instruments measured at FVOCI continue to be measured at fair value with the allowance for ECL as a memorandum item. Change in ECL is recognised in 'Change in expected credit losses and other credit impairment charges' in the income statement.

Change in expected credit losses and other credit impairment charges by business segment

Full-year to	Hong Kong $m	UK $m	CIB $m	IWPB $m	Corporate Centre $m	Total $m
31 Dec 2025	**(1,476)**	**(696)**	**(696)**	**(892)**	**(90)**	**(3,850)**
31 Dec 2024	(1,076)	(402)	(869)	(1,038)	(29)	(3,414)

The following table provides an overview of the Group's credit risk by stage and industry, and the associated ECL coverage. The financial assets recorded in each stage have the following characteristics:

– Stage 1: These financial assets are unimpaired and without a significant increase in credit risk for which a 12-month allowance for ECL is recognised.
– Stage 2: A significant increase in credit risk has been experienced on these financial assets since initial recognition for which a lifetime ECL is recognised.
– Stage 3: There is objective evidence of impairment and the financial assets are therefore considered to be in default or otherwise credit impaired for which a lifetime ECL is recognised.
– Purchased or originated credit-impaired financial assets ('POCI'): Financial assets that are purchased or originated at a deep discount are seen to reflect the incurred credit losses on which a lifetime ECL is recognised.

Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector

(Audited)

	Gross carrying/nominal amount[1]					Allowance for ECL					ECL coverage %				
	Stage 1 $m	Stage 2 $m	Stage 3 $m	POCI[2] $m	Total $m	Stage 1 $m	Stage 2 $m	Stage 3 $m	POCI[2] $m	Total $m	Stage 1 %	Stage 2 %	Stage 3 %	POCI[2] %	Total %
Loans and advances to customers at amortised cost	**893,433**	**80,936**	**24,389**	**333**	**999,091**	**(1,201)**	**(2,318)**	**(7,097)**	**(76)**	**(10,692)**	**0.1**	**2.9**	**29.1**	**22.8**	**1.1**
– personal	**446,696**	**23,887**	**3,945**	**—**	**474,528**	**(667)**	**(1,235)**	**(895)**	**—**	**(2,797)**	**0.1**	**5.2**	**22.7**	**—**	**0.6**
– corporate and commercial	**349,763**	**54,636**	**19,966**	**140**	**424,505**	**(478)**	**(1,064)**	**(5,909)**	**(75)**	**(7,526)**	**0.1**	**1.9**	**29.6**	**53.6**	**1.8**
– non-bank financial institutions	**96,974**	**2,413**	**478**	**193**	**100,058**	**(56)**	**(19)**	**(293)**	**(1)**	**(369)**	**0.1**	**0.8**	**61.3**	**0.5**	**0.4**
Loans and advances to banks at amortised cost	**108,336**	**132**	**1**	**—**	**108,469**	**(4)**	**(2)**	**(1)**	**—**	**(7)**	**—**	**1.5**	**100.0**	**—**	**—**
Other financial assets measured at amortised cost	**888,491**	**1,651**	**184**	**—**	**890,326**	**(76)**	**(11)**	**(42)**	**—**	**(129)**	**—**	**0.7**	**22.8**	**—**	**—**
Loan and other credit-related commitments	**669,648**	**20,488**	**652**	**4**	**690,792**	**(149)**	**(97)**	**(69)**	**—**	**(315)**	**—**	**0.5**	**10.6**	**—**	**—**
– personal	**270,494**	**1,945**	**92**	**—**	**272,531**	**(22)**	**(5)**	**—**	**—**	**(27)**	**—**	**0.3**	**—**	**—**	**—**
– corporate and commercial	**255,740**	**14,649**	**560**	**4**	**270,953**	**(115)**	**(88)**	**(69)**	**—**	**(272)**	**—**	**0.6**	**12.3**	**—**	**0.1**
– financial	**143,414**	**3,894**	**—**	**—**	**147,308**	**(12)**	**(4)**	**—**	**—**	**(16)**	**—**	**0.1**	**—**	**—**	**—**
Financial guarantees	**15,913**	**1,371**	**192**	**—**	**17,476**	**(8)**	**(17)**	**(26)**	**—**	**(51)**	**0.1**	**1.2**	**13.5**	**—**	**0.3**
– personal	**1,446**	**—**	**—**	**—**	**1,446**	**(1)**	**—**	**—**	**—**	**(1)**	**0.1**	**—**	**—**	**—**	**0.1**
– corporate and commercial	**10,071**	**1,287**	**190**	**—**	**11,548**	**(6)**	**(17)**	**(26)**	**—**	**(49)**	**0.1**	**1.3**	**13.7**	**—**	**0.4**
– financial	**4,396**	**84**	**2**	**—**	**4,482**	**(1)**	**—**	**—**	**—**	**(1)**	**—**	**—**	**—**	**—**	**—**
At 31 Dec 2025	**2,575,821**	**104,578**	**25,418**	**337**	**2,706,154**	**(1,438)**	**(2,445)**	**(7,235)**	**(76)**	**(11,194)**	**0.1**	**2.3**	**28.5**	**22.6**	**0.4**
Loans and advances to customers at amortised cost	824,420	93,248	22,615	90	940,373	(1,078)	(2,546)	(6,040)	(51)	(9,715)	0.1	2.7	26.7	56.7	1.0
– personal	403,746	39,919	3,560	—	447,225	(570)	(1,158)	(796)	—	(2,524)	0.1	2.9	22.4	—	0.6
– corporate and commercial	340,987	51,231	18,376	90	410,684	(463)	(1,358)	(4,883)	(51)	(6,755)	0.1	2.7	26.6	56.7	1.6
– non-bank financial institutions	79,687	2,098	679	—	82,464	(45)	(30)	(361)	—	(436)	0.1	1.4	53.2	—	0.5
Loans and advances to banks at amortised cost	101,852	198	2	—	102,052	(9)	(2)	(2)	—	(13)	—	1.0	100.0	—	—
Other financial assets measured at amortised cost	826,621	1,806	153	—	828,580	(64)	(5)	(23)	—	(92)	—	0.3	15.0	—	—
Loan and other credit-related commitments	597,231	21,175	958	3	619,367	(137)	(121)	(90)	—	(348)	—	0.6	9.4	—	0.1
– personal	251,489	1,680	86	—	253,255	(17)	—	(5)	—	(22)	—	—	5.8	—	—
– corporate and commercial	231,201	17,453	838	3	249,495	(111)	(116)	(83)	—	(310)	—	0.7	9.9	—	0.1
– financial	114,541	2,042	34	—	116,617	(9)	(5)	(2)	—	(16)	—	0.2	5.9	—	—
Financial guarantees	15,353	1,397	248	—	16,998	(8)	(5)	(16)	—	(29)	0.1	0.4	6.5	—	0.2
– personal	1,416	11	—	—	1,427	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	10,048	1,232	195	—	11,475	(7)	(5)	(15)	—	(27)	0.1	0.4	7.7	—	0.2
– financial	3,889	154	53	—	4,096	(1)	—	(1)	—	(2)	—	—	1.9	—	—
At 31 Dec 2024	2,365,477	117,824	23,976	93	2,507,370	(1,296)	(2,679)	(6,171)	(51)	(10,197)	0.1	2.3	25.7	54.8	0.4

1 Represents the maximum amount at risk should the contracts be fully drawn upon and clients default.
2 Purchased or originated credit-impaired ('POCI').

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due ('DPD') and are transferred from stage 1 to stage 2. The following disclosure presents the ageing of stage 2 financial assets by those less than 30 DPD and greater than 30 DPD and therefore presents those financial assets classified as stage 2 due to ageing (30 DPD) and those identified at an earlier stage (less than 30 DPD).

Stage 2 days past due analysis

(Audited)

	Gross carrying amount				Allowance for ECL				ECL coverage %			
At 31 Dec 2025	**Stage 2 $m**	**Up-to-date $m**	**1 to 29 DPD[1] $m**	**30 and > DPD[1] $m**	**Stage 2 $m**	**Up-to-date $m**	**1 to 29 DPD[1] $m**	**30 and > DPD[1] $m**	**Stage 2 %**	**Up-to-date %**	**1 to 29 DPD[1] %**	**30 and > DPD[1] %**
Loans and advances to customers at amortised cost	**80,936**	**77,615**	**1,894**	**1,427**	**(2,318)**	**(1,837)**	**(211)**	**(270)**	**2.9**	**2.4**	**11.1**	**18.9**
– personal	**23,887**	**21,481**	**1,483**	**923**	**(1,235)**	**(797)**	**(188)**	**(250)**	**5.2**	**3.7**	**12.7**	**27.1**
– corporate and commercial	**54,636**	**53,898**	**400**	**338**	**(1,064)**	**(1,024)**	**(23)**	**(17)**	**1.9**	**1.9**	**5.8**	**5.0**
– non-bank financial institutions	**2,413**	**2,236**	**11**	**166**	**(19)**	**(16)**	**—**	**(3)**	**0.8**	**0.7**	**—**	**1.8**
Loans and advances to banks at amortised cost	**132**	**132**	**—**	**—**	**(2)**	**(2)**	**—**	**—**	**1.5**	**1.5**	**—**	**—**
Other financial assets measured at amortised cost	**1,651**	**1,611**	**21**	**19**	**(11)**	**(10)**	**—**	**(1)**	**0.7**	**0.6**	**—**	**5.3**
At 31 Dec 2024												
Loans and advances to customers at amortised cost	93,248	90,157	1,888	1,203	(2,546)	(2,147)	(192)	(207)	2.7	2.4	10.2	17.2
– personal	39,919	37,676	1,361	882	(1,158)	(799)	(169)	(190)	2.9	2.1	12.4	21.5
– corporate and commercial	51,231	50,486	506	239	(1,358)	(1,326)	(21)	(11)	2.7	2.6	4.2	4.6
– non-bank financial institutions	2,098	1,995	21	82	(30)	(22)	(2)	(6)	1.4	1.1	9.5	7.3
Loans and advances to banks at amortised cost	198	198	—	—	(2)	(2)	—	—	1.0	1.0	—	—
Other financial assets measured at amortised cost	1,806	1,794	3	9	(5)	(5)	—	—	0.3	0.3	—	—

1 The days past due amounts presented above are on a contractual basis.

Stage 2 decomposition

The following table presents the stage 2 decomposition of gross carrying amount and allowances for ECL for loans and advances to customers and banks. It also sets out the reasons why an exposure is classified as stage 2 and therefore presented as a significant increase in credit risk at 31 December 2025.

The quantitative classification shows gross carrying amount and allowances for ECL for which the applicable reporting date PD measure exceeds defined quantitative thresholds for retail and wholesale exposures, as set out in Note 1.2(j) 'Summary of material accounting policies', on page 280.

The qualitative classification primarily accounts for CRR deterioration, watch-and-worry and retail management judgemental adjustments.

- A summary of our current policies and practices for the significant increase in credit risk is set out in 'Summary of material accounting policies' on page 280.

Loans and advances to customers and banks[1]

	At 31 Dec 2025							
	Loans and advances to customers						Loans and advances to banks at amortised cost	Total stage 2
		of which:						
	Personal $m	**first lien mortgages $m**	**credit cards $m**	**other personal lending $m**	**Corporate and commercial $m**	**Non-bank financial institutions $m**	**$m**	**$m**
Quantitative	**21,339**	**16,111**	**3,031**	**2,197**	**40,294**	**1,153**	**102**	**62,888**
Qualitative	**2,442**	**1,958**	**226**	**258**	**14,160**	**1,249**	**30**	**17,881**
– of which: forbearance	**242**	**142**	**29**	**71**	**904**	**102**	**—**	**1,248**
30 DPD backstop[2]	**106**	**79**	**3**	**24**	**182**	**11**	**—**	**299**
Total gross carrying amount	**23,887**	**18,148**	**3,260**	**2,479**	**54,636**	**2,413**	**132**	**81,068**
Quantitative	**(1,128)**	**(81)**	**(690)**	**(357)**	**(830)**	**(10)**	**—**	**(1,968)**
Qualitative	**(101)**	**(27)**	**(40)**	**(34)**	**(230)**	**(9)**	**(2)**	**(342)**
– of which: forbearance	**(34)**	**(16)**	**(5)**	**(13)**	**(17)**	**—**	**—**	**(51)**
30 DPD backstop[2]	**(6)**	**(1)**	**(1)**	**(4)**	**(4)**	**—**	**—**	**(10)**
Total allowance for ECL	**(1,235)**	**(109)**	**(731)**	**(395)**	**(1,064)**	**(19)**	**(2)**	**(2,320)**
ECL coverage %	**5.2**	**0.6**	**22.4**	**15.9**	**1.9**	**0.8**	**1.5**	**2.9**
Residual average life[3] (in years)	**15.0**	**19.2**	**<1.0**	**2.9**	**2.9**	**1.8**	**<1.0**	

Loans and advances to customers and banks[1] (continued)

	At 31 Dec 2024							
	Loans and advances to customers							
		of which:						
	Personal	first lien mortgages	credit cards	other personal lending	Corporate and commercial	Non-bank financial institutions	Loans and advances to banks at amortised cost	Total stage 2
	$m	$m	$m	$m	$m	$m	$m	$m
Quantitative	36,356	30,992	2,904	2,460	37,787	1,658	176	75,977
Qualitative	3,452	3,107	85	260	13,327	438	22	17,239
– of which: forbearance	175	70	40	65	1,086	3	—	1,264
30 DPD backstop[2]	111	78	2	31	117	2	—	230
Total gross carrying amount	39,919	34,177	2,991	2,751	51,231	2,098	198	93,446
Quantitative	(1,118)	(121)	(651)	(346)	(1,124)	(28)	—	(2,270)
Qualitative	(35)	(8)	(9)	(18)	(229)	(2)	(2)	(268)
– of which: forbearance	(5)	—	(1)	(4)	(12)	—	—	(17)
30 DPD backstop[2]	(5)	(1)	—	(4)	(5)	—	—	(10)
Total allowance for ECL	(1,158)	(130)	(660)	(368)	(1,358)	(30)	(2)	(2,548)
ECL coverage %	2.9	0.4	22.1	13.4	2.7	1.4	1.0	2.7
Residual average life[3] (in years)	17.0	19.5	<1.0	3.6	2.7	1.9	<1.0	

1 Where balances satisfy more than one of the above three criteria for determining a significant increase in credit risk, the corresponding gross carrying amount and allowance for ECL have been assigned in order of categories presented.
2 Days past due ('DPD').
3 Calculated as the difference between final contractual maturities and the reporting date, weighted based on the contribution of the instrument to the stage 2 total gross carrying amount of the corresponding product or sector.

Credit exposure

Maximum exposure to credit risk

(Audited)

This section provides information on balance sheet items and their offsets as well as loan and other credit-related commitments. Commentary on consolidated balance sheet movements in 2025 is provided on page 73.

Other credit risk mitigants

While not disclosed as an offset in the following 'Maximum exposure to credit risk' table, other arrangements are in place that reduce our maximum exposure to credit risk. These include a charge over collateral on borrowers' specific assets, such as residential properties, collateral held in the form of financial instruments that are not held on the balance sheet and short positions in securities. In addition, for financial assets held as part of linked insurance/investment contracts the credit risk is predominantly borne by the policyholder. See page 279 and Note 31 on the financial statements for further details of collateral in respect of certain loans and advances and derivatives.

Collateral available to mitigate credit risk is disclosed in the 'Collateral' section on page 132.

The following table presents our maximum exposure before taking account of any collateral held or other credit enhancements (unless such enhancements meet accounting offsetting requirements).

The table excludes trading assets, financial assets designated and otherwise mandatorily measured at fair value through profit or loss, and financial investments measured at fair value through other comprehensive income as their carrying amount best represents the net exposure to credit risk. Equity securities are also excluded as they are not subject to credit risk.

For the financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount and is net of the allowance for ECL. For financial guarantees and other guarantees granted, it is the maximum amount that we would have to pay if the guarantees were called upon. For loan commitments and other credit-related commitments, it is generally the full amount of the committed facilities.

The offset in the table relates to amounts where there is a legally enforceable right of offset in the event of counterparty default and where, as a result, there is a net exposure for credit risk purposes. However, as there is no intention to settle these balances on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes. No offset has been applied to off-balance sheet collateral. In the case of derivatives, the offset column also includes collateral received in cash and other financial assets.

Maximum exposure to credit risk

(Audited)

	At 31 Dec 2025			At 31 Dec 2024		
	Maximum exposure	**Offset**	**Net**	Maximum exposure	Offset	Net
	$m	**$m**	**$m**	$m	$m	$m
Loans and advances to customers held at amortised cost	**988,399**	**(25,671)**	**962,728**	930,658	(22,822)	907,836
– personal	**471,731**	**(3,568)**	**468,163**	444,701	(2,256)	442,445
– corporate and commercial	**416,979**	**(20,636)**	**396,343**	403,929	(18,897)	385,032
– non-bank financial institutions	**99,689**	**(1,467)**	**98,222**	82,028	(1,669)	80,359
Loans and advances to banks at amortised cost	**108,462**	**—**	**108,462**	102,039	—	102,039
Other financial assets held at amortised cost	**888,882**	**(5,865)**	**883,017**	827,193	(4,383)	822,810
– cash and balances at central banks	**242,859**	**—**	**242,859**	267,674	—	267,674
– Hong Kong Government certificates of indebtedness	**44,063**	**—**	**44,063**	42,293	—	42,293
– reverse repurchase agreements – non-trading	**298,392**	**(5,865)**	**292,527**	252,549	(4,383)	248,166
– financial investments	**182,089**	**—**	**182,089**	153,973	—	153,973
– prepayments, accrued income and other assets	**121,479**	**—**	**121,479**	110,704	—	110,704
Assets held for sale	**11,115**	**—**	**11,115**	27,234	—	27,234
Derivatives	**237,740**	**(229,223)**	**8,517**	268,637	(254,257)	14,380
Total on-balance sheet exposure to credit risk	**2,234,598**	**(260,759)**	**1,973,839**	2,155,761	(281,462)	1,874,299
Total off-balance sheet	**1,068,162**	**—**	**1,068,162**	970,610	—	970,610
– financial and other guarantees	**119,840**	**—**	**119,840**	109,380	—	109,380
– loan and other credit-related commitments	**948,322**	**—**	**948,322**	861,230	—	861,230
Total	**3,302,760**	**(260,759)**	**3,042,001**	3,126,371	(281,462)	2,844,909

Concentration of exposure

Our business segments offer a broad range of products, with the majority of our exposures in Asia and Europe.

For an analysis of:

- financial investments, see Note 16 on the financial statements;
- trading assets, see Note 11 on the financial statements;
- derivatives, see page 145 and Note 15 on the financial statements; and
- loans and advances by industry sector and by the location of the principal operations of the lending subsidiary (or, in the case of the operations of The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank plc, HSBC Bank Middle East Limited and HSBC Bank USA, by the location of the lending branch), see page 136 for wholesale lending and page 146 for personal lending.

Credit deterioration of financial instruments

(Audited)

- A summary of our current policies and practices regarding the identification, treatment and measurement of stage 1, stage 2, stage 3 (credit impaired) and POCI financial instruments can be found in Note 1.2(j) on the financial statements.

Measurement uncertainty and sensitivity analysis of ECL estimates

(Audited)

The recognition and measurement of ECL involves the use of significant judgement and estimation. We form multiple scenarios based on economic forecasts and distributional estimates and apply these to credit risk models to estimate future credit losses. The results are then probability-weighted to determine an unbiased ECL estimate.

Management assessed the current economic environment, reviewed the latest economic forecasts and discussed key risks before selecting economic scenarios and their weightings.

Management judgemental adjustments are used where modelled allowance for ECL does not fully reflect the identified risks and related uncertainty, or to capture significant late-breaking events.

Methodology

At 31 December 2025, four economic scenarios were used to capture the latest economic expectations and to articulate management's view of the range of risks and potential outcomes. Scenarios are created using the latest economic forecasts and distributional estimates, each quarter.

Three scenarios, the Upside, Central and Downside, are drawn from external consensus forecasts, market data and distributional estimates of the entire range of economic outcomes. These estimates are used as conditioning assumptions in a modelled expansion of other variables, to ensure scenarios that are economically coherent and internally consistent. The fourth scenario, the Downside 2, represents management's view of severe downside risks.

The consensus Central scenario is deemed the 'most likely' scenario, and will attract the largest probability weighting.

The consensus outer scenarios represent short-term cyclical deviations from the Central scenario, where variable paths converge back to long-term trend expectations. They are calibrated to a 10% probability.

HSBC's Central scenario assumes that the effects of announced climate measures, carbon pricing and green levies are incorporated into economic forecasts where their short-term effects are known from enacted legislation, or may be reasonably projected from current trends and statutory targets. Variable paths and projections aligned to long-term climate outcomes, but which are dependent on additional policy adjustments, carry greater uncertainty. Further details about climate scenarios may be found in the 'Insights from climate scenario analysis' section of our Risk review on page 173.

The Downside 2 explores a more extreme economic outcome than those captured by the consensus scenarios. In this scenario, variables do not, by design, revert to long-term trend expectations and may instead explore alternative states of equilibrium, where economic variables move permanently away from past trends. It is calibrated to a 5% probability.

In most circumstances, the alignment of weightings with the calibrated probability of scenarios is deemed appropriate for the unbiased estimation of ECL. However, management may depart from this probability-based scenario weighting approach when the economic outlook and forecasts are determined to be particularly uncertain and risks are elevated.

Description of economic scenarios

The economic assumptions presented in this section are formed by HSBC with reference to external forecasts and estimates for the purpose of calculating ECL.

Forecasts may change, and remain subject to uncertainty. Outer scenarios are designed to capture the potential crystallisation of key economic and financial risks and alternative paths for economic variables. The scenarios used to calculate ECL are described below.

The consensus Central scenario

HSBC's Central scenario incorporates higher growth forecasts for 2026 relative to the fourth quarter of 2024, in most of our major markets. The change in forecasts for 2027 is more mixed, reflecting differing regional dynamics. The scenario is modelled consistent with a US tariff rate, measured as an effective trade-weighted average, of 15% at the start of 2026. That rate has fallen in recent months to reflect the lowering of US tariff rates on imports from mainland China, the conclusion of a trade agreement with Switzerland and targeted tariff exemptions on key products.

Forecasts for mainland China and Hong Kong have improved relative to the fourth quarter of 2024, when projections were weighed down by expectations that the imposition of US tariffs would result in much slower growth. Growth expectations have since been revised upwards, supported by China's success in redirecting trade away from the US, and further anticipated official policy support. In Hong Kong, further increases in residential property sector transactions and domestic consumption are expected to be driven by a lowering of interest rates.

Forecast US GDP growth has also improved relative to the fourth quarter of 2024 despite trade policy uncertainty, the persistence of higher inflation and a weaker labour market. The economy has proved more resilient to tariffs than had been expected, and robust growth in private sector investment, related to the technology sector, has further supported growth. The key exception to the improved outlook is the UK, where forecasts have deteriorated as unemployment has risen and both household and business confidence has weakened.

Global GDP is expected to grow by 2.5% in 2026 in the Central scenario, and the average rate of global GDP growth is forecast to be 2.6% over the five-year forecast period.

The key features of our Central scenario are:

- Forecast GDP growth has improved since the fourth quarter of 2024, although the outlook still envisages either a slowdown or stabilisation in growth in 2026, relative to 2025, for most markets. The exceptions are Mexico and the UAE, where growth is forecast to improve in 2026.
- In most markets, unemployment is forecast to rise moderately in 2026 in line with slower economic activity and subdued hiring. It will remain relatively low by historical standards.
- The evolution of inflation is mixed. In the US and UK, inflation is expected to fall gradually but remain above central bank target rates through 2026, reflecting higher tariffs in the US and the effects of services price inflation in the UK. In mainland China, inflation is expected to remain subdued due to soft consumer demand and continued manufacturing growth.
- House prices in mainland China are expected to continue to fall. In Hong Kong, prices are forecast to see further moderate improvements due to a revival in buyer interest, spurred by lower interest rates. House price growth is projected to remain positive, but subdued, in the UK and the US.
- Challenging conditions are also forecast to continue in certain segments of the commercial property sector in a number of our major markets, including Hong Kong. Structural changes to demand in the office segment in particular have driven lower valuations.
- Policy interest rates in major markets are forecast to gradually decline further in 2026. In the longer term, they are expected to remain at a higher level than in recent years.
- The Brent crude oil price is forecast to average around $65 per barrel over the projection period.

The Central scenario was created with forecasts available in late November 2025, and subsequently kept under review until the end of December 2025.

The following tables describe key macroeconomic variables in the consensus Central scenario.

Consensus Central scenario

	2026–2030 (as at 4Q25)							2025–2029 (as at 4Q24)						
	UK	**US**	**Hong Kong**	**Mainland China**	**France**	**UAE**	**Mexico**	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP (annual average growth rate, %)														
2025								1.2	2.0	1.7	4.0	0.9	4.4	0.9
2026	**1.1**	**1.9**	**2.3**	**4.4**	**0.9**	**4.7**	**1.3**	1.3	1.6	1.8	3.7	0.9	4.2	1.2
2027	**1.4**	**2.0**	**2.3**	**4.2**	**1.2**	**4.1**	**2.0**	1.8	1.6	3.5	4.3	1.4	3.9	1.7
2028	**1.5**	**2.1**	**2.3**	**4.0**	**1.3**	**3.8**	**2.2**	1.6	1.8	3.1	3.9	1.5	3.6	1.9
2029	**1.5**	**2.1**	**2.4**	**3.8**	**1.3**	**3.5**	**2.2**	1.6	2.0	2.7	3.7	1.4	3.6	2.0
2030	**1.5**	**2.0**	**2.4**	**3.8**	**1.3**	**3.5**	**2.2**							
5-year average[1]	**1.4**	**2.0**	**2.3**	**4.0**	**1.2**	**3.9**	**2.0**	1.5	1.8	2.6	3.9	1.2	3.9	1.5
Unemployment rate (%)														
2025								4.9	4.4	3.3	5.2	7.5	2.7	3.5
2026	**4.9**	**4.4**	**3.6**	**5.2**	**7.6**	**2.5**	**3.2**	4.7	4.3	3.7	5.4	7.3	2.6	3.5
2027	**4.7**	**4.3**	**3.4**	**5.2**	**7.6**	**2.4**	**3.2**	4.5	4.3	3.3	5.2	7.2	2.6	3.5
2028	**4.7**	**4.1**	**3.1**	**5.1**	**7.5**	**2.4**	**3.2**	4.3	4.2	3.0	5.0	7.0	2.5	3.5
2029	**4.7**	**4.1**	**3.0**	**5.0**	**7.4**	**2.4**	**3.1**	4.3	4.1	2.9	5.0	7.0	2.5	3.5
2030	**4.7**	**4.1**	**3.0**	**5.0**	**7.4**	**2.4**	**3.1**							
5-year average[1]	**4.7**	**4.2**	**3.2**	**5.1**	**7.5**	**2.4**	**3.2**	4.5	4.2	3.2	5.2	7.2	2.6	3.5
House prices (annual average growth rate, %)														
2025								1.4	4.4	(0.5)	(5.9)	2.1	9.3	7.6
2026	**1.2**	**1.1**	**0.5**	**(1.6)**	**4.3**	**5.8**	**4.8**	3.8	3.2	2.4	(0.7)	4.4	5.1	4.5
2027	**2.8**	**1.9**	**1.5**	**2.1**	**5.0**	**3.2**	**4.5**	4.6	2.4	3.0	3.2	4.4	3.6	4.2
2028	**3.3**	**2.7**	**2.5**	**3.5**	**4.1**	**2.3**	**4.4**	3.5	2.5	2.7	4.1	3.8	1.8	4.0
2029	**2.7**	**3.2**	**2.1**	**3.4**	**3.1**	**2.0**	**4.3**	2.7	2.6	2.7	2.9	3.1	1.3	4.0
2030	**2.4**	**3.2**	**2.1**	**2.3**	**2.2**	**2.1**	**4.2**							
5-year average[1]	**2.5**	**2.4**	**1.8**	**1.9**	**3.7**	**3.1**	**4.4**	3.2	3.0	2.1	0.7	3.6	4.2	4.9
Inflation (annual average growth rate, %)														
2025								2.4	2.4	1.4	0.3	1.2	2.1	5.0
2026	**2.5**	**2.9**	**1.8**	**0.7**	**1.4**	**2.0**	**3.7**	2.1	2.8	1.9	1.0	1.6	1.9	3.9
2027	**2.1**	**2.3**	**1.9**	**1.2**	**1.7**	**1.9**	**3.6**	2.1	2.5	2.2	1.5	2.0	1.8	3.4
2028	**2.1**	**2.2**	**2.0**	**1.4**	**2.1**	**1.9**	**3.5**	2.0	2.2	2.2	1.7	2.3	1.9	3.4
2029	**2.0**	**2.2**	**2.2**	**1.5**	**2.1**	**2.0**	**3.4**	2.0	2.1	2.3	1.6	2.2	1.8	3.4
2030	**2.0**	**2.2**	**2.2**	**1.5**	**1.9**	**2.0**	**3.4**							
5-year average	**2.2**	**2.4**	**2.0**	**1.3**	**1.9**	**1.9**	**3.5**	2.1	2.4	2.0	1.2	1.9	1.9	3.8
Central bank policy rate (annual average, %)														
2025								4.2	4.1	4.5	2.9	2.1	4.1	9.4
2026	**3.5**	**3.4**	**3.8**	**3.0**	**1.9**	**3.5**	**7.0**	3.9	3.7	4.1	2.9	1.8	3.8	8.8
2027	**3.4**	**3.1**	**3.5**	**3.0**	**2.0**	**3.1**	**7.2**	3.8	3.7	4.0	3.0	2.0	3.7	8.8
2028	**3.5**	**3.2**	**3.6**	**3.1**	**2.1**	**3.3**	**7.5**	3.7	3.6	4.0	3.2	2.0	3.6	8.9
2029	**3.7**	**3.4**	**3.8**	**3.1**	**2.3**	**3.4**	**7.7**	3.7	3.6	4.0	3.3	2.1	3.6	8.9
2030	**3.8**	**3.6**	**3.9**	**3.2**	**2.5**	**3.6**	**7.9**							
5-year average[1]	**3.6**	**3.3**	**3.7**	**3.1**	**2.2**	**3.4**	**7.5**	3.9	3.7	4.1	3.1	2.0	3.8	8.9

1 The five-year average is calculated over a projected period of 20 quarters from 1Q26 to 4Q30 for the 4Q25 scenario and 1Q25 to 4Q29 for the 4Q24 scenario.
2 For mainland China, the rate shown is the Loan Prime Rate.

The consensus Upside scenario

Compared with the Central scenario, the consensus Upside scenario features stronger economic activity in the near term, before converging to long-run trend expectations. It also incorporates lower unemployment and higher asset prices than incorporated in the Central scenario. Inflation accelerates modestly, driven by increased investment and higher consumption spending.

The scenario is consistent with a number of key upside risk themes. These include a partial rollback of tariff measures, deregulation, an improvement in the US-China relationship, and a de-escalation in geopolitical tensions.

The following tables describe key macroeconomic variables in the consensus Upside scenario.

Consensus Upside scenario 2026–2030 (as at 4Q25)

	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP level (%, start-to-peak)[1]	**11.0 (4Q30)**	**15.2 (4Q30)**	**20.7 (4Q30)**	**28.6 (4Q30)**	**8.5 (4Q30)**	**29.0 (4Q30)**	**16.9 (4Q30)**
Unemployment rate (%, min)[2]	**3.2 (4Q27)**	**3.5 (4Q27)**	**2.8 (2Q28)**	**4.7 (4Q27)**	**6.6 (4Q27)**	**2.0 (4Q27)**	**2.8 (3Q26)**
House price index (%, start-to-peak)[1]	**20.0 (4Q30)**	**23.2 (4Q30)**	**19.4 (4Q30)**	**14.9 (4Q30)**	**22.6 (4Q30)**	**22.2 (4Q30)**	**29.5 (4Q30)**
Inflation rate (YoY % change, max)[3]	**3.5 (1Q26)**	**3.6 (3Q26)**	**2.9 (2Q26)**	**1.5 (4Q30)**	**2.4 (4Q27)**	**3.1 (2Q26)**	**4.2 (1Q26)**
Central bank policy rate (%, max)[3]	**3.9 (1Q26)**	**3.9 (1Q26)**	**4.2 (1Q26)**	**3.4 (1Q27)**	**2.5 (4Q30)**	**3.9 (1Q26)**	**8.1 (4Q30)**

Consensus Upside scenario 2025–2029 (as at 4Q24)

	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP level (%, start-to-peak)[1]	11.3 (4Q29)	13.6 (4Q29)	21.4 (4Q29)	27.5 (4Q29)	8.9 (4Q29)	28.9 (4Q29)	13.6 (4Q29)
Unemployment rate (%, min)[2]	3.5 (3Q26)	3.6 (1Q26)	2.9 (4Q29)	4.9 (4Q26)	6.4 (4Q26)	2.2 (4Q26)	3.0 (1Q25)
House price index (%, start-to-peak)[1]	24.2 (4Q29)	23.6 (4Q29)	25.3 (4Q29)	9.8 (4Q29)	22.8 (4Q29)	26.1 (4Q29)	31.7 (4Q29)
Inflation rate (YoY % change, min)[3]	1.4 (1Q26)	1.6 (2Q26)	(0.1) (4Q25)	(1.0) (4Q25)	0.1 (4Q25)	0.6 (4Q25)	3.1 (2Q26)
Central bank policy rate (%, min)[3]	3.6 (4Q25)	3.6 (1Q29)	4.0 (1Q29)	2.7 (1Q26)	1.4 (3Q25)	3.6 (1Q29)	7.6 (1Q26)

1 Cumulative change to the highest level of the series during the 20-quarter projection.
2 Lowest projected unemployment rate in the scenario.
3 Highest/lowest projected policy rate and year-on-year percentage change in inflation in the scenario. For mainland China, the rate shown is the Loan Prime Rate.

Downside scenarios

Downside scenarios explore the intensification and crystallisation of key risk themes and are modelled so that economic shocks drive consumption and investment lower and commodity prices fall. For most markets, inflation and interest rates are lower compared with the Central scenario. That narrative is disrupted in the US and Mexico as higher tariff rates and other countermeasures are assumed to drive a broad increase in import prices.

Key downside risks include:

- an increase in protectionist policies. This lowers investment, complicates international supply chains, and impedes trade flows;
- abrupt asset repricing given elevated valuations, particularly in the tech sector, eroding wealth effects and ultimately increasing credit risks;
- broader and more prolonged conflict in the Middle East and the Russia-Ukraine war, which undermine confidence and investment; and
- continued differences between the US and China, which affect economic confidence and the global goods trade and supply chains for critical technologies.

The consensus Downside scenario

In the consensus Downside scenario, the effects of tariffs on the global economy are worse than expected, leading to weaker economic activity compared with the Central scenario. The scenario is consistent with the tariff rate, measured as an effective trade-weighted average, rising to 19% in 2026, and remaining at that level in 2027. The key driver of that increase is the application of sector-specific tariff rates.

In this scenario, GDP declines and unemployment rates rise, while asset prices and commodity prices fall. The scenario features an escalation in geopolitical tensions and an increase in tariffs over and above those assumed in the Central scenario. Existing and recently approved trade agreements are assumed to hold. In most markets, inflation declines relative to the Central scenario, as tariffs are assumed to drive a drop in export demand from the US. In the US and Mexico, the scenario sees inflation rise as higher tariffs across a broad range of imported goods pass through to consumer prices.

In the scenario, oil prices trough at $40 per barrel.

The following tables describe key macroeconomic variables in the consensus Downside scenario.

Consensus Downside scenario 2026–2030 (as at 4Q25)

	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP level (%, start-to-trough)[1]	**(0.2) (2Q27)**	**(0.8) (3Q26)**	**(1.7) (4Q27)**	**(1.7) (3Q26)**	**(0.4) (3Q26)**	**0.4 (1Q26)**	**(1.0) (1Q27)**
Unemployment rate (%, max)[2]	**6.2 (4Q26)**	**5.3 (3Q26)**	**4.8 (4Q26)**	**6.8 (4Q27)**	**8.6 (3Q26)**	**3.2 (3Q27)**	**3.8 (3Q26)**
House price index (%, start-to-trough)[1]	**(4.1) (1Q27)**	**(3.1) (1Q27)**	**(3.8) (1Q27)**	**(5.6) (1Q27)**	**0.7 (1Q26)**	**(3.4) (2Q26)**	**0.6 (1Q26)**
Inflation rate (YoY % change)[3]	**1.3 (3Q26)**	**3.4 (1Q26)**	**0.1 (4Q26)**	**(2.9) (4Q26)**	**0.4 (4Q26)**	**0.5 (4Q26)**	**4.7 (1Q26)**
Central bank policy rate (%)[3]	**2.2 (3Q28)**	**4.6 (2Q26)**	**5.0 (2Q26)**	**1.5 (4Q26)**	**0.6 (1Q27)**	**4.6 (2Q26)**	**9.5 (2Q26)**

Consensus Downside scenario 2025–2029 (as at 4Q24)

	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP level (%, start-to-trough)[1]	(1.0) (4Q26)	(0.6) (3Q25)	(4.5) (4Q25)	(2.5) (3Q25)	(0.6) (1Q26)	0.3 (1Q25)	(2.1) (4Q26)
Unemployment rate (%, max)[2]	6.1 (4Q25)	5.3 (3Q25)	5.1 (2Q26)	6.9 (4Q26)	8.3 (3Q25)	3.4 (1Q26)	4.1 (4Q25)
House price index (%, start-to-trough)[1]	(4.5) (1Q26)	(0.2) (1Q25)	(1.9) (2Q26)	(12.8) (3Q26)	(0.3) (1Q25)	(0.4) (1Q25)	2.1 (1Q25)
Inflation rate (YoY % change, max)[3]	3.4 (4Q25)	4.5 (1Q26)	3.1 (1Q26)	2.0 (1Q26)	2.6 (3Q25)	2.8 (1Q26)	7.4 (4Q25)
Central bank policy rate (%, max)[3]	5.0 (1Q25)	4.8 (1Q25)	5.2 (1Q25)	3.0 (1Q25)	3.2 (1Q25)	4.8 (1Q25)	11.5 (3Q25)

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment rate in the scenario.
3 The table for 4Q25 shows highest year-on-year percentage change in inflation and projected policy rates for the US and Mexico, and lowest for other countries and territories. For the UAE and Hong Kong, the policy rate is shown as the maximum, consistent with the operation of US-dollar-linked exchange rates. For mainland China, the rate shown is the Loan Prime Rate.

Downside 2 scenario

The Downside 2 scenario reflects management's view of the tail of the economic distribution. It incorporates the simultaneous crystallisation of a number of risks that lead to a deep global recession. The subsequent drop in demand leads to a steep fall in commodity prices, and a rapid increase in unemployment.

The narrative features an escalation in tariff actions, resulting in a global trade war, and further intensification of geopolitical crises. Asset prices fall steeply, with technology-related stocks expected to experience the most significant price adjustments. The scenario is consistent with the US tariff rate, measured as an effective trade-weighted average, rising to 25% in 2026, and remaining at that level in 2027.

In the scenario, oil prices trough at $30 per barrel.

The following tables describe key macroeconomic variables in the Downside 2 scenario.

Downside 2 scenario 2026–2030 (as at 4Q25)

	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP level (%, start-to-trough)[1]	**(5.3) (2Q27)**	**(4.5) (1Q27)**	**(9.3) (3Q27)**	**(6.0) (1Q27)**	**(6.2) (2Q27)**	**(5.7) (2Q27)**	**(10.0) (1Q27)**
Unemployment rate (%, max)[2]	**8.9 (2Q27)**	**9.0 (1Q28)**	**7.0 (4Q26)**	**7.0 (4Q27)**	**10.7 (4Q27)**	**3.9 (3Q26)**	**5.2 (2Q27)**
House price index (%, start-to-trough)[1]	**(24.2) (4Q27)**	**(17.1) (4Q26)**	**(19.6) (2Q29)**	**(23.1) (4Q27)**	**(5.9) (3Q27)**	**(30.5) (1Q28)**	**0.6 (1Q26)**
Inflation rate (YoY % change)[3]	**(1.9) (4Q26)**	**4.1 (2Q26)**	**(1.7) (2Q27)**	**(6.5) (4Q26)**	**(0.6) (4Q26)**	**0.3 (4Q26)**	**4.8 (1Q26)**
Central bank policy rate (%)[3]	**1.4 (1Q27)**	**4.7 (2Q26)**	**5.0 (2Q26)**	**1.2 (2Q27)**	**0.1 (4Q26)**	**4.7 (2Q26)**	**9.9 (2Q26)**

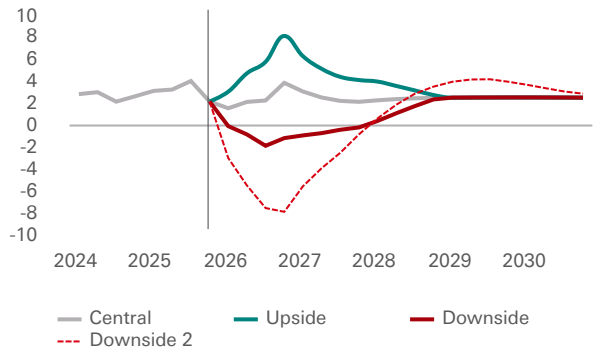
Downside 2 scenario 2025–2029 (as at 4Q24)

	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP level (%, start-to-trough)[1]	(9.1) (2Q26)	(4.1) (2Q26)	(10.1) (4Q25)	(8.7) (4Q25)	(7.9) (2Q26)	(6.8) (2Q26)	(10.5) (3Q26)
Unemployment rate (%, max)[2]	8.4 (2Q26)	9.3 (2Q26)	7.1 (1Q26)	7.1 (4Q26)	10.4 (1Q27)	5.0 (3Q25)	5.6 (1Q26)
House price index (%, start-to-trough)[1]	(27.2) (4Q26)	(15.8) (4Q25)	(34.4) (3Q27)	(30.5) (4Q26)	(14.0) (2Q27)	(13.2) (2Q27)	2.0 (1Q25)
Inflation rate (YoY % change, max)[3]	10.1 (2Q25)	4.9 (4Q25)	3.6 (1Q26)	3.8 (4Q25)	7.6 (2Q25)	3.7 (2Q25)	7.9 (4Q25)
Central bank policy rate (%, max)[3]	5.5 (1Q25)	5.5 (1Q25)	5.9 (1Q25)	3.5 (3Q25)	4.2 (1Q25)	5.6 (1Q25)	12.1 (3Q25)

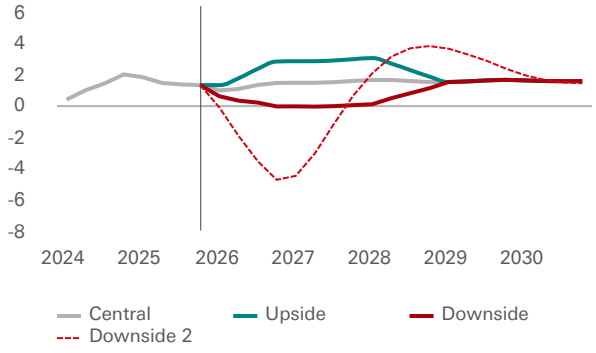
1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment rate in the scenario.
3 The table for 4Q25 shows highest year-on-year percentage change in inflation and projected policy rates for the US and Mexico, and lowest for other countries and territories. For the UAE and Hong Kong, the policy rate is shown as the maximum, consistent with the operation of US-dollar-linked exchange rates. For mainland China, the rate shown is the Loan Prime Rate.

The following graphs show the historical and forecasted GDP growth rate for the various economic scenarios in our four largest markets.

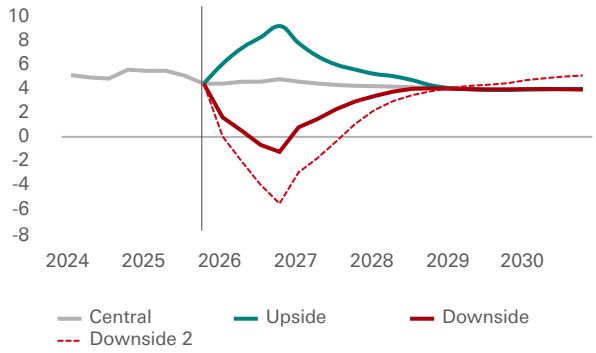
Hong Kong



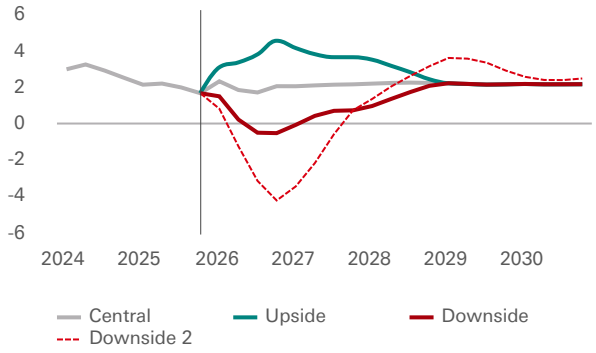
UK



Mainland China



US



Scenario weighting

Scenario weightings are calibrated to probabilities that are determined with reference to consensus forecast probability distributions. Management may then choose to vary weights if they assess that the calibration lags more recent events, or does not reflect their view of the distribution of economic and geopolitical risk. Management's view of the scenarios and the probability distribution takes into consideration the relationship of the consensus scenario to both internal and external assessments of risk.

For the fourth quarter of 2025, forecast and distributional estimates were assessed to have incorporated available information around tariffs and policy uncertainties and no major events had occurred since scenario production that changed the outlook materially. Forecast dispersion, financial market volatility and other measures of uncertainty remained close to their long-term average.

Consequently, there was no variation in scenario weights and they were aligned to the calibrated probabilities of the scenarios. The consensus Central scenario was assigned a 75% probability weighting in our major markets. The consensus Upside scenario was assigned a 10% weighting, and the consensus Downside scenario was given 10%. The Downside 2 was assigned a 5% weighting.

In light of the US intervention in the political leadership and energy assets of Venezuela during early January 2026, management assessed the potential implications, including to oil prices, and concluded that expected spillovers remain within the scope of existing scenarios, including potentially significantly lower oil prices. Subsequent tariff developments in relation to Greenland were also assessed on the same basis and no additional action was deemed necessary for economic scenarios or weights.

The following tables describe the probabilities assigned in each scenario.

Scenario weightings, %

	4Q25								4Q24							
	Standard weights	**UK**	**US**	**Hong Kong**	**Mainland China**	**France**	**UAE**	**Mexico**	Standard weights	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
Upside scenario	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	10	10	10	10	10	10	10	10
Central scenario	**75**	**75**	**75**	**75**	**75**	**75**	**75**	**75**	75	75	75	75	75	75	75	75
Downside scenario	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**	10	10	10	10	10	10	10	10
Downside 2 scenario	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	5	5	5	5	5	5	5	5

At 31 December 2025, the consensus Upside and Central scenarios for all markets had a combined weighting of 85%, unchanged from the weightings at 31 December 2024. Weightings assigned to downside scenarios also remained unchanged.

Critical estimates and judgements

The IFRS 9 Expected Credit Losses ('ECL') calculation involved significant judgements, assumptions and estimates. These included selecting and configuring economic scenarios amid changing economic conditions and risks and estimating their effects on ECL, especially when historical conditions are not fully captured by credit risk models.

How economic scenarios are reflected in ECL calculations

Models are used to reflect economic scenarios for the ECL estimates. We have developed globally consistent methodologies for the application of forward economic guidance into the calculation of ECL for wholesale and retail credit risk.

For wholesale portfolios, a global methodology is used for the estimation of the term structure of probability of default ('PD') and loss given default ('LGD'). PDs use the correlation of forward economic guidance with default rates for a particular industry within a country, and LGDs use the correlation of forward economic guidance with collateral values and realisation rates for a particular country and industry. PDs and LGDs are estimated for the entire term structure of each instrument.

For impaired loans, allowances for ECL estimates are based on discounted cash flow ('DCF') calculations for internal forward-looking scenarios specific to individual borrower circumstances. Probability-weighted outcomes are applied and, depending on materiality and the status of the borrower, the number of scenarios considered will change. Where relevant for the case being assessed, forward economic guidance is considered as part of these scenarios. LGD-driven ECL estimates are used for certain less material cases.

For our retail portfolios, the models are predominantly based on historical observations and correlations with default rates and collateral values.

For PD, the impact of economic scenarios is modelled for each portfolio, using historical relationships between default rates and macroeconomic variables. These are included within IFRS 9 ECL estimates using either economic response models or models that contain internal, external and macroeconomic variables. The macroeconomic impact on PD is modelled over the period equal to the remaining maturity of the assets.

For LGD, the impact is modelled for mortgage portfolios by forecasting future loan-to-value profiles for the remaining maturity of the asset, using national level house price index forecasts and applying the corresponding LGD expectation relative to the updated forecast collateral values.

For unsecured retail portfolios, historically observed recovery rates are leveraged to measure loss. For both mortgages and unsecured loans, a limited number of portfolios utilise a stressed LGD applied to the Downside 2 scenario.

Management judgemental adjustments

IFRS 9 management judgemental adjustments are typically short-term increases or decreases to the modelled allowance for ECL at a customer, segment or portfolio level where management believes allowances do not sufficiently reflect the ECL at the reporting date. These relate to risks or uncertainties that are not reflected in the models or to any late-breaking events with significant uncertainty, subject to management review and challenge.

Management judgemental adjustments impacts are considered for both gross balances and allowances for ECL when determining whether a significant increase in credit risk has occurred, and is allocated to an appropriate stage in accordance with the internal adjustments framework.

Management judgemental adjustments are reviewed under the IFRS 9 governance process see page 107. Management's review and challenge focuses on the rationale and adjustment amounts and, where significant, is subject to a further review by the second line of defence. Internal frameworks establish the conditions where some management judgemental adjustments should no longer be required and as such are considered as part of the governance process.

The internal governance process regularly reviews management judgemental adjustments and, where possible, mitigates these through a model recalibration or redevelopment.

Management judgemental adjustment drivers evolve as the economic environment changes and new risks emerge. In addition to management judgemental adjustments there are also 'Other adjustments', which are made to address process limitations and data/model deficiencies and can also include, where appropriate, the impact of new models where governance has sufficiently progressed to allow an accurate estimate of ECL allowance to be incorporated into the total reported ECL.

For the wholesale portfolio, management judgemental adjustments apply to the performing portfolio only as defaulted exposures are individually assessed.

At 31 December 2025, there was a $0.1bn increase in management judgemental adjustments compared with 31 December 2024.

Management judgemental adjustments made in estimating the scenario-weighted reported allowance for ECL at 31 December 2025 are set out in the following table.

Management judgemental adjustments to ECL

	At 31 December 2025[1]			At 31 December 2024[1]		
	Retail	**Wholesale[2]**	**Total**	Retail	Wholesale[2]	Total
	$bn	**$bn**	**$bn**	$bn	$bn	$bn
Modelled ECL (A)[3]	**2.8**	**1.8**	**4.6**	2.6	2.0	4.6
Banks, sovereigns, government entities and low-risk counterparties					0.0	0.0
Corporate lending adjustments		**0.1**	**0.1**		0.1	0.1
Other credit judgements	**0.1**		**0.1**	0.0		0.0
Total management judgemental adjustments (B)[4]	**0.1**	**0.1**	**0.2**	0.0	0.1	0.1
Other adjustments (C)[5]	**(0.0)**	**0.1**	**0.1**	(0.0)	0.1	0.1
Final ECL (A + B + C)[6]	**2.9**	**2.0**	**4.9**	2.6	2.2	4.8

1 Management judgemental adjustments presented in the table reflect increases or (decreases) to allowance for ECL, respectively.
2 The wholesale portfolio corresponds to adjustments to the performing portfolio (stage 1 and stage 2).
3 (A) refers to probability-weighted allowance for ECL before any adjustments are applied.
4 (B) refers to adjustments that are applied where management believes allowance for ECL does not sufficiently reflect the credit risk/ECL of any given portfolio at the reporting date. These can relate to risks or uncertainties that are not reflected in the model and/or to any late-breaking events.
5 (C) refers to adjustments to allowance for ECL made to address process limitations and data/model deficiencies and can also include where appropriate, the impact of new models where governance has sufficiently progressed to allow an accurate estimate of ECL allowance to be incorporated into the total reported ECL.
6 As presented within our internal credit risk governance (see page 107).

Management judgemental adjustments at 31 December 2025 were an increase to allowance for ECL of $0.1bn for the wholesale portfolio, and $0.1bn for the retail portfolio.

At 31 December 2025, wholesale management judgemental adjustments to the allowance for ECL remained stable at $0.1bn, consistent with the position at 31 December 2024. These were mainly to corporate exposures to reflect heightened uncertainty in specific sectors and geographies, including offsetting adjustments to the real estate sector in mainland China, Hong Kong and the US, and adjustments to exposures to the automotive and industrial sectors in Germany.

At 31 December 2025, retail management judgemental adjustments were an increase to allowance for ECL of $0.1bn (31 December 2024: $0.0bn). The marginal increase in 'Other credit judgements' compared with 31 December 2024 was in relation to a number of market-specific adjustments that were not individually significant.

Economic scenarios sensitivity analysis of ECL estimates

Management considered the sensitivity of the ECL outcome against the economic forecasts as part of the ECL governance process by recalculating the allowance for ECL under each scenario described above for selected portfolios, applying a 100% weighting to each scenario in turn. The weighting is reflected in both the determination of a significant increase in credit risk and the measurement of the resulting allowances.

The allowance for ECL calculated for the Upside and Downside scenarios should not be taken to represent the upper and lower limits of possible ECL outcomes. The impact of defaults that might occur in the future under different economic scenarios is captured by recalculating allowances for loans at the balance sheet date.

There is a particularly high degree of estimation uncertainty in numbers representing tail risk scenarios when assigned a 100% weighting.

For wholesale credit risk exposures, the sensitivity analysis excludes allowance for ECL and financial instruments related to defaulted (stage 3) obligors. The measurement of stage 3 ECL is relatively more sensitive to credit factors specific to the obligor than future economic scenarios, and therefore the effects of macroeconomic factors are not necessarily the key consideration when performing individual assessments of allowances for obligors in default. Loans to defaulted obligors are a small portion of the overall wholesale lending exposure, even if representing the majority of the allowance for ECL. Due to the range and specificity of the credit factors to which the ECL is sensitive, it is not possible to provide a meaningful alternative sensitivity analysis for a consistent set of risks across all defaulted obligors.

For retail mortgage exposures the sensitivity analysis includes allowance for ECL for defaulted obligors of loans and advances. This is because the retail ECL for secured mortgage portfolios, including loans in all stages, is sensitive to macroeconomic variables.

Wholesale and retail sensitivity

The wholesale and retail sensitivity tables present the 100% weighted results for each of our scenarios. These exclude portfolios held by the insurance business and small portfolios, and as such cannot be directly compared with personal and wholesale lending presented in other credit risk tables. In both the wholesale and retail analysis, the comparative period results for Downside 2 scenarios are also not directly comparable with the current period, because they reflect different risks relative to the consensus scenarios for the period end.

The wholesale and retail sensitivity analysis is stated inclusive of management judgemental adjustments, as appropriate to each scenario.

For both retail and wholesale portfolios, the gross carrying amount of financial instruments are the same under each scenario. For exposures with similar risk profile and product characteristics, the sensitivity impact is therefore largely the result of changes in macroeconomic assumptions.

Wholesale analysis

IFRS 9 ECL sensitivity to future economic conditions[1,2,3]

By geography at 31 Dec 2025	Reported Gross carrying amount[4] $m	Reported allowance for ECL $m	Consensus Central scenario allowance for ECL $m	Consensus Upside scenario allowance for ECL $m	Consensus Downside scenario allowance for ECL $m	Downside 2 scenario allowance for ECL $m
UK	**465,228**	**598**	**571**	**513**	**680**	**1,119**
US	**208,425**	**210**	**194**	**166**	**264**	**563**
Hong Kong	**472,454**	**439**	**401**	**305**	**570**	**1,143**
Mainland China	**133,814**	**188**	**176**	**137**	**256**	**397**
Mexico	**38,076**	**62**	**58**	**47**	**76**	**202**
UAE	**62,827**	**52**	**51**	**47**	**56**	**82**
France	**196,137**	**121**	**117**	**103**	**139**	**188**
Other geographies[5]	**487,987**	**234**	**208**	**158**	**358**	**790**
Total	**2,064,949**	**1,905**	**1,778**	**1,477**	**2,399**	**4,485**
of which:						
Stage 1	**1,940,746**	**690**	**638**	**522**	**830**	**971**
Stage 2	**124,203**	**1,214**	**1,139**	**955**	**1,569**	**3,514**
By geography at 31 Dec 2024						
UK	432,160	717	667	526	850	2,389
US	202,888	216	201	205	247	461
Hong Kong	450,966	659	616	465	906	1,496
Mainland China	137,960	178	141	84	329	886
Mexico	34,713	69	61	46	86	302
UAE	58,909	51	49	40	58	120
France	184,591	82	80	69	97	125
Other geographies[5,6]	455,823	234	216	176	304	774
Total	1,958,010	2,205	2,031	1,612	2,877	6,555
of which:						
Stage 1	1,830,264	689	632	494	797	803
Stage 2	127,746	1,516	1,399	1,118	2,080	5,751

1 Allowance for ECL sensitivity includes off-balance sheet financial instruments. These are subject to significant measurement uncertainty.
2 Includes low credit-risk financial instruments such as debt instruments at FVOCI, which have high carrying amounts but low ECL under all the above scenarios.
3 Excludes defaulted obligors. For a detailed breakdown of performing and non-performing wholesale portfolio exposures, see page 136.
4 Staging refers only to probability-weighted/reported gross carrying amount. Stage allocation of gross exposures varies by scenario, with higher allocation to stage 2 under the Downside 2 scenario.
5 Includes small portfolios that use less complex modelling approaches and are not sensitive to macroeconomic changes.
6 Includes the Argentina and Armenia businesses, which were sold in 2024.

At 31 December 2025, the highest level of 100% scenario-weighted allowance for ECL was observed in the UK and Hong Kong under the Downside 2 scenario, driven primarily by a larger exposure to those geographies, namely in the real estate sector. In relation to the underlying exposure, mainland China and Mexico have the higher Downside 2 ECL coverage, mostly due to the relatively larger proportion of higher risk exposures in those geographies.

Compared with 31 December 2024, the ECL impact on all consensus scenarios has decreased due to the effects of enhanced credit risk models and updates to our forward economic scenarios.

In the wholesale portfolio, off-balance sheet financial instruments have a lower likelihood to be fully converted to a funded exposure at the point of default, and consequently the sensitivity of the allowance for ECL is lower in relation to its nominal amount, when compared with an on-balance sheet exposure with a similar risk profile.

Retail analysis

At 31 December 2025, the most significant level of allowance for ECL sensitivity was observed in the UK, Mexico and Hong Kong. Mortgages reflected the lowest level of allowance for ECL sensitivity across most markets given the significant levels of collateral relative to the exposure values. Credit cards and other unsecured lending across stages 1 and 2 are more sensitive to economic forecasts and therefore reflected the highest level of allowance for ECL sensitivity during 2025.

The ECL allowance in all consensus scenarios compared with 31 December 2024 was stable. There was a decrease in the Downside 2 scenario, which was primarily due to improvements in the House Price Index forecasts in Hong Kong.

There was limited sensitivity in credit cards and other unsecured lending in stage 3 as levels of loss on defaulted exposures remained consistent through various economic conditions. The Downside 2 scenario reflects the tail of the economic distribution where allowance for ECL is more sensitive based on historical experience and includes a stressed LGD for a limited number of portfolios.

The reported gross carrying amount by stage is representative of the weighted scenario allowance for ECL. The allowance for ECL sensitivity to the other scenarios includes changes in allowance for ECL due to the levels of loss and the migration of additional lending balances in, or out, of stage 2.

IFRS 9 ECL sensitivity to future economic conditions[1]

	At 31 Dec 2025						At 31 Dec 2024					
By geography	**Reported gross carrying amount** $m	**Reported allowance for ECL** $m	**Consensus Central scenario allowance for ECL** $m	**Consensus Upside scenario allowance for ECL** $m	**Consensus Downside scenario allowance for ECL** $m	**Downside 2 scenario allowance for ECL** $m	Reported gross carrying amount $m	Reported allowance for ECL $m	Consensus Central scenario allowance for ECL $m	Consensus Upside scenario allowance for ECL $m	Consensus Downside scenario allowance for ECL $m	Downside 2 scenario allowance for ECL $m
UK												
Mortgages	**183,128**	**132**	**124**	**117**	**138**	**274**	163,541	126	117	107	132	288
Credit cards	**8,317**	**356**	**354**	**338**	**355**	**419**	7,415	280	275	265	276	447
Other	**9,513**	**265**	**261**	**238**	**276**	**370**	8,249	241	233	217	243	351
Mexico												
Mortgages	**8,430**	**190**	**188**	**180**	**193**	**237**	7,482	165	162	155	168	215
Credit cards	**2,322**	**407**	**403**	**398**	**409**	**514**	2,227	337	333	330	338	423
Other	**3,727**	**437**	**437**	**435**	**442**	**589**	3,722	419	416	413	422	593
Hong Kong												
Mortgages	**106,736**	**5**	**4**	**3**	**6**	**13**	106,866	5	5	4	5	10
Credit cards	**9,739**	**313**	**306**	**300**	**324**	**496**	9,419	293	275	268	300	770
Other	**6,085**	**146**	**137**	**136**	**144**	**173**	6,210	106	102	101	105	249
UAE												
Mortgages	**2,306**	**6**	**6**	**6**	**6**	**7**	1,993	8	8	8	8	8
Credit cards	**591**	**39**	**39**	**38**	**40**	**46**	536	31	31	31	31	35
Other	**620**	**12**	**11**	**11**	**12**	**13**	688	17	17	17	17	19
US												
Mortgages	**17,797**	**4**	**4**	**4**	**5**	**8**	16,965	6	6	6	6	8
Credit cards	**187**	**14**	**14**	**14**	**14**	**16**	193	15	14	14	15	17
Other geographies												
Mortgages	**56,067**	**109**	**106**	**102**	**114**	**175**	51,064	131	127	124	136	180
Credit cards	**3,834**	**175**	**174**	**173**	**179**	**202**	3,500	162	159	156	164	223
Other	**2,313**	**78**	**78**	**77**	**78**	**85**	2,292	72	72	69	73	93
Total	**421,712**	**2,688**	**2,646**	**2,570**	**2,735**	**3,637**	392,361	2,413	2,351	2,285	2,440	3,928
of which: mortgages	**374,464**	**446**	**432**	**412**	**462**	**714**	347,910	440	425	405	456	708
Stage 1	**353,960**	**54**	**53**	**50**	**61**	**161**	311,875	51	47	43	58	129
Stage 2	**18,056**	**106**	**97**	**88**	**108**	**216**	33,761	126	117	107	129	275
Stage 3	**2,448**	**286**	**282**	**274**	**293**	**337**	2,274	263	261	255	269	304
of which: credit cards	**24,990**	**1,304**	**1,290**	**1,261**	**1,321**	**1,693**	23,290	1,116	1,086	1,064	1,124	1,915
Stage 1	**21,258**	**353**	**347**	**335**	**366**	**553**	19,915	276	267	258	284	701
Stage 2	**3,450**	**731**	**723**	**706**	**735**	**913**	3,107	655	634	621	656	1,027
Stage 3	**282**	**220**	**220**	**220**	**220**	**227**	267	185	185	185	185	188
of which: others	**22,258**	**938**	**924**	**897**	**952**	**1,230**	21,161	856	839	816	860	1,305
Stage 1	**19,494**	**253**	**249**	**233**	**265**	**444**	18,574	216	204	193	217	532
Stage 2	**2,177**	**403**	**393**	**382**	**405**	**494**	2,005	360	355	343	363	483
Stage 3	**587**	**282**	**282**	**282**	**282**	**292**	583	279	279	279	279	290

1 Allowance for ECL sensitivities exclude portfolios utilising less complex modelling approaches.

Group ECL sensitivity results

The allowance for ECL of the scenarios and management judgemental adjustments is highly sensitive to movements in economic forecasts. Based upon the sensitivity tables presented above, if the Group allowance for ECL balance was estimated solely on the basis of the Central scenario, Downside scenario or the Downside 2 scenario at 31 December 2025, it would increase/(decrease) as presented in the below table.

Total Group ECL at 31 December 2025

	At 31 December 2025		At 31 December 2024	
	Retail[1]	**Wholesale[1]**	Retail[1]	Wholesale[1]
	$bn	**$bn**	$bn	$bn
Reported allowance for ECL	**2.7**	**1.9**	2.4	2.2
Scenarios				
100% Consensus Central scenario	**(0.0)**	**0.0**	(0.1)	(0.2)
100% Consensus Upside scenario	**(0.1)**	**(0.3)**	(0.1)	(0.6)
100% Consensus Downside scenario	**0.0**	**0.6**	0.0	0.7
100% Downside 2 scenario	**0.9**	**2.7**	1.5	4.3

1 On the same basis as retail and wholesale sensitivity analysis.

At 31 December 2025, the Group allowance for ECL increased in the retail portfolio by $0.3bn and decreased by $0.3bn in the wholesale portfolio, compared with 31 December 2024.

Compared with 31 December 2024, both the retail and wholesale portfolio Group ECL sensitivity across all consensus scenarios decreased due to an improving economic outlook. For the retail portfolios the ECL sensitivity decrease across the Downside 2 scenario was primarily due to improvements in Hong Kong and UK unsecured portfolios. For the wholesale portfolios, the decrease was largely driven by crystallisation of defaults in certain sectors and an improving economic outlook.

Reconciliation from reported exposure and ECL to sensitised exposure and weighted ECL

	Wholesale		**Retail**		**Total**	
	Gross carrying/ nominal amount	**Allowance for ECL**	**Gross carrying/ nominal amount**	**Allowance for ECL**	**Gross carrying/ nominal amount**	**Allowance for ECL**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Included in sensitivity analysis	**2,064,949**	**(1,905)**	**421,712**	**(2,688)**	**2,486,661**	**(4,593)**
– Exclusions from sensitivity as described in the section above[1]	**21,336**	**(6,394)**	**330,144**	**(147)**	**351,480**	**(6,541)**
– Debt instruments measured at fair value through other comprehensive income[2]	**(383,568)**	**30**	**—**	**—**	**(383,568)**	**30**
– Performance guarantees[2]	**(102,684)**	**269**	**—**	**—**	**(102,684)**	**269**
– Other financial assets at amortised cost not presented as wholesale or personal lending, including held for sale[2]	**(539,467)**	**102**	**(616)**	**9**	**(540,083)**	**111**
– Other[3]	**6,757**	**(342)**	**(2,735)**	**1**	**4,022**	**(341)**
As reported in the Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector at 31 Dec 2025	**1,067,323**	**(8,240)**	**748,505**	**(2,825)**	**1,815,828**	**(11,065)**
Other financial assets at amortised cost					**890,326**	**(129)**
Total reported in the Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector at 31 Dec 2025					**2,706,154**	**(11,194)**
Included in sensitivity analysis	1,958,010	(2,205)	392,361	(2,413)	2,350,371	(4,618)
– Exclusions from sensitivity as described in the section above[1]	20,409	(5,419)	309,178	(124)	329,587	(5,543)
– Debt instruments measured at fair value through other comprehensive income[2]	(346,124)	54	—	—	(346,124)	54
– Performance guarantees[2]	(92,722)	311	—	—	(92,722)	311
– Other financial assets at amortised cost not presented as wholesale or personal lending, including held for sale[2]	(568,668)	141	(130)	—	(568,798)	141
– Other[3]	5,978	(441)	498	(9)	6,476	(450)
As reported in the Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector at 31 Dec 2024	976,883	(7,559)	701,907	(2,546)	1,678,790	(10,105)
Other financial assets at amortised cost					828,580	(92)
Total reported in the Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector at 31 Dec 2024					2,507,370	(10,197)

1 Comprises wholesale defaulted obligors, retail portfolios utilising less complex modelling approaches, private banking and insurance.
2 The sensitivity analysis includes certain items reported in 'Other assets at amortised cost', which are not allocated to an industry in the credit tables. It also includes debt instruments measured at FVOCI and performance guarantees, which are presented separately in the credit tables.
3 Includes FX and other operational variances.

Reconciliations of changes in gross carrying/nominal amount and allowances

The following disclosure provides a reconciliation by stage of the Group's gross carrying/nominal amount and allowances for loans and advances to banks and customers, including loan commitments and financial guarantees.

In addition, a reconciliation by stage of the Group's gross carrying amount and allowances for loans and advances to banks and customers and a reconciliation by stage of the Group's nominal amount and allowances for loan commitments and financial guarantees, were included in this section following adoption of the recommendations of the third report from The Taskforce on Disclosures about Expected Credit Losses ('DECL').

Movements are calculated on a quarterly basis and therefore fully capture stage movements between quarters. If movements were calculated on a year-to-date basis they would only reflect the opening and closing position of the financial instrument.

The transfers of financial instruments represents the impact of stage transfers upon the gross carrying/nominal amount and associated allowance for ECL.

The net remeasurement of ECL arising from transfer of stage represents the increase or decrease due to these transfers, for example, moving from a 12-month (stage 1) to a lifetime (stage 2) ECL measurement basis. Net remeasurement excludes the underlying CRR/PD movements of the financial instruments transferring stage. This is captured, along with other credit quality movements in the 'changes to risk parameters – credit quality' line item.

Changes in 'Net new and further lending/repayments' represents the impact from volume movements within the Group's lending portfolio and includes new financial assets originated or purchased, further lending and repayments (including final repayments).

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees

(Audited)

	Non-credit impaired				Credit impaired					
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**1,489,687**	**(1,232)**	**115,898**	**(2,674)**	**23,823**	**(6,148)**	**93**	**(51)**	**1,629,501**	**(10,105)**
Transfers of financial instruments:	**(28,196)**	**(931)**	**18,327**	**2,101**	**9,869**	**(1,170)**	**—**	**—**	**—**	**—**
– transfers from stage 1 to stage 2	**(134,309)**	**368**	**134,309**	**(368)**	**—**	**—**	**—**	**—**	**—**	**—**
– transfers from stage 2 to stage 1	**107,223**	**(1,233)**	**(107,223)**	**1,233**	**—**	**—**	**—**	**—**	**—**	**—**
– transfers to stage 3	**(1,873)**	**15**	**(10,260)**	**1,434**	**12,133**	**(1,449)**	**—**	**—**	**—**	**—**
– transfers from stage 3	**763**	**(81)**	**1,501**	**(198)**	**(2,264)**	**279**	**—**	**—**	**—**	**—**
Net remeasurement of ECL arising from transfer of stage	**—**	**664**	**—**	**(604)**	**—**	**(58)**	**—**	**—**	**—**	**2**
Changes due to modifications not derecognised	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net new and further lending/repayments	**107,733**	**(178)**	**(35,843)**	**614**	**(6,060)**	**768**	**238**	**2**	**66,068**	**1,206**
Changes to risk parameters – credit quality	**—**	**390**	**—**	**(1,991)**	**—**	**(3,737)**	**—**	**(24)**	**—**	**(5,362)**
Changes to models used for ECL calculation	**—**	**(59)**	**—**	**272**	**—**	**(16)**	**—**	**—**	**—**	**197**
Assets written off	**—**	**—**	**—**	**—**	**(3,569)**	**3,569**	**—**	**—**	**(3,569)**	**3,569**
Credit-related modifications that resulted in derecognition	**—**	**—**	**—**	**—**	**(88)**	**9**	**—**	**—**	**(88)**	**9**
Foreign exchange and others[1,2]	**42,772**	**(16)**	**4,507**	**(152)**	**1,259**	**(410)**	**6**	**(3)**	**48,544**	**(581)**
At 31 Dec 2025	**1,611,996**	**(1,362)**	**102,889**	**(2,434)**	**25,234**	**(7,193)**	**337**	**(76)**	**1,740,456**	**(11,065)**
ECL income statement change for the period		**817**		**(1,709)**		**(3,043)**		**(22)**		**(3,957)**
Recoveries										**320**
Others										**(248)**
Total ECL income statement change for the period										**(3,885)**

1 Total includes $6.0bn of gross carrying loans and advances to customers and banks, which were classified to assets held for sale, and a corresponding allowance for ECL of $27m, including business disposals as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.

2 This includes $7.2bn of gross carrying loans and advances to customers and corresponding allowance for ECL of $7m in relation to disposal of our retained home and other retail loans in France as disclosed in Note 23 on page 329.

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees (continued)

(Audited)

	At 31 Dec 2025		12 months ended 31 Dec 2025
	Gross carrying/ nominal amount	**Allowance for ECL**	**ECL charge**
	$m	**$m**	**$m**
As above	**1,740,456**	**(11,065)**	**(3,885)**
Other financial assets measured at amortised cost	**890,326**	**(129)**	**(29)**
Non-trading reverse purchase agreement commitments	**75,372**	**—**	**—**
Performance and other guarantees not considered for IFRS 9	**—**	**—**	**46**
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/Summary consolidated income statement	**2,706,154**	**(11,194)**	**(3,868)**
Debt instruments measured at FVOCI	**383,568**	**(30)**	**18**
Total allowance for ECL/total income statement ECL change for the period	**n/a**	**(11,224)**	**(3,850)**

	Non-credit impaired				Credit impaired					
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross exposure	Allowance/ provision for ECL	Gross exposure	Allowance/ provision for ECL	Gross exposure	Allowance/ provision for ECL	Gross exposure	Allowance/ provision for ECL	Gross exposure	Allowance/ provision for ECL
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	1,496,805	(1,300)	153,084	(3,102)	20,799	(7,063)	85	(30)	1,670,773	(11,495)
Transfers of financial instruments:	(19,629)	(1,259)	6,652	2,302	12,977	(1,043)	—	—	—	—
– transfers from stage 1 to stage 2	(116,211)	419	116,211	(419)	—	—	—	—	—	—
– transfers from stage 2 to stage 1	98,731	(1,627)	(98,731)	1,627	—	—	—	—	—	—
– transfers to stage 3	(2,799)	16	(12,230)	1,321	15,029	(1,337)	—	—	—	—
– transfers from stage 3	650	(67)	1,402	(227)	(2,052)	294	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	959	—	(831)	—	(144)	—	—	—	(16)
Changes due to modifications not derecognised	—	—	—	—	(25)	—	—	—	(25)	—
Net new and further lending/ repayments	87,833	(168)	(37,731)	589	(5,246)	1,689	7	(7)	44,863	2,103
Changes to risk parameters – credit quality	—	363	—	(1,773)	—	(3,945)	—	(11)	—	(5,366)
Changes to models used for ECL calculation	—	68	—	(4)	—	(20)	—	—	—	44
Assets written off	—	—	—	—	(4,459)	4,459	—	—	(4,459)	4,459
Credit-related modifications that resulted in derecognition	—	—	—	—	—	—	—	—	—	—
Foreign exchange and others[1,2,3]	(75,322)	105	(6,107)	145	(223)	(81)	1	(3)	(81,651)	166
At 31 Dec 2024	1,489,687	(1,232)	115,898	(2,674)	23,823	(6,148)	93	(51)	1,629,501	(10,105)
ECL income statement change for the period		1,222		(2,019)		(2,420)		(18)		(3,235)
Recoveries										260
Others										(158)
Total ECL income statement change for the period										(3,133)

1 Total includes $3.7bn of gross carrying loans and advances to customers and banks, which were classified to assets held for sale, and a corresponding allowance for ECL of $46m, reflecting business disposals as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.
2 Total includes $35.3bn of nominal amount and $21m of corresponding allowance for ECL related to derecognition of loan commitments and financial guarantees following the sale of our banking business in Canada during 2024.
3 Total includes $2.7bn of nominal amount related to derecognition of loan commitments and financial guarantees following the sale of our business in Argentina during 2024.

	At 31 Dec 2024		12 months ended 31 Dec 2024
	Gross carrying/ nominal amount	Allowance for ECL	ECL charge
	$m	$m	$m
As above	1,629,501	(10,105)	(3,133)
Other financial assets measured at amortised cost	828,580	(92)	(114)
Non-trading reverse purchase agreement commitments	49,289	—	—
Performance and other guarantees not considered for IFRS 9	—	—	(173)
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/Summary consolidated income statement	2,507,370	(10,197)	(3,420)
Debt instruments measured at FVOCI	346,124	(54)	6
Total allowance for ECL/total income statement ECL change for the period	n/a	(10,251)	(3,414)

Reconciliation of changes in gross carrying amount and allowances for loans and advances to banks and customers

	Non-credit impaired				Credit impaired					
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**926,272**	**(1,087)**	**93,446**	**(2,548)**	**22,617**	**(6,042)**	**90**	**(51)**	**1,042,425**	**(9,728)**
Transfers of financial instruments:	**(19,240)**	**(873)**	**9,888**	**2,039**	**9,352**	**(1,166)**	**—**	**—**	**—**	**—**
– transfers from stage 1 to stage 2	**(96,905)**	**350**	**96,905**	**(350)**	**—**	**—**	**—**	**—**	**—**	**—**
– transfers from stage 2 to stage 1	**78,715**	**(1,158)**	**(78,715)**	**1,158**	**—**	**—**	**—**	**—**	**—**	**—**
– transfers to stage 3	**(1,522)**	**15**	**(9,650)**	**1,428**	**11,172**	**(1,443)**	**—**	**—**	**—**	**—**
– transfers from stage 3	**472**	**(80)**	**1,348**	**(197)**	**(1,820)**	**277**	**—**	**—**	**—**	**—**
Net remeasurement of ECL arising from transfer of stage	**—**	**613**	**—**	**(570)**	**—**	**(58)**	**—**	**—**	**—**	**(15)**
Changes due to modifications not derecognised	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net new and further lending/ repayments	**69,338**	**(169)**	**(26,413)**	**579**	**(5,119)**	**705**	**238**	**2**	**38,044**	**1,117**
Changes to risk parameters – credit quality	**—**	**382**	**—**	**(1,945)**	**—**	**(3,693)**	**—**	**(24)**	**—**	**(5,280)**
Changes to models used for ECL calculation	**—**	**(60)**	**—**	**269**	**—**	**(16)**	**—**	**—**	**—**	**193**
Assets written off	**—**	**—**	**—**	**—**	**(3,569)**	**3,569**	**—**	**—**	**(3,569)**	**3,569**
Credit-related modifications that resulted in derecognition	**—**	**—**	**—**	**—**	**(88)**	**9**	**—**	**—**	**(88)**	**9**
Foreign exchange and others[1,2]	**25,399**	**(11)**	**4,147**	**(144)**	**1,197**	**(406)**	**5**	**(3)**	**30,748**	**(564)**
At 31 Dec 2025	**1,001,769**	**(1,205)**	**81,068**	**(2,320)**	**24,390**	**(7,098)**	**333**	**(76)**	**1,107,560**	**(10,699)**
ECL income statement change for the period		**766**		**(1,667)**		**(3,062)**		**(22)**		**(3,985)**
Recoveries										**320**
Others										**(264)**
Total ECL income statement change for the period										**(3,929)**

1 Total includes $6.0bn of gross carrying loans and advances to customers and banks, which were classified to assets held for sale, and a corresponding allowance for ECL of $27m, reflecting business disposals as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.
2 This includes $7.2bn of gross carrying loans and advances to customers and a corresponding allowance for ECL of $7m in relation to the disposal of our retained portfolio of home and other retail loans in France as disclosed in Note 23 on page 329.

	Non-credit impaired				Credit impaired					
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	920,863	(1,140)	122,307	(2,967)	19,275	(6,952)	81	(30)	1,062,526	(11,089)
Transfers of financial instruments:	(19,794)	(1,227)	7,344	2,259	12,450	(1,032)	—	—	—	—
– transfers from stage 1 to stage 2	(90,611)	404	90,611	(404)	—	—	—	—	—	—
– transfers from stage 2 to stage 1	72,935	(1,580)	(72,935)	1,580	—	—	—	—	—	—
– transfers to stage 3	(2,559)	16	(11,512)	1,310	14,071	(1,326)	—	—	—	—
– transfers from stage 3	441	(67)	1,180	(227)	(1,621)	294	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	932	—	(801)	—	(144)	—	—	—	(13)
Changes due to modifications not derecognised	—	—	—	—	(25)	—	—	—	(25)	—
Net new and further lending/ repayments	52,439	(161)	(33,154)	570	(4,535)	1,606	7	(7)	14,757	2,008
Changes to risk parameters – credit quality	—	361	—	(1,724)	—	(3,873)	—	(11)	—	(5,247)
Changes to models used for ECL calculation	—	66	—	(18)	—	(20)	—	—	—	28
Assets written off	—	—	—	—	(4,459)	4,459	—	—	(4,459)	4,459
Credit-related modifications that resulted in derecognition	—	—	—	—	—	—	—	—	—	—
Foreign exchange and others[1]	(27,236)	82	(3,051)	133	(89)	(86)	2	(3)	(30,374)	126
At 31 Dec 2024	926,272	(1,087)	93,446	(2,548)	22,617	(6,042)	90	(51)	1,042,425	(9,728)
ECL income statement change for the period		1,198		(1,973)		(2,431)		(18)		(3,224)
Recoveries										260
Others										(161)
Total ECL income statement change for the period										(3,125)

1 Total includes $3.7bn of gross carrying loans and advances to customers and banks, which were classified to assets held for sale, and a corresponding allowance for ECL of $46m, reflecting business disposals as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.

Reconciliation of changes in nominal amount and allowances for loan commitments and financial guarantees

	Non-credit impaired				Credit impaired					
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Nominal amount	Allowance for ECL	Nominal amount	Allowance for ECL	Nominal amount	Allowance for ECL	Nominal amount	Allowance for ECL	Nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**563,415**	**(145)**	**22,452**	**(126)**	**1,206**	**(106)**	**3**	**—**	**587,076**	**(377)**
Transfers of financial instruments:	**(8,956)**	**(58)**	**8,439**	**62**	**517**	**(4)**	**—**	**—**	**—**	**—**
– transfers from stage 1 to stage 2	**(37,404)**	**18**	**37,404**	**(18)**	**—**	**—**	**—**	**—**	**—**	**—**
– transfers from stage 2 to stage 1	**28,508**	**(75)**	**(28,508)**	**75**	**—**	**—**	**—**	**—**	**—**	**—**
– transfers to stage 3	**(351)**	**—**	**(610)**	**6**	**961**	**(6)**	**—**	**—**	**—**	**—**
– transfers from stage 3	**291**	**(1)**	**153**	**(1)**	**(444)**	**2**	**—**	**—**	**—**	**—**
Net remeasurement of ECL arising from transfer of stage	**—**	**51**	**—**	**(34)**	**—**	**—**	**—**	**—**	**—**	**17**
Net new and further lending/ repayments	**38,395**	**(9)**	**(9,430)**	**35**	**(941)**	**63**	**—**	**—**	**28,024**	**89**
Changes to risk parameters – credit quality	**—**	**8**	**—**	**(46)**	**—**	**(44)**	**—**	**—**	**—**	**(82)**
Changes to models used for ECL calculation	**—**	**1**	**—**	**3**	**—**	**—**	**—**	**—**	**—**	**4**
Foreign exchange and others	**17,373**	**(5)**	**360**	**(8)**	**62**	**(4)**	**1**	**—**	**17,796**	**(17)**
At 31 Dec 2025	**610,227**	**(157)**	**21,821**	**(114)**	**844**	**(95)**	**4**	**—**	**632,896**	**(366)**
ECL income statement change for the period		**51**		**(42)**		**19**		**—**		**28**
Others										**16**
Total ECL income statement change for the period										**44**

At 1 Jan 2024	575,942	(160)	30,777	(135)	1,524	(111)	4	—	608,247	(406)
Transfers of financial instruments:	165	(32)	(692)	43	527	(11)	—	—	—	—
– transfers from stage 1 to stage 2	(25,600)	15	25,600	(15)	—	—	—	—	—	—
– transfers from stage 2 to stage 1	25,796	(47)	(25,796)	47	—	—	—	—	—	—
– transfers to stage 3	(240)	—	(718)	11	958	(11)	—	—	—	—
– transfers from stage 3	209	—	222	—	(431)	—	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	27	—	(30)	—	—	—	—	—	(3)
Net new and further lending/ repayments	35,394	(7)	(4,577)	19	(711)	83	—	—	30,106	95
Changes to risk parameters – credit quality	—	2	—	(49)	—	(72)	—	—	—	(119)
Changes to models used for ECL calculation	—	2	—	14	—	—	—	—	—	16
Foreign exchange and others[1,2]	(48,086)	23	(3,056)	12	(134)	5	(1)	—	(51,277)	40
At 31 Dec 2024	563,415	(145)	22,452	(126)	1,206	(106)	3	—	587,076	(377)
ECL income statement change for the period		24		(46)		11		—		(11)
Others										3
Total ECL income statement change for the period										(8)

1 Total includes $35.3bn of nominal amount and $21m of corresponding allowance for ECL related to derecognition of loan commitments and financial guarantees following the sale of our banking business in Canada during 2024.
2 Total includes $2.7bn of nominal amount related to derecognition of loan commitments and financial guarantees following the sale of our business in Argentina during 2024.

Credit quality

Credit quality of financial instruments

(Audited)

We assess the credit quality of all financial instruments that are subject to credit risk. The credit quality of financial instruments is a point-in-time assessment of PD, whereas stages 1 and 2 are determined based on relative deterioration of credit quality since initial recognition for the majority of portfolios. Accordingly, for non-credit-impaired financial instruments, there is no direct relationship between the credit quality assessment and stages 1 and 2, although typically the lower credit quality bands exhibit a higher proportion in stage 2. The five credit quality classifications provided below each encompass a range of granular internal credit rating grades assigned to wholesale and personal lending businesses and the external ratings attributed by external agencies to debt securities, as shown in the table on page 139.

Distribution of financial instruments by credit quality

(Audited)

	At 31 Dec 2025								At 31 Dec 2024							
	Gross carrying/notional amount						Allowance for ECL/ other credit provisions	Net	Gross carrying/notional amount						Allowance for ECL/ other credit provisions	Net
	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total			Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total		
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
In-scope for IFRS 9 ECL																
Loans and advances to customers held at amortised cost	**545,487**	**215,781**	**191,839**	**21,455**	**24,529**	**999,091**	**(10,692)**	**988,399**	515,266	193,080	186,416	22,906	22,705	940,373	(9,715)	930,658
– personal	**380,030**	**57,064**	**30,688**	**2,801**	**3,945**	**474,528**	**(2,797)**	**471,731**	360,317	53,595	27,774	1,979	3,560	447,225	(2,524)	444,701
– corporate and commercial	**113,787**	**132,972**	**139,599**	**18,041**	**20,106**	**424,505**	**(7,526)**	**416,979**	114,504	118,785	138,705	20,224	18,466	410,684	(6,755)	403,929
– non-bank financial institutions	**51,670**	**25,745**	**21,552**	**613**	**478**	**100,058**	**(369)**	**99,689**	40,445	20,700	19,937	703	679	82,464	(436)	82,028
Loans and advances to banks held at amortised cost	**97,524**	**6,222**	**4,613**	**109**	**1**	**108,469**	**(7)**	**108,462**	92,621	4,255	5,040	134	2	102,052	(13)	102,039
Cash and balances at central banks	**242,187**	**590**	**82**	**—**	**—**	**242,859**	**—**	**242,859**	266,713	949	12	—	—	267,674	—	267,674
Hong Kong Government certificates of indebtedness	**44,063**	**—**	**—**	**—**	**—**	**44,063**	**—**	**44,063**	42,293	—	—	—	—	42,293	—	42,293
Reverse repurchase agreements – non-trading	**193,352**	**78,296**	**26,740**	**4**	**—**	**298,392**	**—**	**298,392**	155,831	70,877	25,799	42	—	252,549	—	252,549
Financial investments	**171,057**	**654**	**10,390**	**—**	**—**	**182,101**	**(12)**	**182,089**	146,970	3,681	3,331	—	—	153,982	(9)	153,973
Assets held for sale	**449**	**2,751**	**864**	**—**	**51**	**4,115**	**(27)**	**4,088**	2,425	458	367	1	22	3,273	(4)	3,269
Other assets	**95,589**	**11,950**	**10,789**	**335**	**133**	**118,796**	**(90)**	**118,706**	88,338	9,735	10,151	454	131	108,809	(79)	108,730
– endorsements and acceptances	**1,504**	**3,331**	**3,624**	**236**	**11**	**8,706**	**(11)**	**8,695**	2,101	2,663	3,090	243	10	8,107	(14)	8,093
– accrued income and other	**94,085**	**8,619**	**7,165**	**99**	**122**	**110,090**	**(79)**	**110,011**	86,237	7,072	7,061	211	121	100,702	(65)	100,637
Debt instruments measured at FVOCI[1]	**375,950**	**2,592**	**7,572**	**286**	**—**	**386,400**	**(30)**	**386,370**	336,313	9,448	7,768	380	—	353,909	(54)	353,855
Out-of-scope for IFRS 9 ECL																
Trading assets	**143,943**	**22,187**	**22,943**	**603**	**165**	**189,841**	**—**	**189,841**	119,546	21,951	15,804	2,300	47	159,648	—	159,648
Other financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**61,509**	**13,037**	**5,014**	**351**	**19**	**79,930**	**—**	**79,930**	53,282	11,862	4,390	231	11	69,776	—	69,776
Derivatives	**194,320**	**33,752**	**9,382**	**283**	**3**	**237,740**	**—**	**237,740**	224,870	34,124	9,373	258	12	268,637	—	268,637
Assets held for sale	**10**	**103**	**—**	**—**	**148**	**261**	**—**	**261**	3,019	—	—	—	—	3,019	—	3,019
Total gross carrying amount on balance sheet	**2,165,440**	**387,915**	**290,228**	**23,426**	**25,049**	**2,892,058**	**(10,858)**	**2,881,200**	2,047,487	360,420	268,451	26,706	22,930	2,725,994	(9,874)	2,716,120
Percentage of total credit quality (%)	**74.9**	**13.4**	**10.0**	**0.8**	**0.9**	**100**			75.1	13.2	9.9	1.0	0.8	100		
Loan and other credit-related commitments	**441,740**	**146,923**	**91,400**	**10,073**	**656**	**690,792**	**(315)**	**690,477**	400,120	131,396	77,220	9,670	961	619,367	(348)	619,019
Financial guarantees	**7,436**	**4,145**	**5,144**	**559**	**192**	**17,476**	**(51)**	**17,425**	7,365	4,263	4,399	723	248	16,998	(29)	16,969
In-scope for IFRS 9 ECL	**449,176**	**151,068**	**96,544**	**10,632**	**848**	**708,268**	**(366)**	**707,902**	407,485	135,659	81,619	10,393	1,209	636,365	(377)	635,988
Loan and other credit-related commitments	**105,985**	**81,431**	**67,475**	**2,702**	**252**	**257,845**	**—**	**257,845**	96,952	76,340	65,619	2,847	453	242,211	—	242,211
Performance and other guarantees	**47,441**	**33,190**	**19,857**	**1,351**	**845**	**102,684**	**(269)**	**102,415**	39,940	32,956	17,339	1,671	817	92,723	(312)	92,411
Out-of-scope for IFRS 9 ECL	**153,426**	**114,621**	**87,332**	**4,053**	**1,097**	**360,529**	**(269)**	**360,260**	136,892	109,296	82,958	4,518	1,270	334,934	(312)	334,622

1 For the purposes of this disclosure, gross carrying amount is defined as the amortised cost of a financial asset before adjusting for any loss allowance. As such, the gross carrying amount of debt instruments at FVOCI as presented above will not reconcile to the balance sheet as it excludes fair value gains and losses.

Distribution of financial instruments to which the impairment requirements in IFRS 9 are applied, by credit quality and stage allocation

(Audited)

	At 31 Dec 2025								At 31 Dec 2024							
	Gross carrying/notional amount						Allowance for ECL	Net	Gross carrying/notional amount						Allowance for ECL	Net
	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total			Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total		
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers at amortised cost	**545,487**	**215,781**	**191,839**	**21,455**	**24,529**	**999,091**	**(10,692)**	**988,399**	515,266	193,080	186,416	22,906	22,705	940,373	(9,715)	930,658
– stage 1	**540,253**	**194,680**	**152,578**	**5,922**	**—**	**893,433**	**(1,201)**	**892,232**	498,415	170,420	150,818	4,767	—	824,420	(1,078)	823,342
– stage 2	**5,234**	**21,101**	**39,068**	**15,533**	**—**	**80,936**	**(2,318)**	**78,618**	16,851	22,660	35,598	18,139	—	93,248	(2,546)	90,702
– stage 3	**—**	**—**	**—**	**—**	**24,389**	**24,389**	**(7,097)**	**17,292**	—	—	—	—	22,615	22,615	(6,040)	16,575
– POCI	**—**	**—**	**193**	**—**	**140**	**333**	**(76)**	**257**	—	—	—	—	90	90	(51)	39
Loans and advances to banks at amortised cost	**97,524**	**6,222**	**4,613**	**109**	**1**	**108,469**	**(7)**	**108,462**	92,621	4,255	5,040	134	2	102,052	(13)	102,039
– stage 1	**97,426**	**6,215**	**4,608**	**87**	**—**	**108,336**	**(4)**	**108,332**	92,528	4,226	4,981	117	—	101,852	(9)	101,843
– stage 2	**98**	**7**	**5**	**22**	**—**	**132**	**(2)**	**130**	93	29	59	17	—	198	(2)	196
– stage 3	**—**	**—**	**—**	**—**	**1**	**1**	**(1)**	**—**	—	—	—	—	2	2	(2)	—
– POCI	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost	**746,697**	**94,241**	**48,865**	**339**	**184**	**890,326**	**(129)**	**890,197**	702,570	85,700	39,660	497	153	828,580	(92)	828,488
– stage 1	**746,536**	**93,759**	**48,121**	**75**	**—**	**888,491**	**(76)**	**888,415**	702,373	85,032	38,977	239	—	826,621	(64)	826,557
– stage 2	**161**	**482**	**744**	**264**	**—**	**1,651**	**(11)**	**1,640**	197	668	683	258	—	1,806	(5)	1,801
– stage 3	**—**	**—**	**—**	**—**	**184**	**184**	**(42)**	**142**	—	—	—	—	153	153	(23)	130
– POCI	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—	—
Loan and other credit-related commitments	**441,740**	**146,923**	**91,400**	**10,073**	**656**	**690,792**	**(315)**	**690,477**	400,120	131,396	77,220	9,670	961	619,367	(348)	619,019
– stage 1	**437,973**	**143,849**	**82,145**	**5,681**	**—**	**669,648**	**(149)**	**669,499**	398,779	125,956	67,949	4,547	—	597,231	(137)	597,094
– stage 2	**3,767**	**3,074**	**9,255**	**4,392**	**—**	**20,488**	**(97)**	**20,391**	1,341	5,440	9,271	5,123	—	21,175	(121)	21,054
– stage 3	**—**	**—**	**—**	**—**	**652**	**652**	**(69)**	**583**	—	—	—	—	958	958	(90)	868
– POCI	**—**	**—**	**—**	**—**	**4**	**4**	**—**	**4**	—	—	—	—	3	3	—	3
Financial guarantees	**7,436**	**4,145**	**5,144**	**559**	**192**	**17,476**	**(51)**	**17,425**	7,365	4,263	4,399	723	248	16,998	(29)	16,969
– stage 1	**7,430**	**4,040**	**4,351**	**92**	**—**	**15,913**	**(8)**	**15,905**	7,352	4,192	3,625	184	—	15,353	(8)	15,345
– stage 2	**6**	**105**	**793**	**467**	**—**	**1,371**	**(17)**	**1,354**	13	71	774	539	—	1,397	(5)	1,392
– stage 3	**—**	**—**	**—**	**—**	**192**	**192**	**(26)**	**166**	—	—	—	—	248	248	(16)	232
– POCI	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—	—
Total	**1,838,884**	**467,312**	**341,861**	**32,535**	**25,562**	**2,706,154**	**(11,194)**	**2,694,960**	1,717,942	418,694	312,735	33,930	24,069	2,507,370	(10,197)	2,497,173
Debt instruments at FVOCI[1]																
– stage 1	**375,894**	**2,592**	**7,015**	**3**	**—**	**385,504**	**(28)**	**385,476**	336,264	9,448	7,290	—	—	353,002	(31)	352,971
– stage 2	**56**	**—**	**557**	**283**	**—**	**896**	**(2)**	**894**	49	—	478	380	—	907	(23)	884
– stage 3	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—	—
– POCI	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—	—	—
Total	**375,950**	**2,592**	**7,572**	**286**	**—**	**386,400**	**(30)**	**386,370**	336,313	9,448	7,768	380	—	353,909	(54)	353,855

1 For the purposes of this disclosure, gross carrying amount is defined as the amortised cost of a financial asset before adjusting for any loss allowance. As such, the gross carrying amount of debt instruments at FVOCI as presented above will not reconcile to the balance sheet as it excludes fair value gains and losses.

Credit-impaired loans

(Audited)

We determine that a financial instrument is credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for more than 90 days;
- there are other indications that the borrower is unlikely to pay, such as when a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the loan is otherwise considered to be in default. If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Therefore, the definitions of credit impaired and default are aligned as far as possible so that stage 3 represents all loans that are considered defaulted or otherwise credit impaired.

Forbearance

The following table shows the gross carrying amount and allowance for ECL of the Group's holdings of forborne loans and advances to customers by industry sector and by stages.

▶ A summary of our current policies and practices for forbearance is set out in 'Credit risk management' on page 107.

Forborne loans and advances to customers at amortised cost by stage allocation

	Performing forborne	Non-performing forborne		Total forborne
	Stage 2	Stage 3	POCI	Total
	$m	$m	$m	$m
Gross carrying amount				
Personal	**619**	**1,658**	**—**	**2,277**
– first lien residential mortgages	**332**	**1,162**	**—**	**1,494**
– credit cards	**81**	**110**	**—**	**191**
– other personal lending	**206**	**386**	**—**	**592**
– other personal lending which is secured[1]	**47**	**99**	**—**	**146**
– other personal lending which is unsecured	**159**	**287**	**—**	**446**
Wholesale	**4,116**	**8,201**	**139**	**12,456**
– corporate and commercial	**3,951**	**8,193**	**139**	**12,283**
– non-bank financial institutions	**165**	**8**	**—**	**173**
At 31 Dec 2025	**4,735**	**9,859**	**139**	**14,733**
Allowance for ECL				
Personal	**(65)**	**(328)**	**—**	**(393)**
– first lien residential mortgages	**(21)**	**(147)**	**—**	**(168)**
– credit cards	**(14)**	**(70)**	**—**	**(84)**
– other personal lending	**(30)**	**(111)**	**—**	**(141)**
– other personal lending which is secured[1]	**(1)**	**(8)**	**—**	**(9)**
– other personal lending which is unsecured	**(29)**	**(103)**	**—**	**(132)**
Wholesale	**(307)**	**(2,298)**	**(75)**	**(2,680)**
– corporate and commercial	**(303)**	**(2,295)**	**(75)**	**(2,673)**
– non-bank financial institutions	**(4)**	**(3)**	**—**	**(7)**
At 31 Dec 2025	**(372)**	**(2,626)**	**(75)**	**(3,073)**
Gross carrying amount				
Personal	545	1,424	—	1,969
– first lien residential mortgages	266	1,040	—	1,306
– credit cards	86	87	—	173
– other personal lending	193	297	—	490
– other personal lending which is secured[1]	46	17	—	63
– other personal lending which is unsecured	147	280	—	427
Wholesale	4,325	7,542	85	11,952
– corporate and commercial	4,247	7,351	85	11,683
– non-bank financial institutions	78	191	—	269
At 31 Dec 2024	4,870	8,966	85	13,921
Allowance for ECL				
Personal	(73)	(305)	—	(378)
– first lien residential mortgages	(12)	(148)	—	(160)
– credit cards	(17)	(45)	—	(62)
– other personal lending	(44)	(112)	—	(156)
– other personal lending which is secured[1]	(6)	(3)	—	(9)
– other personal lending which is unsecured	(38)	(109)	—	(147)
Wholesale	(461)	(2,008)	(51)	(2,520)
– corporate and commercial	(460)	(1,972)	(51)	(2,483)
– non-bank financial institutions	(1)	(36)	—	(37)
At 31 Dec 2024	(534)	(2,313)	(51)	(2,898)

1 'Other personal lending which is secured' has been expanded to encompass second lien mortgages, motor vehicle finance, and guaranteed loans related to residential property, which were previously reported as separate line items.

Forborne loans and advances to customers by legal entities

	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Gross carrying amount								
Performing forborne	**1,298**	**1,172**	**1,079**	**78**	**804**	**276**	**28**	**4,735**
Non-performing forborne	**2,032**	**1,196**	**4,975**	**571**	**403**	**560**	**261**	**9,998**
At 31 Dec 2025	**3,330**	**2,368**	**6,054**	**649**	**1,207**	**836**	**289**	**14,733**
Allowance for ECL								
Performing forborne	**(94)**	**(35)**	**(129)**	**(25)**	**(50)**	**(38)**	**(1)**	**(372)**
Non-performing forborne	**(379)**	**(358)**	**(1,285)**	**(246)**	**(84)**	**(173)**	**(176)**	**(2,701)**
At 31 Dec 2025	**(473)**	**(393)**	**(1,414)**	**(271)**	**(134)**	**(211)**	**(177)**	**(3,073)**
Gross carrying amount								
Performing forborne	1,251	1,506	1,073	10	787	201	42	4,870
Non-performing forborne	2,231	1,578	3,698	460	464	355	265	9,051
At 31 Dec 2024	3,482	3,084	4,771	470	1,251	556	307	13,921
Allowance for ECL								
Performing forborne	(101)	(36)	(296)	(1)	(52)	(48)	—	(534)
Non-performing forborne	(393)	(464)	(943)	(196)	(71)	(127)	(170)	(2,364)
At 31 Dec 2024	(494)	(500)	(1,239)	(197)	(123)	(175)	(170)	(2,898)

Collateral and other credit enhancements

(Audited)

Although collateral can be an important mitigant of credit risk, it is the Group's practice to typically lend on the basis of the customer's ability to meet their obligations out of cash flow resources rather than placing primary reliance on collateral and other credit risk enhancements. Depending on the customer's standing and the type of product, facilities may be provided without any collateral or other credit enhancements. For other lending, a charge over collateral is obtained and considered in determining the credit decision and pricing. In the event of default, the Group may utilise the collateral as a source of repayment.

Depending on its form, collateral can have a significant financial effect in mitigating our exposure to credit risk. Where there is sufficient collateral, an expected credit loss is not recognised. This is the case for reverse repurchase agreements and for certain loans and advances to customers where the loan to value ('LTV') is very low.

Mitigants may include a charge on borrowers' specific assets, such as real estate or financial instruments. Other credit risk mitigants include short positions in securities and financial assets held as part of linked insurance/investment contracts where the risk is predominantly borne by the policyholder. Additionally, risk may be managed by employing other types of collateral and credit risk enhancements, such as second charges, other liens and unsupported guarantees. Guarantees are normally taken from corporates and export credit agencies. Corporates would normally provide guarantees as part of a parent/subsidiary relationship and span a number of credit grades. The export credit agencies will normally be investment grade.

Certain credit mitigants are used strategically in portfolio management activities. Across Corporate and Institutional Banking, risk limits and utilisations, maturity profiles and risk quality are monitored and managed proactively. This process is key to the setting of risk appetite for these larger, more complex, geographically distributed customer groups. While the principal form of risk management continues to be at the point of exposure origination, through the lending decision-making process, Corporate and Institutional Banking also utilises loan sales and credit default swap ('CDS') hedges to manage concentrations and reduce risk.

These transactions are the responsibility of a dedicated Corporate and Institutional Banking portfolio management team. Hedging activity is carried out within agreed credit parameters, and is subject to market risk limits and a robust governance structure. Where applicable, CDSs are entered into directly with a central clearing house counterparty. Otherwise, the Group's exposure to CDS protection providers is diversified among mainly banking counterparties with strong credit ratings.

CDS mitigants are held at portfolio level and are not included in the expected credit loss calculations. CDS mitigants are not reported in the following tables.

Collateral on loans and advances

Collateral held is analysed separately for CRE and for other corporate, commercial and financial (non-bank) lending. The following tables include off-balance sheet loan commitments, primarily undrawn credit lines.

The collateral measured in the following tables consists of fixed first charges on real estate, and charges over cash and marketable financial instruments. The values in the tables represent the expected market value on an open market basis, actual values realised are a function of market conditions. No adjustment has been made to the collateral for any expected costs of recovery. Marketable securities are measured at their fair value.

Other types of collateral, such as unsupported guarantees and floating charges over the assets of a customer's business, are not measured in the following tables. While such mitigants have value, often providing rights in insolvency, their assignable value is not sufficiently certain and they are therefore assigned no value for disclosure purposes.

The LTV ratios presented are calculated by directly associating loans and advances with the collateral that individually and uniquely supports each facility. When collateral assets are shared by multiple loans and advances, whether specifically or, more generally, by way of an all monies charge, the collateral value is pro-rated across the loans and advances protected by the collateral.

For credit-impaired loans, the collateral values cannot be directly compared with impairment allowances recognised. The LTV figures use open market values with no adjustments, actual values realised are a function of market conditions. Impairment allowances are calculated on a different basis, by considering other cash flows and adjusting collateral values for costs of realising collateral as explained further on page 279.

Mortgage loans

The following table provides a quantification of the value of fixed charges we hold over specific assets where we have a history of enforcing, and are able to enforce, collateral in satisfying a debt in the event of the borrower failing to meet its contractual obligations, and where the collateral is cash or can be realised by sale in an established market. The collateral valuation excludes any adjustments for obtaining and selling the collateral and, in particular, loans shown as not collateralised or partially collateralised may also benefit from other forms of credit mitigants.

The quality of both our Hong Kong and UK mortgage books remained strong, with low levels of impairment allowances. The average LTV ratio on new mortgage lending in Hong Kong was 70%, compared with an estimated 60% for the overall mortgage portfolio. The average LTV ratio on new lending in the UK was 69%, compared with an estimated 55% for the overall mortgage portfolio.

Commercial real estate loans and advances

The value of CRE collateral is determined by using a combination of external and internal valuations and physical inspections. For CRE, where the facility exceeds regulatory threshold requirements, Group policy requires an independent review of the valuation at least every three years, or more frequently as the need arises.

In Hong Kong, unsecured lending is typically limited to major property companies. In Europe, facilities of a working capital nature are generally not secured by a first fixed charge, and are therefore disclosed as not collateralised.

Other corporate, commercial and financial (non-bank) loans and advances

Other corporate, commercial and financial (non-bank) loans are analysed separately in the following table. For financing activities in other corporate and commercial lending, collateral value is not strongly correlated to principal repayment performance. Collateral values are generally refreshed when an obligor's general credit performance deteriorates and we have to assess the likely performance of secondary sources of repayment should it prove necessary to rely on them.

Loans and advances to customers including loan commitments by level of collateral for key countries/territories (by stage) at 31 December 2025

(Audited)

	Gross carrying/nominal amount					ECL coverage				
	Stage 1 $m	Stage 2 $m	Stage 3 $m	POCI $m	Total $m	Stage 1 %	Stage 2 %	Stage 3 %	POCI %	Total %
Residential mortgages										
Fully collateralised by LTV ratio	383,401	18,150	2,573		404,124	—	0.6	10.5		0.1
– less than 50%	159,089	9,161	1,336		169,586	—	0.4	8.3		0.1
– 51% to 70%	125,204	5,484	751		131,439	—	0.6	11.2		0.1
– 71% to 80%	46,175	1,934	258		48,367	—	0.7	13.8		0.1
– 81% to 90%	37,415	971	167		38,553	—	0.9	15.9		0.1
– 91% to 100%	15,518	600	61		16,179	—	1.5	20.2		0.1
Partially collateralised (A): LTV > 100%	4,924	138	97		5,159	—	2.2	44.3		0.9
– collateral value on A	4,707	129	66		4,902					
of which: UK										
Fully collateralised by LTV ratio	190,214	13,257	816		204,287	—	0.3	9.7		0.1
– less than 50%	77,859	7,260	421		85,540	—	0.1	8.2		0.1
– 51% to 70%	61,605	4,183	254		66,042	—	0.3	8.7		0.1
– 71% to 80%	25,237	1,226	85		26,548	—	0.5	14.0		0.1
– 81% to 90%	22,218	548	46		22,812	—	0.7	16.1		0.1
– 91% to 100%	3,295	40	10		3,345	—	1.0	27.0		0.1
Partially collateralised (B): LTV > 100%	58	2	8		68	—	0.6	32.5		3.8
– collateral value on B	29	1	7		37					
of which: Hong Kong										
Fully collateralised by LTV ratio	102,801	1,503	165		104,469	—	—	0.7		—
– less than 50%	40,518	762	83		41,363	—	—	0.2		—
– 51% to 70%	31,015	345	41		31,401	—	—	0.5		—
– 71% to 80%	6,698	83	17		6,798	—	0.1	1.8		—
– 81% to 90%	12,906	132	12		13,050	—	0.2	0.8		—
– 91% to 100%	11,664	181	12		11,857	—	0.2	2.5		—
Partially collateralised (C): LTV > 100%	4,781	87	18		4,886	—	0.2	8.3		—
– collateral value on C	4,593	85	16		4,694					
Commercial real estate										
Not collateralised	36,879	3,792	1,310	6	41,987	0.1	2.7	64.6	—	2.3
Fully collateralised by LTV ratio	26,814	16,633	6,942	13	50,402	0.1	1.7	13.3	—	2.4
– less than 50%	13,415	10,682	2,563	13	26,673	0.1	1.4	11.0	—	1.7
– 51% to 75%	9,168	4,770	2,755	—	16,693	0.2	2.2	13.5	—	2.9
– 76% to 90%	2,232	915	1,055	—	4,202	0.1	1.9	13.6	—	3.9
– 91% to 100%	1,999	266	569	—	2,834	0.1	2.3	21.6	—	4.6
Partially collateralised (A): LTV > 100%	3,635	350	1,093	80	5,158	0.1	3.1	35.4	57.5	8.7
– collateral value on A	2,317	240	780	33	3,370					
of which: UK										
Not collateralised	8,633	389	56	—	9,078	0.2	8.2	19.6	—	0.7
Fully collateralised by LTV ratio	12,426	1,661	354	—	14,441	0.2	2.6	21.8	—	1.0
– less than 50%	4,606	430	36	—	5,072	0.2	1.4	38.9	—	0.6
– 51% to 75%	5,772	914	209	—	6,895	0.2	3.8	24.9	—	1.4
– 76% to 90%	1,511	308	107	—	1,926	0.1	1.0	9.3	—	0.7
– 91% to 100%	537	9	2	—	548	0.2	5.1	61.2	—	0.4
Partially collateralised (B): LTV > 100%	2,111	115	67	61	2,354	0.1	0.9	17.9	47.5	1.9
– collateral value on B	1,381	109	42	30	1,562					
of which: Hong Kong										
Not collateralised	14,360	2,691	1,088	6	18,145	—	2.4	66.5	—	4.4
Fully collateralised by LTV ratio	5,588	12,969	5,467	—	24,024	0.1	0.8	10.6	—	2.9
– less than 50%	4,008	9,705	2,284	—	15,997	0.1	0.9	8.2	—	1.8
– 51% to 75%	1,167	2,927	2,033	—	6,127	0.2	0.5	10.9	—	3.9
– 76% to 90%	59	294	705	—	1,058	—	1.7	8.4	—	6.0
– 91% to 100%	354	43	445	—	842	—	2.3	25.2	—	13.4
Partially collateralised (C): LTV > 100%	198	110	1,022	19	1,349	—	0.3	36.7	84.2	29.0
– collateral value on C	149	11	734	3	897					
Other corporate, commercial and financial (non-bank)										
Not collateralised	797,344	60,899	6,186	215	864,644	0.1	0.9	43.5	6.5	0.4
Fully collateralised by LTV ratio	88,647	13,101	3,611	29	105,388	0.1	1.6	14.5	55.2	0.8
– less than 50%	37,949	5,009	1,446	—	44,404	0.1	1.2	12.3	—	0.6
– 51% to 75%	21,397	4,855	1,249	29	27,530	0.1	2.4	16.7	55.2	1.3
– 76% to 90%	8,253	1,318	677	—	10,248	0.1	1.5	14.0	—	1.2
– 91% to 100%	21,048	1,919	239	—	23,206	—	0.6	16.7	—	0.3
Partially collateralised (A): LTV > 100%	53,980	6,337	2,130	—	62,447	0.1	0.7	45.6	—	1.7
– collateral value on A	24,763	2,942	1,199	—	28,904					

Loans and advances to customers including loan commitments by level of collateral for key countries/territories (by stage) at 31 December 2024

(Audited)

	Gross carrying/nominal amount					ECL coverage				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	$m	$m	$m	$m	$m	%	%	%	%	%
Residential mortgages										
Fully collateralised by LTV ratio	332,641	34,203	2,371		369,215	—	0.4	10.0		0.1
– less than 50%	141,331	18,076	1,238		160,645	—	0.2	7.6		0.1
– 51% to 70%	111,963	11,507	698		124,168	—	0.4	11.2		0.1
– 71% to 80%	39,374	3,040	242		42,656	—	0.7	13.1		0.1
– 81% to 90%	25,514	1,264	131		26,909	—	0.9	15.0		0.1
– 91% to 100%	14,459	316	62		14,837	—	1.8	22.4		0.1
Partially collateralised (A): LTV > 100%	12,031	139	103		12,273	—	3.2	46.2		0.4
– collateral value on A	11,274	126	70		11,470					
of which: UK										
Fully collateralised by LTV ratio	151,264	30,574	747		182,585	—	0.2	8.5		0.1
– less than 50%	62,753	16,689	445		79,887	—	0.1	6.9		0.1
– 51% to 70%	50,374	10,456	206		61,036	—	0.2	9.7		0.1
– 71% to 80%	20,552	2,423	64		23,039	—	0.4	12.1		0.1
– 81% to 90%	15,965	939	23		16,927	—	0.6	13.0		0.1
– 91% to 100%	1,620	67	9		1,696	—	0.7	16.7		0.1
Partially collateralised (B): LTV > 100%	146	15	5		166	—	1.0	27.7		0.9
– collateral value on B	109	12	4		125					
of which: Hong Kong										
Fully collateralised by LTV ratio	95,751	756	138		96,645	—	—	1.3		—
– less than 50%	38,894	372	79		39,345	—	—	0.4		—
– 51% to 70%	30,088	227	31		30,346	—	—	0.4		—
– 71% to 80%	6,783	47	11		6,841	—	—	5.1		—
– 81% to 90%	7,602	42	9		7,653	—	0.2	1.1		—
– 91% to 100%	12,384	68	8		12,460	—	0.1	8.8		—
Partially collateralised (C): LTV > 100%	11,744	103	14		11,861	—	0.2	19.1		—
– collateral value on C	11,034	96	12		11,142					
Commercial real estate										
Not collateralised	36,168	4,709	1,704	—	42,581	0.1	9.0	47.5	—	3.0
Fully collateralised by LTV ratio	37,090	11,909	5,254	—	54,253	0.1	1.7	7.8	—	1.2
– less than 50%	20,522	5,154	2,413	—	28,089	0.1	1.7	5.7	—	0.9
– 51% to 75%	11,392	3,840	1,691	—	16,923	0.1	2.2	7.6	—	1.3
– 76% to 90%	2,554	2,277	767	—	5,598	0.1	0.9	12.5	—	2.1
– 91% to 100%	2,622	638	383	—	3,643	0.2	2.3	12.3	—	1.8
Partially collateralised (A): LTV > 100%	2,119	698	815	64	3,696	0.2	2.8	19.7	45.8	5.8
– collateral value on A	1,255	457	570	29	2,311					
of which: UK										
Not collateralised	4,487	1,890	127	—	6,504	0.4	3.8	27.8	—	1.9
Fully collateralised by LTV ratio	9,139	3,194	305	—	12,638	0.2	1.1	8.2	—	0.6
– less than 50%	2,903	761	160	—	3,824	0.2	1.5	8.0	—	0.8
– 51% to 75%	4,202	1,693	69	—	5,964	0.2	1.2	12.0	—	0.6
– 76% to 90%	1,173	732	24	—	1,929	0.1	0.4	10.2	—	0.3
– 91% to 100%	861	8	52	—	921	0.1	7.7	2.7	—	0.3
Partially collateralised (B): LTV > 100%	503	565	119	46	1,233	0.2	2.9	21.1	48.6	5.3
– collateral value on B	296	350	69	26	741					
of which: Hong Kong										
Not collateralised	16,380	2,312	1,404	—	20,096	—	14.3	47.9	—	5.0
Fully collateralised by LTV ratio	17,115	6,045	4,127	—	27,287	0.1	1.4	5.8	—	1.2
– less than 50%	12,935	3,589	2,102	—	18,626	0.1	1.3	3.8	—	0.7
– 51% to 75%	3,534	1,059	1,243	—	5,836	0.1	2.2	6.2	—	1.8
– 76% to 90%	336	1,050	654	—	2,040	0.1	1.1	11.8	—	4.4
– 91% to 100%	310	347	128	—	785	—	0.5	2.4	—	0.6
Partially collateralised (C): LTV > 100%	185	62	562	18	827	—	1.9	17.6	38.1	12.9
– collateral value on C	119	41	397	3	560					
Other corporate, commercial and financial (non-bank)										
Not collateralised	713,028	62,844	6,870	5	782,747	0.1	0.9	41.5	14.2	0.5
Fully collateralised by LTV ratio	87,488	11,992	3,394	21	102,895	0.1	2.0	8.0	98.1	0.6
– less than 50%	39,432	4,360	1,703	—	45,495	0.1	1.6	6.9	—	0.5
– 51% to 75%	20,169	4,643	778	21	25,611	0.1	2.8	12.0	98.1	1.0
– 76% to 90%	9,016	1,515	512	—	11,043	0.1	1.6	7.1	—	0.6
– 91% to 100%	18,871	1,474	401	—	20,746	—	0.8	6.3	—	0.2
Partially collateralised (A): LTV > 100%	51,536	5,772	2,411	3	59,722	0.1	0.8	34.3	7.0	1.5
– collateral value on A	22,800	2,519	1,162	1	26,482					

Wholesale lending

The table below provides a breakdown by industry sector and stage of the Group's gross carrying amount and allowances for ECL for wholesale loans and advances to banks and customers. Counterparties or exposures are classified when presenting comparable economic characteristics, or engaged in similar activities so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. Therefore, the industry classification does not adhere to Nomenclature des Activités Économiques dans la Communauté Européenne, which is applicable to other financial regulatory reporting.

Total wholesale lending for loans and advances to banks and customers by stage distribution

	Gross carrying amount					Allowance for ECL				
	Stage 1 $m	Stage 2 $m	Stage 3 $m	POCI $m	Total $m	Stage 1 $m	Stage 2 $m	Stage 3 $m	POCI $m	Total $m
Corporate and commercial	**349,763**	**54,636**	**19,966**	**140**	**424,505**	**(478)**	**(1,064)**	**(5,909)**	**(75)**	**(7,526)**
– agriculture, forestry and fishing	**6,179**	**1,058**	**355**	**—**	**7,592**	**(11)**	**(26)**	**(60)**	**—**	**(97)**
– mining and quarrying	**6,109**	**747**	**126**	**—**	**6,982**	**(6)**	**(10)**	**(70)**	**—**	**(86)**
– manufacturing	**74,321**	**9,785**	**2,229**	**37**	**86,372**	**(87)**	**(132)**	**(720)**	**(21)**	**(960)**
– electricity, gas, steam and air-conditioning supply	**18,020**	**1,096**	**206**	**—**	**19,322**	**(19)**	**(22)**	**(85)**	**—**	**(126)**
– water supply, sewerage, waste management and remediation	**2,319**	**132**	**112**	**—**	**2,563**	**(3)**	**(2)**	**(36)**	**—**	**(41)**
– real estate and construction	**56,041**	**21,222**	**10,497**	**92**	**87,852**	**(84)**	**(449)**	**(2,679)**	**(51)**	**(3,263)**
– of which: commercial real estate	**41,893**	**18,183**	**9,175**	**87**	**69,338**	**(65)**	**(384)**	**(2,116)**	**(45)**	**(2,610)**
– wholesale and retail trade, repair of motor vehicles and motorcycles	**74,621**	**7,387**	**2,538**	**11**	**84,557**	**(69)**	**(92)**	**(1,123)**	**(3)**	**(1,287)**
– transportation and storage	**16,594**	**3,818**	**307**	**—**	**20,719**	**(17)**	**(82)**	**(75)**	**—**	**(174)**
– accommodation and food	**10,881**	**2,072**	**1,436**	**—**	**14,389**	**(31)**	**(65)**	**(303)**	**—**	**(399)**
– publishing, audiovisual and broadcasting	**22,860**	**2,110**	**377**	**—**	**25,347**	**(52)**	**(38)**	**(108)**	**—**	**(198)**
– professional, scientific and technical activities	**22,580**	**1,923**	**520**	**—**	**25,023**	**(29)**	**(36)**	**(153)**	**—**	**(218)**
– administrative and support services	**16,962**	**1,993**	**570**	**—**	**19,525**	**(21)**	**(53)**	**(321)**	**—**	**(395)**
– public administration and defence, compulsory social security	**64**	**—**	**—**	**—**	**64**	**—**	**—**	**—**	**—**	**—**
– education	**1,975**	**244**	**40**	**—**	**2,259**	**(5)**	**(10)**	**(11)**	**—**	**(26)**
– health and care	**3,982**	**323**	**98**	**—**	**4,403**	**(7)**	**(11)**	**(14)**	**—**	**(32)**
– arts, entertainment and recreation	**2,074**	**116**	**123**	**—**	**2,313**	**(4)**	**(5)**	**(42)**	**—**	**(51)**
– other services	**5,764**	**524**	**311**	**—**	**6,599**	**(31)**	**(31)**	**(106)**	**—**	**(168)**
– activities of households	**835**	**6**	**—**	**—**	**841**	**—**	**—**	**—**	**—**	**—**
– extra-territorial organisations and bodies activities	**164**	**—**	**—**	**—**	**164**	**—**	**—**	**—**	**—**	**—**
– government	**7,418**	**80**	**121**	**—**	**7,619**	**(2)**	**—**	**(3)**	**—**	**(5)**
– asset-backed securities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Non-bank financial institutions	**96,974**	**2,413**	**478**	**193**	**100,058**	**(56)**	**(19)**	**(293)**	**(1)**	**(369)**
Loans and advances to banks	**108,336**	**132**	**1**	**—**	**108,469**	**(4)**	**(2)**	**(1)**	**—**	**(7)**
At 31 Dec 2025	**555,073**	**57,181**	**20,445**	**333**	**633,032**	**(538)**	**(1,085)**	**(6,203)**	**(76)**	**(7,902)**
By legal entity										
HSBC UK Bank plc	**98,719**	**10,488**	**3,430**	**—**	**112,637**	**(180)**	**(325)**	**(753)**	**—**	**(1,258)**
HSBC Bank plc	**98,175**	**5,582**	**1,756**	**58**	**105,571**	**(68)**	**(96)**	**(611)**	**(29)**	**(804)**
The Hongkong and Shanghai Banking Corporation Limited	**283,206**	**33,990**	**12,837**	**77**	**330,110**	**(171)**	**(480)**	**(3,694)**	**(41)**	**(4,386)**
HSBC Bank Middle East Limited	**26,643**	**1,171**	**1,242**	**5**	**29,061**	**(19)**	**(31)**	**(630)**	**(5)**	**(685)**
HSBC North America Holdings Inc.	**28,456**	**3,518**	**517**	**193**	**32,684**	**(41)**	**(100)**	**(145)**	**(1)**	**(287)**
Grupo Financiero HSBC, S.A. de C.V.	**12,057**	**2,268**	**378**	**—**	**14,703**	**(47)**	**(49)**	**(190)**	**—**	**(286)**
Other trading entities	**7,727**	**164**	**285**	**—**	**8,176**	**(12)**	**(4)**	**(180)**	**—**	**(196)**
Holding companies, shared service centres and intra-Group eliminations	**90**	**—**	**—**	**—**	**90**	**—**	**—**	**—**	**—**	**—**
At 31 Dec 2025	**555,073**	**57,181**	**20,445**	**333**	**633,032**	**(538)**	**(1,085)**	**(6,203)**	**(76)**	**(7,902)**

Total wholesale lending for loans and advances to banks and customers by stage distribution (continued)

	Gross carrying amount					Allowance for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Corporate and commercial	340,987	51,231	18,376	90	410,684	(463)	(1,358)	(4,883)	(51)	(6,755)
– agriculture, forestry and fishing	5,437	1,314	282	—	7,033	(14)	(34)	(46)	—	(94)
– mining and quarrying	6,811	463	318	—	7,592	(6)	(7)	(32)	—	(45)
– manufacturing	70,987	10,250	1,466	21	82,724	(83)	(172)	(618)	(20)	(893)
– electricity, gas, steam and air-conditioning supply	15,277	971	209	—	16,457	(14)	(23)	(85)	—	(122)
– water supply, sewerage, waste management and remediation	2,530	388	43	—	2,961	(4)	(4)	(16)	—	(24)
– real estate and construction	63,794	17,320	8,887	62	90,063	(90)	(666)	(1,811)	(31)	(2,598)
– of which: commercial real estate	49,994	14,720	7,558	61	72,333	(67)	(604)	(1,355)	(29)	(2,055)
– wholesale and retail trade, repair of motor vehicles and motorcycles	66,977	8,125	2,725	3	77,830	(67)	(117)	(1,188)	—	(1,372)
– transportation and storage	18,589	3,637	417	—	22,643	(15)	(74)	(232)	—	(321)
– accommodation and food	11,406	1,718	1,610	—	14,734	(30)	(55)	(214)	—	(299)
– publishing, audiovisual and broadcasting	18,181	1,416	229	—	19,826	(42)	(55)	(61)	—	(158)
– professional, scientific and technical activities	23,044	2,436	644	4	26,128	(29)	(49)	(188)	—	(266)
– administrative and support services	17,671	1,707	739	—	20,117	(26)	(40)	(254)	—	(320)
– public administration and defence, compulsory social security	64	—	—	—	64	—	—	—	—	—
– education	1,361	192	43	—	1,596	(4)	(7)	(16)	—	(27)
– health and care	3,357	489	184	—	4,030	(8)	(18)	(25)	—	(51)
– arts, entertainment and recreation	1,817	171	78	—	2,066	(5)	(4)	(26)	—	(35)
– other services	6,470	491	327	—	7,288	(24)	(20)	(66)	—	(110)
– activities of households	582	7	—	—	589	—	—	—	—	—
– extra-territorial organisations and bodies activities	118	—	—	—	118	—	—	—	—	—
– government	6,495	123	175	—	6,793	(2)	—	(5)	—	(7)
– asset-backed securities	19	13	—	—	32	—	(13)	—	—	(13)
Non-bank financial institutions	79,687	2,098	679	—	82,464	(45)	(30)	(361)	—	(436)
Loans and advances to banks	101,852	198	2	—	102,052	(9)	(2)	(2)	—	(13)
At 31 Dec 2024	522,526	53,527	19,057	90	595,200	(517)	(1,390)	(5,246)	(51)	(7,204)
By legal entity										
HSBC UK Bank plc	81,630	12,772	3,356	—	97,758	(197)	(403)	(603)	—	(1,203)
HSBC Bank plc	85,022	5,843	2,305	47	93,217	(54)	(111)	(752)	(22)	(939)
The Hongkong and Shanghai Banking Corporation Limited	279,535	27,078	11,483	39	318,135	(170)	(677)	(2,999)	(28)	(3,874)
HSBC Bank Middle East Limited	26,359	951	848	4	28,162	(20)	(6)	(463)	(1)	(490)
HSBC North America Holdings Inc.	30,107	4,665	503	—	35,275	(31)	(141)	(121)	—	(293)
Grupo Financiero HSBC, S.A. de C.V.	11,957	1,703	230	—	13,890	(35)	(48)	(128)	—	(211)
Other trading entities	7,840	515	332	—	8,687	(10)	(4)	(180)	—	(194)
Holding companies, shared service centres and intra-Group eliminations	76	—	—	—	76	—	—	—	—	—
At 31 Dec 2024	522,526	53,527	19,057	90	595,200	(517)	(1,390)	(5,246)	(51)	(7,204)

Total wholesale lending for loan and other credit-related commitments and financial guarantees to banks and customers by stage distribution[1]

	Nominal amount					**Allowance for ECL**				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Corporate and commercial	**265,811**	**15,936**	**750**	**4**	**282,501**	**(121)**	**(105)**	**(95)**	**—**	**(321)**
Financial	**147,810**	**3,978**	**2**	**—**	**151,790**	**(13)**	**(4)**	**—**	**—**	**(17)**
At 31 Dec 2025	**413,621**	**19,914**	**752**	**4**	**434,291**	**(134)**	**(109)**	**(95)**	**—**	**(338)**
By legal entity										
HSBC UK Bank plc	**49,287**	**2,566**	**278**	**—**	**52,131**	**(30)**	**(17)**	**(42)**	**—**	**(89)**
HSBC Bank plc	**183,897**	**5,118**	**188**	**4**	**189,207**	**(30)**	**(23)**	**(17)**	**—**	**(70)**
The Hongkong and Shanghai Banking Corporation Limited	**70,937**	**4,425**	**41**	**—**	**75,403**	**(44)**	**(29)**	**(6)**	**—**	**(79)**
HSBC Bank Middle East Limited	**9,294**	**417**	**29**	**—**	**9,740**	**(3)**	**(2)**	**(11)**	**—**	**(16)**
HSBC North America Holdings Inc.	**95,560**	**7,259**	**179**	**—**	**102,998**	**(25)**	**(37)**	**(18)**	**—**	**(80)**
Grupo Financiero HSBC, S.A. de C.V.	**2,585**	**41**	**—**	**—**	**2,626**	**(2)**	**—**	**—**	**—**	**(2)**
Other trading entities	**2,061**	**88**	**37**	**—**	**2,186**	**—**	**(1)**	**(1)**	**—**	**(2)**
At 31 Dec 2025	**413,621**	**19,914**	**752**	**4**	**434,291**	**(134)**	**(109)**	**(95)**	**—**	**(338)**

1 Included in loan and other credit-related commitments and financial guarantees is $75.4bn relating to unsettled reverse repurchase agreements, which once drawn are classified as 'Reverse repurchase agreements – non-trading'.

Total wholesale lending for loan and other credit-related commitments and financial guarantees by stage distribution[1] (continued)

	Nominal amount					Allowance for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Corporate and commercial	241,249	18,685	1,033	3	260,970	(118)	(121)	(98)	—	(337)
Financial	118,430	2,196	87	—	120,713	(10)	(5)	(3)	—	(18)
At 31 Dec 2024	359,679	20,881	1,120	3	381,683	(128)	(126)	(101)	—	(355)
By legal entity										
HSBC UK Bank plc	37,848	4,540	445	—	42,833	(27)	(36)	(57)	—	(120)
HSBC Bank plc	144,941	6,118	256	3	151,318	(21)	(30)	(21)	—	(72)
The Hongkong and Shanghai Banking Corporation Limited	72,860	3,973	99	—	76,932	(54)	(32)	(6)	—	(92)
HSBC Bank Middle East Limited	8,879	329	35	—	9,243	(5)	(1)	(10)	—	(16)
HSBC North America Holdings Inc.	91,314	5,723	226	—	97,263	(20)	(26)	(5)	—	(51)
Grupo Financiero HSBC, S.A. de C.V.	2,334	53	—	—	2,387	(1)	(1)	—	—	(2)
Other trading entities	1,503	145	59	—	1,707	—	—	(2)	—	(2)
At 31 Dec 2024	359,679	20,881	1,120	3	381,683	(128)	(126)	(101)	—	(355)

1 Included in loan and other credit-related commitments and financial guarantees is $49bn relating to unsettled reverse repurchase agreements, which once drawn are classified as 'Reverse repurchase agreements – non-trading'.

Wholesale lending – reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees

(Audited)

	Non-credit impaired				Credit impaired					
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**833,036**	**(645)**	**74,288**	**(1,516)**	**20,177**	**(5,347)**	**93**	**(51)**	**927,594**	**(7,559)**
Transfers of financial instruments:	**(35,399)**	**(267)**	**27,793**	**859**	**7,606**	**(592)**	**—**	**—**	**—**	**—**
– transfers from stage 1 to stage 2	**(93,205)**	**143**	**93,205**	**(143)**	**—**	**—**	**—**	**—**	**—**	**—**
– transfers from stage 2 to stage 1	**58,517**	**(372)**	**(58,517)**	**372**	**—**	**—**	**—**	**—**	**—**	**—**
– transfers to stage 3	**(1,210)**	**4**	**(7,605)**	**678**	**8,815**	**(682)**	**—**	**—**	**—**	**—**
– transfers from stage 3	**499**	**(42)**	**710**	**(48)**	**(1,209)**	**90**	**—**	**—**	**—**	**—**
Net remeasurement of ECL arising from transfer of stage	**—**	**253**	**—**	**(226)**	**—**	**(49)**	**—**	**—**	**—**	**(22)**
Net new and further lending/ repayments	**66,354**	**(171)**	**(27,221)**	**304**	**(5,593)**	**690**	**238**	**2**	**33,778**	**825**
Change to risk parameters – credit quality	**—**	**181**	**—**	**(826)**	**—**	**(2,596)**	**—**	**(24)**	**—**	**(3,265)**
Changes to models used for ECL calculation	**—**	**(30)**	**—**	**277**	**—**	**—**	**—**	**—**	**—**	**247**
Assets written off	**—**	**—**	**—**	**—**	**(1,928)**	**1,928**	**—**	**—**	**(1,928)**	**1,928**
Credit-related modifications that resulted in derecognition	**—**	**—**	**—**	**—**	**(88)**	**9**	**—**	**—**	**(88)**	**9**
Foreign exchange and others[1]	**29,369**	**7**	**2,197**	**(66)**	**1,023**	**(341)**	**6**	**(3)**	**32,595**	**(403)**
At 31 Dec 2025	**893,360**	**(672)**	**77,057**	**(1,194)**	**21,197**	**(6,298)**	**337**	**(76)**	**991,951**	**(8,240)**
ECL income statement change for the period		**233**		**(471)**		**(1,955)**		**(22)**		**(2,215)**
Recoveries										**77**
Others										**(267)**
Total ECL income statement change for the period										**(2,405)**

1 Total includes $3.3bn of gross carrying loans and advances to customers and banks, which were classified to assets held for sale during the year, and a corresponding allowance for ECL of $11m, reflecting business disposals as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.

During the year, there was a net transfer between stage 1 and stage 2 of $34,688m gross carrying/nominal amounts. It was primarily driven by our entities in Asia ($31,809m) due to credit deterioration and updates to our models used for ECL calculations, in the US ($1,652m) and in Mexico ($1,069m).

▶ A summary of basis of preparation is available on page 125.

Wholesale lending – reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees (continued)

(Audited)

	Non-credit impaired				Credit impaired				Total	
	Stage 1		Stage 2		Stage 3		POCI			
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	845,982	(698)	102,129	(1,668)	16,939	(6,207)	85	(30)	965,135	(8,603)
Transfers of financial instruments:	(17,606)	(214)	6,997	825	10,609	(611)	—	—	—	—
– transfers from stage 1 to stage 2	(70,991)	173	70,991	(173)	—	—	—	—	—	—
– transfers from stage 2 to stage 1	55,182	(380)	(55,182)	380	—	—	—	—	—	—
– transfers to stage 3	(2,056)	7	(9,515)	636	11,571	(643)	—	—	—	—
– transfers from stage 3	259	(14)	703	(18)	(962)	32	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	214	—	(226)	—	(12)	—	—	—	(24)
Net new and further lending/ repayments	58,044	(151)	(29,842)	311	(4,450)	1,219	7	(7)	23,759	1,372
Changes to risk parameters – credit quality	—	112	—	(899)	—	(2,508)	—	(11)	—	(3,306)
Changes to models used for ECL calculation	—	39	—	105	—	—	—	—	—	144
Assets written off	—	—	—	—	(2,925)	2,925	—	—	(2,925)	2,925
Credit-related modifications that resulted in derecognition	—	—	—	—	—	—	—	—	—	—
Foreign exchange and others[1,2,3]	(53,384)	53	(4,996)	36	4	(153)	1	(3)	(58,375)	(67)
At 31 Dec 2024	833,036	(645)	74,288	(1,516)	20,177	(5,347)	93	(51)	927,594	(7,559)
ECL income statement change for the period		214		(709)		(1,301)		(18)		(1,814)
Recoveries										40
Others										(126)
Total ECL income statement change for the period										(1,900)

1 Total includes $2.9bn of gross carrying loans and advances to customers and banks, which were classified to assets held for sale during the year, and a corresponding allowance for ECL of $23m, reflecting business disposals as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.
2 Total includes $28.9bn of nominal amount and $20m of corresponding allowance for ECL related to derecognition of loan commitments and financial guarantees following the sale of our banking business in Canada during 2024.
3 Total includes $0.3bn of nominal amount related to derecognition of loan commitments and financial guarantees following the sale of our business in Argentina during 2024.

Wholesale lending – distribution of financial instruments to which the impairment requirements of IFRS 9 are applied by credit quality

	Gross carrying amount							
	Strong	**Good**	**Satisfactory**	**Sub-standard**	**Credit impaired**	**Total**	**Allowance for ECL**	**Net**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
By legal entity								
HSBC UK Bank plc	**22,638**	**39,864**	**41,093**	**5,612**	**3,430**	**112,637**	**(1,258)**	**111,379**
HSBC Bank plc	**48,153**	**23,369**	**28,238**	**3,997**	**1,814**	**105,571**	**(804)**	**104,767**
The Hongkong and Shanghai Banking Corporation Limited	**163,599**	**80,183**	**67,919**	**5,495**	**12,914**	**330,110**	**(4,386)**	**325,724**
HSBC Bank Middle East Limited	**17,724**	**3,587**	**6,195**	**308**	**1,247**	**29,061**	**(685)**	**28,376**
HSBC North America Holdings Inc.	**6,966**	**11,025**	**11,727**	**2,449**	**517**	**32,684**	**(287)**	**32,397**
Grupo Financiero HSBC, S.A. de C.V.	**1,764**	**5,833**	**6,090**	**638**	**378**	**14,703**	**(286)**	**14,417**
Other trading entities	**2,047**	**1,078**	**4,502**	**264**	**285**	**8,176**	**(196)**	**7,980**
Holding companies, shared service centres and intra-Group eliminations	**90**	**—**	**—**	**—**	**—**	**90**	**—**	**90**
At 31 Dec 2025	**262,981**	**164,939**	**165,764**	**18,763**	**20,585**	**633,032**	**(7,902)**	**625,130**
Percentage of total credit quality (%)	**41.4**	**26.1**	**26.2**	**3.0**	**3.3**	**100.0**		
By legal entity								
HSBC UK Bank plc	21,548	30,317	36,450	6,087	3,356	97,758	(1,203)	96,555
HSBC Bank plc	42,189	21,755	24,150	2,771	2,352	93,217	(939)	92,278
The Hongkong and Shanghai Banking Corporation Limited	157,900	69,084	71,651	7,978	11,522	318,135	(3,874)	314,261
HSBC Bank Middle East Limited	15,854	4,263	6,927	266	852	28,162	(490)	27,672
HSBC North America Holdings Inc.	6,095	11,726	13,967	2,984	503	35,275	(293)	34,982
Grupo Financiero HSBC, S.A. de C.V.	1,476	5,523	5,974	687	230	13,890	(211)	13,679
Other trading entities	2,432	1,072	4,563	288	332	8,687	(194)	8,493
Holding companies, shared service centres and intra-Group eliminations	76	—	—	—	—	76	—	76
At 31 Dec 2024	247,570	143,740	163,682	21,061	19,147	595,200	(7,204)	587,996
Percentage of total credit quality (%)	41.6	24.2	27.5	3.5	3.2	100.0		

Our risk rating system facilitates the internal ratings-based approach under the Basel framework adopted by the Group to support calculation of our minimum credit regulatory capital requirement. The credit quality classifications can be found on page 108.

Wholesale lending – credit risk profile by obligor grade for loans and advances at amortised cost

	Basel one-year PD range	Gross carrying amount					Allowance for ECL					ECL coverage	Mapped external rating
		Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total		
	%	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%	
Corporate and commercial		**349,763**	**54,636**	**19,966**	**140**	**424,505**	**(478)**	**(1,064)**	**(5,909)**	**(75)**	**(7,526)**	**1.8**	
– CRR 1	**0.000 to 0.053**	**32,672**	**824**	**—**	**—**	**33,496**	**(5)**	**(2)**	**—**	**—**	**(7)**	**—**	**AA- and above**
– CRR 2	**0.054 to 0.169**	**79,233**	**1,058**	**—**	**—**	**80,291**	**(28)**	**(2)**	**—**	**—**	**(30)**	**—**	**A+ to A-**
– CRR 3	**0.170 to 0.740**	**122,351**	**10,621**	**—**	**—**	**132,972**	**(113)**	**(57)**	**—**	**—**	**(170)**	**0.1**	**BBB+ to BBB-**
– CRR 4	**0.741 to 1.927**	**71,923**	**14,821**	**—**	**—**	**86,744**	**(151)**	**(98)**	**—**	**—**	**(249)**	**0.3**	**BB+ to BB-**
– CRR 5	**1.928 to 4.914**	**38,615**	**14,240**	**—**	**—**	**52,855**	**(144)**	**(158)**	**—**	**—**	**(302)**	**0.6**	**BB- to B**
– CRR 6	**4.915 to 8.860**	**2,479**	**4,679**	**—**	**—**	**7,158**	**(17)**	**(111)**	**—**	**—**	**(128)**	**1.8**	**B-**
– CRR 7	**8.861 to 15.000**	**1,733**	**4,712**	**—**	**—**	**6,445**	**(5)**	**(166)**	**—**	**—**	**(171)**	**2.7**	**CCC+**
– CRR 8	**15.001 to 99.999**	**757**	**3,681**	**—**	**—**	**4,438**	**(15)**	**(470)**	**—**	**—**	**(485)**	**10.9**	**CCC to C**
– CRR 9/10	**100.000**	**—**	**—**	**19,966**	**140**	**20,106**	**—**	**—**	**(5,909)**	**(75)**	**(5,984)**	**29.8**	**D**
Non-bank financial institutions		**96,974**	**2,413**	**478**	**193**	**100,058**	**(56)**	**(19)**	**(293)**	**(1)**	**(369)**	**0.4**	
– CRR 1	**0.000 to 0.053**	**24,948**	**—**	**—**	**—**	**24,948**	**(2)**	**—**	**—**	**—**	**(2)**	**—**	**AA- and above**
– CRR 2	**0.054 to 0.169**	**26,457**	**265**	**—**	**—**	**26,722**	**(8)**	**—**	**—**	**—**	**(8)**	**—**	**A+ to A-**
– CRR 3	**0.170 to 0.740**	**25,468**	**277**	**—**	**—**	**25,745**	**(14)**	**(2)**	**—**	**—**	**(16)**	**0.1**	**BBB+ to BBB-**
– CRR 4	**0.741 to 1.927**	**13,733**	**747**	**—**	**—**	**14,480**	**(20)**	**(2)**	**—**	**—**	**(22)**	**0.2**	**BB+ to BB-**
– CRR 5	**1.928 to 4.914**	**6,099**	**780**	**—**	**193**	**7,072**	**(9)**	**(9)**	**—**	**(1)**	**(19)**	**0.3**	**BB- to B**
– CRR 6	**4.915 to 8.860**	**97**	**194**	**—**	**—**	**291**	**(1)**	**(4)**	**—**	**—**	**(5)**	**1.7**	**B-**
– CRR 7	**8.861 to 15.000**	**136**	**128**	**—**	**—**	**264**	**(1)**	**(2)**	**—**	**—**	**(3)**	**1.1**	**CCC+**
– CRR 8	**15.001 to 99.999**	**36**	**22**	**—**	**—**	**58**	**(1)**	**—**	**—**	**—**	**(1)**	**1.7**	**CCC to C**
– CRR 9/10	**100.000**	**—**	**—**	**478**	**—**	**478**	**—**	**—**	**(293)**	**—**	**(293)**	**61.3**	**D**
Banks		**108,336**	**132**	**1**	**—**	**108,469**	**(4)**	**(2)**	**(1)**	**—**	**(7)**	**—**	
– CRR 1	**0.000 to 0.053**	**86,254**	**34**	**—**	**—**	**86,288**	**(1)**	**—**	**—**	**—**	**(1)**	**—**	**AA- and above**
– CRR 2	**0.054 to 0.169**	**11,172**	**64**	**—**	**—**	**11,236**	**(1)**	**—**	**—**	**—**	**(1)**	**—**	**A+ to A-**
– CRR 3	**0.170 to 0.740**	**6,215**	**7**	**—**	**—**	**6,222**	**(1)**	**—**	**—**	**—**	**(1)**	**—**	**BBB+ to BBB-**
– CRR 4	**0.741 to 1.927**	**2,552**	**4**	**—**	**—**	**2,556**	**—**	**—**	**—**	**—**	**—**	**—**	**BB+ to BB-**
– CRR 5	**1.928 to 4.914**	**2,056**	**1**	**—**	**—**	**2,057**	**(1)**	**—**	**—**	**—**	**(1)**	**—**	**BB- to B**
– CRR 6	**4.915 to 8.860**	**86**	**20**	**—**	**—**	**106**	**—**	**—**	**—**	**—**	**—**	**—**	**B-**
– CRR 7	**8.861 to 15.000**	**1**	**—**	**—**	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**CCC+**
– CRR 8	**15.001 to 99.999**	**—**	**2**	**—**	**—**	**2**	**—**	**(2)**	**—**	**—**	**(2)**	**100.0**	**CCC to C**
– CRR 9/10	**100.000**	**—**	**—**	**1**	**—**	**1**	**—**	**—**	**(1)**	**—**	**(1)**	**100.0**	**D**
At 31 Dec 2025		**555,073**	**57,181**	**20,445**	**333**	**633,032**	**(538)**	**(1,085)**	**(6,203)**	**(76)**	**(7,902)**	**1.2**	
Corporate and commercial		340,987	51,231	18,376	90	410,684	(463)	(1,358)	(4,883)	(51)	(6,755)	1.6	
– CRR 1	0.000 to 0.053	32,564	121	—	—	32,685	(3)	(5)	—	—	(8)	—	AA- and above
– CRR 2	0.054 to 0.169	79,350	2,469	—	—	81,819	(25)	(15)	—	—	(40)	—	A+ to A-
– CRR 3	0.170 to 0.740	111,229	7,556	—	—	118,785	(103)	(72)	—	—	(175)	0.1	BBB+ to BBB-
– CRR 4	0.741 to 1.927	73,050	12,591	—	—	85,641	(144)	(99)	—	—	(243)	0.3	BB+ to BB-
– CRR 5	1.928 to 4.914	40,391	12,673	—	—	53,064	(158)	(159)	—	—	(317)	0.6	BB- to B
– CRR 6	4.915 to 8.860	2,491	7,436	—	—	9,927	(16)	(190)	—	—	(206)	2.1	B-
– CRR 7	8.861 to 15.000	1,370	3,735	—	—	5,105	(7)	(172)	—	—	(179)	3.5	CCC+
– CRR 8	15.001 to 99.999	542	4,650	—	—	5,192	(7)	(646)	—	—	(653)	12.6	CCC to C
– CRR 9/10	100.000	—	—	18,376	90	18,466	—	—	(4,883)	(51)	(4,934)	26.7	D
Non-bank financial institutions		79,687	2,098	679	—	82,464	(45)	(30)	(361)	—	(436)	0.5	
– CRR 1	0.000 to 0.053	19,516	191	—	—	19,707	(1)	(1)	—	—	(2)	—	AA- and above
– CRR 2	0.054 to 0.169	20,572	166	—	—	20,738	(5)	—	—	—	(5)	—	A+ to A-
– CRR 3	0.170 to 0.740	20,370	330	—	—	20,700	(12)	(3)	—	—	(15)	0.1	BBB+ to BBB-
– CRR 4	0.741 to 1.927	12,987	502	—	—	13,489	(16)	(2)	—	—	(18)	0.1	BB+ to BB-
– CRR 5	1.928 to 4.914	6,058	390	—	—	6,448	(11)	(6)	—	—	(17)	0.3	BB- to B
– CRR 6	4.915 to 8.860	48	319	—	—	367	—	(8)	—	—	(8)	2.2	B-
– CRR 7	8.861 to 15.000	63	79	—	—	142	—	(1)	—	—	(1)	0.7	CCC+
– CRR 8	15.001 to 99.999	73	121	—	—	194	—	(9)	—	—	(9)	4.6	CCC to C
– CRR 9/10	100.000	—	—	679	—	679	—	—	(361)	—	(361)	53.2	D
Banks		101,852	198	2	—	102,052	(9)	(2)	(2)	—	(13)	—	
– CRR 1	0.000 to 0.053	79,213	53	—	—	79,266	(3)	—	—	—	(3)	—	AA- and above
– CRR 2	0.054 to 0.169	13,315	40	—	—	13,355	(2)	—	—	—	(2)	—	A+ to A-
– CRR 3	0.170 to 0.740	4,226	29	—	—	4,255	(2)	—	—	—	(2)	—	BBB+ to BBB-
– CRR 4	0.741 to 1.927	3,275	12	—	—	3,287	(1)	—	—	—	(1)	—	BB+ to BB-
– CRR 5	1.928 to 4.914	1,706	47	—	—	1,753	(1)	(1)	—	—	(2)	0.1	BB- to B
– CRR 6	4.915 to 8.860	10	1	—	—	11	—	—	—	—	—	—	B-
– CRR 7	8.861 to 15.000	107	13	—	—	120	—	—	—	—	—	—	CCC+
– CRR 8	15.001 to 99.999	—	3	—	—	3	—	(1)	—	—	(1)	33.3	CCC to C
– CRR 9/10	100.000	—	—	2	—	2	—	—	(2)	—	(2)	100.0	D
At 31 Dec 2024		522,526	53,527	19,057	90	595,200	(517)	(1,390)	(5,246)	(51)	(7,204)	1.2	

Wholesale lending – credit risk profile by obligor grade for loan and other credit-related commitments and financial guarantees

		Nominal amount					Allowance for ECL						
	Basel one-year PD range	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	ECL coverage	Mapped external rating
	%	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%	
Loan and other credit-related commitments		**399,154**	**18,543**	**560**	**4**	**418,261**	**(127)**	**(92)**	**(69)**	**—**	**(288)**	**0.1**	
– CRR 1	**0.000 to 0.053**	**109,371**	**2,013**	**—**	**—**	**111,384**	**(4)**	**—**	**—**	**—**	**(4)**	**—**	**AA- and above**
– CRR 2	**0.054 to 0.169**	**99,018**	**1,578**	**—**	**—**	**100,596**	**(12)**	**(3)**	**—**	**—**	**(15)**	**—**	**A+ to A-**
– CRR 3	**0.170 to 0.740**	**110,555**	**2,651**	**—**	**—**	**113,206**	**(33)**	**(11)**	**—**	**—**	**(44)**	**—**	**BBB+ to BBB-**
– CRR 4	**0.741 to 1.927**	**47,586**	**4,197**	**—**	**—**	**51,783**	**(30)**	**(15)**	**—**	**—**	**(45)**	**0.1**	**BB+ to BB-**
– CRR 5	**1.928 to 4.914**	**27,073**	**3,858**	**—**	**—**	**30,931**	**(25)**	**(12)**	**—**	**—**	**(37)**	**0.1**	**BB- to B**
– CRR 6	**4.915 to 8.860**	**1,747**	**1,754**	**—**	**—**	**3,501**	**(4)**	**(13)**	**—**	**—**	**(17)**	**0.5**	**B-**
– CRR 7	**8.861 to 15.000**	**2,757**	**847**	**—**	**—**	**3,604**	**(7)**	**(9)**	**—**	**—**	**(16)**	**0.4**	**CCC+**
– CRR 8	**15.001 to 99.999**	**1,047**	**1,645**	**—**	**—**	**2,692**	**(12)**	**(29)**	**—**	**—**	**(41)**	**1.5**	**CCC to C**
– CRR 9/10	**100.000**	**—**	**—**	**560**	**4**	**564**	**—**	**—**	**(69)**	**—**	**(69)**	**12.2**	**D**
Financial guarantees		**14,467**	**1,371**	**192**	**—**	**16,030**	**(7)**	**(17)**	**(26)**	**—**	**(50)**	**0.3**	
– CRR 1	**0.000 to 0.053**	**2,151**	**—**	**—**	**—**	**2,151**	**—**	**—**	**—**	**—**	**—**	**—**	**AA- and above**
– CRR 2	**0.054 to 0.169**	**3,897**	**6**	**—**	**—**	**3,903**	**(2)**	**—**	**—**	**—**	**(2)**	**0.1**	**A+ to A-**
– CRR 3	**0.170 to 0.740**	**3,995**	**105**	**—**	**—**	**4,100**	**(3)**	**—**	**—**	**—**	**(3)**	**0.1**	**BBB+ to BBB-**
– CRR 4	**0.741 to 1.927**	**2,888**	**139**	**—**	**—**	**3,027**	**(1)**	**(1)**	**—**	**—**	**(2)**	**0.1**	**BB+ to BB-**
– CRR 5	**1.928 to 4.914**	**1,445**	**654**	**—**	**—**	**2,099**	**(1)**	**(4)**	**—**	**—**	**(5)**	**0.2**	**BB- to B**
– CRR 6	**4.915 to 8.860**	**64**	**259**	**—**	**—**	**323**	**—**	**(3)**	**—**	**—**	**(3)**	**0.9**	**B-**
– CRR 7	**8.861 to 15.000**	**17**	**73**	**—**	**—**	**90**	**—**	**(5)**	**—**	**—**	**(5)**	**5.6**	**CCC+**
– CRR 8	**15.001 to 99.999**	**10**	**135**	**—**	**—**	**145**	**—**	**(4)**	**—**	**—**	**(4)**	**2.8**	**CCC to C**
– CRR 9/10	**100.000**	**—**	**—**	**192**	**—**	**192**	**—**	**—**	**(26)**	**—**	**(26)**	**13.5**	**D**
At 31 Dec 2025		**413,621**	**19,914**	**752**	**4**	**434,291**	**(134)**	**(109)**	**(95)**	**—**	**(338)**	**0.1**	
Loan and other credit-related commitments		345,742	19,495	872	3	366,112	(120)	(121)	(85)	—	(326)	0.1	
– CRR 1	0.000 to 0.053	92,090	89	—	—	92,179	(3)	—	—	—	(3)	—	AA- and above
– CRR 2	0.054 to 0.169	92,967	1,009	—	—	93,976	(12)	(2)	—	—	(14)	—	A+ to A-
– CRR 3	0.170 to 0.740	97,876	5,051	—	—	102,927	(38)	(15)	—	—	(53)	0.1	BBB+ to BBB-
– CRR 4	0.741 to 1.927	40,135	4,349	—	—	44,484	(28)	(22)	—	—	(50)	0.1	BB+ to BB-
– CRR 5	1.928 to 4.914	18,581	3,976	—	—	22,557	(26)	(22)	—	—	(48)	0.2	BB- to B
– CRR 6	4.915 to 8.860	1,828	2,297	—	—	4,125	(4)	(22)	—	—	(26)	0.6	B-
– CRR 7	8.861 to 15.000	1,378	678	—	—	2,056	(1)	(12)	—	—	(13)	0.6	CCC+
– CRR 8	15.001 to 99.999	887	2,046	—	—	2,933	(8)	(26)	—	—	(34)	1.2	CCC to C
– CRR 9/10	100.000	—	—	872	3	875	—	—	(85)	—	(85)	9.7	D
Financial guarantees		13,937	1,386	248	—	15,571	(8)	(5)	(16)	—	(29)	0.2	
– CRR 1	0.000 to 0.053	1,895	1	—	—	1,896	—	—	—	—	—	—	AA- and above
– CRR 2	0.054 to 0.169	4,326	12	—	—	4,338	(1)	—	—	—	(1)	—	A+ to A-
– CRR 3	0.170 to 0.740	4,137	71	—	—	4,208	(2)	—	—	—	(2)	—	BBB+ to BBB-
– CRR 4	0.741 to 1.927	2,106	286	—	—	2,392	(3)	—	—	—	(3)	0.1	BB+ to BB-
– CRR 5	1.928 to 4.914	1,295	478	—	—	1,773	(2)	(1)	—	—	(3)	0.2	BB- to B
– CRR 6	4.915 to 8.860	162	232	—	—	394	—	(1)	—	—	(1)	0.3	B-
– CRR 7	8.861 to 15.000	5	128	—	—	133	—	(2)	—	—	(2)	1.5	CCC+
– CRR 8	15.001 to 99.999	11	178	—	—	189	—	(1)	—	—	(1)	0.5	CCC to C
– CRR 9/10	100.000	—	—	248	—	248	—	—	(16)	—	(16)	6.5	D
At 31 Dec 2024		359,679	20,881	1,120	3	381,683	(128)	(126)	(101)	—	(355)	0.1	

Commercial real estate

CRE lending includes the financing of corporate, institutional and high net worth customers who are investing primarily in income-producing assets and, to a lesser extent, in their construction and development. The portfolio has larger concentrations in Hong Kong, the UK and mainland China.

Our global exposure is centred largely on cities with economic, political or cultural significance. In more developed markets, our exposure mainly comprises the financing of investment assets, the redevelopment of existing stock and the augmentation of both commercial and residential markets to support economic and population growth. In less developed CRE markets, our exposures comprise lending for development assets on relatively short tenors with a particular focus on supporting larger, better-capitalised developers involved in residential construction or assets supporting economic expansion.

Excluding adverse foreign exchange movements of $2.0bn, CRE lending decreased by $5.0bn, mainly from $5.3bn in our entities in Asia due to loan repayments and write-offs.

Commercial real estate lending to customers

	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Total	of which: UK	of which: Hong Kong
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Gross loans and advances										
Stage 1	**14,864**	**3,482**	**21,777**	**1,071**	**237**	**406**	**56**	**41,893**	**15,654**	**11,007**
Stage 2	**1,956**	**151**	**15,245**	**59**	**678**	**94**	**—**	**18,183**	**1,956**	**13,927**
Stage 3	**355**	**390**	**8,052**	**89**	**238**	**25**	**26**	**9,175**	**355**	**7,568**
POCI	**—**	**57**	**30**	**—**	**—**	**—**	**—**	**87**	**58**	**25**
At 31 Dec 2025	**17,175**	**4,080**	**45,104**	**1,219**	**1,153**	**525**	**82**	**69,338**	**18,023**	**32,527**
– of which: forborne loans	**410**	**65**	**3,477**	**89**	**314**	**73**	**26**	**4,454**	**468**	**2,941**
Allowance for ECL	**(199)**	**(124)**	**(2,150)**	**(26)**	**(77)**	**(10)**	**(24)**	**(2,610)**	**(230)**	**(1,876)**
Gross loans and advances										
Stage 1	9,394	3,285	34,337	1,136	1,420	380	42	49,994	9,758	22,643
Stage 2	4,052	313	9,103	—	1,184	67	1	14,720	4,112	7,619
Stage 3	492	213	6,451	117	240	22	23	7,558	492	5,967
POCI	—	43	18	—	—	—	—	61	43	18
At 31 Dec 2024	13,938	3,854	49,909	1,253	2,844	469	66	72,333	14,405	36,247
– of which: forborne loans	502	54	3,087	116	273	19	23	4,074	545	2,729
Allowance for ECL	(203)	(72)	(1,627)	(23)	(103)	(8)	(19)	(2,055)	(227)	(1,418)

Commercial real estate gross loans and advances to customers by credit quality

	HSBC UK Bank plc	HSBC Bank plc	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited	HSBC North America Holdings Inc.	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Total	of which: UK	of which: Hong Kong
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Strong	**4,102**	**1,055**	**7,818**	**327**	**—**	**8**	**56**	**13,366**	**4,342**	**3,501**
Good	**7,636**	**1,195**	**13,998**	**473**	**—**	**127**	**—**	**23,429**	**7,773**	**8,438**
Satisfactory	**4,482**	**1,289**	**12,330**	**307**	**559**	**326**	**—**	**19,293**	**4,895**	**10,481**
Sub-standard	**600**	**94**	**2,876**	**23**	**356**	**39**	**—**	**3,988**	**600**	**2,514**
Credit impaired	**355**	**447**	**8,082**	**89**	**238**	**25**	**26**	**9,262**	**413**	**7,593**
At 31 Dec 2025	**17,175**	**4,080**	**45,104**	**1,219**	**1,153**	**525**	**82**	**69,338**	**18,023**	**32,527**
Strong	4,663	739	9,106	137	—	18	42	14,705	4,875	4,522
Good	2,098	1,430	16,113	407	566	111	—	20,725	2,107	10,421
Satisfactory	5,770	1,312	13,556	592	1,423	283	—	22,936	5,948	10,850
Sub-standard	915	117	4,665	—	615	35	1	6,348	940	4,469
Credit impaired	492	256	6,469	117	240	22	23	7,619	535	5,985
At 31 Dec 2024	13,938	3,854	49,909	1,253	2,844	469	66	72,333	14,405	36,247

Commercial real estate lending to customers - Hong Kong excluding exposure to mainland China borrowers

	At 31 Dec 2025		At 31 Dec 2024	
	Total	of which: Hang Seng Bank	Total	of which: Hang Seng Bank
	$m	$m	$m	$m
Gross loans and advances				
By stage				
Stage 1	**10,666**	**5,079**	22,132	10,465
Stage 2	**13,652**	**6,416**	6,515	3,791
Stage 3	**6,306**	**3,467**	4,554	2,550
POCI	**—**	**—**	—	—
By credit quality				
Strong	**3,314**	**1,662**	4,484	2,596
Good	**8,225**	**3,449**	9,754	4,367
Satisfactory	**10,352**	**4,637**	10,716	5,135
Sub-standard	**2,427**	**1,747**	3,693	2,158
Credit impaired	**6,306**	**3,467**	4,554	2,550
Total	**30,624**	**14,962**	33,201	16,806
Allowance for ECL	**(1,077)**	**(652)**	(405)	(213)

The Hong Kong CRE portfolio (excluding exposure to mainland China borrowers) saw an increase in allowances for ECL in 2025, driven by a combination of negative credit migration and pressure on collateral values. Negative credit migration was mainly driven by the secured portfolio, which accounts for 57% of the total portfolio (31 December 2024: 54%), although the pace of migration slowed in the fourth quarter.

'Sub-standard' and 'credit-impaired' exposures increased to $8.7bn (31 December 2024: $8.2bn), of which 95% was secured (31 December 2024: 92%). As at 31 December 2025, the weighted average loan to value ('LTV'):

- of performing exposures rated 'sub-standard' was 42% (31 December 2024: 46%). There was immaterial exposure with an LTV of greater than 70% (31 December 2024: $0.1bn); and
- of 'credit impaired' exposures was 71% (31 December 2024: 58%). Within this portfolio, $1.9bn had an LTV of greater than 70% (31 December 2024: $1.2bn).

Within which, for Hang Seng Bank, the weighted average LTV:

- of performing exposures rated 'sub-standard' was 42% (31 December 2024: 49%). There was nil exposure with an LTV of greater than 70% (31 December 2024: $0.1bn); and
- of 'credit-impaired' exposures was 74% (31 December 2024: 60%). Within this portfolio, $1.1bn had an LTV of greater than 70% (31 December 2024: $0.7bn).

Collateral information and LTV calculations were based on total limits, inclusive of off-balance sheet commitments of $42.8bn as of 31 December 2025 (31 December 2024: $49.2bn).

The unsecured portfolio remains largely stable, with some migration between performing credit grades and 89% rated 'strong' or 'good' (31 December 2024: 91%). 'Credit impaired' levels are limited.

Unsecured exposures are typically granted to strong, listed Hong Kong CRE developers, which are commonly members of conglomerate groups with diverse cash flows.

Market conditions remain challenging, with valuation pressures and liquidity constraints likely to continue in the near term, particularly for mid-sized and sub-investment grade corporates. The recent improvement in sentiment is nevertheless expected to gradually translate into improved cash flows and liquidity, with signs of a recovery beginning to emerge. In particular, the residential property sector showed positive momentum in 2025 driven by government support measures and lower interest rates. This, together with the associated positive wealth effect from a buoyant equities market, has supported a rebound in retail sales and improved leasing activity in the second half of 2025. However, a full recovery in the retail property sector will take time as landlords adapt to changing consumer behaviours, while oversupply in the office property sector is expected to keep pressure on rents and capital values in 2026. The broader Hong Kong economy nevertheless remains resilient, providing a supportive backdrop for stabilisation in the property market.

We continue to closely assess and manage the risk in the portfolio, including through portfolio reviews and stress testing. Vulnerable borrowers, including those with debt serviceability challenges and higher LTV levels, are subject to heightened monitoring and management.

Refinance risk in commercial real estate

CRE lending tends to require the repayment of a significant proportion of the principal at maturity. Typically, a customer will arrange repayment through the acquisition of a new loan to settle the existing debt. Refinance risk is the risk that a customer, being unable to repay the debt on maturity, fails to refinance it at commercial terms. We monitor our CRE portfolio closely, assessing indicators for signs of potential issues with refinancing.

Maturity analysis commercial real estate gross loans and advances to customers

									of which:	
	HSBC UK Bank plc	**HSBC Bank plc**	**The Hongkong and Shanghai Banking Corporation Limited**	**HSBC Bank Middle East Limited**	**HSBC North America Holdings Inc.**	**Grupo Financiero HSBC, S.A. de C.V.**	**Other trading entities**	**Total**	**UK**	**Hong Kong**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
< 1 year	**3,892**	**1,213**	**18,961**	**435**	**335**	**209**	**36**	**25,081**	**4,438**	**14,667**
1–2 years	**3,800**	**822**	**11,251**	**78**	**442**	**74**	**20**	**16,487**	**4,090**	**7,939**
2–5 years	**8,776**	**1,575**	**12,735**	**518**	**373**	**183**	**25**	**24,185**	**8,784**	**8,475**
> 5 years	**707**	**470**	**2,157**	**188**	**3**	**59**	**1**	**3,585**	**711**	**1,446**
At 31 Dec 2025	**17,175**	**4,080**	**45,104**	**1,219**	**1,153**	**525**	**82**	**69,338**	**18,023**	**32,527**
< 1 year	3,488	846	22,244	455	1,084	111	20	28,248	3,826	18,204
1–2 years	3,303	876	11,213	162	603	142	6	16,305	3,373	7,196
2–5 years	6,634	1,600	14,079	447	1,145	143	40	24,088	6,685	9,254
> 5 years	513	532	2,373	189	12	73	—	3,692	521	1,593
At 31 Dec 2024	13,938	3,854	49,909	1,253	2,844	469	66	72,333	14,405	36,247

The following table presents the Group's exposure to borrowers classified in the CRE sector where the ultimate parent is based in mainland China, as well as all CRE exposures booked on mainland China balance sheets. In addition to CRE as defined in our primary CRE disclosure above, this table includes financing provided to a corporate or financial entity for the purchase or financing of a property which supports the overall operations of the business. This provides a more comprehensive view of our mainland China CRE exposures. The exposures at 31 December 2025 are split by country/territory and credit quality including allowances for ECL by stage.

Mainland China commercial real estate

(Audited)

	At 31 Dec 2025				At 31 Dec 2024			
	Hong Kong	**Mainland China**	**Rest of the Group**	**Total**	Hong Kong	Mainland China	Rest of the Group	Total
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
Loans and advances to customers[1]	**2,079**	**3,474**	**118**	**5,671**	3,161	3,694	303	7,158
Guarantees issued and others[2]	**105**	**14**	**12**	**131**	80	16	5	101
Total mainland China commercial real estate exposure	**2,184**	**3,488**	**130**	**5,802**	3,241	3,710	308	7,259
Distribution of mainland China commercial real estate exposure by credit quality								
Strong	**293**	**1,818**	**64**	**2,175**	118	1,817	109	2,044
Good	**240**	**583**	**—**	**823**	578	595	1	1,174
Satisfactory	**154**	**511**	**8**	**673**	196	899	49	1,144
Sub-standard	**87**	**334**	**57**	**478**	777	136	149	1,062
Credit impaired	**1,410**	**242**	**1**	**1,653**	1,572	263	—	1,835
Total	**2,184**	**3,488**	**130**	**5,802**	3,241	3,710	308	7,259
Allowance for ECL by credit quality								
Strong	**—**	**(2)**	**—**	**(2)**	—	(4)	—	(4)
Good	**—**	**(4)**	**—**	**(4)**	—	(3)	—	(3)
Satisfactory	**—**	**(5)**	**—**	**(5)**	—	(13)	—	(13)
Sub-standard	**(9)**	**(99)**	**(1)**	**(109)**	(261)	(30)	(17)	(308)
Credit impaired	**(799)**	**(99)**	**—**	**(898)**	(749)	(81)	—	(830)
Total	**(808)**	**(209)**	**(1)**	**(1,018)**	(1,010)	(131)	(17)	(1,158)
Allowance for ECL by stage distribution								
Stage 1	**—**	**(4)**	**—**	**(4)**	—	(9)	—	(9)
Stage 2	**(9)**	**(106)**	**(1)**	**(116)**	(261)	(41)	(17)	(319)
Stage 3	**(783)**	**(99)**	**—**	**(882)**	(743)	(81)	—	(824)
POCI	**(16)**	**—**	**—**	**(16)**	(6)	—	—	(6)
Total	**(808)**	**(209)**	**(1)**	**(1,018)**	(1,010)	(131)	(17)	(1,158)
ECL coverage %	**37.0**	**6.0**	**0.8**	**17.6**	31.2	3.5	5.5	16.0

1 Amounts represent gross carrying amount.
2 Amounts represent nominal amount for guarantees and other contingent liabilities.

(Unaudited)

We continue to closely monitor the mainland China CRE market. The portfolio of loans booked in Hong Kong continues to be impacted by the challenges in this sector, with further migration seen in the fourth quarter of 2025. This portfolio nevertheless continues to reduce due to repayments and write-offs, driving an overall reduction in allowances for ECL to $1.0bn as of 31 December 2025 (31 December 2024: $1.2bn), mainly held against unsecured exposures.

Of the residual portfolio of mainland China CRE loans booked in Hong Kong, the large majority of performing exposure is lending to state-owned enterprises and relatively strong privately-owned enterprises. This is reflected in the relatively low allowances for ECL in this part of the portfolio.

The onshore portfolio booked in mainland China remains of higher credit quality, with lower ECL allowances reflecting collateral held. The portfolio continues to rebalance in favour of strong-rated borrowers.

Market fundamentals in the mainland China property sector remain weak. Despite some stabilisation in certain cities, property values continued to decline in 2025 and are expected to remain under pressure in 2026 reflecting ongoing weakness in demand. Liquidity constraints are therefore likely to continue, with ongoing polarisation in the operating performance of corporates operating in this sector, as state-owned enterprises continue to benefit from better access to funding and liquidity. A full recovery remains dependent on further government support as well as a sustained improvement in underlying sentiment.

The Group has additional exposures to mainland China CRE as a result of lending to multinational corporates booked outside of mainland China, which is not incorporated in the table above.

Other credit risk exposures

In addition to collateralised lending, other credit enhancements are employed and methods used to mitigate credit risk arising from financial assets. These are summarised below:

- Some securities issued by governments, banks and other financial institutions benefit from additional credit enhancements provided by government guarantees that cover the assets.
- Debt securities issued by banks and financial institutions include asset-backed securities ('ABSs') and similar instruments, which are supported by underlying pools of financial assets. Credit risk associated with ABSs is reduced through the purchase of credit default swap ('CDS') protection.
- Trading loans and advances mainly consist of reverse repos and stock borrowing, which are by their nature collateralised.
- Cash collateral is posted to satisfy margin requirements. There is limited credit risk on cash collateral posted since in the event of default of the counterparty this would be set off against the related liability.

▶ Collateral accepted as security that the Group is permitted to sell or repledge under these arrangements is described on page 318 of the financial statements.

The Group's maximum exposure to credit risk includes financial guarantees and similar contracts granted, as well as loan and other credit-related commitments. Depending on the terms of the arrangement, we may use additional credit mitigation if a guarantee is called upon or a loan commitment is drawn and subsequently defaults.

▶ For further information on these arrangements, see Note 33 on the financial statements.

Derivatives

We participate in transactions exposing us to counterparty credit risk. Counterparty credit risk is the risk of financial loss if the counterparty to a transaction defaults before satisfactorily settling it. It arises principally from over-the-counter ('OTC') derivatives and securities financing transactions and is calculated in both the trading and non-trading books. Transactions vary in value by reference to a market factor such as an interest rate, exchange rate or asset price.

The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit valuation adjustment ('CVA').

The following table reflects the fair values and gross notional contract amounts of derivatives cleared through an exchange, central counterparty or non-central counterparty.

Notional contract amounts and fair values of derivatives

	2025			2024		
	Notional amount	**Fair value**		Notional amount	Fair value	
		Assets	**Liabilities**		Assets	Liabilities
	$m	**$m**	**$m**	$m	$m	$m
Total OTC derivatives	**31,083,167**	**324,708**	**325,401**	29,273,397	368,938	367,759
– total OTC derivatives cleared by central counterparties	**13,448,210**	**98,779**	**99,109**	13,484,581	111,974	113,091
– total OTC derivatives not cleared by central counterparties	**17,634,957**	**225,929**	**226,292**	15,788,816	256,964	254,668
Total exchange traded derivatives	**1,625,677**	**10,275**	**9,696**	1,267,685	12,445	9,435
Gross	**32,708,844**	**334,983**	**335,097**	30,541,082	381,383	377,194
Offset		**(97,243)**	**(97,243)**		(112,746)	(112,746)
At 31 Dec		**237,740**	**237,854**		268,637	264,448

▶ The purposes for which HSBC uses derivatives are described in Note 15 on the financial statements.

The International Swaps and Derivatives Association ('ISDA') master agreement is our preferred agreement for documenting derivatives activity. It is common, and our preferred practice, for the parties involved in a derivative transaction to execute a credit support annex ('CSA') in conjunction with the ISDA master agreement. Under a CSA, collateral is passed between the parties to mitigate the counterparty risk inherent in outstanding positions. The majority of our CSAs are with financial institutional clients.

We manage the counterparty exposure on our OTC derivative contracts by using collateral agreements with counterparties and netting agreements. Currently, we do not actively manage our general OTC derivative counterparty exposure in the credit markets, although we may manage individual exposures in certain circumstances.

We place strict policy restrictions on collateral types and as a consequence the types of collateral received and pledged are, by value, highly liquid and of a strong quality, being predominantly cash.

Where a collateral type is required to be approved outside the collateral policy, approval is required from a committee of senior representatives from Markets, Legal and Risk.

▶ See Note 31 on the financial statements for details regarding legally enforceable right of offset in the event of counterparty default and collateral received in respect of derivatives.

Personal lending

Total personal lending for loans and advances to customers at amortised cost by stage distribution

	At 31 Dec 2025								At 31 Dec 2024							
	Gross carrying amount				Allowance for ECL				Gross carrying amount				Allowance for ECL			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	$m	$m	$m	$m	$m	$m	$m	$m
By portfolio																
First lien residential mortgages	**365,498**	**18,148**	**2,655**	**386,301**	**(58)**	**(109)**	**(313)**	**(480)**	324,703	34,177	2,450	361,330	(59)	(130)	(284)	(473)
Credit cards	**22,781**	**3,260**	**373**	**26,414**	**(339)**	**(731)**	**(231)**	**(1,301)**	21,611	2,991	313	24,915	(268)	(660)	(199)	(1,127)
Other personal lending	**58,417**	**2,479**	**917**	**61,813**	**(270)**	**(395)**	**(351)**	**(1,016)**	57,432	2,751	797	60,980	(243)	(368)	(313)	(924)
– other personal lending which is secured[1]	**39,906**	**517**	**270**	**40,693**	**(24)**	**(19)**	**(65)**	**(108)**	39,234	887	199	40,320	(29)	(23)	(34)	(86)
– other personal lending which is unsecured	**18,511**	**1,962**	**647**	**21,120**	**(246)**	**(376)**	**(286)**	**(908)**	18,198	1,864	598	20,660	(214)	(345)	(279)	(838)
Total	**446,696**	**23,887**	**3,945**	**474,528**	**(667)**	**(1,235)**	**(895)**	**(2,797)**	403,746	39,919	3,560	447,225	(570)	(1,158)	(796)	(2,524)
By legal entity																
HSBC UK Bank plc	**191,726**	**14,515**	**1,200**	**207,441**	**(201)**	**(315)**	**(256)**	**(772)**	152,338	31,325	1,075	184,738	(148)	(307)	(211)	(666)
HSBC Bank plc	**17,416**	**1,076**	**365**	**18,857**	**(16)**	**(14)**	**(107)**	**(137)**	23,501	1,198	324	25,023	(17)	(24)	(99)	(140)
The Hongkong and Shanghai Banking Corporation Limited	**201,779**	**6,407**	**1,108**	**209,294**	**(199)**	**(432)**	**(170)**	**(801)**	191,614	5,519	1,170	198,303	(174)	(385)	(164)	(723)
HSBC Bank Middle East Limited	**4,061**	**134**	**47**	**4,242**	**(18)**	**(23)**	**(29)**	**(70)**	3,678	158	40	3,876	(14)	(29)	(30)	(73)
HSBC North America Holdings Inc.	**19,607**	**512**	**404**	**20,523**	**(4)**	**(12)**	**(14)**	**(30)**	20,851	497	327	21,675	(4)	(12)	(11)	(27)
Grupo Financiero HSBC, S.A. de C.V.	**11,705**	**1,212**	**817**	**13,734**	**(229)**	**(438)**	**(316)**	**(983)**	11,016	1,172	620	12,808	(207)	(400)	(279)	(886)
Other trading entities	**402**	**31**	**4**	**437**	**—**	**(1)**	**(3)**	**(4)**	748	50	4	802	(6)	(1)	(2)	(9)
Total	**446,696**	**23,887**	**3,945**	**474,528**	**(667)**	**(1,235)**	**(895)**	**(2,797)**	403,746	39,919	3,560	447,225	(570)	(1,158)	(796)	(2,524)

1 'Other personal lending which is secured' has been expanded to encompass second lien mortgages, motor vehicle finance, and guaranteed loans related to residential property, which were previously reported as separate line items.

Total personal lending for loan and other credit-related commitments and financial guarantees by stage distribution

	At 31 Dec 2025								At 31 Dec 2024							
	Nominal amount				Allowance for ECL				Nominal amount				Allowance for ECL			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	$m	$m	$m	$m	$m	$m	$m	$m
HSBC UK Bank plc	**55,615**	**803**	**43**	**56,461**	**(15)**	**(5)**	**—**	**(20)**	51,078	442	47	51,567	(6)	—	(3)	(9)
HSBC Bank plc	**1,819**	**28**	**—**	**1,847**	**(1)**	**—**	**—**	**(1)**	1,605	7	2	1,614	—	—	—	—
The Hongkong and Shanghai Banking Corporation Limited	**204,293**	**1,025**	**47**	**205,365**	**(5)**	**—**	**—**	**(5)**	189,737	1,165	35	190,937	(4)	—	(2)	(6)
HSBC Bank Middle East Limited	**2,542**	**10**	**—**	**2,552**	**—**	**—**	**—**	**—**	2,452	7	—	2,459	—	—	—	—
HSBC North America Holdings Inc.	**2,172**	**75**	**1**	**2,248**	**—**	**—**	**—**	**—**	3,707	68	2	3,777	—	—	—	—
Grupo Financiero HSBC, S.A. de C.V.	**4,970**	**—**	**—**	**4,970**	**(2)**	**—**	**—**	**(2)**	3,892	—	—	3,892	(7)	—	—	(7)
Other trading entities	**529**	**4**	**1**	**534**	**—**	**—**	**—**	**—**	434	2	—	436	—	—	—	—
Total	**271,940**	**1,945**	**92**	**273,977**	**(23)**	**(5)**	**—**	**(28)**	252,905	1,691	86	254,682	(17)	—	(5)	(22)

The following disclosure provides a reconciliation by stage of the Group's personal lending gross carrying/nominal amount and allowances for loans and advances to customers, including loan commitments and financial guarantees.

In addition, three reconciliations by stage of the Group's gross carrying/nominal amount and allowances for first lien mortgages, credit cards and other personal lending, including loan commitments and financial guarantees, have been included following the adoption of the recommendations of the DECL Taskforce's third report in 2023.

Personal lending – reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to customers including loan commitments and financial guarantees

(Audited)

	2025								2024							
	Non-credit impaired				Credit impaired				Non-credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total		Stage 1		Stage 2		Stage 3		Total	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan	**656,651**	**(587)**	**41,610**	**(1,158)**	**3,646**	**(801)**	**701,907**	**(2,546)**	650,823	(602)	50,955	(1,434)	3,860	(856)	705,638	(2,892)
Transfers of financial instruments:	**7,203**	**(664)**	**(9,466)**	**1,242**	**2,263**	**(578)**	**—**	**—**	(2,023)	(1,045)	(345)	1,477	2,368	(432)	—	—
– transfers from stage 1 to stage 2	**(41,104)**	**225**	**41,104**	**(225)**	**—**	**—**	**—**	**—**	(45,220)	246	45,220	(246)	—	—	—	—
– transfers from stage 2 to stage 1	**48,706**	**(861)**	**(48,706)**	**861**	**—**	**—**	**—**	**—**	43,549	(1,247)	(43,549)	1,247	—	—	—	—
– transfers to stage 3	**(663)**	**11**	**(2,655)**	**756**	**3,318**	**(767)**	**—**	**—**	(743)	9	(2,715)	685	3,458	(694)	—	—
– transfers from stage 3	**264**	**(39)**	**791**	**(150)**	**(1,055)**	**189**	**—**	**—**	391	(53)	699	(209)	(1,090)	262	—	—
Net remeasurement of ECL arising from transfer of stage	**—**	**411**	**—**	**(378)**	**—**	**(9)**	**—**	**24**	—	745	—	(605)	—	(132)	—	8
Changes due to modifications not derecognised	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	(25)	—	(25)	—
Net new and further lending/repayments	**41,379**	**(7)**	**(8,622)**	**310**	**(467)**	**78**	**32,290**	**381**	29,789	(17)	(7,889)	278	(796)	470	21,104	731
Change to risk parameters – credit quality	**—**	**209**	**—**	**(1,165)**	**—**	**(1,141)**	**—**	**(2,097)**	—	251	—	(874)	—	(1,437)	—	(2,060)
Changes to models used for ECL calculation	**—**	**(29)**	**—**	**(5)**	**—**	**(16)**	**—**	**(50)**	—	29	—	(109)	—	(20)	—	(100)
Assets written off	**—**	**—**	**—**	**—**	**(1,641)**	**1,641**	**(1,641)**	**1,641**	—	—	—	—	(1,534)	1,534	(1,534)	1,534
Foreign exchange and others[1,2,3,4]	**13,403**	**(23)**	**2,310**	**(86)**	**236**	**(69)**	**15,949**	**(178)**	(21,938)	52	(1,111)	109	(227)	72	(23,276)	233
At 31 Dec	**718,636**	**(690)**	**25,832**	**(1,240)**	**4,037**	**(895)**	**748,505**	**(2,825)**	656,651	(587)	41,610	(1,158)	3,646	(801)	701,907	(2,546)
ECL income statement change for the period		**584**		**(1,238)**		**(1,088)**		**(1,742)**		1,008		(1,310)		(1,119)		(1,421)
Recoveries								**243**								220
Others								**19**								(32)
Total ECL income statement change for the period								**(1,480)**								(1,233)

1 At 31 December 2025, total includes $2.7bn (31 December 2024: $0.8bn) of gross carrying loans and advances to customers, which were classified to assets held for sale, and a corresponding allowance for ECL of $16m (31 December 2024: $23m), reflecting business disposals, as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.
2 This includes $7.2bn of gross carrying loans and advances to customers and corresponding allowance for ECL of $7m in relation to disposal of our retained portfolio of home and other retail loans in France as disclosed in Note 23 on page 329.
3 At 31 December 2024, total includes $6.4bn of nominal amount and $1m of corresponding allowance for ECL related to derecognition of loan commitments and financial guarantees following the sale of our banking business in Canada during 2024.
4 At December 2024, total includes $2.4bn of nominal amount related to derecognition of loan commitments and financial guarantees following the sale of our business in Argentina during 2024.

During the year, there was a net transfer from stage 2 to stage 1 of $7,602m gross carrying/nominal amounts. This was mainly driven by model recalibration for retail portfolios in HSBC UK ($11,245m) where the PD was aligned to the most recent observed performance. This was partly offset by a net transfer from stage 1 to stage 2 in Hong Kong ($1,152m) primarily due to a new mortgage model implementation and in Mexico ($1,042m) within the unsecured lending portfolios.

▶ A summary of basis of preparation is available on page 125.

First lien residential mortgages – reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to customers including loan commitments and financial guarantees

	Non-credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**344,676**	**(58)**	**34,341**	**(130)**	**2,474**	**(285)**	**381,491**	**(473)**
Transfers of financial instruments:	**10,647**	**(89)**	**(11,388)**	**82**	**741**	**7**	**—**	**—**
– transfers from stage 1 to stage 2	**(29,872)**	**9**	**29,872**	**(9)**	**—**	**—**	**—**	**—**
– transfers from stage 2 to stage 1	**40,658**	**(84)**	**(40,658)**	**84**	**—**	**—**	**—**	**—**
– transfers to stage 3	**(289)**	**—**	**(1,146)**	**50**	**1,435**	**(50)**	**—**	**—**
– transfers from stage 3	**150**	**(14)**	**544**	**(43)**	**(694)**	**57**	**—**	**—**
Net remeasurement of ECL arising from transfer of stage	**—**	**52**	**—**	**(31)**	**—**	**(1)**	**—**	**20**
Net new and further lending/repayments	**20,746**	**(4)**	**(6,856)**	**29**	**(657)**	**28**	**13,233**	**53**
Change to risk parameters – credit quality	**—**	**39**	**—**	**(43)**	**—**	**(104)**	**—**	**(108)**
Changes to models used for ECL calculation	**—**	**5**	**—**	**(4)**	**—**	**—**	**—**	**1**
Assets written off	**—**	**—**	**—**	**—**	**(63)**	**63**	**(63)**	**63**
Foreign exchange and others[1,2]	**12,254**	**(5)**	**2,190**	**(11)**	**176**	**(20)**	**14,620**	**(36)**
At 31 Dec 2025	**388,323**	**(60)**	**18,287**	**(108)**	**2,671**	**(312)**	**409,281**	**(480)**
ECL income statement change for the period		**92**		**(49)**		**(77)**		**(34)**
Recoveries								**6**
Others								**4**
Total ECL income statement change for the period								**(24)**

1 Total includes $2.3bn of gross carrying loans and advances to customers and banks, which were classified to assets held for sale, and a corresponding allowance for ECL of $2m, including business disposals as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.
2 This includes $0.4bn of gross carrying loans and advances to customers and corresponding allowance for ECL of $1m in relation to disposal of our retained portfolio of home and other retail loans in France as disclosed in Note 23 on page 329.

First lien residential mortgages – reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to customers including loan commitments and financial guarantees (continued)

	Non-credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	340,764	(109)	38,513	(202)	2,258	(264)	381,535	(575)
Transfers of financial instruments:	(3,561)	(232)	2,694	232	867	—	—	—
– transfers from stage 1 to stage 2	(33,524)	23	33,524	(23)	—	—	—	—
– transfers from stage 2 to stage 1	30,113	(244)	(30,113)	244	—	—	—	—
– transfers to stage 3	(290)	6	(1,127)	90	1,417	(96)	—	—
– transfers from stage 3	140	(17)	410	(79)	(550)	96	—	—
Net remeasurement of ECL arising from transfer of stage	—	163	—	(152)	—	(30)	—	(19)
Net new and further lending/repayments	14,008	20	(6,336)	26	(523)	33	7,149	79
Change to risk parameters – credit quality	—	115	—	(73)	—	(103)	—	(61)
Changes to models used for ECL calculation	—	(8)	—	29	—	1	—	22
Assets written off	—	—	—	—	(63)	63	(63)	63
Foreign exchange and others	(6,535)	(7)	(530)	10	(65)	15	(7,130)	18
At 31 Dec 2024	344,676	(58)	34,341	(130)	2,474	(285)	381,491	(473)
ECL income statement change for the period		290		(170)		(99)		21
Recoveries								7
Others								(1)
Total ECL income statement change for the period								27

Credit cards – reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to customers including loan commitments

	Non-credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**156,312**	**(280)**	**3,760**	**(658)**	**343**	**(199)**	**160,415**	**(1,137)**
Transfers of financial instruments:	**(2,134)**	**(381)**	**1,322**	**742**	**812**	**(361)**	**—**	**—**
– transfers from stage 1 to stage 2	**(7,206)**	**144**	**7,206**	**(144)**	**—**	**—**	**—**	**—**
– transfers from stage 2 to stage 1	**5,138**	**(518)**	**(5,138)**	**518**	**—**	**—**	**—**	**—**
– transfers to stage 3	**(122)**	**3**	**(828)**	**408**	**950**	**(411)**	**—**	**—**
– transfers from stage 3	**56**	**(10)**	**82**	**(40)**	**(138)**	**50**	**—**	**—**
Net remeasurement of ECL arising from transfer of stage	**—**	**255**	**—**	**(246)**	**—**	**(4)**	**—**	**5**
Changes due to modifications not derecognised	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net new and further lending/repayments	**5,503**	**61**	**(758)**	**108**	**103**	**34**	**4,848**	**203**
Change to risk parameters – credit quality	**—**	**39**	**—**	**(640)**	**—**	**(517)**	**—**	**(1,118)**
Changes to models used for ECL calculation	**—**	**(34)**	**—**	**—**	**—**	**(17)**	**—**	**(51)**
Assets written off	**—**	**—**	**—**	**—**	**(847)**	**847**	**(847)**	**847**
Foreign exchange and others	**4,118**	**(14)**	**147**	**(43)**	**23**	**(14)**	**4,288**	**(71)**
At 31 Dec 2025	**163,799**	**(354)**	**4,471**	**(737)**	**434**	**(231)**	**168,704**	**(1,322)**
ECL income statement change for the period		**321**		**(778)**		**(504)**		**(961)**
Recoveries								**123**
Others								**(5)**
Total ECL income statement change for the period								**(843)**

At 1 Jan 2024	153,292	(253)	6,547	(698)	450	(144)	160,289	(1,095)
Transfers of financial instruments:	796	(453)	(1,469)	717	673	(264)	—	—
– transfers from stage 1 to stage 2	(6,427)	129	6,427	(129)	—	—	—	—
– transfers from stage 2 to stage 1	7,255	(569)	(7,255)	569	—	—	—	—
– transfers to stage 3	(179)	2	(765)	327	944	(329)	—	—
– transfers from stage 3	147	(15)	124	(50)	(271)	65	—	—
Net remeasurement of ECL arising from transfer of stage	—	280	—	(256)	—	(45)	—	(21)
Changes due to modifications not derecognised	—	—	—	—	(2)	—	(2)	—
Net new and further lending/repayments	9,604	18	(1,122)	127	(1)	194	8,481	339
Change to risk parameters – credit quality	—	79	—	(476)	—	(694)	—	(1,091)
Changes to models used for ECL calculation	—	22	—	(122)	—	1	—	(99)
Assets written off	—	—	—	—	(736)	736	(736)	736
Foreign exchange and others[1]	(7,380)	27	(196)	50	(41)	17	(7,617)	94
At 31 Dec 2024	156,312	(280)	3,760	(658)	343	(199)	160,415	(1,137)
ECL income statement change for the period		399		(727)		(544)		(872)
Recoveries								106
Others								(10)
Total ECL income statement change for the period								(776)

1 Total includes $4.5bn of nominal amount related to derecognition of loan commitments and financial guarantees following the sale of our banking business in Canada and our business in Argentina during 2024.

Other personal lending – reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to customers including loan commitments and financial guarantees

	Non-credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**155,663**	**(249)**	**3,509**	**(370)**	**829**	**(317)**	**160,001**	**(936)**
Transfers of financial instruments:	**(1,310)**	**(194)**	**600**	**418**	**710**	**(224)**	**—**	**—**
– transfers from stage 1 to stage 2	**(4,026)**	**72**	**4,026**	**(72)**	**—**	**—**	**—**	**—**
– transfers from stage 2 to stage 1	**2,910**	**(259)**	**(2,910)**	**259**	**—**	**—**	**—**	**—**
– transfers to stage 3	**(252)**	**8**	**(681)**	**298**	**933**	**(306)**	**—**	**—**
– transfers from stage 3	**58**	**(15)**	**165**	**(67)**	**(223)**	**82**	**—**	**—**
Net remeasurement of ECL arising from transfer of stage	**—**	**104**	**—**	**(101)**	**—**	**(4)**	**—**	**(1)**
Changes due to modifications not derecognised	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net new and further lending/repayments	**15,130**	**(64)**	**(1,008)**	**173**	**87**	**16**	**14,209**	**125**
Change to risk parameters – credit quality	**—**	**131**	**—**	**(482)**	**—**	**(520)**	**—**	**(871)**
Changes to models used for ECL calculation	**—**	**—**	**—**	**(1)**	**—**	**1**	**—**	**—**
Assets written off	**—**	**—**	**—**	**—**	**(731)**	**731**	**(731)**	**731**
Foreign exchange and others[1,2]	**(2,969)**	**(4)**	**(27)**	**(32)**	**37**	**(35)**	**(2,959)**	**(71)**
At 31 Dec 2025	**166,514**	**(276)**	**3,074**	**(395)**	**932**	**(352)**	**170,520**	**(1,023)**
ECL income statement change for the period		**171**		**(411)**		**(507)**		**(747)**
Recoveries								**114**
Others								**20**
Total ECL income statement change for the period								**(613)**

1 Total includes $0.4bn of gross carrying loans and advances, which were classified to assets held for sale, and a corresponding allowance for ECL of $11m, reflecting business disposals, as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.
2 This includes $6.8bn of gross carrying loans and advances to customers and corresponding allowance for ECL of $6m in relation to disposal of our retained portfolio of home and other retail loans in France as disclosed in Note 23 on page 329.

Other personal lending – reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to customers including loan commitments and financial guarantees (continued)

	Non-credit impaired				Credit impaired			
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	156,767	(240)	5,895	(534)	1,152	(448)	163,814	(1,222)
Transfers of financial instruments:	742	(360)	(1,570)	528	828	(168)	—	—
– transfers from stage 1 to stage 2	(5,269)	94	5,269	(94)	—	—	—	—
– transfers from stage 2 to stage 1	6,181	(434)	(6,181)	434	—	—	—	—
– transfers to stage 3	(274)	1	(823)	268	1,097	(269)	—	—
– transfers from stage 3	104	(21)	165	(80)	(269)	101	—	—
Net remeasurement of ECL arising from transfer of stage	—	302	—	(197)	—	(57)	—	48
Changes due to modifications not derecognised	—	—	—	—	(23)	—	(23)	—
Net new and further lending/repayments	6,177	(55)	(431)	125	(272)	243	5,474	313
Change to risk parameters – credit quality	—	57	—	(325)	—	(640)	—	(908)
Changes to models used for ECL calculation	—	15	—	(16)	—	(22)	—	(23)
Assets written off	—	—	—	—	(735)	735	(735)	735
Foreign exchange and others[1,2]	(8,023)	32	(385)	49	(121)	40	(8,529)	121
At 31 Dec 2024	155,663	(249)	3,509	(370)	829	(317)	160,001	(936)
ECL income statement change for the period		319		(413)		(476)		(570)
Recoveries								107
Others								(21)
Total ECL income statement change for the period								(484)

1 Total includes $0.3bn of gross carrying loans and advances, which were classified to assets held for sale, and a corresponding allowance for ECL of $10m, reflecting business disposals, as disclosed in Note 23 'Assets held for sale and liabilities of disposal groups held for sale' on page 329.
2 Total includes $4.4bn of nominal amount related to derecognition of loan commitments and financial guarantees following the sale of our banking business in Canada during 2024.

Personal lending – credit risk profile by internal PD band for loans and advances to customers at amortised cost

		Gross carrying amount				Allowance for ECL				
	PD range[1,2]	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	ECL coverage
	%	$m	$m	$m	$m	$m	$m	$m	$m	%
First lien residential mortgages		**365,498**	**18,148**	**2,655**	**386,301**	**(58)**	**(109)**	**(313)**	**(480)**	**0.1**
– Band 1	**0.000 to 0.250**	**251,963**	**1,147**	**—**	**253,110**	**(14)**	**(4)**	**—**	**(18)**	**—**
– Band 2	**0.251 to 0.500**	**81,972**	**1,911**	**—**	**83,883**	**(15)**	**(5)**	**—**	**(20)**	**—**
– Band 3	**0.501 to 1.500**	**26,508**	**9,975**	**—**	**36,483**	**(11)**	**(21)**	**—**	**(32)**	**0.1**
– Band 4	**1.501 to 5.000**	**4,458**	**3,160**	**—**	**7,618**	**(16)**	**(15)**	**—**	**(31)**	**0.4**
– Band 5	**5.001 to 20.000**	**327**	**1,130**	**—**	**1,457**	**—**	**(11)**	**—**	**(11)**	**0.8**
– Band 6	**20.001 to 99.999**	**270**	**825**	**—**	**1,095**	**(2)**	**(53)**	**—**	**(55)**	**5.0**
– Band 7	**100.000**	**—**	**—**	**2,655**	**2,655**	**—**	**—**	**(313)**	**(313)**	**11.8**
Credit cards		**22,781**	**3,260**	**373**	**26,414**	**(339)**	**(731)**	**(231)**	**(1,301)**	**4.9**
– Band 1	**0.000 to 0.250**	**10,033**	**1**	**—**	**10,034**	**(25)**	**—**	**—**	**(25)**	**0.2**
– Band 2	**0.251 to 0.500**	**1,583**	**5**	**—**	**1,588**	**(11)**	**(1)**	**—**	**(12)**	**0.8**
– Band 3	**0.501 to 1.500**	**6,389**	**86**	**—**	**6,475**	**(89)**	**(9)**	**—**	**(98)**	**1.5**
– Band 4	**1.501 to 5.000**	**3,960**	**834**	**—**	**4,794**	**(125)**	**(75)**	**—**	**(200)**	**4.2**
– Band 5	**5.001 to 20.000**	**799**	**1,736**	**—**	**2,535**	**(86)**	**(279)**	**—**	**(365)**	**14.4**
– Band 6	**20.001 to 99.999**	**17**	**598**	**—**	**615**	**(3)**	**(367)**	**—**	**(370)**	**60.2**
– Band 7	**100.000**	**—**	**—**	**373**	**373**	**—**	**—**	**(231)**	**(231)**	**61.9**
Other personal lending		**58,417**	**2,479**	**917**	**61,813**	**(270)**	**(395)**	**(351)**	**(1,016)**	**1.6**
– Band 1	**0.000 to 0.250**	**25,714**	**3**	**—**	**25,717**	**(26)**	**—**	**—**	**(26)**	**0.1**
– Band 2	**0.251 to 0.500**	**5,680**	**18**	**—**	**5,698**	**(5)**	**—**	**—**	**(5)**	**0.1**
– Band 3	**0.501 to 1.500**	**13,964**	**142**	**—**	**14,106**	**(44)**	**(1)**	**—**	**(45)**	**0.3**
– Band 4	**1.501 to 5.000**	**11,219**	**387**	**—**	**11,606**	**(114)**	**(13)**	**—**	**(127)**	**1.1**
– Band 5	**5.001 to 20.000**	**1,443**	**1,235**	**—**	**2,678**	**(79)**	**(132)**	**—**	**(211)**	**7.9**
– Band 6	**20.001 to 99.999**	**397**	**694**	**—**	**1,091**	**(2)**	**(249)**	**—**	**(251)**	**23.0**
– Band 7	**100.000**	**—**	**—**	**917**	**917**	**—**	**—**	**(351)**	**(351)**	**38.3**
At 31 Dec 2025		**446,696**	**23,887**	**3,945**	**474,528**	**(667)**	**(1,235)**	**(895)**	**(2,797)**	**0.6**
First lien residential mortgages		324,703	34,177	2,450	361,330	(59)	(130)	(284)	(473)	0.1
– Band 1	0.000 to 0.250	234,451	1,820	—	236,271	(15)	(4)	—	(19)	—
– Band 2	0.251 to 0.500	64,340	11,816	—	76,156	(10)	(9)	—	(19)	—
– Band 3	0.501 to 1.500	22,005	14,631	—	36,636	(16)	(25)	—	(41)	0.1
– Band 4	1.501 to 5.000	3,668	3,990	—	7,658	(17)	(27)	—	(44)	0.6
– Band 5	5.001 to 20.000	117	1,178	—	1,295	—	(13)	—	(13)	1.0
– Band 6	20.001 to 99.999	122	742	—	864	(1)	(52)	—	(53)	6.1
– Band 7	100.000	—	—	2,450	2,450	—	—	(284)	(284)	11.6
Credit cards		21,611	2,991	313	24,915	(268)	(660)	(199)	(1,127)	4.5
– Band 1	0.000 to 0.250	10,051	1	—	10,052	(26)	—	—	(26)	0.3
– Band 2	0.251 to 0.500	2,340	4	—	2,344	(15)	(1)	—	(16)	0.7
– Band 3	0.501 to 1.500	5,113	23	—	5,136	(72)	(5)	—	(77)	1.5
– Band 4	1.501 to 5.000	3,847	1,013	—	4,860	(123)	(103)	—	(226)	4.7
– Band 5	5.001 to 20.000	260	1,526	—	1,786	(32)	(263)	—	(295)	16.5
– Band 6	20.001 to 99.999	—	424	—	424	—	(288)	—	(288)	67.9
– Band 7	100	—	—	313	313	—	—	(199)	(199)	63.6
Other personal lending		57,432	2,751	797	60,980	(243)	(368)	(313)	(924)	1.5
– Band 1	0.000 to 0.250	29,124	19	—	29,143	(30)	—	—	(30)	0.1
– Band 2	0.251 to 0.500	6,109	242	—	6,351	(9)	(1)	—	(10)	0.2
– Band 3	0.501 to 1.500	11,702	121	—	11,823	(37)	(3)	—	(40)	0.3
– Band 4	1.501 to 5.000	9,006	660	—	9,666	(95)	(25)	—	(120)	1.2
– Band 5	5.001 to 20.000	1,433	1,076	—	2,509	(70)	(111)	—	(181)	7.2
– Band 6	20.001 to 99.999	58	633	—	691	(2)	(228)	—	(230)	33.3
– Band 7	100.000	—	—	797	797	—	—	(313)	(313)	39.3
At 31 Dec 2024		403,746	39,919	3,560	447,225	(570)	(1,158)	(796)	(2,524)	0.6

1 12-month point in time adjusted for multiple economic scenarios.
2 PD bands do not consider the impact of any management judgemental adjustments on stage or allowances for ECL including the impact of new models not yet formally implemented. For a list of management judgemental adjustments see page 120.

Personal lending – credit risk profile by internal PD band for loan and other credit-related commitments and financial guarantees

		Nominal amount				Allowance for ECL				
	PD range[1]	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	ECL coverage
	%	$m	$m	$m	$m	$m	$m	$m	$m	%
Loan and other credit-related commitments		**270,494**	**1,945**	**92**	**272,531**	**(22)**	**(5)**	**—**	**(27)**	**—**
– Band 1	**0.000 to 0.250**	**218,170**	**98**	**—**	**218,268**	**(9)**	**—**	**—**	**(9)**	**—**
– Band 2	**0.251 to 0.500**	**11,412**	**76**	**—**	**11,488**	**(2)**	**—**	**—**	**(2)**	**—**
– Band 3	**0.501 to 1.500**	**33,294**	**423**	**—**	**33,717**	**(7)**	**—**	**—**	**(7)**	**—**
– Band 4	**1.501 to 5.000**	**6,694**	**615**	**—**	**7,309**	**(3)**	**(3)**	**—**	**(6)**	**0.1**
– Band 5	**5.001 to 20.000**	**793**	**586**	**—**	**1,379**	**(1)**	**—**	**—**	**(1)**	**0.1**
– Band 6	**20.001 to 99.999**	**131**	**147**	**—**	**278**	**—**	**(2)**	**—**	**(2)**	**0.7**
– Band 7	**100.000**	**—**	**—**	**92**	**92**	**—**	**—**	**—**	**—**	**—**
Financial guarantees		**1,446**	**—**	**—**	**1,446**	**(1)**	**—**	**—**	**(1)**	**0.1**
– Band 1	**0.000 to 0.250**	**1,353**	**—**	**—**	**1,353**	**(1)**	**—**	**—**	**(1)**	**0.1**
– Band 2	**0.251 to 0.500**	**30**	**—**	**—**	**30**	**—**	**—**	**—**	**—**	**—**
– Band 3	**0.501 to 1.500**	**44**	**—**	**—**	**44**	**—**	**—**	**—**	**—**	**—**
– Band 4	**1.501 to 5.000**	**19**	**—**	**—**	**19**	**—**	**—**	**—**	**—**	**—**
– Band 5	**5.001 to 20.000**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– Band 6	**20.001 to 99.999**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– Band 7	**100.000**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
At 31 Dec 2025		**271,940**	**1,945**	**92**	**273,977**	**(23)**	**(5)**	**—**	**(28)**	**—**
Loan and other credit-related commitments		251,489	1,680	86	253,255	(17)	—	(5)	(22)	—
– Band 1	0.000 to 0.250	199,314	65	—	199,379	(9)	—	—	(9)	—
– Band 2	0.251 to 0.500	14,409	178	—	14,587	(2)	—	—	(2)	—
– Band 3	0.501 to 1.500	28,081	389	—	28,470	(1)	—	—	(1)	—
– Band 4	1.501 to 5.000	8,431	463	—	8,894	(3)	—	—	(3)	—
– Band 5	5.001 to 20.000	800	484	—	1,284	(2)	—	—	(2)	0.2
– Band 6	20.001 to 99.999	454	101	—	555	—	—	—	—	—
– Band 7	100.000	—	—	86	86	—	—	(5)	(5)	5.8
Financial guarantees		1,416	11	—	1,427	—	—	—	—	—
– Band 1	0.000 to 0.250	743	—	—	743	—	—	—	—	—
– Band 2	0.251 to 0.500	389	—	—	389	—	—	—	—	—
– Band 3	0.501 to 1.500	55	—	—	55	—	—	—	—	—
– Band 4	1.501 to 5.000	220	—	—	220	—	—	—	—	—
– Band 5	5.001 to 20.000	3	11	—	14	—	—	—	—	—
– Band 6	20.001 to 99.999	6	—	—	6	—	—	—	—	—
– Band 7	100.000	—	—	—	—	—	—	—	—	—
At 31 Dec 2024		252,905	1,691	86	254,682	(17)	—	(5)	(22)	—

1 12-month point in time adjusted for multiple economic scenarios.

Supplementary information

Wholesale lending – loans and advances to customers at amortised cost by country/territory

	Gross carrying amount				Allowance for ECL			
	Corporate and commercial	**of which: real estate and construction[1]**	**Non-bank financial institutions**	**Total**	**Corporate and commercial**	**of which: real estate and construction[1]**	**Non-bank financial institutions**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
UK	**116,284**	**21,104**	**27,232**	**143,516**	**(1,270)**	**(286)**	**(127)**	**(1,397)**
– of which: HSBC UK Bank plc (ring-fenced bank)	**93,186**	**20,112**	**11,518**	**104,704**	**(1,173)**	**(253)**	**(84)**	**(1,257)**
– of which: HSBC Bank plc (non-ring-fenced bank)	**23,098**	**992**	**15,714**	**38,812**	**(97)**	**(33)**	**(43)**	**(140)**
France	**25,655**	**4,032**	**10,556**	**36,211**	**(379)**	**(90)**	**(28)**	**(407)**
Germany	**5,883**	**431**	**142**	**6,025**	**(175)**	**(10)**	**—**	**(175)**
Hong Kong	**114,792**	**37,890**	**18,591**	**133,383**	**(3,515)**	**(1,991)**	**(117)**	**(3,632)**
Australia	**14,472**	**4,725**	**4,627**	**19,099**	**(28)**	**(3)**	**(1)**	**(29)**
India	**13,789**	**2,131**	**6,687**	**20,476**	**(53)**	**(5)**	**(7)**	**(60)**
Indonesia	**3,063**	**172**	**573**	**3,636**	**(74)**	**—**	**(1)**	**(75)**
Mainland China	**27,663**	**5,254**	**12,272**	**39,935**	**(281)**	**(197)**	**(4)**	**(285)**
Malaysia	**5,560**	**1,059**	**486**	**6,046**	**(34)**	**(7)**	**—**	**(34)**
Singapore	**16,619**	**2,878**	**1,912**	**18,531**	**(126)**	**(54)**	**(1)**	**(127)**
Taiwan	**4,685**	**69**	**—**	**4,685**	**(1)**	**—**	**—**	**(1)**
Egypt	**806**	**34**	**41**	**847**	**(111)**	**(24)**	**—**	**(111)**
UAE	**14,082**	**1,792**	**2,714**	**16,796**	**(535)**	**(333)**	**(42)**	**(577)**
US	**22,054**	**2,355**	**9,916**	**31,970**	**(276)**	**(80)**	**(10)**	**(286)**
Mexico	**11,655**	**683**	**1,133**	**12,788**	**(263)**	**(35)**	**(23)**	**(286)**
Other	**27,443**	**3,243**	**3,176**	**30,619**	**(405)**	**(148)**	**(8)**	**(413)**
At 31 Dec 2025	**424,505**	**87,852**	**100,058**	**524,563**	**(7,526)**	**(3,263)**	**(369)**	**(7,895)**
UK	102,245	17,540	21,771	124,016	(1,412)	(289)	(234)	(1,646)
– of which: HSBC UK Bank plc (ring-fenced bank)	79,833	16,722	10,268	90,101	(1,146)	(260)	(54)	(1,200)
– of which: HSBC Bank plc (non-ring-fenced bank)	22,412	818	11,503	33,915	(266)	(29)	(180)	(446)
France	25,950	3,986	7,222	33,172	(257)	(42)	(9)	(266)
Germany	6,256	264	421	6,677	(153)	—	—	(153)
Hong Kong	118,332	42,042	17,846	136,178	(2,922)	(1,494)	(112)	(3,034)
Australia	12,532	4,509	2,931	15,463	(30)	(3)	—	(30)
India	12,540	2,581	6,425	18,965	(45)	(5)	(6)	(51)
Indonesia	3,132	184	356	3,488	(109)	(44)	—	(109)
Mainland China	29,930	5,326	8,044	37,974	(222)	(117)	(6)	(228)
Malaysia	5,773	1,067	278	6,051	(40)	(10)	—	(40)
Singapore	17,267	3,266	1,830	19,097	(234)	(80)	(1)	(235)
Taiwan	3,848	60	—	3,848	—	—	—	—
Egypt	777	32	51	828	(115)	(20)	—	(115)
UAE	13,278	1,809	1,589	14,867	(408)	(258)	—	(408)
US	24,084	4,028	10,348	34,432	(246)	(106)	(47)	(293)
Mexico	10,318	525	1,407	11,725	(201)	(9)	(11)	(212)
Other	24,422	2,844	1,945	26,367	(361)	(121)	(10)	(371)
At 31 Dec 2024	410,684	90,063	82,464	493,148	(6,755)	(2,598)	(436)	(7,191)

1 Real estate lending within this disclosure corresponds solely to the industry of the borrower. Commercial real estate on page 141 includes borrowers in multiple industries investing in income-producing assets and, to a lesser extent, their construction and development.

Personal lending – loans and advances to customers at amortised cost by country/territory

	Gross carrying amount				Allowance for ECL			
	First lien residential mortgages	**Credit cards**	**Other personal lending**	**Total**	**First lien residential mortgages**	**Credit cards**	**Other personal lending**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
UK	**191,180**	**9,083**	**15,671**	**215,934**	**(138)**	**(345)**	**(324)**	**(807)**
– of which: HSBC UK Bank plc (ring-fenced bank)	**186,776**	**8,992**	**11,673**	**207,441**	**(134)**	**(344)**	**(294)**	**(772)**
– of which: HSBC Bank plc (non-ring-fenced bank)	**4,404**	**91**	**3,998**	**8,493**	**(4)**	**(1)**	**(30)**	**(35)**
France	**22**	**—**	**3**	**25**	**(12)**	**—**	**(2)**	**(14)**
Hong Kong	**108,200**	**10,379**	**25,551**	**144,130**	**(4)**	**(311)**	**(170)**	**(485)**
Australia	**25,619**	**288**	**19**	**25,926**	**(8)**	**(8)**	**—**	**(16)**
India	**2,344**	**323**	**667**	**3,334**	**(3)**	**(20)**	**(3)**	**(26)**
Indonesia	**36**	**152**	**58**	**246**	**(2)**	**(8)**	**(5)**	**(15)**
Mainland China	**5,417**	**164**	**402**	**5,983**	**(20)**	**(22)**	**(6)**	**(48)**
Malaysia	**3,494**	**1,070**	**267**	**4,831**	**(16)**	**(38)**	**(26)**	**(80)**
Singapore	**6,776**	**691**	**7,415**	**14,882**	**—**	**(38)**	**(36)**	**(74)**
Taiwan	**6,570**	**437**	**1,123**	**8,130**	**—**	**(5)**	**(14)**	**(19)**
Egypt	**—**	**119**	**278**	**397**	**—**	**(1)**	**(1)**	**(2)**
UAE	**2,456**	**587**	**970**	**4,013**	**(5)**	**(39)**	**(18)**	**(62)**
US	**19,773**	**183**	**567**	**20,523**	**(14)**	**(14)**	**(2)**	**(30)**
Mexico	**8,390**	**2,289**	**3,055**	**13,734**	**(192)**	**(415)**	**(376)**	**(983)**
Other	**6,024**	**649**	**5,767**	**12,440**	**(66)**	**(37)**	**(33)**	**(136)**
At 31 Dec 2025	**386,301**	**26,414**	**61,813**	**474,528**	**(480)**	**(1,301)**	**(1,016)**	**(2,797)**
UK	170,809	8,016	13,410	192,235	(139)	(284)	(256)	(679)
– of which: HSBC UK Bank plc (ring-fenced bank)	166,709	7,933	10,096	184,738	(132)	(283)	(251)	(666)
– of which: HSBC Bank plc (non-ring-fenced bank)	4,100	83	3,314	7,497	(7)	(1)	(5)	(13)
France	377	1	6,600	6,978	(12)	—	(12)	(24)
Hong Kong	107,759	10,165	21,511	139,435	(5)	(291)	(130)	(426)
Australia	22,154	372	35	22,561	(7)	(8)	(1)	(16)
India	1,984	265	600	2,849	(3)	(14)	(4)	(21)
Indonesia	46	142	181	369	(3)	(6)	(5)	(14)
Mainland China	6,087	227	544	6,858	(12)	(33)	(9)	(54)
Malaysia	3,252	938	260	4,450	(23)	(36)	(26)	(85)
Singapore	5,802	571	6,082	12,455	—	(28)	(28)	(56)
Taiwan	5,788	340	1,084	7,212	—	(4)	(11)	(15)
Egypt	—	89	232	321	—	—	(1)	(1)
UAE	2,082	543	795	3,420	(3)	(31)	(24)	(58)
US	21,021	195	458	21,674	(12)	(14)	(2)	(28)
Mexico	7,488	2,242	3,078	12,808	(167)	(339)	(380)	(886)
Other	6,681	809	6,110	13,600	(87)	(39)	(35)	(161)
At 31 Dec 2024	361,330	24,915	60,980	447,225	(473)	(1,127)	(924)	(2,524)

Loans and advances to customers and banks – other supplementary information

	At 31 Dec 2025							At 31 Dec 2024						
	Gross carrying amount	**of which: stage 3 and POCI**	**Allowance for ECL**	**of which: stage 3 and POCI**	**Change in ECL**	**Write-offs**	**Recoveries**	Gross carrying amount	of which: stage 3 and POCI	Allowance for ECL	of which: stage 3 and POCI	Change in ECL	Write-offs	Recoveries
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	$m	$m	$m	$m	$m	$m	$m
First lien residential mortgages	**386,301**	**2,655**	**(480)**	**(313)**	**(24)**	**(63)**	**6**	361,330	2,450	(473)	(284)	33	(63)	7
Credit cards	**26,414**	**373**	**(1,301)**	**(231)**	**(830)**	**(847)**	**123**	24,915	313	(1,127)	(199)	(804)	(736)	106
Other personal lending	**61,813**	**917**	**(1,016)**	**(351)**	**(621)**	**(731)**	**114**	60,980	797	(924)	(313)	(508)	(735)	107
– other personal lending which is secured[1]	**40,693**	**270**	**(108)**	**(65)**	**(46)**	**(35)**	**5**	40,320	199	(86)	(34)	(24)	(36)	4
– other personal lending which is unsecured	**21,120**	**647**	**(908)**	**(286)**	**(575)**	**(696)**	**109**	20,660	598	(838)	(279)	(484)	(699)	103
Personal lending	**474,528**	**3,945**	**(2,797)**	**(895)**	**(1,475)**	**(1,641)**	**243**	447,225	3,560	(2,524)	(796)	(1,279)	(1,534)	220
– agriculture, forestry and fishing	**7,592**	**355**	**(97)**	**(60)**	**(11)**	**(10)**	**—**	7,033	282	(94)	(46)	4	(10)	1
– mining and quarrying	**6,982**	**126**	**(86)**	**(70)**	**(58)**	**(19)**	**—**	7,592	318	(45)	(32)	29	(26)	—
– manufacturing	**86,372**	**2,266**	**(960)**	**(741)**	**(271)**	**(307)**	**16**	82,724	1,487	(893)	(638)	(170)	(403)	3
– electricity, gas, steam and air-conditioning supply	**19,322**	**206**	**(126)**	**(85)**	**(19)**	**(17)**	**—**	16,457	209	(122)	(85)	—	—	—
– water supply, sewerage, waste management and remediation	**2,563**	**112**	**(41)**	**(36)**	**(22)**	**(6)**	**—**	2,961	43	(24)	(16)	2	(40)	—
– real estate and construction	**87,852**	**10,589**	**(3,263)**	**(2,730)**	**(1,296)**	**(574)**	**19**	90,063	8,949	(2,598)	(1,842)	(812)	(1,554)	12
– wholesale and retail trade, repair of motor vehicles and motorcycles	**84,557**	**2,549**	**(1,287)**	**(1,126)**	**(234)**	**(286)**	**28**	77,830	2,728	(1,372)	(1,188)	(369)	(337)	8
– transportation and storage	**20,719**	**307**	**(174)**	**(75)**	**(40)**	**(205)**	**2**	22,643	417	(321)	(232)	(104)	(20)	1
– accommodation and food	**14,389**	**1,436**	**(399)**	**(303)**	**(124)**	**(31)**	**2**	14,734	1,610	(299)	(214)	(81)	(27)	—
– publishing, audiovisual and broadcasting	**25,347**	**377**	**(198)**	**(108)**	**(75)**	**(46)**	**—**	19,826	229	(158)	(61)	(79)	(75)	2
– professional, scientific and technical activities	**25,023**	**520**	**(218)**	**(153)**	**(66)**	**(89)**	**1**	26,128	648	(266)	(188)	(132)	(174)	1
– administrative and support services	**19,525**	**570**	**(395)**	**(321)**	**(151)**	**(59)**	**—**	20,117	739	(320)	(254)	(39)	(88)	1
– public administration and defence, compulsory social security	**64**	**—**	**—**	**—**	**—**	**—**	**—**	64	—	—	—	—	—	—
– education	**2,259**	**40**	**(26)**	**(11)**	**(2)**	**(3)**	**—**	1,596	43	(27)	(16)	(16)	(3)	—
– health and care	**4,403**	**98**	**(32)**	**(14)**	**3**	**(13)**	**—**	4,030	184	(51)	(25)	(3)	(12)	1
– arts, entertainment and recreation	**2,313**	**123**	**(51)**	**(42)**	**(29)**	**(16)**	**—**	2,066	78	(35)	(26)	(19)	(22)	—
– other services	**6,599**	**311**	**(168)**	**(106)**	**44**	**(51)**	**7**	7,288	327	(110)	(66)	(82)	(115)	10
– activities of households	**841**	**—**	**—**	**—**	**—**	**—**	**—**	589	—	—	—	—	—	—
– extra-territorial organisations and bodies activities	**164**	**—**	**—**	**—**	**—**	**—**	**—**	118	—	—	—	—	—	—
– government	**7,619**	**121**	**(5)**	**(3)**	**(1)**	**—**	**—**	6,793	175	(7)	(5)	6	—	—
– asset-backed securities	**—**	**—**	**—**	**—**	**(1)**	**(14)**	**—**	32	—	(13)	—	1	—	—
Corporate and commercial	**424,505**	**20,106**	**(7,526)**	**(5,984)**	**(2,353)**	**(1,746)**	**75**	410,684	18,466	(6,755)	(4,934)	(1,864)	(2,906)	40
Non-bank financial institutions	**100,058**	**671**	**(369)**	**(294)**	**(112)**	**(182)**	**2**	82,464	679	(436)	(361)	(59)	(19)	—
Wholesale lending	**524,563**	**20,777**	**(7,895)**	**(6,278)**	**(2,465)**	**(1,928)**	**77**	493,148	19,145	(7,191)	(5,295)	(1,923)	(2,925)	40
Loans and advances to customers	**999,091**	**24,722**	**(10,692)**	**(7,173)**	**(3,940)**	**(3,569)**	**320**	940,373	22,705	(9,715)	(6,091)	(3,202)	(4,459)	260
Loans and advances to banks	**108,469**	**1**	**(7)**	**(1)**	**9**	**—**	**—**	102,052	2	(13)	(2)	(1)	—	—
At 31 Dec 2025	**1,107,560**	**24,723**	**(10,699)**	**(7,174)**	**(3,931)**	**(3,569)**	**320**	1,042,425	22,707	(9,728)	(6,093)	(3,203)	(4,459)	260

1 'Other personal lending which is secured' has been expanded to encompass second lien mortgages, motor vehicle finance, and guaranteed loans related to residential property, which were previously reported as separate line items.

HSBC Holdings

(Audited)

Credit risk in HSBC Holdings primarily arises from transactions with Group subsidiaries.

In HSBC Holdings, the maximum exposure to credit risk arises from two components:

- financial assets on the balance sheet, where maximum exposure equals the carrying amount (see page 271); and
- financial guarantees and other guarantees, where the maximum exposure is the maximum that we would have to pay if the guarantees were called upon (see Note 33).

In the case of our derivative asset balances (see page 271), there is a legally enforceable right of offset in the event of counterparty default and where, as a result, there is a net exposure for credit risk purposes. However, as there is no intention to settle these balances on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes. These offsets also include collateral received in cash and other financial assets.

The total offset relating to our derivative asset balances was $1.8bn at 31 December 2025 (2024: $3.0bn).

The credit quality of loans and advances and financial investments, both of which consist of intra-Group lending and US Treasury bills and bonds, is assessed as 'strong', with 100% of the exposure being neither past due nor impaired (2024: 100%). For further details of credit quality classification, see page 108.

Treasury risk

▶ See page 105 for our definition of Treasury risk.

Approach and policy

(Audited)

We manage treasury risks in order to maintain appropriate levels of capital, liquidity, funding, foreign exchange and non-traded market risk to support our business strategy, and meet our regulatory and stress testing-related requirements.

Our approach to treasury risk management is shaped by our organisational needs and the regulatory, economic and commercial environment. We aim to maintain a strong capital and liquidity base to manage inherent business risks and invest in accordance with our strategy, adhering to both consolidated and local regulatory requirements at all times.

Our policy is supported by a risk management framework, with further details provided on page 98.

▶ For further details, refer to our Pillar 3 Disclosures at 31 December 2025.

Treasury risk management

Key developments in 2025

- The Group continues to maintain and benefit from a healthy capital, liquidity and funding position, which has been resilient throughout periods of volatility in the macroeconomic environment and global markets during 2025. This was further demonstrated by our strong CET1 performance in the Bank Capital Stress Test published by the Bank of England as part of the Financial Stability Report on 2 December 2025.
- See page 100 for a summary of key risks including geopolitical and macroeconomic risks that we are managing.
- The CET1 capital impact of the privatisation of Hang Seng Bank was a net 110bps in January 2026 (based on the CET1 capital ratio as at 31 December 2025). This included a day one impact on CET1 capital of around 120bps, partly offset by the release of structural foreign exchange RWAs, which related to hedging in the run up to the transaction. These had an adverse impact on CET1 capital of around 10bps at 31 December 2025, which unwound upon the privatisation taking effect.

▶ For quantitative disclosures on capital ratios, own funds and risk-weighted assets ('RWAs'), see pages 158 to 159. For quantitative disclosures on liquidity and funding metrics, see pages 161 to 162. For quantitative disclosures on interest rate risk in the banking book, see pages 164 to 166.

Governance and structure

The Group Treasurer owns all treasury risks, except for pension and insurance risks. Pension risk is jointly owned with the Group Head of Performance and Reward, while insurance risk is owned by the Chief Executive Officer for Global Insurance. The Global Head of Traded and Treasury Risk Management and Risk Analytics is the risk steward for all treasury risks.

Treasury risks excluding pension and insurance risks are the responsibility of the Group Finance Management Meeting ('GFMM') and the Group Risk Committee ('GRC'). These risks are actively managed by Global Treasury with support from the Holdings Asset and Liability Management Committee ('ALCO') and local ALCOs, overseen by Treasury Risk Management and Risk Management Meetings.

Pension risk is monitored through local and regional pension risk management meetings, with global oversight provided by the Global Pension Financial Risk Management Meeting, chaired by the accountable risk steward. Insurance risk is overseen by the Global Insurance Risk Management Meeting, chaired by the Chief Risk and Compliance Officer for Global Insurance.

Capital, liquidity and funding risk management processes

Assessment and risk appetite

Our capital management approach is underpinned by a global capital risk policy, complemented by frameworks for recovery and resolution planning and stress testing. The policy sets out our approach to determining key capital risk appetites including for our CET1 ratio, total capital, minimum requirements for own funds and eligible liabilities ('MREL'), leverage ratio and double leverage. Our internal capital adequacy assessment process ('ICAAP') evaluates the Group's capital position, considering both regulatory and internal capital resources and requirements. Subsidiaries align their ICAAPs with global guidance, while considering local regulatory regimes to establish their own risk appetite.

HSBC Holdings provides MREL to its subsidiaries, encompassing both equity and non-equity capital. These investments are funded by HSBC Holdings' own equity capital and MREL-eligible debt. MREL includes own funds and eligible liabilities that can be written down or converted into capital resources in order to absorb losses or recapitalise a bank in the event of its failure. HSBC has three resolution groups – the European, the Asian and the US, with some smaller entities outside these groups.

HSBC Holdings seeks to maintain a prudent balance between the composition of its capital and its investments in subsidiaries.

As a matter of long-standing policy, HSBC Holdings retains a substantial holdings capital buffer comprising cash and other high-quality liquid assets, which we seek to manage within our target operating range of $19bn - $24bn.

HSBC maintains an adequate and well-diversified liquidity buffer, as well as a stable funding base, to meet its liquidity and funding regulatory requirements. We seek to ensure contractual or contingent obligations can be met by having the appropriate amount, tenor and composition of funding and liquidity to support our assets.

We aim to ensure management oversight of liquidity and funding risks at both Group and entity levels through governance arrangements aligned with our risk management framework. Liquidity and funding risks are managed at the operating entity level seeking to adhere to globally consistent policies, procedures and reporting standards. Operating entities are required to meet internal minimum requirements and any applicable regulatory requirements at all times.

Our internal liquidity adequacy assessment process ('ILAAP') seeks to ensure operating entities have strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk across various time horizons, including intra-day. The ILAAP informs risk appetite setting, and assesses the capability to manage liquidity and funding effectively in major entities. Metrics are locally set and managed but undergo global review and challenge to ensure consistency with the Group's policies and controls.

Planning and performance

Capital and RWA plans are integral to our annual financial resource strategy approved by the Board. Monthly forecasts are submitted to the Group Operating Committee, ensuring ongoing monitoring and management. The responsibility for global capital allocation principles rests with the Group Chief Financial Officer, supported by the Group Capital Management Meeting. This is a specialist forum addressing capital management, reporting into the Holdings ALCO.

Our internal governance processes aim to enhance discipline over our investment and capital allocation decisions, helping to ensure that returns align with management's objectives. The Group strategically allocates financial resources to support business execution and fulfil regulatory and economic capital needs. We assess business returns by using a return on average tangible equity measure and a related economic profit measure.

Funding and liquidity are part of the Board-approved financial resource plan. Key measures include the liquidity coverage ratio ('LCR') and net stable funding ratio ('NSFR') and internal liquidity metrics, at the entity level. We employ a set of measures to help maintain a suitable funding and liquidity profile such as depositor concentration limits, intra-day liquidity and forward-looking funding assessments.

▶ For details on regulatory developments see our Pillar 3 Disclosures at 31 December 2025.

Stress testing and recovery and resolution planning

HSBC employs stress testing to guide the management of capital and liquidity required to withstand both internal and external shocks to the organisation, such as systems failure or a global economic downturn.

In addition to our internal stress tests, HSBC undergoes supervisory stress testing across various jurisdictions, and results from these tests are critical for evaluating our internal capital and liquidity needs through the ICAAP and ILAAP. The outcomes from these assessments influence the setting of regulatory requirements and inform internally set management buffers.

Stress tests input into business performance through tangible equity allocation and prompt a reassessment of business plans when capital, liquidity or returns fall short of targets. These tests also inform risk mitigation strategies and aid in recovery and resolution planning. We maintain recovery plans, including contingency funding plans for the Group and material entities, outlining potential stress events that could result in a breach of capital or liquidity buffers.

The Group recovery plan establishes a framework and governance arrangements to support restoring HSBC to a stable and viable position, reducing the probability of failure from either specific or market-wide stresses. The recovery plans of our material entities provide detailed actions that could be taken to stabilise their financial position in stress environments.

HSBC is equipped with the necessary capabilities and resources to help manage the unlikely event that the Group might not be recoverable and would require resolution by regulators. We are committed to continuing to improve our recovery and resolution capabilities, aligning with the BoE's expectations and Resolvability Assessment Framework ('RAF') requirements.

Measurement of interest rate risk in the banking book processes

Interest rate risk in the banking book ('IRRBB') refers to the potential negative impact on earnings or capital due to fluctuations in market interest rates or changes in the expected repricing of client products. The risk arises from our non-traded assets and liabilities that are not held for trading intent or in order to hedge positions held with trading intent. Our global IRRBB risk management framework is designed to identify, measure, manage and monitor all material sources of IRRBB. We have established policies and frameworks to help ensure oversight.

To help manage IRRBB and provide more stable earnings, we use a structural hedge, which is a portfolio of fixed rate assets such as bonds, derivatives and customer loans. The size and duration of this hedge may be limited in certain currencies and locations, depending on available financial resources and market conditions. To reduce accounting mismatches, we mostly hedge with amortised cost financial instruments or hedge-accounted derivatives. However, bonds measured at fair value through other comprehensive income are also used. We utilise a combination of economic value and earnings-based measures to help manage IRRBB effectively. These measures are used to assess IRRBB across the banking book, supporting the overall monitoring against risk appetite. They include:

- Banking net interest income ('banking NII') sensitivity; and
- Economic value of equity ('EVE') sensitivity.

▶ Further details of HSBC's risk management of interest rate risk in the banking book can be found in the Group's Pillar 3 Disclosures at 31 December 2025.

Other Group risks

Non-trading book foreign exchange exposures

Structural foreign exchange exposures

Structural foreign exchange exposures occur when capital is invested or net assets are held in a foreign operation, such as a subsidiary, associate, joint venture or branch operating in a different currency than the reporting entity. The functional currency of an entity typically aligns with the primary economic environment in which the entity operates.

Exchange differences from these structural exposures are recognised in other comprehensive income. We present our consolidated financial statements in US dollars because the US dollar and linked currencies form the primary currency bloc for our transaction and funding. Consequently, our consolidated balance sheet is impacted by foreign exchange differences between the US dollar and all the non-US dollar functional currencies of our foreign operations. Our main goal in managing these exposures is to protect our consolidated capital ratios and those of our banking subsidiaries from exchange rate fluctuations. We employ hedging strategies, such as net investment and economic hedges, when it is capital efficient to do so and within approved limits. The hedging positions are monitored and rebalanced to manage RWAs or downside risks associated with HSBC's foreign currency investments.

▶ For further details of our structural foreign exchange exposures, see page 163.

Transactional foreign exchange exposures

Transactional foreign exchange risk stems from day-to-day transactions in the banking book generating profit and loss or fair value through other comprehensive income reserves in a currency different from the entity's reporting currency. Transactional foreign exchange exposure generated through profit and loss is periodically transferred to Markets and Securities Services and managed within limits, except for minor residual foreign exchange exposure arising from timing differences or for other reasons. Transactional foreign exchange exposure generated through other comprehensive income reserves is managed by Global Treasury within approved appetite.

HSBC Holdings risk management

As a financial services holding company, HSBC Holdings has limited market risk activities. HSBC Holdings focuses on maintaining sufficient capital resources to support its diverse activities, distributing these resources across businesses, and generating dividend and interest income from its investments. Additionally, it manages operating expenses, provides dividends to shareholders, pays interest to debt capital providers, and ensures a reserve of short-term liquid assets for unexpected situations.

The primary market risks HSBC Holdings is exposed to are banking book interest rate risk and foreign currency risk. These risks stem from short-term cash balances, funding positions, loans to subsidiaries, investments in long-term assets, financial liabilities and foreign exchange hedges. The objective of HSBC Holdings' market risk management strategy is to manage volatility in capital resources, cash flows and distributable reserves due to market changes.

To manage interest rate and foreign currency risk from long-term debt, HSBC Holdings employs interest rate swaps and cross-currency interest rate swaps. Additionally, forward foreign exchange contracts are used to manage structural foreign exchange exposures. Holdings ALCO oversees market risk in accordance with the company's risk appetite statement.

▶ For quantitative disclosures on HSBC Holdings' interest rate risk in the banking book see page 167.

Pension risk management processes

Our global pensions strategy is to move from defined benefit to defined contribution plans, where local law allows and it is considered competitive to do so. Our most significant defined benefit plans have been closed to new members for years, and many (including the largest plan in the UK) are also closed to future accrual.

In defined contribution pension plans, the contributions that HSBC is required to make are known, while the final pension benefits depend on investment returns from employee selected options. While the market risk of defined contribution plans is minimal for HSBC, operational and reputational risks remain.

In defined benefit pension plans, the level of pension benefit is known, but HSBC's contribution levels can fluctuate due to a number of risks, including:

- investments delivering a return below the level required to provide the projected plan benefits;
- economic environment downturns causing asset value reductions (both equity and debt);
- changes in interest rates or inflation expectations, causing an increase in the value of plan liabilities; and
- plan members living longer than expected (longevity risk).

Pension risk is assessed using an economic capital model that takes into account potential variations in these factors. The impact of these variations on both pension assets and pension liabilities is assessed using a one-in-200-year stress test. Scenario analysis and other stress tests are also used to support pension risk management, including the review of de-risking opportunities.

To fund the benefits associated with defined benefit plans, sponsoring Group companies, and in some instances employees, make regular contributions based on actuarial advice and fiduciary consultations. Contributions ensure that there are sufficient funds to meet the cost of the accruing benefits for the future service of active members, with higher contributions required when plan assets are considered insufficient to cover the existing pension liabilities. Contribution rates are revised annually or once every three years, depending on the plan.

The defined benefit plans invest in a range of investments designed to limit the risk of assets failing to meet a plan's liabilities. Any changes in expected returns may change future contribution requirements. Asset allocations are strategically set, with benchmarks reviewed every three to five years.

In addition, some of the Group's pension plans hold longevity swap contracts, offering long-term protection against increased costs from longer than expected lifespans. Notably, the HSBC Bank (UK) Pension Scheme covers approximately 50% of the plan's pensioner liabilities with such swaps.

Capital risk in 2025

Capital overview

Capital and liquidity adequacy metrics

	At	
	31 Dec 2025	31 Dec 2024
Risk-weighted assets ('RWAs') ($bn)		
Credit risk	**687.0**	657.9
Counterparty credit risk	**42.4**	37.7
Market risk	**38.5**	36.2
Operational risk	**120.7**	106.5
Total RWAs	**888.6**	838.3
Capital on a transitional basis ($bn)		
Common equity tier 1 capital	**132.6**	124.9
Tier 1 capital	**153.4**	144.1
Total capital	**182.4**	172.4
Capital ratios on a transitional basis (%)		
Common equity tier 1 ratio	**14.9**	14.9
Tier 1 ratio	**17.3**	17.2
Total capital ratio	**20.5**	20.6
Capital on an end point basis ($bn)		
Common equity tier 1 ('CET1') capital	**132.6**	124.9
Tier 1 capital	**153.4**	144.1
Total capital	**182.4**	168.5
Capital ratios on an end point basis (%)		
Common equity tier 1 ratio	**14.9**	14.9
Tier 1 ratio	**17.3**	17.2
Total capital ratio	**20.5**	20.1
Liquidity coverage ratio ('LCR')		
Total high-quality liquid assets ($bn)	**702.1**	649.2
Total net cash outflow ($bn)	**512.1**	470.7
LCR (%)	**137**	138
Net stable funding ratio ('NSFR')		
Total available stable funding ($bn)	**1,621.0**	1,523.4
Total required stable funding ($bn)	**1,133.3**	1,064.5
NSFR (%)	**143**	143

References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, and as may be subsequently amended under UK law.

Capital figures and ratios in the previous table are calculated in accordance with the regulatory requirements of the Capital Requirements Regulation and Directive, the CRR II regulation and the Prudential Regulation Authority ('PRA') Rulebook ('CRR II').

Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end, followed by the end of the CRR II grandfathering provisions on 28 June 2025. Accordingly, our current period capital figures are the same on both the transitional and end-point basis.

The liquidity coverage ratio is based on the average value of the preceding 12 months. The net stable funding ratio is based on the average value of the four preceding quarters.

Regulatory numbers and ratios are presented as at the date of reporting. Small changes may exist between these numbers and ratios and those submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods.

Own funds disclosure

(Table audited)

Ref*		At 31 Dec 2025 $m	31 Dec 2024 $m
	Common equity tier 1 capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	**8,699**	22,378
	– ordinary shares	**8,699**	22,378
2	Retained earnings	**152,936**	138,959
3	Accumulated other comprehensive income (and other reserves)	**(27)**	(8,410)
5	Minority interests (amount allowed in consolidated CET1)	**3,303**	3,960
5a	Independently reviewed net profits net of any foreseeable charge or dividend	**8,076**	7,184
6	**Common equity tier 1 capital before regulatory adjustments**	**172,987**	164,071
28	Total regulatory adjustments to common equity tier 1	**(40,394)**	(39,160)
29	**Common equity tier 1 capital**	**132,593**	124,911
36	Additional tier 1 capital before regulatory adjustments	**20,874**	19,286
43	Total regulatory adjustments to additional tier 1 capital	**(70)**	(70)
44	**Additional tier 1 capital**	**20,804**	19,216
45	**Tier 1 capital**	**153,397**	144,127
51	Tier 2 capital before regulatory adjustments	**30,167**	29,334
57	Total regulatory adjustments to tier 2 capital	**(1,193)**	(1,075)
58	**Tier 2 capital**	**28,974**	28,259
59	**Total capital**	**182,371**	172,386

* The references identify lines prescribed in the PRA template, which are applicable and where there is a value.

At 31 December 2025, our CET1 capital ratio remained at 14.9%, unchanged from 31 December 2024. The increase in CET1 capital of $7.7bn was offset by an increase in RWAs of $50.3bn. The key drivers of the movements within the CET1 ratio during the year were:

- a 0.5 percentage point increase from capital generation, mainly through regulatory profits net of dividends and share buy-backs. Share buy-backs were paused following the announcement of the privatisation of Hang Seng Bank;
- a 0.1 percentage point increase in the fair value of hold-to-collect-and-sell debt instruments, following a decrease in yields, and the net impact from foreign exchange fluctuations, partly offset by regulatory deductions;
- a 0.2 percentage point decrease due to the loss on our portfolio of home and certain other loans in France under hold-to-collect-and-sell, measured at FVOCI in 1Q25, which was partly offset by PRA waivers granted for the exclusion of operational risk RWAs in 2Q25; and
- a 0.4 percentage point decrease due to an increase in RWAs, mainly driven by organic balance sheet growth.

Our Pillar 2A requirement at 31 December 2025, as per the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 2.5% of RWAs, of which 1.4% must be met by CET1. Throughout 2025, we complied with the PRA's regulatory capital adequacy requirement.

Risk-weighted assets

RWAs by business segment

	Hong Kong $bn	UK $bn	CIB $bn	IWPB $bn	Corporate Centre $bn	Total RWAs $bn
Credit risk	**114.5**	**130.3**	**282.3**	**71.5**	**88.4**	**687.0**
Counterparty credit risk	**0.1**	**0.1**	**40.2**	**0.8**	**1.2**	**42.4**
Market risk	**0.7**	**—**	**24.4**	**0.3**	**13.1**	**38.5**
Operational risk	**24.3**	**22.5**	**61.8**	**17.3**	**(5.2)**	**120.7**
At 31 Dec 2025	**139.6**	**152.9**	**408.7**	**89.9**	**97.5**	**888.6**
At 31 Dec 2024	143.7	133.5	388.0	85.7	87.4	838.3

RWAs by legal entities[1]

	HSBC UK Bank plc $bn	HSBC Bank plc $bn	The Hongkong and Shanghai Banking Corporation Limited $bn	HSBC Bank Middle East Limited $bn	HSBC North America Holdings Inc $bn	Grupo Financiero HSBC, S.A. de C.V. $bn	Other trading entities $bn	Holding companies, shared service centres and intra-Group eliminations $bn	Total RWAs $bn
Credit risk	**133.5**	**73.8**	**319.1**	**18.8**	**58.6**	**25.1**	**46.9**	**11.2**	**687.0**
Counterparty credit risk	**0.3**	**23.9**	**10.3**	**0.9**	**4.3**	**0.7**	**2.0**	**—**	**42.4**
Market risk[2]	**0.1**	**24.9**	**18.9**	**2.4**	**2.8**	**0.6**	**2.1**	**6.7**	**38.5**
Operational risk	**24.1**	**23.4**	**63.5**	**5.1**	**8.3**	**6.1**	**6.0**	**(15.8)**	**120.7**
At 31 Dec 2025	**158.0**	**146.0**	**411.8**	**27.2**	**74.0**	**32.5**	**57.0**	**2.1**	**888.6**
At 31 Dec 2024	138.3	137.6	402.8	26.6	74.4	29.7	50.7	(0.6)	838.3

1 Balances are on a third-party Group consolidated basis.
2 Market risk RWAs are non-additive across the legal entities due to diversification effects within the Group.

RWA movement by legal entities by key driver[1]

	Credit risk, counterparty credit risk and operational risk									
	HSBC UK Bank plc	HSBC Bank plc[2]	The Hongkong and Shanghai Banking Corporation Limited[2]	HSBC Bank Middle East Limited	HSBC North America Holdings Inc	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations	Market risk	Total RWAs
	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn
RWAs at 1 Jan 2025	**138.1**	**111.5**	**379.8**	**24.5**	**71.7**	**29.2**	**49.4**	**(2.1)**	**36.2**	**838.3**
Asset size	**15.9**	**2.1**	**13.3**	**1.1**	**2.5**	**(1.1)**	**6.7**	**(2.8)**	**2.2**	**39.9**
Asset quality	**1.1**	**0.9**	**1.8**	**(0.6)**	**(2.5)**	**(0.1)**	**(0.1)**	**—**	**—**	**0.5**
Model updates	**(0.5)**	**—**	**(0.5)**	**(0.1)**	**(0.3)**	**—**	**—**	**—**	**—**	**(1.4)**
Methodology and policy	**(6.1)**	**1.6**	**(8.2)**	**(0.1)**	**(0.3)**	**0.2**	**0.1**	**1.1**	**0.1**	**(11.6)**
Acquisitions and disposals[2]	**—**	**(3.4)**	**1.5**	**(0.1)**	**—**	**—**	**(1.5)**	**(1.0)**	**—**	**(4.5)**
Foreign exchange movements[3]	**9.4**	**8.4**	**5.2**	**0.1**	**0.1**	**3.7**	**0.3**	**0.2**	**—**	**27.4**
Total RWA movement	**19.8**	**9.6**	**13.1**	**0.3**	**(0.5)**	**2.7**	**5.5**	**(2.5)**	**2.3**	**50.3**
RWAs at 31 Dec 2025	**157.9**	**121.1**	**392.9**	**24.8**	**71.2**	**31.9**	**54.9**	**(4.6)**	**38.5**	**888.6**

RWA movement by business segment by key driver

	Credit risk, counterparty credit risk and operational risk						
	Hong Kong	UK	CIB	IWPB[2]	Corporate Centre[2]	Market risk	Total RWAs
	$bn	$bn	$bn	$bn	$bn	$bn	$bn
RWAs at 1 Jan 2025	**142.0**	**133.5**	**360.7**	**85.6**	**80.3**	**36.2**	**838.3**
Asset size	**0.2**	**16.0**	**13.9**	**2.5**	**5.1**	**2.2**	**39.9**
Asset quality	**(0.4)**	**0.8**	**(0.2)**	**(0.1)**	**0.4**	**—**	**0.5**
Model updates	**0.2**	**(0.5)**	**(1.1)**	**—**	**—**	**—**	**(1.4)**
Methodology and policy	**(3.7)**	**(6.1)**	**(0.6)**	**0.1**	**(1.4)**	**0.1**	**(11.6)**
Acquisitions and disposals[2]	**—**	**—**	**(1.0)**	**(2.4)**	**(1.1)**	**—**	**(4.5)**
Foreign exchange movements[3]	**0.6**	**9.2**	**12.6**	**3.9**	**1.1**	**—**	**27.4**
Total RWA movement	**(3.1)**	**19.4**	**23.6**	**4.0**	**4.1**	**2.3**	**50.3**
RWAs at 31 Dec 2025	**138.9**	**152.9**	**384.3**	**89.6**	**84.4**	**38.5**	**888.6**

1 Balances are on a third-party Group consolidated basis.
2 Includes changes in the allocation of $1.5bn significant investment RWAs from HSBC Bank plc to The Hongkong and Shanghai Banking Corporation Limited, following the disposal of the French life insurance business.
3 Credit risk foreign exchange movements in this disclosure are computed by retranslating the RWAs into US dollars based on the underlying transactional currencies, and other movements in the table are presented on a constant currency basis.

RWAs increased by $50.3bn during the year, mainly due to asset size movements of $39.9bn and foreign currency translation differences of $27.4bn, which were partly offset by methodology and policy changes of $11.6bn and strategic disposals of $4.5bn.

Asset size

Asset size RWAs increased by $39.9bn, of which $26.1bn related to credit risk asset size, largely driven by corporate lending in our UK and CIB businesses, and in SAB within Corporate Centre.

Additionally, there was an $11.6bn rise in operational risk RWAs driven by higher average income across our business segments.

Market risk RWAs increased by $2.2bn, mainly as a result of higher structural foreign exchange exposures of $5.7bn, to hedge the anticipated impact of the Hang Seng Bank privatisation, which was partly offset by lower stressed value at risk ('SVaR') of $3bn due to an improved risk profile in the rates portfolio.

Asset quality

The marginal $0.5bn increase in RWAs was mainly driven by unfavourable credit risk migrations, which were largely offset by increased credit risk mitigation in our Hong Kong and CIB businesses. This included an increase due to portfolio mix changes in our UK business.

Model updates

The decrease of $1.4bn in RWAs was primarily driven by the recalibration of post-model adjustments to address wholesale internal-ratings credit risk model limitations, mainly in CIB.

Methodology and policy

The $11.6bn decrease in RWAs was primarily due to credit risk parameter refinements, including methodology changes to our undrawn exposures within the UK and CIB businesses; and a UK transaction where some credit risk was transferred to a third party.

Acquisitions and disposals

RWAs decreased by $4.5bn, due to the PRA waiver granted in 2025 for the exclusion of operational risk RWAs previously associated with the sale of our retail banking operations in France and the disposal of our business in Argentina. Additionally, we sold the ADRs in Grupo Financiero Galicia that we received as purchase consideration from the sale of our business in Argentina. A further decrease resulted from the sale of our French retained portfolio of home and certain other loans.

Leverage ratio

	At	
	31 Dec 2025	31 Dec 2024
	$bn	$bn
Tier 1 capital (leverage)	**153.4**	144.1
Total leverage ratio exposure	**2,877.1**	2,571.1
	%	%
Leverage ratio	**5.3**	5.6

Our leverage ratio was 5.3% at 31 December 2025, down from 5.6% at 31 December 2024. The increase in the leverage exposures led to a 0.6 percentage points fall in the leverage ratio, which was partly offset by higher tier 1 capital of 0.3 percentage points.The change in leverage exposure was driven by 0.4 percentage points increase due to growth in the balance sheet and by a 0.2 percentage points increase from foreign currency translation differences.

At 31 December 2025, our UK minimum leverage ratio requirement was 3.25%, with an additional buffer of 0.9% - comprising a 0.7% additional leverage ratio buffer and a 0.2% countercyclical leverage ratio buffer. These buffers translated into capital values of $20.1bn and $5.8bn, respectively. We exceeded these leverage requirements throughout 2025.

Pillar 3 disclosure requirements

Pillar 3 of the Basel regulatory framework is related to market discipline and aims to make financial services firms more transparent by requiring publication of wide-ranging information on their risks, capital and management.

▶ For further details, see our Pillar 3 Disclosures at 31 December 2025, which is published at www.hsbc.com/investors.

Liquidity and funding risk in 2025

Liquidity metrics

At 31 December 2025, all of the Group's material operating entities were above the required regulatory minimum liquidity and funding levels. Each entity maintains sufficient unencumbered liquid assets to comply with internal and local regulatory requirements. Each entity maintains a sufficient stable funding profile and is assessed using the NSFR or other appropriate metrics.

In addition to regulatory metrics, we use a wide set of measures to manage our liquidity and funding profile.

The Group liquidity and funding position on an average basis is analysed in the following sections.

Operating entities' liquidity

	At 31 Dec 2025			
	LCR[1] %	**HQLA $bn**	**Net outflows $bn**	**NSFR[1] %**
HSBC UK Bank plc (ring-fenced bank)[2]	**175**	**124**	**71**	**146**
HSBC Bank plc (non-ring-fenced bank)[3]	**148**	**145**	**99**	**114**
The Hongkong and Shanghai Banking Corporation – Hong Kong branch[4, 6]	**189**	**170**	**90**	**125**
HSBC Singapore[5]	**228**	**37**	**16**	**168**
Hang Seng Bank	**322**	**64**	**20**	**184**
HSBC Bank China	**203**	**26**	**13**	**153**
HSBC Bank USA	**167**	**84**	**50**	**129**
HSBC Continental Europe	**147**	**100**	**68**	**148**
HSBC Bank Middle East Ltd – UAE branch	**232**	**16**	**7**	**152**
HSBC Mexico	**166**	**9**	**5**	**110**
	At 31 Dec 2024			
HSBC UK Bank plc (ring-fenced bank)[2]	190	117	61	154
HSBC Bank plc (non-ring-fenced bank)[3]	148	138	93	115
The Hongkong and Shanghai Banking Corporation – Hong Kong branch[4]	191	145	76	124
HSBC Singapore[5]	287	32	11	184
Hang Seng Bank	299	57	19	174
HSBC Bank China	191	27	14	147
HSBC Bank USA	167	80	48	127
HSBC Continental Europe	149	82	55	139
HSBC Bank Middle East Ltd – UAE branch	251	14	6	151
HSBC Mexico	164	9	6	125

1 The LCR and NSFR ratios presented in the above table are based on average values. The LCR is the average of the preceding 12 months. The NSFR is the average of the preceding four quarters. LCR details are based on local regulations wherever applicable except the LCR for our UAE branch, which is reported on a PRA basis. NSFR details are reported based on the PRA's NSFR rules.
2 HSBC UK Bank plc refers to the HSBC UK liquidity group, which comprises four legal entities: HSBC UK Bank plc, Marks and Spencer Financial Services plc, HSBC Private Bank (UK) Ltd and HSBC Innovation Bank Limited, managed as a single operating entity, in line with the application of UK liquidity regulation as agreed with the PRA.
3 HSBC Bank plc includes overseas branches and special purpose entities consolidated by HSBC for financial statements purposes.
4 The Hongkong and Shanghai Banking Corporation – Hong Kong branch represents the material activities of The Hongkong and Shanghai Banking Corporation Limited. It is monitored and controlled for liquidity and funding risk purposes as a stand-alone operating entity.
5 HSBC Singapore includes HSBC Bank Singapore Limited and The Hongkong and Shanghai Banking Corporation – Singapore branch. Liquidity and funding risk is monitored and controlled at country level in line with the local regulator's approval.
6 In 4Q25, The Hongkong and Shanghai Banking Corporation – Hong Kong branch segregated $16.6bn of Level 1 high-quality liquid assets towards funding the privatisation of Hang Seng Bank. These assets were excluded from the liquid asset buffer for the purpose of LCR reporting and reduced the entity's local LCR by c. 5.5% on an average basis.

Consolidated liquidity metrics

Net stable funding ratio

We manage funding risk based on the PRA's NSFR rules. The Group's NSFR at 31 December 2025, calculated from the average of the four preceding quarters, was 143%.

	At		
	31 Dec 2025 $bn	30 Jun 2025 $bn	31 Dec 2024 $bn
Total available stable funding ($bn)	**1,621**	1,572	1,523
Total required stable funding ($bn)	**1,133**	1,083	1,064
NSFR ratio (%)	**143**	145	143

Liquidity coverage ratio

At 31 December 2025, the average high-quality liquid assets ('HQLA') held at entity level amounted to $862bn (31 December 2024: $790bn). The Group consolidation methodology includes a deduction to reflect the impact of limitations in the transferability of entity liquidity around the Group. That resulted in an adjustment of $160bn to LCR HQLA and $5bn to LCR inflows on an average basis.

	At[1]		
	31 Dec 2025 $bn	30 Jun 2025 $bn	31 Dec 2024 $bn
High-quality liquid assets (in entities)	**862**	833	790
Group LCR HQLA	**702**	678	649
Net outflows	**512**	486	471
Liquidity coverage ratio (%)	**137**	140	138
Adjustment for transfer restrictions[2]	**(165)**	(161)	(147)

1 Group LCR numbers above are based on average values. The LCR is the average of the preceding 12 months.
2 This includes adjustments made to high-quality liquid assets and inflows in entities to reflect liquidity transfer restrictions.

Liquid assets

After the $160bn deduction, the average Group LCR HQLA of $702bn (31 December 2024: $649bn) was held in a range of asset classes and currencies. Of these, 97% were eligible as Level 1 (31 December 2024: 95%). The following tables reflect the composition of the average liquidity pool by asset type and currency at 31 December 2025.

Liquidity pool by asset type[1]

	Liquidity pool	Level 1[2]	Level 2[2]
	$bn	**$bn**	**$bn**
Cash and balance at central bank	**248**	**248**	**—**
Central and local government bonds	**413**	**401**	**12**
Regional government public sector entities	**2**	**2**	**—**
International organisation and multilateral developments banks	**29**	**29**	**—**
Covered bonds	**7**	**2**	**5**
Other	**3**	**—**	**3**
Total at 31 Dec 2025	**702**	**682**	**20**
Total at 31 Dec 2024	649	615	34

1 Group liquid assets numbers are based on average values.
2 As defined in the PRA Rulebook, Level 1 assets means 'assets of extremely high liquidity and credit quality', and Level 2 assets means 'assets of high liquidity and credit quality'.

Liquidity pool by currency[1]

	$	£	€	HK$	Other	Total
	$bn	**$bn**	**$bn**	**$bn**	**$bn**	**$bn**
Liquidity pool at 31 Dec 2025	**232**	**170**	**136**	**43**	**121**	**702**
Liquidity pool at 31 Dec 2024	196	170	113	47	123	649

1 Group liquid assets numbers are based on average month-end values over the preceding 12 months.

Sources of funding

Our primary sources of funding are customer current accounts and savings deposits payable on demand or at short notice. We issue secured and unsecured wholesale securities to supplement customer deposits, meet regulatory obligations and seek to ensure that we maintain a diversified funding profile through a balanced mix of currencies, maturities and locations of our liabilities. The following 'Funding sources' and 'Funding uses' tables provide a view of how our consolidated balance sheet is funded. In practice, all the principal operating entities are required to manage liquidity and funding risk on a stand-alone basis.

The tables analyse our consolidated balance sheet according to the assets that primarily arise from operating activities and the sources of funding primarily supporting these activities. Assets and liabilities that do not arise from operating activities are presented as a net balancing source or deployment of funds.

The funding risk management framework seeks to ensure operating entities maintain a diversified funding profile defined in their funding plans which are taken through regular governance, in line with globally consistent policies and standards. Diversification is achieved through a balanced mix of funding sources, tenors, currencies and geographies, seeking to mitigate concentration risks and to avoid extraordinary reliance on central banks or intra-group funding support. The framework requires entities to have policies, processes and controls for monitoring and managing funding by tenors and sources, supported by governance of limits. Entities also model cashflows from maturing short-term debts within the internal liquidity monitoring to help ensure sufficient liquidity is maintained to meet the maturing debt obligations.

Funding sources

(Audited)

	2025	2024
	$m	$m
Customer accounts	**1,786,828**	1,654,955
Deposits by banks	**97,952**	73,997
Repurchase agreements – non-trading	**204,974**	180,880
Debt securities in issue	**99,675**	105,785
Cash collateral, margin, settlement accounts and items in course of transmission to other banks	**91,087**	82,732
Liabilities of disposal groups held for sale	**23,382**	29,011
Subordinated liabilities	**28,406**	25,958
Financial liabilities designated at fair value	**158,456**	138,727
Insurance contract liabilities	**122,955**	107,629
Trading liabilities	**72,122**	65,982
– repos	**13,113**	14,806
– stock lending	**6,250**	3,525
– other trading liabilities	**52,759**	47,651
Total equity	**205,666**	192,273
Other balance sheet liabilities	**341,531**	359,119
At 31 Dec	**3,233,034**	3,017,048

Funding uses

(Audited)

	2025	2024
	$m	$m
Loans and advances to customers	**988,399**	930,658
Loans and advances to banks	**108,462**	102,039
Reverse repurchase agreements – non-trading	**298,392**	252,549
Cash collateral, margin, settlement accounts and items in course of collection from other banks	**87,667**	78,538
Assets held for sale	**11,115**	27,234
Trading assets	**366,153**	314,842
– reverse repos	**18,449**	16,823
– stock borrowing	**14,947**	8,374
– other trading assets	**332,757**	289,645
Financial investments	**567,211**	493,166
Cash and balances with central banks	**242,859**	267,674
Other balance sheet assets	**562,776**	550,348
At 31 Dec	**3,233,034**	3,017,048

Wholesale term debt maturity profile

The maturity profile of our wholesale term debt obligations is set out in the following table. The balances in the table are not directly comparable with those in the consolidated balance sheet because the table presents gross cash flows relating to principal payments and not the balance sheet carrying value, which includes debt securities and subordinated liabilities measured at fair value.

Wholesale funding cash flows payable by HSBC under financial liabilities by remaining contractual maturities[1]

	Due not more than 1 month	Due over 1 month but not more than 3 months	Due over 3 months but not more than 6 months	Due over 6 months but not more than 9 months	Due over 9 months but not more than 1 year	Due over 1 year but not more than 2 years	Due over 2 years but not more than 5 years	Due over 5 years	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Debt securities issued	**14,531**	**12,338**	**14,004**	**7,561**	**8,780**	**26,365**	**70,542**	**65,835**	**219,956**
– unsecured CDs and CP	**5,729**	**4,484**	**6,781**	**4,211**	**5,198**	**1,855**	**999**	**570**	**29,827**
– unsecured senior MTNs	**5,835**	**6,262**	**5,020**	**1,853**	**1,416**	**17,953**	**52,645**	**53,455**	**144,439**
– unsecured senior structured notes	**2,459**	**1,060**	**2,037**	**1,150**	**1,739**	**5,572**	**11,145**	**9,164**	**34,326**
– secured covered bonds	**—**	**—**	**—**	**—**	**—**	**671**	**1,550**	**—**	**2,221**
– secured asset-backed commercial paper	**486**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**486**
– secured ABS	**22**	**43**	**62**	**58**	**338**	**201**	**693**	**1,401**	**2,818**
– others	**—**	**489**	**104**	**289**	**89**	**113**	**3,510**	**1,245**	**5,839**
Subordinated liabilities	**—**	**—**	**—**	**—**	**892**	**874**	**2,049**	**34,541**	**38,356**
– subordinated debt securities	**—**	**—**	**—**	**—**	**892**	**874**	**2,049**	**33,602**	**37,417**
– preferred securities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**939**	**939**
At 31 Dec 2025	**14,531**	**12,338**	**14,004**	**7,561**	**9,672**	**27,239**	**72,591**	**100,376**	**258,312**
Debt securities issued	14,260	15,011	13,841	10,235	11,644	29,639	62,434	53,814	210,878
– unsecured CDs and CP	5,346	7,803	10,495	6,623	6,829	662	1,787	1,598	41,143
– unsecured senior MTNs	7,528	3,351	1,014	1,269	2,736	21,593	47,236	42,899	127,626
– unsecured senior structured notes	874	1,826	2,258	1,457	1,526	6,055	9,160	6,520	29,676
– secured covered bonds	—	—	—	—	—	—	1,254	—	1,254
– secured asset-backed commercial paper	488	—	—	—	—	—	—	—	488
– secured ABS	24	47	67	64	61	664	520	864	2,311
– others	—	1,984	7	822	492	665	2,477	1,933	8,380
Subordinated liabilities	—	—	1,737	1,030	—	892	2,694	30,349	36,702
– subordinated debt securities	—	—	1,737	1,030	—	892	2,694	29,471	35,824
– preferred securities	—	—	—	—	—	—	—	878	878
At 31 Dec 2024	14,260	15,011	15,578	11,265	11,644	30,531	65,128	84,163	247,580

1 Excludes financial liabilities of disposal groups.

Structural foreign exchange risk in 2025

Structural foreign exchange exposures represent net assets or capital investments in subsidiaries, branches, joint arrangements or associates, together with any associated hedges, the functional currencies of which are currencies other than the US dollar. Exchange differences on structural exposures are usually recognised in 'other comprehensive income'.

Net structural foreign exchange exposures

	2025					
Currency of structural exposure	Net investment in foreign operations (excl non-controlling interest)	Net investment hedges	Structural foreign exchange exposures (pre-economic hedges)	Economic hedges – structural FX hedges[1]	Economic hedges – equity securities (AT1)[2]	Net structural foreign exchange exposures
	$m	$m	$m	$m	$m	$m
Hong Kong dollars	**45,486**	**(5,737)**	**39,749**	**(9,905)**	**—**	**29,844**
Pounds sterling	**51,315**	**(17,254)**	**34,061**	**—**	**(1,341)**	**32,720**
Chinese renminbi	**36,084**	**(7,622)**	**28,462**	**(1,078)**	**—**	**27,384**
Euros	**18,017**	**(4,162)**	**13,855**	**—**	**(1,466)**	**12,389**
Indian rupees	**7,747**	**(3,264)**	**4,483**	**—**	**—**	**4,483**
Mexican pesos	**4,873**	**—**	**4,873**	**—**	**—**	**4,873**
Saudi riyals	**5,132**	**—**	**5,132**	**—**	**—**	**5,132**
UAE dirhams	**5,436**	**(1,176)**	**4,260**	**(2,691)**	**—**	**1,569**
Malaysian ringgit	**3,473**	**(1,727)**	**1,746**	**—**	**—**	**1,746**
Singapore dollars	**2,711**	**(493)**	**2,218**	**1,728**	**(1,770)**	**2,176**
Australian dollars	**2,367**	**—**	**2,367**	**—**	**—**	**2,367**
Taiwanese dollars	**2,473**	**(1,387)**	**1,086**	**—**	**—**	**1,086**
Indonesian rupiah	**1,561**	**(501)**	**1,060**	**(98)**	**—**	**962**
Swiss francs	**1,549**	**(617)**	**932**	**(248)**	**—**	**684**
Korean won	**1,326**	**(856)**	**470**	**—**	**—**	**470**
Thai baht	**1,048**	**(757)**	**291**	**—**	**—**	**291**
Egyptian pound	**1,125**	**—**	**1,125**	**—**	**—**	**1,125**
Qatari rial	**736**	**(172)**	**564**	**(299)**	**—**	**265**
Vietnamese dong	**767**	**—**	**767**	**—**	**—**	**767**
Others, each less than $700m	**4,692**	**(658)**	**4,034**	**—**	**—**	**4,034**
At 31 Dec	**197,918**	**(46,383)**	**151,535**	**(12,591)**	**(4,577)**	**134,367**

Net structural foreign exchange exposures (continued)

	2024					
Currency of structural exposure	Net investment in foreign operations (excl non-controlling interest) $m	Net investment hedges $m	Structural foreign exchange exposures (pre-economic hedges) $m	Economic hedges – structural FX hedges[1] $m	Economic hedges – equity securities (AT1)[2] $m	Net structural foreign exchange exposures $m
Hong Kong dollars	40,106	(5,841)	34,265	(9,861)	—	24,404
Pounds sterling	46,462	(15,024)	31,438	—	(1,254)	30,184
Chinese renminbi	35,032	(4,725)	30,307	(1,080)	—	29,227
Euros	17,391	(2,013)	15,378	—	(1,297)	14,081
Indian rupees	7,056	(1,973)	5,083	—	—	5,083
Mexican pesos	3,991	—	3,991	—	—	3,991
Saudi riyals	4,675	—	4,675	—	—	4,675
UAE dirhams	5,264	(893)	4,371	(2,543)	—	1,828
Malaysian ringgit	3,036	—	3,036	—	—	3,036
Singapore dollars	2,405	—	2,405	1,092	(1,089)	2,408
Australian dollars	2,126	—	2,126	—	—	2,126
Taiwanese dollars	2,199	(1,015)	1,184	—	—	1,184
Indonesian rupiah	1,541	(533)	1,008	—	—	1,008
Swiss francs	1,096	(541)	555	—	—	555
Korean won	1,204	(756)	448	—	—	448
Thai baht	976	(460)	516	—	—	516
Egyptian pound	891	—	891	—	—	891
Qatari rial	728	(97)	631	(299)	—	332
Vietnamese dong	769	—	769	—	—	769
Others, each less than $700m	4,370	(463)	3,907	—	—	3,907
At 31 Dec	181,318	(34,334)	146,984	(12,691)	(3,640)	130,653

1 Represents hedges that do not qualify as net investment hedges for accounting purposes. The SGD position represents the hedge against our SGD AT1 issuances.
2 Represents foreign currency-denominated preference share and AT1 instruments. These are accounted for at historical cost under IFRS Accounting Standards and do not qualify as net investment hedges for accounting purposes. The gain or loss arising from changes in the US dollar value of these instruments is recognised on redemption in retained earnings.

▶ For a definition of structural foreign exchange exposures, see page 157.

Interest rate risk in the banking book in 2025

Banking net interest income sensitivity

Banking NII sensitivity is the sensitivity of our banking net interest income to interest rate shocks. This metric includes the sensitivity arising from the use of banking book liabilities to fund trading assets, as well as the impacts of vanilla foreign exchange swaps to optimise cash management across the Group. It is aligned with the presentation in the Group's financial disclosures of banking NII as an alternative performance measure intended to approximate the Group's banking revenue that is directly impacted by changes in interest rates.

The following tables set out the assessed impact to a hypothetical base case projection of our banking NII under an immediate shock of 100bps to the current market-implied path of interest rates across all currencies on 31 December 2025 (effects in the first, second and third years). For example, Year 3 shows the impact of an immediate rate shock on the banking NII projected for the third year.

The banking NII sensitivities shown represent a hypothetical simulation of the base case banking NII, assuming a static balance sheet (specifically no assumed migration from current account to term deposits), and no management actions from Global Treasury. This also incorporates the effect of interest rate behaviouralisation, prepayment of mortgages and commercial margins. The sensitivity calculations exclude pensions, insurance exposures, and our interests in associates.

All forecasted market rates are based on implied forward rates from the reporting date. Customer pricing includes flooring where there are contractual obligations.

As the market and policy rates move, the degree to which these changes are passed on to customers will vary based on several factors, including the absolute level of market interest rates, regulatory and contractual frameworks, and competitive dynamics. To aid comparability between markets, we have simplified the basis of preparation for our disclosure and have used a 50% pass-on assumption for major entities on certain interest-bearing deposits. Our asset pass-on assumptions are largely in line with our contractual agreements or established market practice, which typically results in a significant portion of interest rate changes being passed on.

An immediate interest rate rise of 100bps would increase projected banking NII by $2.4bn. An immediate interest rate fall of 100bps would decrease projected banking NII by $3.4bn.

The sensitivity of banking NII for the 12 months as at 31 December 2025 increased by $0.3bn in the plus 100bps parallel shock and by $0.5bn in the minus 100bps parallel shock, when compared with 31 December 2024. The increase in sensitivities was primarily driven by deposit growth and the impact of rate floors due to lower prevailing market rates offset by stabilisation initiatives executed during the year.

▶ For further details of measurement of interest rate risk in the banking book, see page 157.

Banking NII sensitivity to an instantaneous change in yield curves (12 months) – Year 1 sensitivity by currency

	Currency					
	$	HK$	£	€	Other	Total
	$m	$m	$m	$m	$m	$m
Change in Jan 2026 to Dec 2026 (based on balance sheet at 31 Dec 2025)						
+100bps parallel	**798**	**310**	**351**	**91**	**871**	**2,421**
-100bps parallel	**(1,184)**	**(606)**	**(499)**	**(129)**	**(971)**	**(3,389)**
Change in Jan 2025 to Dec 2025 (based on balance sheet at 31 Dec 2024)						
+100bps parallel	572	220	219	301	821	2,133
-100bps parallel	(862)	(403)	(353)	(314)	(954)	(2,886)

Banking NII sensitivity to an instantaneous down 100bps parallel change in yield curves – Year 2 and Year 3 sensitivity by currency

	Currency					
	$	HK$	£	€	Other	Total
	$m	$m	$m	$m	$m	$m
Change in banking NII (based on balance sheet at 31 Dec 2025)						
Year 2 (Jan 2027 to Dec 2027)	**(1,327)**	**(745)**	**(849)**	**(223)**	**(1,331)**	**(4,475)**
Year 3 (Jan 2028 to Dec 2028)	**(1,559)**	**(906)**	**(1,275)**	**(274)**	**(1,499)**	**(5,513)**
Change in banking NII (based on balance sheet at 31 Dec 2024)						
Year 2 (Jan 2026 to Dec 2026)	(1,226)	(509)	(563)	(444)	(1,333)	(4,075)
Year 3 (Jan 2027 to Dec 2027)	(1,531)	(550)	(1,022)	(504)	(1,449)	(5,056)

Non-trading portfolios

Value at risk of non-trading portfolios

Non-trading portfolios comprise positions that primarily arise from the interest rate management of our retail and wholesale banking assets and liabilities and financial investments measured at fair value through other comprehensive income ('FVOCI') or at amortised cost. The use of value at risk ('VaR') is integrated into the market risk management of non-trading portfolios to have a complete picture of risk, complementing risk sensitivity analysis.

VaR of non-trading portfolios is a technique for estimating potential losses on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence.

Our models predominantly rely on historical simulations incorporating:

- historical market rates and prices, calculated with reference to interest rates, credit spreads and associated volatilities;
- potential market movements derived from data covering the past two years; and
- calculations to a 99% confidence level with a 10-day holding period.

Although a valuable guide to risk, VaR is used for non-trading portfolios with awareness of its limitations. For example:

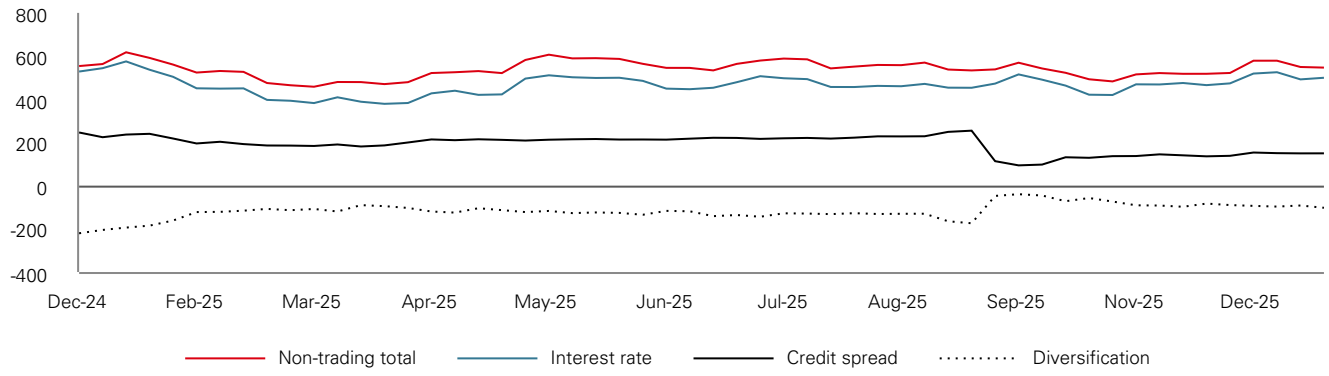
- Historical data is used to estimate future market movements, and may not cover all potential events, particularly those that are extreme in nature. As the model is calibrated on the last 500 business days, it does not adjust instantly to a change in market regime.
- The 10-day holding period for risk management purposes of non-trading books is an indication and does not reflect the actual time period needed to hedge or liquidate positions.
- The use of a 99% confidence level does not consider losses that might occur beyond this level of confidence.

Non-trading VaR includes non-trading financial instruments held in portfolios managed by Global Treasury. The management of interest rate risk in the banking book is described further in 'Banking net interest income sensitivity' on page 164.

The interest rate risk on the fixed-rate securities issued by HSBC Holdings is not included in the Group non-trading VaR. The management of this risk is described on page 167. Insurance operations were excluded from non-trading VaR as of 30 June 2025 which resulted in an immaterial impact. Details on insurance operations can be found on page 182 and the market risk impact of insurance operations on page 184. Non-trading VaR also excludes the equity risk on securities held at fair value and non-trading book foreign exchange risk.

The weekly levels of total non-trading VaR in 2025 are set out in the graph below.

Weekly VaR (non-trading portfolios), 99% 10 day ($m)



The Group non-trading VaR for 2025 is shown in the table below.

Non-trading VaR, 99% 10 day

(Audited)

	Interest rate $m	Credit spread $m	Portfolio diversification[1] $m	Total[2] $m
Balance at 31 Dec 2025	**499.6**	**149.6**	**(102.5)**	**546.6**
Average	**465.2**	**190.8**	**(115.8)**	**540.1**
Maximum	**575.3**	**254.6**		**617.5**
Minimum	**378.9**	**93.9**		**458.0**
Balance at 31 Dec 2024	528.4	246.1	(220.7)	553.8
Average	603.7	315.1	(222.9)	695.8
Maximum	1,000.6	369.1		1,097.6
Minimum	292.1	242.4		408.7

1 Portfolio diversification is the market risk dispersion effect of holding a portfolio containing different risk types. It represents the reduction in unsystematic market risk that occurs when combining a number of different risk types – such as interest rate and credit spreads – together in one portfolio. It is measured as the difference between the sum of the VaR by individual risk type and the combined total VaR. A negative number represents the benefit of portfolio diversification. As the maximum and minimum occurs on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit for these measures.
2 The total VaR is non-additive across risk types due to diversification effects.

The VaR for non-trading activity remained stable, decreasing by $7m due to lower historical shocks in our two-year historical window, largely offset by an increase in the duration risk of Global Treasury's portfolios. The average portfolio diversification effect between interest rate and credit spread exposure decreased from $223m to $116m, mainly due to higher correlations between the two asset classes. The reduction in credit spread VaR at the end of September was the result of volatile scenarios dropping out of the two-year historical window. Non-trading VaR is managed and controlled through a limit approved by the Group Chief Risk and Compliance Officer for HSBC Holdings.

Sensitivity of capital and reserves

The Group holds various portfolios of securities under a hold-to-collect-and-sell business model, of which the most material is the portfolio of high quality assets held by Global Treasury for contingent liquidity and NII stabilisation purposes. These portfolios, together with any associated derivatives in designated hedge accounting relationships, are accounted for at fair value through comprehensive income, and changes in mark-to-market value have an impact on CET1. We use a variety of tools, including risk sensitivities and VaR measures, to manage the risk of these portfolios.

The table below measures the sensitivity of our hold-to-collect-and-sell portfolios to an instantaneous 100 basis point increase in interest rates, based on the risk sensitivity of a shift in value for a 1 basis point ('bps') parallel movement in interest rates.

Sensitivity of hold-to-collect-and-sell reserves to interest rate movements

	$m
At 31 Dec 2025	
+100 basis point parallel move in all yield curves	**(4,424)**
As a percentage of total shareholders' equity	**(2.23)%**
At 31 Dec 2024	
+100 basis point parallel move in all yield curves	(3,433)
As a percentage of total shareholders' equity	(1.86)%

The increase in the sensitivity of the portfolio during 2025 was mainly driven by an increase in NII stabilisation hedging in line with our strategy. While this hedging has increased the capital sensitivity of the portfolio it has the effect of further dampening the volatility of our banking NII over time and through the cycle. The figures in the table above do not take into account the effects of interest rate convexity.

The portfolio mostly comprises vanilla sovereign bonds in a variety of currencies and the primary risk is interest rate duration risk, although the portfolio also generates asset swap, credit spread and asset spread risks that are managed within appetite as part of our risk management framework. A minus 100bps shock would lead to an approximately symmetrical gain.

Alongside our monitoring of the hold-to-collect-and-sell reserve sensitivity, we also monitor the sensitivity of reported cash flow hedging reserves to interest rate movements annually by assessing the expected reduction in the valuation of cash flow hedges due to an instantaneous 100bps increase in all yield curves.

The sensitivity is indicative and based on a simplified scenario.

The following table details the sensitivity of our cash flow hedging reserve which remained stable compared with 31 December 2024 and continued to be mainly driven by our NII stabilisation activity. Our exposure to fixed rate pound sterling hedges continued to be the largest in size followed by Hong Kong dollar and United States dollar hedges. A minus 100bps shock would lead to a largely symmetrical gain.

Sensitivity of cash flow hedging reported reserves to interest rate movements

	$m
At 31 Dec 2025	
+100 basis point parallel move in all yield curves	**(4,438)**
As a percentage of total shareholders' equity	**(2.24)%**
At 31 Dec 2024	
+100 basis point parallel move in all yield curves	(4,496)
As a percentage of total shareholders' equity	(2.43)%

Third-party assets in Markets Treasury

Third-party assets in Markets Treasury increased by 6% compared with 31 December 2024. The net increase of $55bn is partly reflective of higher commercial surpluses during the year, with the increase of $68bn in 'Financial investments' and the decrease of $25bn in 'Cash and balances at central banks' largely driven by NII stabilisation activity.

Third-party assets in Markets Treasury

	2025 $m	2024 $m
Cash and balances at central banks	**236,259**	261,284
Trading assets	**(8)**	163
Loans and advances:		
– to banks	**66,614**	66,518
– to customers	**1,113**	743
Reverse repurchase agreements	**58,191**	47,812
Financial investments	**533,519**	465,123
Other	**12,774**	12,232
At 31 Dec	**908,462**	853,875

Defined benefit pension plans

Market risk arises within our defined benefit pension plans to the extent that the obligations of the plans are not fully matched by assets with determinable cash flows.

▶ For details of our defined benefit plans, including asset allocation, see Note 5 on the financial statements, and for pension risk management, see page 158.

Additional market risk measures applicable only to the parent company

HSBC Holdings monitors and manages foreign exchange risk and interest rate risk. In order to manage interest rate risk, HSBC Holdings uses the projected sensitivity of its NII to future changes in yield curves.

Foreign exchange risk

HSBC Holdings' foreign exchange exposures derive almost entirely from the execution of structural foreign exchange hedges on behalf of the Group. At 31 December 2025, HSBC Holdings had forward foreign exchange contracts of $34.4bn (2024: $33.9bn) to manage the Group's structural foreign exchange exposures.

▶ For further details of our Group structural foreign exchange exposures, see page 163.

Sensitivity of banking net interest income

Banking NII sensitivity is the assessed impact to a hypothetical base case projection of our banking NII under an immediate shock of 100bps to the current market-implied path of interest rates across all currencies on 31 December 2025.

Banking NII sensitivity includes the impact of AT1 instruments as well as vanilla foreign exchange swaps to optimise cash management, with the assumption of a static balance sheet and no management actions from Global Treasury. The sensitivity assumes that any issuance where HSBC Holdings has an option to redeem at a future call date is called at that date.

An immediate interest rate rise of 100bps would decrease projected banking NII for the 12 months to 31 December 2026 by $163m. Conversely, an immediate fall of 100bps would increase projected banking NII for the 12 months to 31 December 2026 by $163m. This compares with the prior year sensitivities for the 12 months to 31 December 2025 of a $156m decrease, and a $156m increase, respectively.

Overall the banking NII sensitivity is mainly driven by interest rate sensitive liabilities funding equity (non-interest bearing) investments in subsidiaries.

Market risk

▶ See page 105 for our definition of Market risk.

Market risk arises from both trading portfolios and non-trading portfolios. Trading portfolios comprise positions held for client servicing and market-making, with the intention of short-term resale and/or to hedge risks resulting from such positions.

▶ For further details of market risk in non-trading portfolios, see page 165.

Market risk management

Governance and structure

The following table summarises the main business areas where trading market risks reside and the market risk measures used to monitor and limit exposures.

Risk types	**Trading risk** – Foreign exchange and commodities – Interest rates – Credit spreads – Equities
Global business	CIB
Risk measure	Value at risk | Sensitivity | Stress testing

The objective of our risk management policies and measurement techniques is to manage and control market risk exposures through prudent oversight, to ensure that our market risk profile aligns with our established risk appetite and strategic objectives.

Market risk is managed and controlled through limits approved by the Group's senior management. These limits are allocated across business lines and to the Group's legal entities. Each major operating entity has an independent market risk management and control sub-function, which is responsible for measuring, monitoring and reporting market risk exposures against limits on a daily basis. Each operating entity is required to assess the market risks arising in its business and to transfer them either to its local Markets and Securities Services or Markets Treasury unit for management, or to separate books managed under the supervision of the local ALCO. The Traded Risk function enforces the controls around trading in permissible instruments approved for each site as well as changes that follow the approval of new products. Traded Risk also restricts trading in the more complex derivative products to only those offices with appropriate levels of product expertise and control systems.

Key risk management processes

Monitoring and limiting market risk exposures

Our objective is to manage and control market risk exposures while maintaining a market profile consistent with our risk appetite.

We use a range of tools to monitor and limit market risk exposures including sensitivity analysis, VaR and stress testing.

Sensitivity analysis

Sensitivity analysis measures the impact of movements in individual market factors on specific instruments or portfolios, including interest rates, foreign exchange rates and equity prices. We use sensitivity measures to monitor the market risk positions within each risk type. Granular sensitivity limits are set for trading desks with consideration of market liquidity, customer demand and capital constraints, among other factors.

Value at risk

(Audited)

VaR is a technique for estimating potential losses on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The use of VaR is integrated into market risk management and calculated for all trading positions regardless of how we capitalise them.

Our models are predominantly based on historical simulation that incorporates the following features:

- historical market rates and prices, which are calculated with reference to foreign exchange rates, commodity prices, interest rates, equity prices and the associated volatilities;
- potential market movements that are calculated with reference to data from the past two years; and
- calculations to a 99% confidence level and using a one-day holding period.

The models also incorporate the effect of option features on the underlying exposures. The nature of the VaR models means that an increase in observed market volatility will lead to an increase in VaR without any changes in the underlying positions.

VaR model limitations

Although a valuable guide to risk, VaR is used with awareness of its limitations. For example:

- The use of historical data as a proxy for estimating future market moves may not encompass all potential market events, particularly those that are extreme in nature. As the model is calibrated on the last 500 business days, it does not adjust instantaneously to a change in the market regime.
- The use of a one-day holding period for risk management purposes of trading books assumes that this short period is sufficient to hedge or liquidate all positions.
- The use of a 99% confidence level by definition does not take into account losses that might occur beyond this level of confidence.
- VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not reflect intra-day exposures.

Risk not in VaR framework

The risks not in VaR ('RNIV') framework captures and capitalises material market risks that are not adequately covered in the VaR model.

Risk factors are reviewed on a regular basis and are either incorporated directly into the VaR models, where possible, or quantified through either the VaR-based RNIV approach or a stress test approach within the RNIV framework. While VaR-based RNIVs are calculated by using historical scenarios, stress-type RNIVs are estimated on the basis of stress scenarios whose severity is calibrated to be in line with the capital adequacy requirements. The outcome of the VaR-based RNIV approach is included in the overall VaR calculation but excluded from the VaR measure used for regulatory back-testing.

Stress-type RNIVs include a deal contingent derivatives capital charge to capture risk for these transactions and a de-peg risk measure to capture risk to pegged and heavily-managed currencies.

Stress testing

Stress testing is an important procedure that is integrated into our market risk management framework to evaluate the potential impact on portfolio values of more extreme, although plausible, events or movements in a set of financial variables. In such scenarios, losses can be much greater than those predicted by VaR modelling. Stress testing and reverse stress testing provide senior management with insights regarding the 'tail risk' beyond VaR.

Stress testing is implemented at legal entity, regional and overall Group levels. A set of scenarios is used consistently across all regions within the Group. Market risk stress testing incorporates both historical and hypothetical events. Market risk reverse stress tests are designed to identify vulnerabilities in our portfolios by looking for scenarios that lead to loss levels considered severe for the relevant portfolio. These scenarios may be local or idiosyncratic in nature and complement the systematic top-down stress testing.

The risk appetite around potential stress losses for the Group is set and monitored against limits.

Back-testing

We routinely validate the accuracy of our VaR models by back-testing the VaR metric against both actual and hypothetical profit and loss. Hypothetical profit and loss excludes non-modelled items such as fees, commissions and revenue related to intra-day transactions.

The hypothetical profit and loss reflects the profit and loss that would be realised if positions were held constant from the end of one trading day to the end of the next. This measure of profit and loss does not align with how risk is dynamically hedged, and is therefore not necessarily indicative of the actual performance of the business.

The number of hypothetical loss back-testing exceptions, together with a number of other indicators, is used to assess model performance and to consider whether enhanced internal monitoring of a VaR model is required. We back-test our VaR at set levels of our Group entity hierarchy.

During 2025, the Group experienced one back-testing exception against hypothetical losses. This exception was mainly driven by heightened market volatility observed after tariff policy announcements, with equity volatilities and credit spreads as the main contributing risk factors.

Key developments in 2025

There were no material changes to our policies and practices for the management of market risk in 2025.

We continued to manage market risk prudently during 2025. Market risk was managed using a complementary set of risk measures and limits, including stress testing and scenario analysis. Main sensitivity exposures and VaR remained within appetite as the business pursued its core market-making activity in support of our customers. We employed stress testing tools to assess a range of geopolitical and technical scenarios that were relevant during the year.

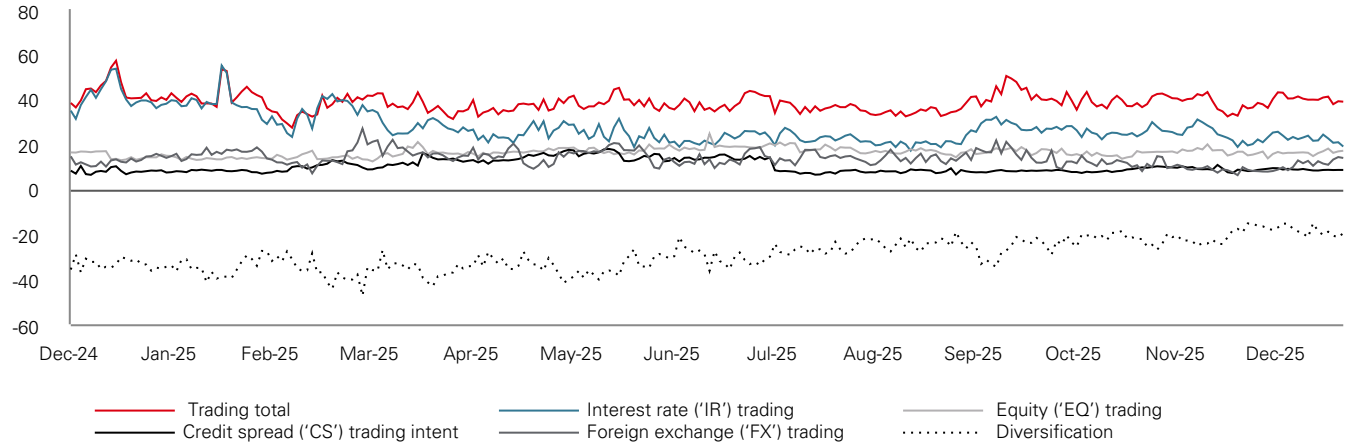
Trading portfolios

Value at risk of the trading portfolios

Trading VaR is predominantly generated by Markets and Securities Services. As of 31 December 2025, Trading VaR stood at $38.9m, a small increase compared with $38.3m as of 31 December 2024. At the end of December 2025, Trading VaR was mainly driven by exposures to foreign exchange and interest rate risk factors from the Global Foreign Exchange business line to facilitate client-driven activity. Trading VaR peaked at $57.1m in January 2025, driven by exposures to US dollar interest rates. Trading VaR reduced during the rest of 2025 mainly as a result of some volatile interest rate scenarios rolling off the VaR scenario window.

The daily levels of total trading VaR during 2025 are set out in the graph below.

Daily VaR (trading portfolios), 99% 1 day ($m)



The Group trading VaR for the year is shown in the table below.

Trading VaR, 99% 1 day[1]

(Audited)	At 31 Dec 2025						At 31 Dec 2024					
	Foreign exchange and commodity	**Interest rate**	**Equity**	**Credit spread**	**Portfolio diversification[1]**	**Total[2]**	Foreign exchange and commodity	Interest rate	Equity	Credit spread	Portfolio diversification[1]	Total[2]
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	$m	$m	$m	$m	$m	$m
Balance	**13.9**	**18.9**	**17.1**	**8.5**	**(19.5)**	**38.9**	14.6	34.9	16.3	8.2	(35.7)	38.3
Average	**13.6**	**27.5**	**16.3**	**10.1**	**(29.1)**	**38.5**	15.2	48.3	14.8	9.9	(35.1)	53.1
Maximum	**26.9**	**54.9**	**24.6**	**17.9**		**57.1**	29.8	78.1	20.5	13.1		83.3
Minimum	**6.2**	**17.1**	**12.3**	**6.4**		**27.3**	6.9	24.8	12.7	6.6		37.0

1 See page 166 for our definition of 'Portfolio diversification'.
2 The total VaR is non-additive across risk types due to diversification effects.

The table below shows trading VaR at a 99% confidence level compared with trading VaR at a 95% confidence level at 31 December 2025. This comparison facilitates the benchmarking of the trading VaR, which can be stated at different confidence levels, with financial institution peers. The 95% VaR is unaudited.

Comparison of trading VaR, 99% 1 day vs trading VaR, 95% 1 day

	Trading VaR, 99% 1 day $m	**Trading VaR, 95% 1 day $m**
Balance at 31 Dec 2025	**38.9**	**21.0**
Average	**38.5**	**23.3**
Maximum	**57.1**	**31.4**
Minimum	**27.3**	**18.1**
Balance at 31 Dec 2024	38.3	23.4
Average	53.1	33.0
Maximum	83.3	48.9
Minimum	37.0	22.0

Market risk balance sheet linkages

The following balance sheet lines in the Group's consolidated position are subject to market risk:

Trading assets and liabilities

The Group's trading assets and liabilities are in almost all cases originated by CIB. Other than a limited number of exceptions, these assets and liabilities are treated as traded risk for the purposes of market risk management. The exceptions primarily arise in the Banking business, where the short-term acquisition and disposal of assets is linked to other non-trading-related activities, such as loan origination.

Derivative assets and liabilities

We undertake derivative activity for three primary purposes: to create risk management solutions for clients, to manage the portfolio risks arising from client business, and to manage and hedge our own risks. Most of our derivative exposures arise from sales and trading activities within CIB. The assets and liabilities included in trading VaR give rise to a large proportion of the income included in net income from financial instruments held for trading or managed on a fair value basis. Adjustments to trading income such as valuation adjustments are not measured by the trading VaR model.

▶ For information on the accounting policies applied to financial instruments at fair value, see Note 1.2 on the financial statements.

Climate risk TCFD

Our climate risk approach identifies two primary drivers of climate risk:

- physical risk, which arises from the increased frequency and severity of extreme weather events, such as hurricanes and floods, or chronic gradual shifts in weather patterns or rises in the sea level; and
- transition risk, which arises from the process of moving to a net zero economy, including changes in government policy and legislation, technology, market demand, and reputational implications triggered by a change in stakeholder expectations, action or inaction.

We continue to identify a thematic issue related to climate risk that could manifest as reputational, regulatory compliance, and litigation risks: the risk of greenwashing. This risk arises from knowingly or unknowingly making inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to our stakeholders.

Net zero alignment risk had previously been identified as a thematic issue and is now replaced and managed within the new risk type, sustainability execution risk.

▶ See page 105 for our definition of climate risk.

Approach

We acknowledge that the physical effects of climate change and the shift towards a net zero economy may pose substantial financial risks to companies, investors, and the financial system. HSBC may encounter climate risks directly or indirectly through our customer relationships, potentially leading to both financial and non-financial consequences.

Our climate risk approach aims to effectively manage the material risks that could impact our operations, financial performance and stability, and reputation. It is informed by the evolving expectations of our regulators and is aligned to our Group-wide risk management framework, which sets out how we identify, assess and manage our risks across our three lines of defence.

We continue to work to enhance our climate risk capabilities across our businesses by prioritising sectors, portfolios and counterparties with the highest impacts. Recognising this as a long-term iterative process, we aim to expand our coverage and integrate more advanced data, climate analytics, frameworks and tools, while adapting to emerging industry best practices and climate-related regulations.

We regularly reflect on the evolving nature of financial and non-financial climate risks in the real world to improve the integration of climate risk factors into strategic planning, transactions, and decision-making across our operations. Our current processes for managing climate and sustainability-related targets, net zero transition plans, and climate strategy include conducting impact assessments of HSBC's M&A activities.

The tables below provide an overview of the risk drivers and thematic issue considered within HSBC's climate risk approach.

Climate risk – risk drivers

		Details	Potential impacts	Time horizons
Physical	**Acute**	Increased frequency and severity of weather events causing disruption to business operations.	– Decreased real estate values or stranded assets. – Decreased household income and wealth. – Increased costs of legal and compliance. – Increased public scrutiny. – Decreased profitability. – Lower asset performance.	Short-term Medium-term Long-term
	Chronic	Longer-term shifts in climate patterns (e.g. sustained higher temperatures, sea level rise, shifting monsoons or chronic heat waves).		
Transition	**Policy and legal**	Mandates for, and regulation of products, and services and/or policy support for low-carbon alternatives. Litigation from parties who have suffered loss and damage from climate impacts.		
	Technology	Replacement of existing products with lower emissions options.		
	End-demand (market)	Changing consumer demand from individuals and corporates.		
	Reputational	Increased scrutiny following a change in stakeholder perceptions of climate-related action or inaction, and diverging national and political agendas.		

Climate risk – thematic issue

Risk of greenwashing	**Firm**	Making inaccurate, unclear, misleading or unsubstantiated claims in relation to our sustainability ambitions, targets and commitments, as well as the reporting of our performance towards them.
	Product	Making inaccurate, unclear, misleading or unsubstantiated claims in relation to products or services offered to clients that have stated sustainability objectives, characteristics, impacts or features.
	Client	Making inaccurate, unclear, misleading or unsubstantiated claims as a consequence of our relationships with clients or transactions we undertake with them, where their sustainability commitments or related performance are misrepresented or are not aligned to our own commitments.

Our annual climate risk materiality assessment helps us to understand how climate risk may impact across HSBC's risk taxonomy. It assesses the type of impact, likelihood and severity over a 12-month period, and also considers forward-looking risk impacts.

It is used to support policy, control enhancements, and scenario analysis. For further details of scenario analysis and the definition of the time horizons used for assessing potential risks, see page 173.

Climate risk drivers	Credit risk	Traded risk	Reputational risk	Regulatory compliance risk	Resilience risk	Other financial and non-financial risk types
Physical risk	◆	◆			◆	◆
Transition risk	◆	◆	◆	◆	◆	◆

Climate risk management

Key developments in 2025

We continue to develop our climate risk management capabilities. The following outlines key developments in 2025:

- We have enhanced our approach to managing our financed emission targets in our wholesale portfolio, through developing portfolio steering capabilities and revenue at risk assessments.
- We enhanced our approach to assessing the impact of climate change on capital, focusing on credit, traded and operational risk.
- We enhanced our internal climate scenario analysis, including through improvements to input data and models. For further details of scenario analysis, see page 173.
- We enhanced our approach to managing and mitigating the risk of greenwashing.
- We revised our climate risk guidelines for relationship managers to further embed climate risk considerations into credit risk assessments.

While we have made progress, further work remains, including the need to develop additional metrics and tools to measure our exposure to climate-related risks.

Governance and structure

The Board takes overall supervisory responsibility for our ESG strategy, overseeing executive management in developing the approach, execution and associated reporting.

The Group Chief Risk and Compliance Officer is the senior manager responsible for the management of climate risk under the UK Senior Managers Regime.

The Group Reputational Risk Committee provides recommendations and advice on significant reputational risk matters with impacts across the Group.

The Environmental Risk Steering Meeting provides oversight of environmental risk and the risk of greenwashing. Equivalent forums have been established at a regional level, and we will continue to develop our approach to governance and oversight.

The Group Risk Management Meeting and the Group Risk Committee receive updates on our climate risk profile.

▶ For further details of the Group's ESG governance structure, see page 58.

Risk appetite

Our climate risk appetite statement forms part of the Group's risk appetite statement and is approved and overseen by the Board. This supports the business in delivering our net zero ambition effectively and sustainably, and is reviewed annually, or sooner should a breach occur.

Climate risk indicators are reported on a quarterly basis for oversight by the Group Risk Management Meeting and the Group Risk Committee.

Policies, processes and controls

We continue to update and integrate climate risk into policies, processes and controls across many areas of our organisation.

▶ For further details of how we manage climate risk across our business segments, see page 50.

Embedding our climate risk approach

The below details how we have embedded the management of climate risk across key risk types. For further details of our internal scenario analysis, see 'Insights from climate scenario analysis' on page 173.

Wholesale credit risk

We have metrics in place to monitor the exposure of our wholesale corporate lending portfolio to six high transition risk sectors, as shown in the below table. As at 31 December 2025, the overall exposure to the six high transition risk sectors was 17.5% of the total gross carrying amount of wholesale loans and advances. These disclosures cover the whole of the value chain of the sector. The sector classifications are based on internal HSBC definitions and are applied on a group of counterparties, which can be judgemental in nature. We use publicly available data, as well as internal data and input from subject matter experts to determine the appropriate sector. The sector classifications are subject to ongoing data quality improvements and continuous enhancement of our processes. The data will continue to be refined in future years.

Our relationship managers engage with our material wholesale customers, including those in higher transition risk sectors, through a transition engagement questionnaire ('TEQ'). The TEQ covers all geographies, and it helps to gather information and assess our wholesale customers' business model alignment to a net zero transition and their exposure to physical and transition risks. We use the responses to the questionnaire to support risk assessments of our material wholesale customers.

Our credit policies require that relationship managers comment on climate risk factors in credit applications for new money requests and annual credit reviews. Our credit policies also require manual credit risk rating overrides if climate is deemed to have a material impact on credit risk under 12 months if not already captured under the original credit risk rating.

In 2025, we continued to develop our approach towards credit risk management, and refine climate risk guidelines for relationship managers to further embed climate risk considerations into credit risk assessments.

Key challenges for further embedding climate risk into credit risk management relate to the availability of adequate physical risk data to assess impacts on our wholesale customers.

Wholesale loan exposure to high transition risk sectors at 31 December 2025

	Units	Automotive	Chemicals	Construction, Contracting & Building Materials	Metals and mining	Oil and gas	Power and utilities	Total
Wholesale loan exposure[1,2,3,4]	**$bn**	**20**	**12**	**19**	**17**	**18**	**25**	**111**

1 Amounts shown in the table also include green and other sustainable finance loans, which support the transition to the net zero economy. The methodology for quantifying our exposure to high transition risk sectors and the transition risk metrics will evolve over time as more data becomes available and is incorporated into our risk management systems and processes. We are aiming to develop the appropriate systems, data and processes to provide enhanced disclosures in future years.
2 Counterparties are allocated to the high transition risk sectors via a two-step approach. Firstly, where the main business of a group of connected counterparties is in a high transition risk sector, all lending to the group is included in one high transition risk sector irrespective of the sector of each individual obligor within the group. Secondly, where the main business of a group of connected counterparties is not in a high transition risk sector, only lending to individual obligors in the high transition risk sectors is included. The main business of a group of connected counterparties is identified by the industry that generates the majority of revenue within a group. Customer revenue data utilised during this allocation process is the most recent and readily available and will not always align to our own reporting period.
3 The six high transition risk sectors make up 17.5% of the total gross carrying amount of wholesale loans and advances to banks and customers of $635bn. Amounts include assets held for sale.
4 The sectors used to monitor the wholesale corporate lending portfolio set out in the table are different to the scope of sectors we focus on for financed emissions targets and reporting. The latter focus on the most carbon-emissive sectors, and the parts of the value chain where we believe the majority of emissions are produced to help reduce double counting. These sectors are set out within the 'Financed emissions' section on page 41.

Retail credit risk

Climate risk may impact retail credit risk through an increase in credit losses on our global retail mortgage portfolio, primarily due to the impact of physical risk. Our climate scenario analysis conducted over the last two years shows that climate-related risk is not expected to become significant for credit default in the medium term to 2030, due to a relatively low loan-to-value ('LTV') profile of properties, their locations and availability of property insurance for our customers. Property insurance remains a mitigant. However, as climate risk increases, alongside uncertainties of how the insurance market will evolve, impacts are expected to increase over the longer term beyond 2030. Results are considered directional and will evolve over time as our approach continues to mature. Within our mortgage portfolios, properties or areas with potential heightened physical risk are identified and assessed locally with exposure monitored. A reduction in property value, higher insurance costs and insurance availability are potential future negative financial impacts for higher physical risk properties.

Retail mortgage book and relevant 2025 enhancements

The UK and Hong Kong are our most material mortgage markets by exposure, which at December 2025, represented approximately 50% and approximately 30% respectively of our global mortgage portfolio, with other IWPB markets accounting for the remaining balance. Analysis conducted over the last two years on the maturity profile of the UK mortgage book shows that the average remaining contractual term is 22.2 years. However, with some customers undertaking refinancing options during this term, the average term of the mortgage in practice is between five and eight years. This means our strategic approach to climate risk needs to consider short-term risk through to long-term forward-looking risk, given that customers may choose to remain with us over the whole life of the loan. We have also performed forward-looking climate scenario analysis on UK, Hong Kong and additional markets, including US and Australia, collectively covering over 90% of our retail portfolio. For further information, see page 176.

We continue to improve our climate risk management approach, including enhancements to our internal climate risk policy in 2025 and associated controls. This includes mandating key risk indicators for physical risk and introducing a climate risk assessment in mortgage decision making. The UK already considers physical risk in relation to flooding and coastal erosion as part of an established mortgage decisioning process, using data sourced from third-party providers. Hong Kong introduced physical risk considerations into the mortgage origination process during 2025, utilising third-party data.

Physical risk

UK flood data considers present day risk from tidal, river and surface water flooding baselined to 2021. A flood risk rating score of 0-100 is provided, with 100 being the highest risk. Flood risk bands are based on the average annual loss generated using flood hazard frequency, flood depths, and the probability of flooding events occurring. Based on available data, 3.6% of the UK mortgage book by balances is at very high/high risk of flooding. Geographically, our highest risk exposures are Greater London and the South East.

▶ For the Hong Kong physical risk information, please refer to the scenario analysis section on page 176.

Transition risk

Transition risk for retail mortgages is the risk of potential loss of property value and/or customer financial impairment resulting from the adjustment towards a lower carbon economy. Examples of these impacts include changes in energy prices and evolving government regulation for energy efficiency standards.

For the UK, we monitor the energy performance certificate ('EPC') ratings of individual properties from A (highest efficiency) through to G (least efficient), as EPCs are commonly used as an indicator of transition risk. All UK rental properties must have a minimum EPC rating of E. We track EPC ratings for both owner occupier ('OO') and buy to let ('BTL') properties. The ESG data file details the profile of current EPCs. For completeness, where we do not hold a current EPC, we have included expired EPCs. For OO, 85.3% of properties by lending balances hold a valid EPC/expired certificate, of which 41% are EPC A-C. For BTL, 83.1% of properties by lending balances hold a valid EPC/expired certificate, of which 60.2% are EPC A-C. We continue to monitor the profile of EPC ratings and closely track evolving government legislation, which will be a key factor in the decarbonisation of buildings.

▶ For further details of flood risk, EPC breakdown and the average tenor of our UK retail mortgage portfolio, see our ESG Data Pack at www.hsbc.com/esg.

Treasury risk

Climate risk may impact Treasury risk through increased regulatory requirements and from changes to customer behaviours, which may result in increased deposit outflows. Climate risk may also impact interest rates and consequently the repricing profile of the balance sheet.

As part of our ICAAP, we assess the impact of climate change on capital, focusing on credit risk, traded risk and operational risk, and perform sensitivity analysis on our Internal Capital Planning Buffer.

As part of our ILAAP, we assess how climate risk could impact the Group liquidity position.

Pension risk

Climate risk could result in additional costs within our defined benefit pension plans, due to changes in the investment performance of pension plans or through having to meet evolving regulatory requirements.

Our global policies covering the oversight of pension investments include climate considerations. We also conduct an annual exercise to estimate the exposure of our largest pension plans to climate risk.

Insurance risk

We are improving our ability to perform exploratory assessments of the solvency resilience of our biggest insurance businesses under climate stress scenarios.

Traded risk

Climate risk may result in trading losses due to increases in market volatility and widening spreads from the macro and microeconomic impacts of transition and physical risk. We monitor climate sensitive exposures against regional and global limits in our global and entity mandates, including for vulnerable countries and high-transition risk sectors.

Climate scenarios are included in our stress testing scenario library and run every month to identify the vulnerabilities of the trading book in a climate-stressed context. The scenarios are updated annually in light of the most recent developments in terms of policy and climate events, with exposures and stress testing results reported to global and regional senior management.

Reputational risk

We manage the reputational impact of climate risk through our broader reputational risk framework, which plays a role in managing the risk of greenwashing, and is supported by our sustainability risk policies and metrics.

Our global network of sustainability risk managers provides local policy guidance to relationship managers for the oversight of policy compliance, and in support of implementation across our wholesale banking activities.

- For further details of our sustainability risk policies, see page 50.
- For further details of our approach to reputational risk, see https://www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/reputational-risk.

Sustainability execution risk

Sustainability execution risk has been formally defined as a new risk type and embedded in our Risk Taxonomy to help identify and manage the risks around the delivery and execution of our sustainability ambitions, targets and commitments. Sustainability execution risk enables effective end-to-end risk management through dedicated risk stewardship, monitoring and assessment of controls and emerging risks.

Regulatory compliance risk

Regulatory compliance oversees and supports the business in the management of climate-related risks that could cause breaches of our regulatory duties to customers and inappropriate market conduct. Our policies include sustainability considerations, particularly in relation to new and ongoing product management, sales outcomes, conflicts of interest and product marketing. We continue to enhance the associated control frameworks, processes and customer outcomes.

Resilience risk

Climate risk may influence resilience risks through impacts on our buildings or through physical and/or transition disruption to third-party supplier relationships.

As part of our Internal Climate Scenarios Analysis ('ICSA'), we have developed different scenarios to understand the impact of physical climate risk on our properties. For further details, please see page 177.

We continue to review and adapt our resilience risk policies as climate risk requirements evolve.

Model risk

Model risk in a climate-related context refers to the uncertainties and complexities inherent in the modelling of the financial impact translation of climate-related changes and scenarios.

Climate risk models are used for climate scenario analysis, risk management, and emissions reporting among other use cases. Key challenges, shared across the industry, include the quality and consistency of data, and assumptions required to mitigate these inherent model limitations.

Model risk policy and procedures continue to evolve in line with regulation, setting out the minimum control requirements for identifying, measuring and managing model risk for climate-related models.

Financial reporting risk

Climate risk impacts financial reporting risk through increased disclosure requirements.

The scope of financial reporting risk includes oversight of the accuracy and completeness of ESG and climate-related reporting. Our risk appetite statement states that HSBC has no appetite for material errors in ESG disclosures in our key markets, balanced with the evolving requirements and data availability.

In addition, our internal controls incorporate requirements for addressing the risk of misstatement in ESG and climate reporting. To support this, a framework is used to provide guidance on control implementation over ESG and climate reporting and disclosures, which includes areas such as process and data governance, and risk assessment.

Challenges

Key challenges include:

- an increasingly complex and divergent regulatory environment across jurisdictions;
- the diverse range of internal and external data sources and data structures needed for climate-related reporting, which introduces data accuracy and reliability risks;
- industry-wide data gaps on customer emissions and transition plan and methodology gaps, which limit our ability to assess transition risks accurately; and
- data limitations on customer assets and supply chains, and methodology gaps, which hinder our ability to assess physical risks accurately.

Insights from climate scenario analysis

Climate scenario analysis supports our strategy by assessing our potential exposures to risks and vulnerabilities under a range of climate scenarios.

Our exercises focus on areas most vulnerable to climate risks across various business sectors, portfolios, counterparties and our own properties. They serve as forward-looking tools that assess the potential impacts of climate-related risks on our operations, credit portfolio and capital. By simulating the impacts on our customers' financials and collateral, the analysis provides insights into the long-term effects that climate risks may have on our balance sheet. While credit risk is the primary focus, we also examine potential impacts upon other principal risk types. For further details about these risks, see 'Climate risk' on page 170.

Our Group-wide internal climate scenario analysis exercises are sufficiently diverse to enable key physical and transition risk vulnerabilities to be explored using a wide range of potential climate outcomes. They provide insights that enhance how we understand the various transition and global warming pathways that may unfold, which help to inform how we manage the potential financial implications for our customers and our shareholders.

We have conducted an internal climate scenario analysis exercise annually since 2021. The 2025 exercise supplements bespoke analyses prepared in response to regulatory requirements in various jurisdictions. It focused on the following time horizons:

- Short-term: 2025-2027 (0-2 years)
- Medium-term: 2028-2030 (3-5 years)
- Long-term: 2031-2040 (6-15 years)

The short- and medium-term horizons align with our internal strategic planning cycle, while the long-term highlights risks beyond that horizon.

The scenario analysis exercise supports our assessment that the Group is well capitalised in relation to the potential risks and challenges posed by climate change. The results are reviewed and endorsed by the Group Risk Committee.

Climate scenario analysis is an evolving discipline. While we seek continuous methodology enhancement to utilise the latest developments and best-available data, it remains the case that there are significant limitations and assumptions. As capabilities improve, climate scenario analysis outcomes may change. For further details see 'Assumptions and limitations' on page 178.

Our climate scenario analysis approach

Our internal climate scenario analysis exercise used four scenarios designed to examine a range of climate pathways. These are shown in 'Characteristics of our climate scenarios' below:

Characteristics of our climate scenarios

+Physical Risk ⟷ Transition Risk+

			Scenarios			
			Downside Physical Risk	**Severe Climate Stress[2]**	**Current Commitments**	**Below 2 Degrees**
Scenario outcomes	**Scenario narrative**		Climate action is limited to currently implemented governmental policies, new decarbonisation policies fail to get introduced leading to significant global warming and physical risk events	An extreme scenario assessing concurrent impacts of accelerated climate policies and severe physical risk events. It specifically explores disorderly climate action that has been triggered by physical events leading to a short sharp economic recession.	Climate action includes policies already in place and governmental commitments likely to be implemented. This leads to a slower-than-required transition to a net zero economy reflective of the current pace of transition.	A Paris Agreement-aligned scenario that assumes an orderly and gradual rise in the stringency of climate policies over time. Net zero is achieved but after 2050.
	Rise in global temperatures by 2100 (vs pre-industrial levels)		**4°C+**	**N/A**	**2.6°C**	**1.7°C**
	How scenario aligns to RCP[3]		**RCP 8.5**	**N/A**	**RCP 4.5**	**RCP 2.6**
	Scenario end point		**2050**	**2030**	**2050**	**2050**
	Global climate actions		Implemented policies only	Rapid & disorderly transition	Viable pledged policies	Gradually rising stringency of policies
	Assumed pace of technology change and adoption		Slow change	Accelerated progress	Limited progress	Moderate change
	Assumed socioeconomic impact		High	Very high	Moderate	Moderate to high
Underlying assumptions based on global averages			**2030** / **2040**	**2030**	**2030** / **2040**	**2030** / **2040**
	Assumed carbon price ($/tCO$_2$)[1]		18 / 18	326	29 / 54	44 / 81
	Assumed % increase in GDP since 2020		29% / 55%	24%	32% / 65%	32% / 69%
	Assumed % increase in energy usage since 2020		23% / 38%	4%	15% / 23%	9% / 9%
	% renewable energy mix		12% / 16%	26%	16% / 25%	19% / 36%
Scenario risk characteristics	**Climate risk**	**Physical**	▲ Higher	▲ Higher	▶ Moderate	▼ Lower
		Transition	▼ Lower	▲ Higher	▶ Moderate	▲ Higher

1 Carbon price represents the cost effects of climate-related policies that aim to discourage carbon-emitting activities and encourage low-carbon solutions. The expected result of higher carbon prices is a reduction in emissions as high emissions become uneconomical.
2 The scenario characteristics shown for the Severe Climate Stress scenario only describe the scenario that was used to assess credit risk.
3 Representative Concentration Pathways (RCPs) are a set of greenhouse gas concentration trajectories developed for climate modelling and research. They were formally adopted by the IPCC and are used to assess the potential impacts of climate change based on different levels of greenhouse gas emissions.

Our climate scenarios

We have designed a suite of diverse climate scenarios that explore plausible pathways which can support a holistic view that supplements the Group's current and future strategic thinking.

The climate scenarios are underpinned by well-established industry bodies, such as the Network for Greening the Financial System ('NGFS') Phase V, the Intergovernmental Panel on Climate Change ('IPCC') and International Energy Agency ('IEA'), which are further enriched for additional granularity, to seek to ensure consistency with industry-recognised approaches and to reflect the latest climate policy and economic outlook and our portfolio vulnerabilities.

There are three long-term scenarios. The Below 2 Degrees scenario is our Paris Agreement-aligned scenario. We use the Current Commitments scenario to support the Group's financial planning, as this is deemed to be the most likely scenario to occur over the five-year planning horizon. The Downside Physical Risk scenario is a less probable scenario with higher global warming and more significant physical risk impacts.

To support how we assess the climate-related impacts observed within our climate scenarios, we have also artificially constructed a counterfactual scenario (which is a climate agnostic scenario). This entailed taking our Current Commitments scenario and removing the climate impacts, using climate-related GDP deviations as a proxy.

The Severe Climate Stress scenario is a highly improbable short- and medium-term stress scenario, aligned to NGFS's Short-Term Scenario Framework. The scenario envisages that extreme physical risk events – which include 1-in-100 year flooding, heatwave and drought events – pivot the public consensus on climate change, which accelerates the transition to net zero. It has the effect of compressing both physical risks and transition risks into a short timeframe. Although the scenario is extreme and highly unlikely, it assists us in understanding our current exposures.

We use the scenarios to assess our key risk types and businesses as follows:

Evaluating key risk types and businesses using climate scenario analysis

Resulting Climate Vulnerabilities and Opportunities	Climate scenarios[1]				Climate risk type assessed[2]	
	DP	SCS	CC	B2C	TR	PR
Theme: More frequent and disruptive weather events and rising temperature over long term						
Retail and wholesale credit risk (real estate portfolios) – our clients may experience property valuation impacts due to heightened physical risk or revenue loss due to business disruption	◆	◆	◆			◆
Traded risk – a re-pricing of assets exposed to acute and chronic physical risks	◆	◆				◆
Resilience risk – physical damage to our buildings, business interruption and inability to process transactions can result in operational impacts	◆	◆	◆	◆		◆
Liquidity risk – evaluating both physical risk and greenwashing risk stress tested over a 90-day horizon to analyse the resulting liquidity impact		◆				◆
Theme: Our ambition to support customer decarbonisation creates risks & opportunities						
Wholesale credit risk – corporates exposed to transition risk may experience revenue loss or increased costs		◆	◆	◆	◆	
Theme: Assessing how we meet our interim 2030 financed emissions targets and wider net-zero ambitions						
Sustainability execution risk – assessing our revenue at risk as a result of HSBC meeting or not meeting its ESG ambitions, targets and commitments			◆	◆	◆	
Wholesale credit risk – reshaping our portfolios away from high emitting clients to low emitting clients			◆	◆	◆	
Theme: Unpacking ESG risks may uncover hidden risks for HSBC						
Specific non-financial risks[3] – ESG is a relatively new area with uncertainty over future environmental and policy changes and potential greenwashing risks		◆	◆	◆	◆	
Pension risk – pension funding levels may shrink if climate risk crystalises		◆			◆	◆

1 Climate scenarios are explained in the previous section. DP = Downside Physical Risk; SCS = Severe Climate Stress; CC = Current Commitments; and B2C = Below 2 Degrees. The Severe Climate Stress scenario used to assess credit risk employed a different narrative from the tailored scenarios used to assess the other risk types.
2 TR = Transition risk; PR = Physical risk. A selected climate risk type does not imply that it was assessed against all selected climate scenarios on the same row.
3 Specific non-financial risks refer to financial reporting risk and regulatory compliance risk.

Assessing our resilience to climate risk

Overall, climate-related risks are not currently projected to significantly impact our strategic priorities or business models, however the exercise did highlight the likely challenges of meeting any net-zero objectives in a world that is not on a net-zero pathway.

Our climate strategy includes approaches to mitigate climate change impacts, such as portfolio steering and credit decisioning. These support efforts to manage climate-related risks over time. Our focus is on supporting our customers to implement quality climate transition plans; reducing our financed emissions; continued investment into climate modelling capabilities; and the embedding of climate risk assessment into business-as-usual risk management processes.

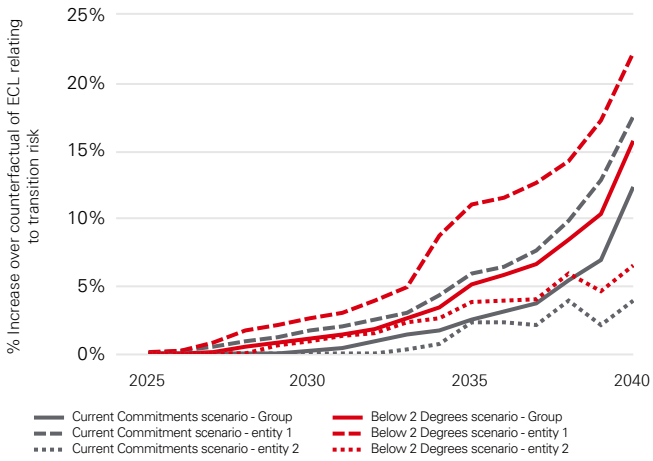
Conducting climate scenario analysis involves significant assumptions and inherent limitations. For further details see 'Assumptions and limitations' on page 178.

Within the scope and limitations of our exercise, our analysis anticipates that climate risk will be heightened within our wholesale lending portfolio. In line with expectations of increasing transition and physical risks, we expect climate-related credit risk to grow over time, with the speed dependent on the severity of the risks in the assessed scenarios. However, our global portfolios remain resilient to risks arising from the transition to a low carbon economy. While exposures to other risk types may also contribute to climate-related losses, their financial impacts are expected to remain minimal in the near term.

Wholesale credit risk is projected to be the primary contributor to our climate-related financial impacts, driven by transition risk.

The chart on the right shows how, under the Current Commitments and Below 2 Degrees scenarios, climate transition-related ECL will change relative to a counterfactual scenario that incorporates no climate change effects. It shows how transition risks in our wholesale lending portfolio are expected to remain low in the near term but become a bigger driver of ECL into the long term as global transition policies are forecast to increase in stringency. As shown by the difference in results between the two regional entities referred to in the chart, the effects of transition risks can vary significantly due to each entity-level portfolio exposure, and the differing climate policies in different parts of the world. The future stringency of global climate policies, a critical differentiator in our climate scenarios, will significantly influence climate-related financial impacts.

Projected climate transition risk-related ECL impacts on the Group's wholesale lending portfolio[1]



1 A 10% increase is equivalent to a 1.1x-fold increase in the table on page 176.

Near-term acute physical risk shocks due to perils, such as typhoons and heatwaves, are becoming more common as surface temperatures rise with a slow transition to a low carbon economy. These have the potential to increase our climate-related losses each year. The size of these losses is dependent on the availability of insurance and the resilience of buildings to extreme weather. While our existing analysis indicates resiliency, this will be an area of particular focus as we further develop our capabilities.

During the five-year period assessed under the Severe Climate Stress scenario, the Group demonstrated robust resilience. Despite the substantial projected increase in climate-related losses, compared with the results observed under our other climate scenarios, the stress test results indicate that we are well-positioned to withstand adverse climate-related conditions and maintain operational stability.

The Current Commitments scenario shows muted impacts over the Group's five-year planning horizon, with the projected climate-related impacts on ECL remaining within the Group's current risk appetite. A shift towards the Below 2 Degrees pathway would be expected to crystallise some incremental climate-related losses over the planning horizon but these are expected to remain minimal at Group level. Beyond the long-term horizon, unmitigated climate stress has the potential to be a headwind to the Group's financial performance and capital position as transition and physical risks intensify.

How climate change is impacting our wholesale lending portfolio

The primary channel of climate risk exposure within our wholesale portfolio is through lending activities. We have identified six key sectors with elevated transition risk as detailed on page 171. These sectors, together with an additional five sectors, were selected due to the size of our climate risk exposures for in-depth assessments to be evaluated as part of our climate scenario analysis.

Our assessment specifically examines the influence of transition risk on the portfolio with an emphasis on the high transition risk sectors. We quantify the modelled climate-related impact on our projected ECL across the short-, medium- and long-term horizons under our transition risk scenarios. This was compared with a counterfactual scenario that excludes climate change impacts to isolate the climate-related changes within our ECL.

Our results, as shown in the adjacent table, suggest that in the short and medium term, we expect climate-related financial impacts to remain relatively muted, but to increase in the long term particularly under the Below 2 Degrees scenario, where transition risks grow at a faster rate. A key risk driver comes from the phasing out of climate-related government subsidies and 'free carbon allowances' within the EU, introducing a potential situation where some of our customers may lose their competitive advantages.

We project that we would see our most significant climate-related financial impacts across a few key sectors, including: the manufacturing sector, which includes the construction, contracting and building materials sectors and the chemicals sector due to higher costs following rising carbon prices; in the oil and gas sector, due to higher production costs and lower demand; in the automotive sector due to increased competition within the EV market; and in the metals and mining sector due to high climate transition costs.

This year the exercise benefited from a significantly higher prevalence of customer transition plans used in our modelling. We experienced a 46% increase compared with our 2024 exercise, allowing us to place more emphasis on how our customers expect to transition to net zero within our approach.

The impact on our wholesale portfolios is demonstrated by the adjacent table, which shows the size of exposures by sector in 2024 and the increase in ECL compared with the counterfactual scenario (expressed as a multiple). The size of our exposure in each sector is represented by our exposure at default ('EAD') relative to one another.

Overall, our analysis indicates that our wholesale lending portfolio is expected to remain resilient to climate-related risks across our assessed time horizon.

Impact on wholesale lending portfolios

Wholesale sectors	Exposure at default (EAD)[3] 2024	Average ECL increase [1, 2] – Climate Scenarios – Current Commitments ST	MT	LT	Below 2 Degrees ST	MT	LT
Wholesale Lending Portfolio - Overall[4]	**100%**						
Other wholesale sectors (low - medium risk)[5]	**50%**						
Conglomerates and industrials	●						
Power and utilities	●						
Automotive	●						
Oil and gas	●						
Construction, contracting and building materials	●						
Metals and mining	●						
Land transport and logistics	●						
Chemicals	●						
Agriculture & soft commodities	●						
Aviation	●						
Marine	●						

1 Increase in ECL compared with counterfactual over short-, medium- and long-term time horizons, expressed as a multiple. It represents the average increase across the stated time period.
2 Values in the key represent the fold-increase in ECL, i.e. <1.1 equates to less than 10% increase over the counterfactual.
3 The size of the bubbles is a visual representation of the portfolios, in terms of EAD, relative to one another.
4 "Wholesale lending portfolio - Overall" refers to the entire portfolio including the CRE sector.
5 "Other wholesale sectors" include the remaining sectors not listed in the table. The CRE sector, which is disclosed on page 177, is not included.

Lower Impact <1.1x | <1.25x | <1.5x | <2x | <2.5x | <3x **Higher Impact**

How climate change is impacting our retail mortgage portfolio

Since 2023, as part of our climate scenario analysis exercises, we have executed a climate risk assessment, at least once, for the following mortgage portfolios: UK, Hong Kong (including Hang Seng Bank), the United States, Singapore, Malaysia, Australia, mainland China and the UAE. These portfolios collectively account for over 90% of the balances in our global retail mortgage portfolio.

Our physical risk assessment methodology evaluates the impacts of physical risk perils on property valuations, as well as on affordability for customers arising from increased insurance and repair costs.

Additionally, for our UK portfolio, we conducted a transition risk assessment that includes an assessment of the impacts of rising energy costs and government legislation, including requirements for homeowner energy efficiency upgrades.

The results of the climate scenario analysis exercise conducted on the retail mortgage portfolio indicated that, over the long term, we anticipate minimal climate-related losses. Although the severity of climate perils is projected to increase, our overall losses are anticipated to remain low, even under a severe Downside Physical Risk scenario through to the long term. This projection assumes the ongoing availability of insurance and reflects the portfolio's relatively low loan-to-value ratio.

Given the limited availability of historical climate loss data and the uncertainty surrounding future changes in insurance provision, our assessment should be regarded as indicative. Our analysis will continue to evolve as our lending profile, assessment methodologies, data sources and modelling techniques mature.

Our ESG Data Pack offers detailed analysis of the flood risk exposure within our retail mortgage portfolio across our key markets. The accompanying table presents projected flood depths based on the locations of our mortgaged properties under different climate scenarios, enabling an assessment of the potential impacts. However, it does not consider building archetypes.

▶ Please refer to the ESG Data Pack at www.hsbc.com/esg

How climate change is impacting our commercial real estate portfolios

The commercial real estate ('CRE') sector within our wholesale lending portfolio is a globally-diversified portfolio with our largest concentrations in Hong Kong and the UK. In 2025, we carried out a detailed assessment of our portfolios in Hong Kong, the UAE and France.

Properties in a real estate-focused portfolio are exposed to physical climate risk, which varies significantly by geographical location. They may also face future transition risks should governments introduce climate-related regulation for commercial properties, such as requirements for climate-resilient retrofitting, which we have assessed in previous years.

When assessing physical risk impacts across the portfolio, we analysed how the specific perils such as coastal inundation, riverine flooding, surface flooding, cyclones and wildfires may affect the financial performance of our portfolio under various climate scenarios. Our primary objective was to quantify the potential damage and assess how these events could influence the repayment capacity of borrowers taking into account both direct impacts, such as repair costs, and indirect impacts, such as downtime resulting from business disruption.

However, our methodology is subject to several constraints, including limited historical data, a dependence on precise building co-ordinates and limited insight into the resilience of individual properties. The results are also sensitive to key assumptions, particularly those relating to insurance coverage and reinstatement values.

The table below shows the proportion of our CRE portfolio exposed to specific physical perils in our key markets. This analysis only focuses on the properties within the portfolio for which we have required data.

Exposure to peril (%)[1]

Market	Exposure at default (EAD)[2] 2024	Coastal inundation	Cyclone wind[3]	Surface water flooding	Riverine flooding	Forest Fires
Hong Kong		17	100	20	15	2
UK		15	0	17	23	0

1 Proportion of our CRE portfolio exposed to specific physical perils in the Downside Physical Risk scenario as at 2050.
2 The size of the bubbles is a visual representation of the portfolios, in terms of EAD, relative to one another.
3 Although all properties in the UK could be impacted by some damage due to extreme wind, the intensity of impact is projected to be very insignificant and highly muted in some regions, represented by approximately 0% exposure to this peril.

Over a long-term horizon, we assess chronic physical risks using the Current Commitments and Downside Physical Risk scenarios to capture the gradual evolution of physical climate impacts. The table below shows the ECL impact on our CRE portfolio compared with a counterfactual scenario (expressed as a multiple).

Impact on our commercial real estate portfolio

Climate Scenarios	ECL increase [1,2] Short-term	Medium-term	Long-term
Current Commitments			
Downside Physical Risk (2024)[3]			

Lower Impact	<1.1x	<1.25x	<1.5x	<2x	<2.5x	<3x	Higher Impact

1 Increase in ECL compared with counterfactual over short, medium and long-term time horizons, expressed as a multiple.
2 Values in the key represent the fold-increase in ECL, i.e. <1.1 equates to less than 10% increase over the counterfactual which excludes climate change impacts.
3 Results under the Downside Physical Risk scenario refers to 2024 exercise.

In the most likely Current Commitments scenario, chronic physical risks are expected to increase slowly over time with ECL estimated to be less than 5% higher relative to the counterfactual scenario by 2040. In the more severe Downside Physical Risk scenario, greater global warming leads to heightened physical risks over time and the ECL impact is estimated to be less than 15% higher than relative to the counterfactual scenario.

This year, we also conducted a sensitivity analysis to test the impact of extreme tail-end physical risks materialising earlier than expected under the Downside Physical Risk scenario. In this assessment, we shift the physical risk effects that are expected to occur between 2055-2080 towards the period between 2025-2050. Under these stressed conditions, projected ECL were higher but still manageable, and up to 40% higher than they would have been under the counterfactual scenario by 2040. These results show our CRE portfolio is resilient to climate risk.

Our portfolio in Hong Kong, which represents our largest CRE portfolio, is primarily exposed to flooding risks, including coastal inundation and tropical cyclones. The severity and frequency of these events have increased in recent years. Through our climate scenarios, we assess both long-term chronic physical risks and short-term acute weather events, with the latter being significantly more severe than those experienced to date.

Our analysis continues to indicate that strong building standards, local flood-mitigation measures, such as drainage tunnels, and insurance coverage are likely to limit the financial impact of climate change on the Hong Kong portfolio. We have also conducted sensitivity analyses to account for variations in insurance availability.

In France, the principal physical risks are coastal inundation from storm-driven tidal surges and riverine flooding due to overflowing river banks. Only a small proportion of the portfolio is exposed to these hazards, resulting in minimal financial exposure. Our clients typically hold diversified CRE portfolios, and property elevation serves as a key mitigator, making the portfolio more resilient to both chronic and acute physical risks.

This year, we also analysed our UAE portfolio as part of a regulatory exercise by the Central Bank of the UAE, focusing on physical risks. The exercise separately modelled two key perils – storm surge and rainfall – using severity levels and valuation shocks provided directly by the regulator. The capital impact was found to be minimal, as customer assets tend to be located in less vulnerable zones. Strong loan-to-value ratios further mitigated the effect of severe valuation shocks.

Overall, and consistent with our previous assessments, our analysis shows that our CRE portfolio remains resilient to climate risk. We continue to monitor emerging risks closely and adapt our strategies to ensure the ongoing financial stability of the portfolio under evolving climate scenarios.

How climate change may impact our properties

We use stress testing to evaluate the potential impact on our owned or leased premises. Our 2025 scenario stress test analysed how six climate change-related hazards – comprising coastal inundation, surface water flooding, riverine flooding, forest fires, extreme wind and tropical cyclones – could impact 2,276 of our properties.

Key findings from the RCP8.5, Downside Physical Risk scenario included that by 2050, 20 of our 2,276 properties will have a high potential for impact due to climate change, with insurance-related losses estimated to be in excess of 3% of the insured value of the buildings.

A key finding from the RCP4.5, Current Commitments scenario showed that the total number of buildings at risk reduces to 15. The highlighted facilities are still at risk from the same perils of coastal inundation and tropical cyclone by 2050.

The resilience of our properties

Climate change poses a physical risk to the buildings that we occupy, potentially impacting our operational resilience. This includes our offices, retail branches and data centres, both in terms of loss and damage, and business interruption.

We measure the impacts of climate and weather events on our buildings on an ongoing basis using historical, current and scenario-modelled forecast data. In 2025, there were 33 major storms.

No facilities were impacted but two branches were proactively closed to mitigate any risk due to the extreme weather conditions.

Forward-looking analysis along with historical data helps inform real estate planning. We will continue to enhance our understanding of how extreme weather events impact our buildings portfolio as climate risk assessment tools improve and evolve. We buy insurance for property damage and business interruption and consider insurance as a loss-mitigation strategy.

We regularly review and enhance our building selection process and global engineering standards and will continue to assess historical claims data to help ensure our building selection and design standards address the potential impacts of climate change.

How we use the outputs of climate scenario analysis

Scenario analysis is used to assess our ability to withstand, adapt to and recover from climate-related risks. It supports the Group to assess the impact of our net zero ambitions on our revenue and profitability which helps to strengthen our understanding of business model risk, and supports how we increase the awareness of our climate risk. It informs strategic planning, including any strategic management actions needed to mitigate the identified risks.

From a financial and capital planning perspective, climate scenario analysis informs IFRS 9 ECL provisioning (see page 178), and the assessment of capital adequacy as part of the Group's Internal Capital Adequacy Assessment Process ('ICAAP'). This supports how we assess the appropriate levels of capital needed to guard against climate-related risks.

Climate scenario analysis also supports the management of financed emissions at a portfolio level and enhances the forward-looking elements of our climate risk appetite framework. In addition, it assists in the assessment of climate-related opportunities, such as potential increases in lending under accelerated transition scenarios. These contribute to the development of a more climate-resilient balance sheet.

We have completed our first quantitative analysis of the potential forward-looking impact on our revenue due to the alignment or misalignment with our net zero ambitions, as well as climate-related risks and opportunities. There is a high degree of uncertainty and subjective assumptions with these results.

We will continue to enhance the use of climate scenario analysis in our business decision making and continue to develop our modelling capabilities, including the assessment of nature-related risks, over time.

Our climate scenario analysis modelling approach

The models that we use for climate scenario analysis incorporate a range of climate-specific metrics that could potentially impact our customers, including expected production volumes, revenue, costs and capital expenditure.

For transition risk, we assess how these metrics interplay with economic factors, such as carbon prices, which represent the cost effects of climate-related policies that aim to discourage carbon-emitting activities and encourage low-carbon solutions. The expected result of higher carbon prices is a reduction in emissions as high-emission activities become uneconomical.

For physical risks, our models assess the impacts of acute and chronic climate hazards on our customers' operations and asset bases. Key loss drivers include damage to physical assets and property from extreme weather events, as well as business disruption caused by operational downtime. These factors can reduce revenues, increase repair and operating costs, and place pressure on liquidity and capital expenditure, leading to a deterioration in our customers' credit profiles.

▶ For a broad overview of the models that we use for our climate scenario analysis, as well as graphs that show how global carbon prices and carbon emissions will differ under our climate scenarios, see our ESG Data Pack at www.hsbc.com/esg.

Assumptions and limitations

Our climate scenario analysis exercises rely on a significant set of assumptions and limitations, which may constrain the reliability and robustness of our resulting outputs. Outcomes may change in the future, potentially materially, as capabilities improve.

The information provided within this section is supplemented by the ESG cautionary statement on page 362.

Assumptions that we use within our wholesale lending modelling approach include the following:

- Scenario analysis is conducted on counterparties with sufficient data and extrapolated to the remaining portfolio. It assumes that there is a broadly consistent climate risk profile across each portfolio.
- Transition risk impacts are assumed to be limited for sectors that we have assessed as having a low transition risk exposure.
- Our customers will successfully execute their transition plans, where those plans are assessed as credible.
- Customers in certain wholesale sectors are assumed to pass some of their costs relating to higher carbon prices through to their own customers. These pass-through rates are based on externally calibrated pass-through rates and reviewed by internal sector experts.
- State support will continue for government-owned or government-backed customers, and for customers providing essential goods and services critical to societal functioning.

Within our retail lending models, we assume that:

- When quantifying the impacts of climate events, insurance availability is recognised as a key mitigant of loss. Our approach incorporates benchmarking against insurance industry standards to assess both the availability of cover and premium levels, using calculations based on average annualised loss.
- Flood Re, the UK government-backed insurance scheme established to ensure the availability of insurance for properties at higher risk of flooding, is expected to operate effectively only until its current anticipated expiry date in 2039. Beyond this point, affected properties are likely to face increased insurance costs, with some potentially becoming uninsurable.

Our models are designed to produce outputs that can support our assessment of the level of our climate resilience. However, there are a number of industry-wide limitations, including:

- Data availability – Climate scenario analysis is a data-intensive exercise and the required information is only available for a subset of the Group's exposures. In particular, we see a number of climate-related financial data gaps relating to reliable forward-looking climate-aligned data.
- Scenario limitations – There are inherent uncertainties in the ways our scenarios are designed, which are largely attributed to the limited history of the interactions between climate risks and the economy. Our climate scenarios consider a range of possible future outcomes, however quantifying the full effects of all climate-related outcomes, such as the effects of potential tipping points, remains challenging.
- Modelling uncertainties – There are inherent limitations within climate models due to the challenges of modelling (with any precision) how climate-related interactions (both physical and transition risks) will manifest. These include estimating how policy changes, carbon pricing or new technologies will impact specific customers, how these customers will adapt, and uncertainty in estimating physical risk losses as historical data may not be representative under evolving climate patterns. These limitations are further compounded as the modelled time horizon lengthens and the uncertainties behind higher-order impacts increase. However, internal judgements are used to mitigate some of these effects.

Our wholesale methodology for our non-real estate portfolios did not consider the potential impacts from climate-related physical risk, second order supply chain impacts, the volatility of commodity prices, and how climate risks are correlated between sectors.

Our wholesale physical risk methodology did not include the indirect impact of factors such as supply chain disruption and the risk of

stranded assets. However, we are building capabilities to capture these effects.

How we are enhancing our climate scenario analysis approach

We continue to enhance our climate scenario analysis methodology by incorporating lessons learnt from previous exercises, feedback from key stakeholders, which includes internal stakeholders as well as external regulators, and by assessing the direction of general industry practices.

We have made several key enhancements across climate scenario development and climate risk modelling, which include improvements to our cash flow models, and more granular assumptions with respect to how we model carbon prices. We have also improved how we embed the outputs from climate scenario analysis exercises into our risk management frameworks. Our climate scenarios and modelling capabilities are being integrated into the wider bank-wide stress testing procedures.

In 2025, improvements within our wholesale lending climate modelling process included targeted improvements to our oil and gas, automotive and emission-based models, and the continued enhancement of our customer transition plans. These support how we improve the quality of our modelled outcomes.

Over the last 12 months, we have strengthened our commercial and retail real estate climate assessment capability by bringing the geocoding process in house, which will go live in 2026 and further enhance our ability to identify and address data quality and accuracy. We have also conducted independent model validation and implemented continuous enhancements based on validation outcomes.

In 2026, we intend to increase our focus on how physical risk events could impact our non-commercial real estate portfolio, including the impact from asset damage and business model disruption channels.

We will also continue to explore the impacts on our portfolio from a nature risk perspective and expect our modelling capabilities to evolve over time.

Assessing the effect of climate credit risk on IFRS 9 ECL

We continue to integrate climate considerations into our business and risk management processes to ensure climate-related risks are appropriately managed. As part of our ECL assessment for 31 December 2025, we conducted a climate-related ECL sensitivity analysis. Additionally, where climate events have previously influenced or recently affected our economies, these impacts were implicitly reflected within our IFRS 9 scenarios.

We used available information including our ICSA results to determine areas of potential risk in the credit portfolios to perform a climate ECL sensitivity analysis for both our wholesale and retail portfolios. In our wholesale portfolio, the exercise covers both physical and transition risk. For retail, the exercise covers physical risk for our largest mortgage portfolios (UK and Hong Kong). Properties with elevated climate risk and insurance vulnerability are identified, and the associated potential losses are estimated by assessing the impact on customer affordability and collateral valuations under physical stress conditions.

The overall estimated sensitivity of ECL under IFRS 9 as at 31 December 2025 was less than $50m.

This ECL sensitivity is influenced by several factors including the tenor of the underlying portfolios and observable market prices of collateral. A significant proportion of our wholesale portfolio is short dated. Furthermore, our secured retail portfolio has low average loan-to-value ratios, which helps to mitigate the effect of property damage on customer default risk and loss given default.

Our wholesale ECL is likely to remain relatively muted in the short and medium terms, as illustrated in the graph on page 175. While this impact may increase over time, long dated cashflows are less likely to impact current expectations of credit loss, as future cashflows are discounted as part of the ECL modelling process.

The ECL sensitivity is dependent on the timing and severity of climate change within the period over which HSBC measures ECL. As there is limited historical climate loss data available and uncertainty on how insurance will change over time, our assessment is considered indicative and will evolve as our lending profile, assessment approach, data, and modelling methodologies continue to mature. For more information on the impact of climate on our reporting and financial statements, see page 35.

How we assess the climate risk impacts on other risk types

We use climate scenario analysis to assess the impacts on other risks, including non-financial risks, traded risk and treasury risk.

Non-financial risk – financial reporting risk and regulatory compliance risk

We analysed the potential impacts associated with greenwashing, specifically focusing on inaccuracies in climate-related disclosures and shortcomings in product governance and marketing of sustainable finance offerings. Our findings indicate that under scenarios involving accelerated net-zero transitions and heightened regulatory scrutiny, we may face increased financial exposure to greenwashing incidents.

Traded risk

In 2025, we explored the potential fair value impacts of climate risks on our trading and banking portfolio. Our analysis evaluated portfolio performance under the long-term Downside Physical Risk scenario as well as two shorter-term scenarios focused on dry perils and wet perils aligned with NGFS's short-term "Disasters and Policy Stagnation" scenario focusing on physical risk impacts over a one-year horizon. The assessment encompassed all major asset classes including interest rates, foreign exchange, credit and equities.

The results supported our understanding of the climate resilience of the trading portfolio. Under both short-term scenarios, the portfolio exhibited gains driven by the long defensive profile in our Equity Derivatives positions and from Rate Options. Offsetting these were losses generated by distressed debt and secondary private credit loans and by rate exposures to countries and territories more sensitive to physical risk.

Treasury risk – pensions

This year, we conducted balance sheet and income statement projections for six of our largest pension plans and all regional plans, utilising macroeconomic variables influenced by climate change, which focused on the short- and medium-term horizons. Our exercise focused on a shorter-term scenario assessing the concurrent impacts of severe physical hazards with moderate transition risk. The scenario concentrated on physical climate risks, carbon pricing, economic growth trajectories, and evolving regulatory requirements.

Key findings indicated that, at the peak stress point in the climate stress scenario (which was in the first projection year), the Group's pension scheme funding levels were projected to decline slightly. This reduction was primarily attributable to a reduction in climate-sensitive bond and equity values.

Treasury risk – liquidity

Under the climate scenario analysis exercise, other risk types – aside from liquidity – are assessed over annual or multi-year horizons and are primarily capital-related stress events with limited effects on the bank's liquidity. To specifically assess liquidity risk, a tailored 90-day climate scenario was developed, building on previous exercises and reflecting current industry perspectives on plausible climate outcomes.

The analysis considered the impact of climate risk on key liquidity risk drivers including wholesale and retail deposit risk off-balance sheet facilities risk, credit downgrade risk, and intraday liquidity risk. No significant impact on our liquidity position was identified in the analysis.

Insurance risk

We are improving our ability to perform exploratory assessments of the solvency resilience of our biggest insurance businesses under climate stress scenarios.

Resilience risk

▶ See page 105 for our definition of Resilience risk

Resilience risk management

Key developments in 2025

During the year, we conducted several initiatives to keep pace with geopolitical, regulatory and technology changes, and to help strengthen the management of resilience risk.

- Where HSBC identified that enhancements were required to the Group's operational resilience capabilities, these were incorporated into the Group's business and investment planning, helping to ensure we continue to meet the expectations of our customers and our regulators.
- We recognise that our customers were impacted at times by service disruptions. We responded to these in line with our Incident Management plans and aimed to recover with minimal delay and customer impact. Following any operational disruption, we conducted post-incident reviews to identify lessons and strengthen our operations.
- We monitored markets affected by geopolitical events for any potential impact they may have on our colleagues and operations, enhancing response playbooks as events evolved.
- We provided analysis and easy-to-access risk and control information and metrics to enable management to focus on non-financial risks in their decision making and appetite setting.
- We prioritised our efforts on material risks and areas undergoing strategic growth, aligning our location strategy to this need. We also remotely provide oversight and stewardship, including support of chief risk officers, in territories where we have no physical presence.

Governance and structure

The Group Resilience Risk target operating model provides a globally consistent view across resilience risks, strengthening our risk management oversight. We view resilience risk across seven sub-risk types related to: technology and cybersecurity risk; third-party risk; transaction and payment processing risk; business interruption and incident risk; data risk; facilities availability, safety and security risk; and operational and resilience regulatory reporting risk.

Risk appetite and key escalations for resilience risk are reported to the Group Risk Management Meeting and Group Risk Committee.

Operational resilience

We operate processes to support our operational resilience according to our Risk Management Framework. Operational resilience is our ability to anticipate, prevent, adapt, respond to, recover, and learn from internal or external disruption, and provide Important Business Services (IBS) to customers and clients, while seeking to minimise impact on the wider financial system when disruption occurs. We seek to achieve this via day-to-day oversight and ongoing assurance. We have invested to seek to improve response and recovery strategies for our IBS and Important Group Business Services, to align to regulatory and customer expectations and to help minimise any potential impacts should disruption occur.

Business operations continuity

We continue to monitor potential disruptive events, such as geopolitical volatility, adverse weather conditions and cyber attacks, and remain ready to take measures to help ensure business continuity in affected markets should the situation require. When disruptive events occur, businesses and infrastructure functions continually review their continuity plans and response to minimise any potential impacts.

Regulatory compliance risk

▶ See page 105 for our definition of Regulatory compliance risk.

Regulatory compliance risk management

Key developments in 2025

Regulatory Compliance risk stewardship is provided across a wide range of transformational change and control enhancement initiatives supporting HSBC's strategy and organisational structure; such as the framework for digital assets, including Regulatory Compliance's stewardship of Markets and Securities Services (MSS)' asset tokenisation and issuance initiatives, as well as Regulatory Compliance control frameworks, policies and governance processes.

Regulatory horizon scanning and mapping capabilities continue to evolve with a focus on enhanced connectivity to risk management systems to support better traceability of regulatory obligations. Work is underway to transition from event-driven technology to incorporate cloud and analytics capability to enhance our oversight abilities in areas such as surveillance.

Governance and structure

The Group Head of Regulatory Compliance reports to the Group Chief Risk and Compliance Officer. Regulatory Compliance and Financial Crime teams work together and with relevant stakeholders to help achieve good conduct outcomes and provide enterprise-wide support on the Compliance risk agenda in close collaboration with colleagues from the Group Risk and Compliance function.

Key risk management processes

The Global Regulatory Compliance function is responsible for establishing global policies, standards, risk appetite, frameworks and tools to guide the Group's management of Regulatory Compliance risk. The function provides oversight, review and challenge to the business, aiding them in identifying, assessing and mitigating Regulatory Compliance risks.

Relevant events and issues are escalated in line with the Group's Risk Management Framework including reporting to executive and non-executive risk governance committees for transparency, accountability and informed decision making. The Group Head of Regulatory Compliance attends the Risk and Compliance Leadership Meeting, the Group Risk Management Meeting, and the Group Risk Committee.

Financial crime risk

▶ See page 105 for our definition of Financial crime risk.

Financial crime risk management

Key developments in 2025

We regularly review the effectiveness of our financial crime risk management framework, which includes continued consideration of complex sanctions and export control risks. We continued to respond to evolving financial sanctions and trade restrictions, including methods used to evade sanctions and export controls.

We continued to make progress with several key financial crime risk management initiatives, including:

- deployment of our intelligence-led, dynamic risk assessment capability for customer account monitoring in additional entities and business segments;
- deployment and optimisation of a capability to increase our monitoring coverage of correspondent banking activity in additional markets;
- enhancing our fraud controls and continuing to invest in, and monitor, technological developments; and
- enhancements in response to the rapidly evolving and complex global payments landscape and refinement of the control framework required to support HSBC's digital assets and currencies strategy.

Governance and structure

The structure of the Financial Crime team in Risk and Compliance remained substantively unchanged in 2025. The Group Head of Financial Crime continues to report to the Group Chief Risk and Compliance Officer, while the Group Risk Committee retains oversight of matters relating to financial crime.

Key risk management processes

We will not tolerate knowingly conducting business with individuals or entities believed to be engaged in criminal activity. We require everybody in HSBC to play their role in maintaining effective systems and controls to help prevent and detect financial crime. Where we believe we have identified suspected criminal activity or vulnerabilities in our control framework, we will take appropriate mitigating action.

We manage financial crime risk because it is the right thing to do to protect our customers, shareholders, staff, the communities in which we operate, as well as the integrity of the financial system on which we all rely. We operate in a highly regulated industry in which these same policy goals are codified in law and regulation.

We are committed to complying with the laws and regulations of all the markets in which we operate and apply a consistently high financial crime standard globally.

We continued to invest in enhancing our operational control capabilities and technology solutions to deter and detect criminal activity. We further strengthened our financial crime risk taxonomy and control libraries and our monitoring capabilities through technology deployments. We developed more targeted metrics, and continued to seek to enhance our governance and reporting.

We are committed to working in partnership with the wider industry and the public sector in managing financial crime risk. In 2025, our focus remained on measures to improve the overall effectiveness of the global financial crime risk management framework and promote a risk-based approach.

Through our work with industry bodies, such as the Wolfsberg Group, we provided input into legislative and regulatory reform activities and supported the efforts of the global financial crime standard setter, the Financial Action Task Force. We did this by participating in consultations and other engagements focused on delivering more effective outcomes in managing financial crime risk, which also enhances financial inclusion. Key themes for external engagement include risk-based supervision, the use of innovative technology, payment transparency standards, fraud risk management, and tackling sanctions and export controls evasion.

Model risk

▶ See page 105 for our definition of Model risk.

Key developments in 2025

In 2025, we continued to make improvements in our Model Risk Management ('MRM') processes amid regulatory changes in MRM requirements.

Initiatives during the year included:

- further updates to our MRM Framework to meet the requirements of the PRA's SS1/23. Our multi-year programme of work is in progress to implement these changes across the full model landscape;
- completing the identification of Deterministic Quantitative Methods (DQMs) across the organisation. These are complex and material calculators that although not technically models, still present similar risks;
- continued enhancements to the development and validation processes for internal ratings-based ('IRB') models;
- continued enhancements to our framework for the independent validation of models, including new GenAI techniques that are becoming more widely used; and
- continued to work closely with businesses and infrastructure teams in developing a governance framework to manage the range of risks these AI techniques, including machine learning and agentic AI (autonomous systems powered by AI agents), can introduce.

Governance and structure

We have completed a review of model risk governance committees at the Group, business and functional levels to help ensure they provide effective and efficient oversight of model risk. The committees include senior leaders from the businesses, infrastructure teams and the Group Risk and Compliance function. They focus on model-related concerns and are supported by key model risk metrics. We have aligned our Committees to our new organisational structure with each of the four business segments having a Model Risk Committee focused on local requirements. The Group-level Model Risk Committee remains in place and is chaired by the Group Chief Risk and Compliance Officer, and the heads of key businesses participate in these meetings.

Key risk management processes

We use a variety of modelling approaches, including regression, simulation, sampling, machine learning and judgemental scorecards for a range of business applications. These activities include customer selection, product pricing, financial crime transaction monitoring, creditworthiness evaluation and financial reporting. Global responsibility for managing model risk is delegated from the Board to the Group Chief Risk and Compliance Officer, who authorises the Group Model Risk Committee. This committee regularly reviews our model risk management policies and procedures, and requires the first line of

defence to demonstrate comprehensive and effective controls based on a library of model risk controls provided by Model Risk Management.

Model Risk Management also reports on model risk to senior management and the Group Risk Committee on a regular basis through the use of the risk map, risk appetite metrics and top and emerging risks.

We regularly review the effectiveness of these processes, including the model risk committee structure, to help ensure the appropriate understanding and ownership of model risk is embedded in the businesses and functions.

Insurance manufacturing operations risk

▶ See page 106 for our definition of Insurance manufacturing operations risk.

HSBC's insurance business

We sell insurance products through a range of channels including our branches, insurance sales forces, direct channels and third-party distributors. The majority of sales are through an integrated bancassurance model that provides insurance products principally for customers with whom we have a banking relationship, meanwhile the proportion of sales through other sources such as independent financial advisers, tied agents and digital platforms is increasing.

For the insurance products we manufacture, the majority of sales are savings, universal life and protection contracts.

We choose to manufacture these insurance products in HSBC subsidiaries based on an assessment of operational scale and risk appetite. Manufacturing insurance allows us to retain the risks and rewards associated with writing insurance contracts by keeping part of the underwriting profit and investment income within the Group.

Our life insurance manufacturing subsidiaries operate in seven markets, which are Hong Kong, Macau, Singapore, mainland China, UK, Malta and Mexico. This excludes France where the sale of the insurance business was completed on 31 October 2025. In addition, we have: an interest in a life insurance manufacturing associate in India; captive insurance entities in Bermuda and Hong Kong; and a reinsurance entity in Bermuda.

Where we do not have the risk appetite or operational scale to be an effective insurance manufacturer, we engage with a select number of leading external insurance companies in order to provide insurance products to our customers. These arrangements are generally structured with our exclusive strategic partners and earn the Group a combination of commissions, fees and a share of profits. We distribute insurance products in all of our geographical regions.

This section focuses only on the risks relating to the insurance products we manufacture.

Insurance manufacturing operations risk management

Key developments in 2025

The insurance manufacturing subsidiaries follow the Group's risk management framework. In 2025, we continued to strengthen the insurance specific policies, frameworks and controls particularly across the financial and capital reporting processes, stress testing, asset-liability management, reinsurance and insurance underwriting risks. During the year, there was continued market volatility observed across interest rates, equity and credit markets and foreign exchange rates. This was predominantly driven by geopolitical factors including the introduction of trade tariffs by the US, and wider inflationary concerns.

The sale of the French insurance business HSBC Assurances Vie (France) was completed on 31 October 2025. Following HSBC's announcement on 3 July 2025 of entering into a binding agreement to sell its UK life insurance business HSBC Life (UK) Limited, the balance sheet of the UK business has been reported as held for sale at 31 December 2025. Further details are provided on page 329.

Governance and structure

Insurance manufacturing risks are managed to a defined risk appetite, which is aligned to the Group's risk appetite and risk management framework, including its three lines of defence model. For details of the Group's governance framework, see page 98. The Global Insurance Risk Management Meeting oversees the control framework globally and is accountable to the IWPB Risk Management Meeting on risk matters relating to the insurance business.

The monitoring of the risks within our insurance operations is carried out by Insurance Risk teams. The Group's risk stewardship functions support the Insurance Risk teams in their respective areas of expertise.

Stress and scenario testing

Stress testing forms a key part of the risk management framework for the insurance business. We participate in local and Group-wide regulatory stress tests, as well as internally developed stress and scenario tests, including Group internal stress test exercises.

The results of these stress tests and the adequacy of management action plans to mitigate these risks are considered in the Group's ICAAP and the entities' regulatory Own Risk and Solvency Assessments, which are produced by all material entities.

Key risk management processes

Market risk

(Audited)

All our insurance manufacturing subsidiaries have market risk mandates and limits that specify the investment instruments in which they are permitted to invest and the maximum quantum of market risk that they may retain. They manage market risk by using some or all of the techniques listed below, among others, depending on the nature of the contracts written.

- We are able to adjust bonus rates and other discretionary benefits to manage the liabilities to policyholders for products with participating features. The effect is that a significant proportion of the market risk is shared with the policyholders.
- We use asset and liability matching where asset portfolios are structured to support projected liability cash flows.
- We use derivatives and other financial instruments, along with reinsurance to protect against adverse market movements.
- We design new products to mitigate market risk, such as changing the investment return sharing proportion between policyholders and the shareholder.

Credit risk

(Audited)

Our insurance manufacturing subsidiaries also have credit risk mandates and limits within which they are permitted to operate, which consider the credit risk exposure, quality and performance of their investment portfolios. Our assessment of the creditworthiness of issuers and counterparties is based primarily upon internationally recognised credit ratings and other publicly available information.

Stress testing is performed on investment credit exposures using credit spread sensitivities and default probabilities.

We use a number of tools to manage and monitor credit risk. These include a credit report containing a watch-list of investments with current credit concerns, primarily investments that may be at risk of future impairment or where high concentrations to counterparties are present in the investment portfolio. Sensitivities to credit spread risk are assessed and monitored regularly.

Capital and liquidity risk

(Audited)

Capital risk for our insurance manufacturing subsidiaries is assessed in the Group's ICAAP, based on their financial capacity to support the risks to which they are exposed. Capital adequacy is assessed on both the relevant local insurance regulatory basis and an internal capital basis.

Risk appetite buffers are set to ensure that the operations are able to remain solvent, allowing for business-as-usual volatility and extreme but plausible stress events.

Liquidity risk is less material for the insurance business. It is managed by cash flow matching and maintaining sufficient cash resources, investing in high credit-quality investments with deep and liquid markets, monitoring investment concentrations and restricting them where appropriate, and establishing committed contingency borrowing facilities.

Insurance manufacturing subsidiaries complete quarterly liquidity risk reports and an annual review of the liquidity risks to which they are exposed.

Insurance underwriting risk

(Audited)

Our insurance manufacturing subsidiaries primarily use the following frameworks and processes to manage and mitigate insurance underwriting risks:

- a formal approval process for launching new products or making changes to products to ensure insurance risks are identified and mitigated;
- a product pricing and profitability framework, which requires initial and ongoing assessment of the adequacy of premiums charged on new insurance contracts to meet the risks associated with them;
- a framework for customer underwriting;
- reinsurance, which cedes risks to third-party reinsurers to keep risks within risk appetite, reduce volatility and improve capital efficiency; and
- oversight by actuarial review committees in each of our entities of the methodology and assumptions that underpin IFRS 17 reporting to ensure that appropriate reserves are established to cover insurance underwriting risks.

Insurance manufacturing operations risk in 2025

Measurement

The following tables show the composition of the fair value of underlying items of the Group's participating contracts at the reporting date and by the following type of contract:

- 'Life direct participating and investment discretionary participation feature ('DPF') contracts' are life direct participating contracts and investment contracts with DPF. These are substantially measured under the variable fee approach measurement model.
- 'Life other contracts' are measured under the general measurement model and mainly include protection insurance contracts as well as reinsurance contracts. The reinsurance contracts primarily provide diversification benefits over the life direct participating and investment DPF contracts.
- 'Other contracts' includes investment contracts for which HSBC does not bear significant insurance risk.

Balance sheet of insurance manufacturing subsidiaries by type of contract

(Audited)

At 31 Dec 2025	Life direct participating and investment DPF contracts $m	Life other contracts $m	Other contracts $m	Shareholder assets and liabilities $m	Total $m
Financial assets	**111,078**	**5,277**	**5,672**	**5,405**	**127,432**
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**106,705**	**4,984**	**4,337**	**579**	**116,605**
– derivatives	**136**	**8**	**–**	**–**	**144**
– financial investments – at amortised cost	**609**	**115**	**1,010**	**3,654**	**5,388**
– financial assets at fair value through other comprehensive income	**–**	**–**	**3**	**214**	**217**
– other financial assets	**3,628**	**170**	**322**	**958**	**5,078**
Insurance contract assets	**12**	**98**	**–**	**–**	**110**
Reinsurance contract assets	**–**	**5,948**	**–**	**–**	**5,948**
Assets held for sale[1]	**4,748**	**258**	**1,347**	**271**	**6,624**
Other assets and investment properties	**1,785**	**118**	**45**	**2,696**	**4,644**
Total assets	**117,623**	**11,699**	**7,064**	**8,372**	**144,758**
Liabilities under investment contracts designated at fair value	**–**	**–**	**5,288**	**–**	**5,288**
Insurance contract liabilities	**117,107**	**4,761**	**–**	**–**	**121,868**
Reinsurance contract liabilities	**–**	**680**	**–**	**–**	**680**
Liabilities of disposal groups held for sale[1]	**4,734**	**234**	**–**	**1,418**	**6,386**
Other liabilities	**–**	**–**	**–**	**3,821**	**3,821**
Total liabilities	**121,841**	**5,675**	**5,288**	**5,239**	**138,043**
Total equity	**–**	**–**	**–**	**6,715**	**6,715**
Total liabilities and equity	**121,841**	**5,675**	**5,288**	**11,954**	**144,758**

Balance sheet of insurance manufacturing subsidiaries by type of contract (continued)

(Audited)

At 31 Dec 2024	Life direct participating and investment DPF contracts $m	Life other contracts $m	Other contracts $m	Shareholder assets and liabilities $m	Total $m
Financial assets	98,676	4,452	6,227	5,967	115,322
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	94,327	4,233	4,839	690	104,089
– derivatives	207	7	1	—	215
– financial investments – at amortised cost	545	90	1,060	4,335	6,030
– financial assets at fair value through other comprehensive income	—	—	6	73	79
– other financial assets	3,597	122	321	869	4,909
Insurance contract assets	14	104	—	—	118
Reinsurance contract assets	—	5,013	—	—	5,013
Assets held for sale[1]	22,855	—	—	1,367	24,222
Other assets and investment properties	1,792	64	36	1,970	3,862
Total assets	123,337	9,633	6,263	9,304	148,537
Liabilities under investment contracts designated at fair value	—	—	5,931	—	5,931
Insurance contract liabilities	102,605	4,427	—	—	107,032
Reinsurance contract liabilities	—	701	—	—	701
Liabilities of disposal groups held for sale[1]	21,772	39	—	1,609	23,420
Other liabilities	—	—	—	4,438	4,438
Total liabilities	124,377	5,167	5,931	6,047	141,522
Total equity	—	—	—	7,015	7,015
Total liabilities and equity	124,377	5,167	5,931	13,062	148,537

1 HSBC Life (UK) Limited is classified as held for sale at 31 December 2025. HSBC Assurances Vie (France) was classified as held for sale at 31 December 2024. Further details are provided on page 329.

Key risk types

Market risk

(Audited)

Description and exposure

Market risk is the risk of changes in market factors affecting HSBC's capital or profit. Market factors include interest rates, equity and growth assets, credit spreads and foreign exchange rates.

Our exposure varies depending on the type of contract issued. Our most significant life insurance products are contracts with participating features. These products typically include some form of capital guarantee or guaranteed return on the sums invested by the policyholders, to which bonuses are added if allowed by the overall performance of the funds. For contracts without participating features, some form of guarantee may still exist but HSBC's ability to share risks with policyholders will be reduced. Funds supporting these savings products are invested in a mix of fixed income assets (to support guarantees) and other asset classes (to provide customers with the potential for enhanced returns).

These products expose HSBC to the risk of variation in asset returns, which will impact our participation in the investment performance.

In certain circumstances, asset returns may be insufficient to meet the policyholders' guaranteed benefits. For non-participating contracts, any resulting shortfall is borne by HSBC.

For unit-linked contracts, market risk is substantially borne by the policyholder, but some market risk exposure typically remains, as fees earned are typically related to the market value of the linked assets.

Sensitivities

The following table shows the sensitivity of the CSM, profit and total equity of our insurance manufacturing subsidiaries to changes in interest rates, credit spreads, growth assets and foreign exchange rates. These sensitivities are prepared in accordance with current IFRS Accounting Standards.

Due in part to the nature of the guarantees, and the reinsurance and hedging strategies which may be in place, the relationship between the CSM, profit and total equity is not linear. The sensitivities are before management actions that may mitigate the effect of changes in the market environment. The lower profit after tax sensitivity to yield curve shifts is driven by improved asset and liability matching in mainland China, partly offset by the impact of methodology updates in Hong Kong.

The 2025 sensitivities below exclude HSBC Assurances Vie (France) following completion of its sale on 31 October 2025. Further details are provided on page 329.

Sensitivity of HSBC's insurance manufacturing subsidiaries to market risk factors

(Audited)

	2025			2024		
	Effect on CSM	**Effect on profit after tax for the year**	**Effect on total equity**	Effect on CSM	Effect on profit after tax for the year	Effect on total equity
	$m	**$m**	**$m**	$m	$m	$m
+100 basis point parallel shift in yield curves	**(370)**	**36**	**36**	(155)	83	52
-100 basis point parallel shift in yield curves	**(51)**	**(127)**	**(127)**	(249)	(217)	(186)
+100 basis point shift in credit spreads	**(918)**	**(15)**	**(15)**	(907)	(84)	(115)
-100 basis point shift in credit spreads	**897**	**74**	**74**	876	60	91
10% increase in growth assets[1]	**461**	**64**	**64**	467	73	73
10% decrease in growth assets[1]	**(533)**	**(75)**	**(75)**	(514)	(79)	(79)
10% appreciation in US dollar exchange rate against local functional currency	**102**	**20**	**20**	71	17	17
10% depreciation in US dollar exchange rate against local functional currency	**(75)**	**(15)**	**(15)**	(26)	(3)	(3)

1 'Growth assets' primarily comprise equity securities and investment properties. Variability in growth asset fair value constitutes a market risk to insurance manufacturing subsidiaries.

Credit risk

(Audited)

Description and exposure

Credit risk is the risk of financial loss if a customer or counterparty fails to meet their obligation under a contract. It arises in two main risks for our insurance manufacturers:

– the risk associated with credit spread volatility and default by debt security counterparties after investing premiums to generate a return for policyholders and shareholders; and
– the risk of default by reinsurance counterparties and non-reimbursement for claims made after ceding insurance risk.

The amounts outstanding at the balance sheet date in respect of these items are shown in the table on page 183.

The credit quality of the reinsurers' share of liabilities under insurance contracts is assessed as 'satisfactory' or higher (as defined on page 107), with none of the exposure being either past due or impaired (2024: none).

Credit risk on assets supporting unit-linked liabilities is predominantly borne by the policyholders. Therefore, our exposure is primarily related to liabilities under non-linked insurance and investment contracts and shareholders' funds. The credit quality of insurance financial assets is included in the table on page 128.

The risk associated with credit spread volatility is to a large extent mitigated by holding debt securities to maturity, and sharing a degree of credit spread experience with policyholders.

Liquidity risk

(Audited)

Description and exposure

Liquidity risk is the risk that an insurance operation, though solvent, either does not have sufficient financial resources available to meet its obligations when they fall due, or can secure them only at excessive cost. Liquidity risk may be able to be shared with policyholders for products with participating features.

The remaining maturity of insurance contract liabilities is included in Note 4 on page 293.

The amounts of insurance contract liabilities that are payable on demand are set out by the product grouping below and exclude insurance businesses classified as held for sale (2025: HSBC Life (UK) Limited; 2024: HSBC Assurances Vie (France). Further details are provided on page 329.

Amounts payable on demand

(Audited)

	2025		2024	
	Amounts payable on demand	**Carrying amount for these contracts**	Amounts payable on demand	Carrying amount for these contracts
	$m	**$m**	$m	$m
Life direct participating and investment DPF contracts	**108,416**	**117,107**	98,275	102,605
Life other contracts	**3,820**	**4,761**	2,960	4,427
At 31 Dec	**112,236**	**121,868**	101,235	107,032

Insurance underwriting risk

(Audited)

Description and exposure

Insurance underwriting risk is the risk of loss through adverse experience, in either timing or amount, of insurance underwriting parameters (non-economic assumptions). These parameters include mortality, morbidity, longevity, lapse and expense rates.

The principal risk we face is that, over time, the cost of the contract, including claims and benefits, may exceed the total amount of premiums and investment income received.

The tables on page 183 analyse our life insurance underwriting risk exposures by type of contract.

The insurance underwriting risk profile and related exposures remain largely consistent with those observed at 31 December 2024.

Sensitivities

(Audited)

The following table shows the sensitivity of the CSM, profit and total equity of our insurance manufacturing subsidiaries to changes in non-economic assumptions, after considering the impacts of reinsurance contracts held as risk mitigation.

These sensitivities are prepared in accordance with current IFRS Accounting Standards.

Sensitivity to lapse rates depends on the type of contracts being written. An increase in lapse rates typically has a negative effect on CSM (and therefore expected future profits) due to the loss of future income on the lapsed policies. However, some contract lapses have a positive effect on profit due to the existence of policy surrender charges.

Mortality and morbidity risk is typically associated with life insurance contracts. The effect on profit of an increase in mortality or morbidity depends on the type of business being written.

Expense rate risk is the exposure to a change in the allocated cost of administering insurance contracts. To the extent that increased expenses cannot be passed on to policyholders, an increase in expense rates will have a negative effect on CSM and profits.

The impact of changing insurance underwriting risk factors is primarily absorbed within the CSM, unless contracts are onerous in which case the impact is directly to profit. The impact of changes to the CSM is released to profits over the expected coverage periods of the related insurance contracts.

The 2025 sensitivities below exclude HSBC Assurances Vie (France) following completion of its sale on 31 October 2025. Further details are provided on page 329.

Sensitivity of HSBC's insurance manufacturing subsidiaries to insurance underwriting risk factors

(Audited)

	Effect on CSM	**Effect on profit after tax for the year**	**Effect on total equity**
At 31 Dec 2025	**$m**	**$m**	**$m**
10% increase in lapse rates	**(310)**	**(6)**	**(6)**
10% decrease in lapse rates	**322**	**3**	**3**
5% increase in mortality and/or morbidity rates	**(85)**	**(15)**	**(17)**
5% decrease in mortality and/or morbidity rates	**87**	**12**	**14**
10% increase in expense rates	**(48)**	**(14)**	**(14)**
10% decrease in expense rates	**49**	**12**	**12**
At 31 Dec 2024			
10% increase in lapse rates	(282)	(21)	(30)
10% decrease in lapse rates	297	23	36
5% increase in mortality and/or morbidity rates	(92)	(16)	(20)
5% decrease in mortality and/or morbidity rates	102	14	23
10% increase in expense rates	(66)	(11)	(15)
10% decrease in expense rates	68	12	15

Corporate governance report

In this report, which constitutes our Directors' Report, we provide insights into our Group governance practices and the systems and policies in place that help ensure the Group is well managed, with effective oversight and controls.

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The Board

The Board, which seeks to promote the Group's long-term success, deliver sustainable value to shareholders and promote a culture of openness and debate, comprises diverse, high-calibre members who have experience in our global markets.

Group Chairman and executive Directors

Brendan Nelson (76) A N Ri T



Group Chairman
Appointed to the Board: September 2023
Group Chairman since: October 2025

Skills and experience: Brendan has extensive experience in financial services, gained through leadership positions at global firms and senior appointments on the Boards of global organisations.

Career: Brendan spent over 25 years at KPMG LLP, where he was admitted as a Partner in 1984. During his time at KPMG, he held various positions, including Global Chairman of Banking and Global Chairman of Financial Services. He served on the KPMG UK Board, starting in 2000. He became a Vice Chairman in 2006 – a position he held until his retirement from KPMG in 2010. He served as non-executive Director on the Boards of bp plc, from 2010 to 2021, and NatWest Group plc, from 2010 to 2019. He was Chairman of the Audit Committee at both companies.

Brendan is a qualified Chartered Accountant. He was President of the Institute of Chartered Accountants of Scotland from 2013 to 2014. He was a member of the Financial Services Practitioner Panel and the Financial Reporting Review Panel of the UK Financial Reporting Council. He currently serves as a non-executive Director of HSBC UK Bank plc.

External appointments:
- Chairman of BP Pension Trustees Limited
- Director of the Institute of International Finance

Georges Elhedery (51)



Group CEO
Appointed to the Board: January 2023

Skills and experience: Georges has almost 30 years of experience in the banking industry across Europe, the Middle East and Asia, and has held a number of executive roles at a regional, global business and functional level.

Career: Georges was appointed Group CEO from 2 September 2024. He most recently served as Group CFO between January 2023 and September 2024. Georges joined HSBC in 2005 with extensive trading experience in London, Paris and Tokyo. He has since held a number of senior leadership roles, including Head of Global Banking and Markets, Middle East and North Africa; Chief Executive Officer for HSBC, Middle East, North Africa and Türkiye; Global Head of Markets; and co-Chief Executive Officer, Global Banking and Markets based in London.

External appointments:
- Member of Monetary Authority of Singapore, International Advisory Panel
- Member of the Asia Business Council
- Member of the International Business Leaders Advisory Council (Beijing IBLAC)
- Member of the UK-India CEO Forum
- Member of the Semafor World Economy Global Advisory Board
- Member of the Board of Directors of the Peterson Institute for International Economics
- Member of the World Bank Private Sector Investment Lab
- Member of Advisory Board of The China Children Development Fund
- Principal Member of The Glasgow Financial Alliance for Net Zero
- Member of Financial Services Task Force of the SMI

Manveen Kaur (known as Pam Kaur) (62)



Group CFO
Appointed to the Board: January 2025

Skills and experience: Pam has extensive global banking experience, gained over an almost 40-year career with a number of global financial institutions. She has performed many senior roles in audit, business, compliance, finance and risk management.

Career: Pam was appointed Group CFO on 1 January 2025. Prior to this, she served as Group Chief Risk Officer from January 2020 and assumed responsibility for Compliance in June 2021. She served as Group Chief Risk and Compliance Officer until December 2024. Prior to joining HSBC in April 2013 as Group Head of Internal Audit, Pam held several senior positions including Global Head of Group Audit for Deutsche Bank; Chief Financial Officer and Chief Operating Officer of the Restructuring and Risk Division for Royal Bank of Scotland Group plc; Group Head of Compliance and Anti-Money Laundering for Lloyds TSB; and Chief Compliance Officer for Citigroup International. Pam previously served as a non-executive Director of Centrica plc and Aberdeen Group plc. She currently serves as a non-executive Director of The Hongkong and Shanghai Banking Corporation Limited.

External appointments:
- No external appointments

Board committee membership key

- Committee Chair
- A Group Audit Committee
- Ri Group Risk Committee
- R Group Remuneration Committee
- N Nomination & Corporate Governance Committee
- T Group Technology and Operations Committee

▶ For full biographical details of our Board members, see www.hsbc.com/who-we-are/our-people/board-of-directors.

Independent non-executive Directors

Geraldine Buckingham (48) A N



Independent non-executive Director
Appointed to the Board: May 2022

Skills and experience: Geraldine is an experienced executive within the global financial services industry, with significant leadership experience in Asia.

Career: Geraldine is the former Chair and Head of Asia-Pacific at BlackRock, where she was responsible for all business activities across Hong Kong, mainland China, Japan, Australia, Singapore, India and Korea. After stepping down from this role, she acted as senior adviser to the Chairman and Chief Executive Officer of BlackRock. She earlier served as BlackRock's Global Head of Corporate Strategy, and previously was a partner within McKinsey & Company's financial services practice.

External appointments:
- Independent non-executive Director of Brunswick Group Partnership Ltd
- Independent non-executive Director of H.R.L. Morrison & Co Limited
- Member of the Advisory Board of the McKinsey Health Institute

Wei Sun Christianson (69) N Ri



Independent non-executive Director
Appointed to the Board: January 2026

Skills and experience: Wei brings extensive banking and regulatory experience gained over a 30-year international career.

Career: Wei previously served as a Senior Advisor at Morgan Stanley, following her retirement in 2022 after serving as Co-CEO, Asia Pacific since 2011. She was also CEO, Morgan Stanley China from 2006 to 2022. Prior to joining Morgan Stanley, Wei held senior regulatory roles at the Hong Kong Securities and Futures Commission, where she was involved in drafting the regulatory structure that enabled companies from the People's Republic of China to be listed outside China.

External appointments:
- Independent non-executive Director of LVMH Moët Hennessy Louis Vuitton SE

Rachel Duan (55) A R N



Independent non-executive Director
Appointed to the Board: September 2021

Skills and experience: Rachel is an experienced business leader with exceptional international experience in the US, Japan, mainland China and Hong Kong.

Career: Rachel spent 24 years at General Electric ('GE'), where she held positions including Senior Vice President of GE, and President and Chief Executive Officer of GE's Global Markets where she was responsible for driving GE's growth in Asia-Pacific, the Middle East, Africa, Latin America, Russia and the Commonwealth of Independent States. She also previously served as President and Chief Executive Officer of GE Advanced Materials China and then of Asia-Pacific; President and CEO of GE Healthcare China; and President and CEO of GE China. She has previously served as a non-executive Director of AXA S.A.

External appointments:
- Independent non-executive Director of Sanofi S.A.
- Independent non-executive Director of the Adecco Group AG
- Independent non-executive Director of Kering S.A.

Dame Carolyn Fairbairn (65) R Ri N



Independent non-executive Director
Appointed to the Board: September 2021

Skills and experience: Carolyn has significant experience across the media, government and finance sectors, and a deep understanding of the macroeconomic, regulatory and political environment.

Career: An economist by training, Carolyn has served as a partner at McKinsey & Company, a member of the UK prime minister John Major's Number 10 Policy Unit, and as Director-General of the Confederation of British Industry, and held senior executive positions at the BBC and ITV plc. She has extensive board experience, having previously served as non-executive Director of Lloyds Banking Group plc, The Vitec Group plc, Capita plc and BAE Systems plc. She has also served as a non-executive Director of the UK Competition and Markets Authority and the Financial Services Authority.

External appointments:
- Senior Independent Director of Tesco plc
- Member of the Advisory Council of Frontier Economics

James Forese (63) Ri A N



Independent non-executive Director
Appointed to the Board: May 2020

Skills and experience: Jamie has over 30 years of international business and management experience in the finance industry working in areas including global markets, investment and private banking.

Career: Jamie formerly served as President of Citigroup. He began his career in securities trading with Salomon Brothers, one of Citigroup's predecessor companies, in 1985. In addition to his most recent role as Citigroup's President, he was Chief Executive Officer of Citigroup's Institutional Clients Group. He has held the positions of Chief Executive of its Securities and Banking division and Head of its Global Markets business. He previously served as non-executive Chairman of Global Bamboo Technologies. Jamie currently serves as non-executive Chair of HSBC North America Holdings Inc.

External appointments:
- No external appointments

Ann Godbehere (70) R A N



Independent non-executive Director
Appointed to the Board: September 2023
Senior Independent Director: May 2024

Skills and experience: Ann brings deep financial acumen and extensive financial services experience over a 30-year career spanning insurance, retail and private banking, and wealth management. She also provides global perspectives, drawing upon experiences and insights gained from a long career in international business.

Career: After joining Swiss Re in 1996, Ann served as the company's Chief Financial Officer from 2003 to 2007. She was also Interim Chief Financial Officer of Northern Rock Bank from 2008 to 2009 in the period immediately after its nationalisation. Ann also has extensive board experience, including with FTSE 100 companies, having previously served as non-executive Director of Prudential plc, British American Tobacco plc, UBS AG, UBS Group AG and as Senior Independent Director of Rio Tinto plc and Rio Tinto Limited. She currently serves as non-executive Chair of HSBC Bank plc.

External appointments:
- Non-executive Director and Chair of the Audit Committee of Stellantis N.V.
- Non-executive Director and Chair of the Audit and Risk Committee of Shell plc

Steven Guggenheimer (60) Ri T N



Independent non-executive Director
Appointed to the Board: May 2020

Skills and experience: Steven brings extensive insight into technologies ranging from artificial intelligence to Cloud computing, through his experience advising businesses on digital transformation.

Career: Steven has more than 25 years of experience at Microsoft, including more than a decade as Corporate Vice President, where he led teams focused on original equipment manufacturers, developers and independent software vendors and artificial intelligence solutions.

External appointments:
- Independent non-executive Director of BT Group plc
- Independent non-executive Director of Leupold & Stevens, Inc
- Independent non-executive Director of Forrit Holdings Limited
- Member of Advisory Board of Quantexa Limited

Dr José Antonio Meade Kuribreña (56) R N



Independent non-executive Director
Appointed to the Board: March 2019
Workforce engagement non-executive Director since: June 2022

Skills and experience: José has extensive experience in public administration, banking and financial policy.

Career: José has held cabinet-level positions in the federal government of Mexico, including as Secretary of Finance and Public Credit, Secretary of Social Development, Secretary of Foreign Affairs and Secretary of Energy. Prior to his appointment to the cabinet, he served as Undersecretary and as Chief of Staff in the Ministry of Finance and Public Credit. José is also a former Director General of Banking and Savings at the Ministry of Finance and Public Credit, and served as Chief Executive Officer of the National Bank for Rural Credit. He currently serves as non-executive Chair of Grupo Financiero HSBC, S. A. de C. V, HSBC Latin America Holdings (UK) Limited and of HSBC Mexico, S.A., Institucion de Banca Multiple, Grupo Financiero HSBC.

External appointments:
- Independent non-executive Director of Grupo Comercial Chedraui, S.A.B. de C.V.
- Independent Member of the Technical Committee of Fibra Uno Administracion SA de CV
- Member of the Advisory Board of the University of California, Centre for US-Mexican Studies
- Member of the UNICEF Mexico Advisory Board
- Independent non-executive Director of Nemak, S.A.B de C.V

Kalpana Morparia (76) R T N



Independent non-executive Director
Appointed to the Board: March 2023

Skills and experience: Kalpana is a skilled business leader with significant experience gained through a 45-year career in banking across Asia, primarily in India.

Career: Kalpana's most recent executive role was as Chair of J.P. Morgan, South and Southeast Asia and a member of J.P. Morgan's Asia executive committee, held until her retirement in 2021. Before J.P. Morgan, she was the Joint Managing Director of ICICI Bank, India's second-largest bank, from 2001 to 2007. She has previously served as a non-executive Director on the boards of Hindustan Unilever Limited, Dr.Reddy's Laboratories Ltd and Meesho Inc. Kalpana also serves as a board and governing council member of several non-profit organisations in the education sector.

External appointments:
- Independent non-executive Director of The Great Eastern Shipping Company Limited
- Independent non-executive Director of Philip Morris International Inc
- Member of the Mentor Council of the Institute for Sustainability, Employment and Growth (ISEG Foundation)

Eileen Murray (67) T Ri R N



Independent non-executive Director
Appointed to the Board: July 2020

Skills and experience: Eileen has extensive knowledge in financial services, technology and corporate strategy from a career spanning more than 40 years.

Career: Eileen previously served as co-CEO of Bridgewater Associates, LP. Before this, she was CEO for Investment Risk Management LLC, and President and co-CEO of Duff Capital Advisors. She also served as Chair of the Financial Industry Regulatory Authority. Eileen started her career at Morgan Stanley, where she held positions including Controller, Treasurer, and Global Head of Technology and Operations, as well as Chief Operating Officer for its Institutional Securities Group. She was also Head of Global Technology, Operations and Product Control at Credit Suisse.

External appointments:
- Independent non-executive Director of Guardian Life Insurance Company of America
- Chair of Broadridge Financial Solutions, Inc
- Chair of Invisible Urban Charging
- Operating partner of Liberty City Ventures

Swee Lian Teo (66) Ri T N



Independent non-executive Director
Appointed to the Board: October 2023

Skills and experience: Swee Lian brings extensive experience within the international financial services industry, having previously spent over 27 years with the Monetary Authority of Singapore ('MAS').

Career: During Swee Lian's time at the MAS, she worked in foreign reserves management, financial sector development, strategic planning and financial supervision, before she became the Deputy Managing Director for Financial Supervision. She retired from the MAS in 2015 after serving as Special Advisor, focused on MAS's role in the international regulatory framework, in the Managing Director's office. Swee Lian previously served as a non-executive Director on the boards of AIA Group Limited, Singapore Telecommunications Limited and the Dubai Financial Services Authority.

External appointments:
- Chair of CapitaLand Integrated Commercial Trust Management Limited
- Director of Clifford Capital Pte Ltd
- Chair of Singapore Post Limited

Angela McEntee (49)



Group Company Secretary
Appointed: January 2026

Skills and experience: Angela is a qualified solicitor with extensive legal, regulatory, risk, and corporate governance experience. She has significant expertise in the UK and Hong Kong Corporate Governance Codes and Listing Rules having worked with the Holdings Board and Management Committees since joining HSBC.

Career: Prior to joining HSBC in 2020, Angela held senior roles in the Governance function at NatWest Group plc including legal, governance, regulatory affairs and compliance, latterly providing support to the Board Risk and Audit Committees, together with oversight for regulatory engagement and advice on individual accountabilities.

Former Directors who served during the year
Sir Mark Tucker retired from the Board on 30 September 2025

▶ For full biographical details of our Board members, see www.hsbc.com/who-we-are/our-people/board-of-directors.

Senior management

Senior management, which includes the Group Operating Committee, supports the Group CEO in the day-to-day management of the business and the implementation of strategy.



Richard Blackburn (60)
Group Chief Risk and Compliance Officer
Richard was appointed Group Chief Risk and Compliance Officer in April 2025, having held the role in an interim capacity since January 2025. With 36 years in financial services and over 20 years at HSBC, he has held several senior positions including Regional Chief Risk Officer for Europe and MENAT, Chief Risk & Compliance Officer for Global Banking and Markets, and Chief Risk & Compliance Officer for Global Commercial Banking.



Barry O'Byrne (50)
Chief Executive Officer, International Wealth & Premier Banking
Barry was appointed CEO of International Wealth and Premier Banking in October 2024. He joined HSBC in 2017 as Chief Operating Officer for Global Commercial Banking and became CEO of the business in 2019. Before HSBC, Barry spent 19 years at GE Capital where he held various senior leadership roles, including CEO and Chief Operating Officer for GE Capital International.



Bob Hoyt (61)
Group Chief Legal Officer
Bob joined HSBC as Group Chief Legal Officer in January 2021. He leads HSBC's global legal function, advising the Board, Chief Executive and senior management on legal and regulatory matters. Bob previously held positions in the US government as General Counsel of the US Department of the Treasury, and Associate Counsel to the President.



Russell Jackson (42)
Group Head of Internal Audit
Russell Jackson was appointed Group Head of Internal Audit in June 2025. He is a standing attendee of the Group Operating Committee. He joined HSBC in 2023 as Group Head of Enterprise Risk. Prior to joining HSBC, he served as CEO of Fnality Services. He has also previously held a range of risk and regulatory roles at the Bank of England and Prudential Regulation Authority.



David Liao (53)
Co-Chief Executive, Asia and Middle East
David was appointed Co-Chief Executive of the Asia-Pacific region in 2021, with his role expanding to cover the Middle East in January 2025. Since joining HSBC in 1997, he has held many senior roles and now serves as Chair of HSBC Bank (China) Company Limited, and as a Director of Bank of Communications Co., Limited and Hang Seng Bank Limited.



David Lindberg (50)
Chief Executive Officer, HSBC UK Bank plc
David was appointed CEO of HSBC UK Bank plc in December 2025. With 27 years' international banking experience, he has led businesses in the UK, America and Australia, focusing on retail, commercial banking, and digital transformation. He previously served as CEO of Retail Banking at NatWest, CEO of Commercial and Business Banking for Westpac Group, CEO of Consumer Banking for Westpac Group and other senior roles at CBA, ANZ and First Manhattan.



Stuart Riley (51)
Group Chief Information Officer
Stuart was appointed Group Chief Information Officer in February 2024. He is responsible for leading the bank's technology strategy, enabling the delivery of an efficient, resilient, and innovative digital bank. Prior to joining HSBC, he was Co-Chief Information Officer of Citi and previously held senior technology roles at Deutsche Bank.



Michael Roberts (65)
Chief Executive Officer, HSBC Bank plc, and Corporate and Institutional Banking
Michael was appointed CEO of Corporate and Institutional Banking and Western Markets in January 2025, also serving as CEO of HSBC Bank plc. He previously led HSBC US and Americas until December 2024. Before joining HSBC in 2019, Michael spent over 30 years at Citigroup, holding senior roles such as Global Head of Corporate Banking and Capital Management.



Surendra Rosha (57)
Co-Chief Executive, Asia and Middle East
Surendra was appointed Co-Chief Executive of the Asia-Pacific region in 2021, with his role expanding to the Middle East in January 2025. He is a Director of The Hongkong and Shanghai Banking Corporation Limited and Saudi Awwal Bank. Since joining HSBC in 1991, he has held senior positions including Head of Institutional Sales, Asia-Pacific and Chief Executive for HSBC India.



Aileen Taylor (53)
Group Chief People & Governance Officer
Aileen was appointed Group Chief People & Governance Officer in October 2024. Aileen joined HSBC in 2019 as Group Company Secretary and Chief Governance Officer and became Group Chief People & Governance Officer in 2024. Prior to joining HSBC, she spent 19 years at the Royal Bank of Scotland Group, holding various legal, risk and compliance roles.



Suzy White (49)
Group Chief Operating Officer
Suzy was appointed Group COO in October 2024. With over 25 years at HSBC, she has held numerous senior roles including COO for Global Banking and Markets, Regional COO for Global Markets (Americas) and Chief Risk Officer for Global Banking and Markets and Commercial Banking in the US. She is a Director of HSBC Bank (Singapore) Limited.

Other Senior Management who served during the year:
- Jonathan Calvert Davies, former Group Head of Internal Audit and standing attendee of the Group Operating Committee, stepped down on 2 June 2025.
- John David (Ian) Stuart, former Chief Executive Officer, HSBC UK Bank plc stepped down as a Group Operating Committee member on 7 December 2025. He assumed the role of Group Customer and Culture Director on 8 December and is a standing attendee of the Group Operating Committee.

Board and senior management diversity

We value difference

We believe that a diverse and inclusive Board, reflective of the communities we serve, is a critical component of effective decision-making and of developing a sustainable and successful business for HSBC.

Gender and ethnic representation

As at 31 December 2025, the Board met the targets set out within the UK Listing Rule 6.6.6 (9) and FTSE Women Leaders Review. Female representation on the Board was 62% and two women held senior Board positions. The Board had six Directors who identified as being from an ethnic minority background. Following Wei Sun Christianson's appointment on 1 January 2026, female representation increased to 64% and the number of Directors from ethnic minority backgrounds increased to seven.

The tables below outline the current gender and ethnic representation of the HSBC Holdings Board and executive management reflecting data gathered through self-identification as at 31 December 2025 in accordance with the requirements of UK Listing Rule 6.6.6 (10).

Gender identity

	Board members			Executive management[2]	
	Number	%	Number of senior positions[1]	Number	%
Men	5	38	2	10	77
Women	8	62	2	3	23
Other	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

Ethnic background

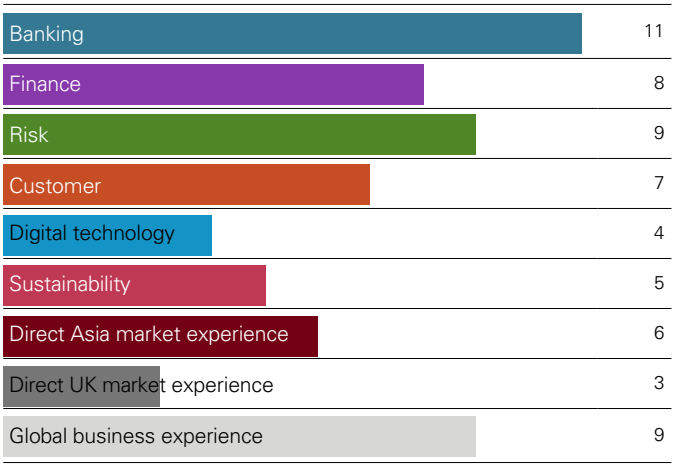
	Board members			Executive management[2]	
	Number	%	Number of senior positions[1]	Number	%
White British or other White (including minority-White groups)	7	54	2	9	69
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	4	31	1	3	23
Black/African/ Caribbean/Black British	—	—	—	—	—
Other ethnic groups	2	15	1	1	8
Not specified/prefer not to say	—	—	—	—	—

1 Senior positions on the Board comprise the Group Chairman, Group CEO, Group CFO and Senior Independent Director.
2 Executive management comprises the Group Operating Committee members and the Group Head of Internal Audit.

Skills and experience

As it is essential to the effective governance of the Group, and the Board's oversight and challenge of management, the Board ensures that collectively and individually, the Board possess the necessary skills, knowledge, expertise and experience.

The summary provides an overview of the skills and experiences held by the non-executive Directors on the Board. This is based on the current skills matrix, which is reviewed annually by the Nomination & Corporate Governance Committee to ensure that the Board has the skills and experience required to effectively discharge its duties and to support succession planning discussions. The skills and experiences of the newly appointed non-executive Director are also included in the summary.



How we are governed

We are committed to high standards of corporate governance. The Group has in place a comprehensive range of policies and procedures to help ensure that its end-to-end governance is well managed, with appropriate and effective oversight and controls.

Board of Directors A schedule of matters reserved for the Board is set out within its terms of reference, which are available at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities.	The Board has overall, collective responsibility for the long-term success of the Group and delivery of sustainable value to shareholders. Led by the Group Chairman, the Board is responsible for, among other matters: – approving the Group's strategy and objectives, and monitoring the alignment of the Group's purpose, strategy and values with the desired culture and standards; – setting the Group's risk appetite and monitoring the Group's risk profile; – approving and monitoring capital and financial resource plans for achieving strategic objectives, including material transactions; – considering and approving the Group's technology and environmental, social and governance strategies; – reviewing the effectiveness of stakeholder engagement mechanisms, including engagement with the workforce; – approving appointments to the Board and Board roles, and the remuneration of independent non-executive Directors; – reviewing and approving changes to the Group's overall corporate governance arrangements; and – providing entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enable risks to be assessed and managed.

The Board delegates oversight of certain matters to its committees, which are each chaired by a non-executive Director. Board committees provide regular reports on their activities and make recommendations to the Board. Only the Group Chairman and non-executive Directors are members of Board committees. Details of committee memberships are in the Directors' biographies in 'The Board' section on pages 187 to 190. Terms of reference of the Board committees are available at www.hsbc.com/who-we-are/our-people/board-of-directors/board-committees.

Chairman's Committee	An ad hoc committee which provides Board members with the opportunity to consider time-critical matters between scheduled Board meetings.	
Group Audit Committee ('GAC')	Oversees matters relating to the Group's internal controls, financial resourcing and reporting, internal and external audit, and whistleblowing arrangements. For more information, see the Committee's report from page 203.	
Nomination & Corporate Governance Committee	Oversees Board and senior management succession planning and monitors the corporate governance framework of the Group. For more information, see the Committee's report from page 200.	
Group Remuneration Committee	Responsible for reviewing and making recommendations to the Board, for approval by shareholders, on the Group remuneration policy and approving the remuneration of the executive Directors and other senior employees. For more information, see the committee's report from page 216.	
Group Risk Committee ('GRC')	Oversees and advises the Board on all risk-related matters, including financial and non-financial risks. For more information, see the Committee's report from page 209.	
Group Technology & Operations Committee ('GTO')	Oversees HSBC's technology and operations strategies and monitors alignment with overall Group strategy. For more information, see the Committee's report from page 213.	
Other Governance Forums	**Board Oversight Sub-Group:** an informal mechanism whereby a smaller group of Board members and management may meet on an ad hoc basis to discuss emerging issues and upcoming Board matters. This Sub-Group is chaired by the Group Chairman.	**Board Sustainability Working Group ('SWG'):** supports the delivery of the sustainability strategy and provides oversight and guidance in relation to the Group's sustainability activities. The SWG is comprised of four non-executive Directors. Further information about SWG activities is on page 58.

The Board delegates day-to-day management of the business and delivery of strategy to the Group CEO. During the year, the Group CEO was supported in these responsibilities by the Group Operating Committee ('Group OpCo').

Group Operating Committee (Group OpCo)	Supports the Group CEO in the day-to-day management of the Group. Comprised of 12 members of senior management including infrastructure heads and the CEOs of each of our four business areas. The Group OpCo members are set out on page 191. The Group OpCo operates under written terms of reference and its members report to the Board on matters as appropriate.

A number of committees support the Group OpCo by providing specialist oversight and guidance of the matters delegated to them. Such matters include restructuring and investment considerations, risk management and controls, financial reporting and disclosures.

Group Finance Management Meeting	**Group Risk Management Meeting**	**Group Disclosure Committee**	**Acquisitions and Disposals Committee**

Board roles and responsibilities

The roles of Group Chairman and Group CEO are held by two different individuals. There is a clear division of responsibilities between the leadership of the Board by the Group Chairman, and the executive responsibility for day-to-day business management undertaken by the Group CEO. A summary of director roles and their responsibilities is set out below. Full details are available at https://www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities.

Roles	Responsibilities
Group Chairman	– Provides effective leadership of the Board and promotes the highest standards of corporate governance practices. – Leads the Board in providing strong strategic oversight and setting the Board's agenda, culture and values. – Leads the Board in challenging management's thinking and proposals, and fosters open and constructive debate among Directors. – Maintains internal and external relationships with key stakeholders, and communicates investors' views to the Board. – Organises periodic monitoring and evaluation, including externally facilitated evaluation, of the performance of the Board, its committees and individual Directors. – Leads on succession planning for the Board and its committees, ensuring appointments reflect diverse cultures, skills and experiences.
Group CEO	– Leads and directs the fulfilment of the Group's purpose and strategy, in alignment with the desired culture and values as set by the Board. – Leads the Group Operating Committee with responsibility for the day-to-day leadership and management of the Group, in accordance with the authority delegated to him by the Board. – Maintains effective relationships with key internal and external stakeholders including the Group Chairman, the Board, customers, regulators, governments and investors. – Maintains accountability for the Group's compliance with applicable laws, codes, rules and regulations, good market practice and HSBC's own standards, value and policies.
Group CFO	– Supports the Group CEO in developing and implementing the Group strategy, and recommends the annual budget and long-term strategic and financial resource plan. – Leads the Finance function and is responsible for effective financial and regulatory reporting, including the effectiveness of the processes and controls, to ensure the financial control framework is robust and fit for purpose. – Maintains relationships with key stakeholders including shareholders.
Senior Independent Director	– Supports the Group Chairman, acting as intermediary for non-executive Directors when necessary. – Leads the non-executive Directors in the oversight of the Group Chairman, supporting the clear division of responsibility between the Group Chairman and the Group CEO. – Listens to shareholders' views if they have concerns that cannot be resolved through the normal channels.
Non-executive Directors	– Provide input on the development of Group strategy. – Challenge and oversee the performance of management in achieving agreed corporate goals and objectives. – Contribute to the assessment and monitoring of culture. – Maintain internal and external relationships with the Group's key stakeholders.
Group Company Secretary	– Maintains strong and consistent governance practices at Board level and throughout the Group. – Supports the Group Chairman in ensuring effective functioning of the Board and its committees and engagement between senior management and non-executive Directors. – Facilitates induction and professional development of non-executive Directors. – Advises and supports the Board and management in ensuring effective end-to-end governance and decision making across the Group.

Operation of the Board

The Board is ordinarily scheduled to meet at least seven times a year. In 2025, the Board held eight scheduled meetings, supplemented by two ad hoc meetings. The Board agendas are set by the Group Chairman, supported by the Group CEO and the Group Company Secretary.

The Board approved the appointment of Angela McEntee as Group Company Secretary, with effect from 1 January 2026. Angela is a qualified solicitor with significant legal, regulatory, risk and corporate governance experience (for further details, read Angela's biography on page 190). Aileen Taylor, formerly the duly appointed Group Company Secretary, remains in her role as Group Chief People & Governance Officer.

The Group Chief People & Governance Officer, Group Chief Risk and Compliance Officer and the Group Chief Legal Officer were regular attendees at Board meetings during the year. Other members of senior management were invited to attend to present specific matters. The CEOs of our four business areas attended Board strategy sessions. External presenters, including representatives from regulators, were invited to attend meetings to provide specialist input and context.

Governance practices are in place to enable Board and Board committee meetings to operate effectively. Papers presented are expected to follow a template to ensure that Directors have the appropriate information to take informed decisions. Each template requires authors to describe any steps taken to engage with relevant stakeholders and explain the extent to which stakeholders are, or will be, impacted by the matter under consideration, and how this has influenced any recommendations to the Board or committee. The Board receives regular reports from committee Chairs on key matters and discussions from committee meetings. The Group Chairman meets with the non-executive Directors without the executive Directors in attendance after Board meetings and otherwise, as necessary.

All Directors are encouraged to have contact with management at all levels and have full access to management information as needed. Visits to local businesses are arranged for the Directors when they attend Board meetings in different locations, and when travelling for other reasons. Members of senior management often attend Directors' engagements.

Meeting attendance

Meeting attendance by Board and Board committee members in 2025 is shown below. Attendance is shown as the number of meetings attended out of the total number of meetings each person was eligible to attend during the year.

	Board of Directors[1]	Group Audit Committee	Nomination & Corporate Governance Committee	Group Remuneration Committee	Group Risk Committee	Group Technology & Operations Committee	General Meetings[2]
Group Chairman							
Sir Mark Tucker[3]	7/7		6/6				1/1
Brendan Nelson[3]	10/10	9/9	8/8		8/8	6/6	1/1
Executive Directors							
Georges Elhedery	10/10						1/1
Pam Kaur	10/10						1/1
Non-Executive Directors							
Geraldine Buckingham[4,5]	9/10	8/9	8/8	1/1			1/1
Rachel Duan[4]	10/10	8/9	8/8	6/6			1/1
Dame Carolyn Fairbairn[4]	10/10		8/8	6/6	7/8		1/1
James Forese	10/10	9/9	8/8		8/8		1/1
Ann Godbehere	10/10	9/9	8/8	6/6			1/1
Steven Guggenheimer[2,4]	10/10		7/8		8/8	5/6	0/1
José Antonio Meade Kuribreña	10/10	9/9	8/8	6/6			1/1
Kalpana Morparia	10/10		8/8	6/6		6/6	1/1
Eileen Murray	10/10		8/8	6/6	8/8	6/6	1/1
Swee Lian Teo	10/10		8/8		8/8	6/6	1/1

1 The total number of Board of Directors meetings comprises eight scheduled meetings and two ad hoc meetings.
2 Comprised of the AGM held on 2 May 2025. Steven Guggenheimer was unable to attend the AGM due to personal circumstances.
3 Sir Mark Tucker retired from the Board with effect from 30 September 2025. Brendan Nelson was appointed Group Chairman on an interim basis with effect from 1 October 2025 and assumed the role on a permanent basis on 3 December 2025. Brendan Nelson attended seven Board meetings as an independent non-executive Director and three Board meetings as Group Chairman.
4 Due to prior commitments, Geraldine Buckingham was unable to attend the Board meeting in March and the Group Audit Committee meeting in October, Dame Carolyn Fairbairn was unable to attend the Group Risk Committee meeting in June, Steven Guggenheimer was unable to attend the Nomination & Corporate Governance Committee and Group Technology and Operations Committee meetings in July, and Rachel Duan was unable to attend the Group Audit Committee Meeting in September.
5 Geraldine Buckingham stepped down from the Remuneration Committee with effect from 31 January 2025.

Matters considered by the Board in 2025

Activities and areas of focus	
Group strategy and business performance	– Agreed and monitored performance towards delivery of Group strategic priorities and reviewed and approved home market and global business strategies. – Provided strategic input to the Group's refreshed ambition and oversaw operational and governance progress towards creating a more simple, agile and customer-centric organisation, including implementation of the new organisational design, our new Leadership Principles and Group-wide leadership framework, How We Lead. – Reviewed strategic growth opportunities, including detailed consideration of the proposal to privatise Hang Seng Bank Limited. – Oversaw strategic disposals and targeted business reviews to support long-term, sustainable growth by focusing on areas of competitive strengths. – Monitored the continued development of the Group's environmental, social and governance strategies, including oversight and approval of the Net Zero Transition Plan 2025, with the support of the Board Sustainability Working Group. ESG matters formed a regular part of Board discussions during the year with formal updates provided at six scheduled Board meetings.
Financials	– Reviewed and approved key disclosures, including the Annual Report and Accounts 2024, Interim Report 2025 and quarterly earnings releases. – Reviewed and approved distributions, including dividend payments and share buy-backs. – Approved renewal of the various debt issuance programmes. – Reviewed and approved the Financial Resource Plan; oversaw resource allocation and investment decisions. – Provided oversight of key accounting judgements, monitored ECLs and the impact of strategic transactions and significant litigation from an accounting perspective.
Risk, Regulatory and Legal	– Reviewed and approved frameworks, control documents, core processes and legal and regulatory responsibilities including: – the Group's risk appetite statement; – Individual Liquidity and Capital Adequacy Assessment Processes, Internal Climate Scenario Analysis, Group Internal Stress Test, Bank Capital Stress Test and other stress testing; – the Group's Human Rights and Modern Slavery Statement; – consideration of updates in relation to the Group's recovery and resolution capabilities and related documentation, including testing; – the PRA Operational Resilience self-assessment; – risk data aggregation and risk reporting framework aligned to the Basel Committee on Banking Supervision 239 Principles; – the efficacy of Model Risk Management ('MRM') activities within HSBC; – supervisory requirements, which included preparations in anticipation of new reporting requirements in respect of material controls, under the UK and Hong Kong Corporate Governance Codes that take effect for the company's financial year starting on 1 January 2026, and listing authority renewals; – reviewed the legal implications of strategic transactions, and the impact of significant litigation faced by the Group; and – PRA attendance at meetings and other engagements, including continued regular engagement in relation to leadership and organisational changes.
Technology	– Oversaw continued strategic alignment of the Group's technology infrastructure, and the programme to simplify and enhance system resilience, and accelerate digital transformation across the bank.

Activities and areas of focus	
People & Culture	– Oversaw the Group's refreshed ambition to become the most trusted bank globally, putting customers at the heart of everything we do, and the development of our six new Leadership Principles and the How We Lead framework. – Received results of the employee Snapshot survey and employee Pulse surveys. – Participated in deep-dive sessions on people matters including on the future state of the workforce. – Participated in various workforce engagement activities and updates.
External	– External insights gained through presentations and talks by external parties, for example government officials and regulators.
Governance	– Oversaw development of our refreshed governance framework and operating rhythm. – Approved the appointments of a new Group Chairman, independent non-executive Director and Group Company Secretary. – Reviewed and approved Group policies, terms of reference and delegations of authority. – Undertook an internal Board and committee performance effectiveness review. – Participated in stakeholder engagement activities. – Made recommendations to shareholders for approval at the 2025 AGM. – Continued oversight of Director independence, external appointments and conflicts of interest.

Cultural oversight

The Board has responsibility for ensuring that HSBC's culture is aligned with the Group's purpose, values and strategy, and for assessing and monitoring how the desired culture has been embedded and is being sustained. Our culture is an enabler of our ambition and strategy, and we are committed to a high performance culture, where talented people can thrive, raising the standards of what we do every day for the benefit of our customers, colleagues, shareholders and communities.

During 2025, the Board oversaw the development and implementation of our new Leadership Principles and the launch of our new, Group-wide leadership framework, How We Lead. The Leadership Principles set out our expectations for leaders across HSBC, and How We Lead provides the common leadership language, behaviours and tools to enable us to deliver better outcomes for our customers, colleagues and other stakeholders. A number of Board members supported the launch of How We Lead at our senior leadership event in June 2025 and the Board received regular updates on the roll out and further development of the How We Lead framework.

A Board Culture Health Check has been developed and implemented to support the Board in assessing how leaders across the Group are embracing the Leadership Principles, and embedding the How We Lead tools and language in authentic ways to improve outcomes. The Board also received updates during the year from employee Pulse surveys designed to gauge employee awareness, sentiment, and understanding of organisational changes.

A management Advisory Group, led by the Group Chief People & Governance Officer and the Group Customer and Culture Director, and consisting of representatives from across our business areas and functions, has been established to support and advise on the delivery and implementation of How We Lead. Non-executive Directors attend Advisory Group meetings on a rotating basis which provides them with greater insight into the Group's cultural transformation and ensures there is alignment between the Board's expectations on culture and management's delivery and implementation.

The Group Customer and Culture Director role, reporting directly to the Group CEO, was newly created during the year and has responsibility for ensuring that the customer's voice is embedded at the heart of our strategy. Working closely with the Group OpCo, the Group Customer and Culture Director ensures that colleagues across the Group are equipped with the right skills and tools to support our customers and we can meet customers' needs through the development of market-leading products and propositions.

The Group Chief People & Governance Officer provides a regular paper to the Board covering key priorities, updates and emerging areas of focus in people matters. Each scheduled Board meeting begins with a 'customer and culture moment', at which examples of recent customer, employee or other stakeholder activities and interactions which demonstrate ways of working, perspectives and other insights into culture across the Group are presented.

The Board receives further cultural insights from the results of our all-employee Snapshot survey and broader management reporting, which provides key data indicators, including on peoples' behaviours, sentiment and business outcomes.

The governance structure supporting the Board further facilitates effective oversight of key people and culture matters. Through the work of the Group Audit Committee, the Board monitors the nature of risk and control culture across the Group and sees the impact of its policies and practices and how they are embedded, through reports on matters such as whistleblowing, code of conduct breaches and investigations (for further information see the Group Audit Committee Report on page 203).

For information about the Board's engagement with our workforce and other stakeholders see pages 28 and 196.

Governance framework

The governance framework and operating rhythm at HSBC has been reviewed and reshaped during the year to support the creation of a simpler, more dynamic organisation. By meaningfully simplifying governance processes we aim to promote greater clarity and individual accountability, and thereby enable more efficient decision-making. The Group-level formal governance structure has been streamlined to increase focus on individual accountability of decision-makers and their delegates, and this approach has been cascaded throughout the organisation.

In some instances, governance committees and forums have been combined or demised to create more focused and strategic governance pathways. The ESG Committee, Group People Committee and the Change Prioritisation & Oversight Committee were demised. The Holdings Asset & Liabilities Committee became a management committee, reporting to the Group Finance Management Meeting. A summary of the Group governance framework as at the date of this report is set out on page 193.

The Board's engagement with the workforce

The Board acknowledges the importance of engaging with the Group's workforce through various forums. Such interactions enable the Board to gain insights that inform their discussions and decision making. They also offer colleagues a platform to share ideas and feedback on matters important to them. While all Directors are responsible for engaging with the workforce, José Meade serves as the Board's dedicated non-executive Director for workforce engagement. He provides oversight of the Group's workforce engagement programme and acts as a central point for workforce interactions. This role facilitates meaningful, inclusive dialogues and ensures that employees' voices are considered in Board decisions where appropriate.

97
Virtual/physical sessions attended by non-executive Directors

20,300
Number of employees engaged physically/virtually

8
Countries where in-person engagement took place and many more virtually

56
Virtual/physical sessions attended by workforce engagement non-executive Director

Workforce engagement programme and activities during 2025

The Board agreed an annual workforce engagement programme to support the Directors' understanding of the views of the wider workforce. This was developed with input from the dedicated non-executive Director for workforce engagement and the Group Chief People & Governance Officer, and was designed to provide Directors with opportunities to engage with colleagues across the Group. In keeping with previous years, two primary mechanisms were used for this engagement: organising events for Board members during Board travel or as individual Director location allowed; and offering Board members opportunities to attend pre-existing Group employee events scheduled during the year. Structuring the programme this way allowed the Board to meet a diverse group of colleagues and participate in a broad range of engagements globally. By utilising pre-existing employee events, the Board was able to gain organic insights into employee and management interactions. Employee engagements were held in various formats: in-person meetings and larger-scale events, including town halls and virtual formats.

Given the organisational changes during the year, the programme for 2025 was anchored to our Group purpose, strategy, values and ambition which complemented the cultural transformation taking place through the Group. Further details of the cultural transformation are set out on page 196.

A key component of the 2024 workforce engagement programme was visits to Global Service and Technology Centres, given the critical role they play in supporting the wider HSBC business to deliver its strategy. This remained a priority during 2025 and visits were scheduled to Mexico City and Pune, and through discussions, floor walks, fireside chats and town halls, the Board gained deeper insights into the work of these centres.

José Meade provided regular reports to the Board on the outputs and key themes arising from engagements, which aided Board discussions and decision making. During the year, José Meade also attended the Group OpCo and the Chairman's Forum to share key insights and issues raised during employee engagements. This enabled open dialogue with senior executives and other Group subsidiary chairs and ensured management considered and took timely action in response to colleague feedback. In addition, this provided the opportunity for the executives to provide input and share feedback with José Meade to take forward when considering future engagements.

Key themes included the impact of organisational changes, talent development and inclusion in the workplace. These themes shaped conversations between colleagues and Board members and have informed planning for the 2026 workforce engagement programme, ensuring events are targeted to reflect these key topic areas.

Each of the Board members continued to sponsor at least one of our Global Employee Resource Groups ('ERGs'). During 2025, the Directors met with their respective ERGs to discuss the ERGs' strategy for the year and upcoming priorities. Directors were also invited to take part in other ERG events where possible, and every effort was made to facilitate local ERG members meeting their aligned Director during planned Board travel.

Set out below is a selection of workforce engagement events that were held in 2025, attended by José Meade and other Board members.

Strategy

- Directors met with colleagues in branch to experience how customers are supported through the UK branch network.
- Attended a listening session with a small group of UK-based managers to gain insights into experiences on performance and reward matters.
- Directors completed a floor walk of the Hang Seng Bank flagship branch to engage with colleagues.
- Met with wealth management Hong Kong colleagues to gain a deeper understanding of wealth management and digital capabilities in Hong Kong.
- Visited the Pune HSBC Technology Centre.
- José Meade visited the HSBC Korea office and met with colleagues to gain a better understanding of the region.
- Directors attended various exchange sessions in London to hear the employee voice on the business reorganisation and cultural transformation.

Inclusion

- An engagement session was held with colleagues who were part of the EmpowHER and Solaris networks to discuss inclusion and development.
- Directors attended an interactive session to trial the UK Wellbeing initiative, Empathy Box, an immersive learning experience designed to help colleagues better understand vulnerabilities through emotive experiences.
- An engagement session was held with a small group of Pride ERG members during Pride Month.
- Attended a virtual event to celebrate 15 years of Balance ERG.
- José Meade engaged with US-based ERG leaders to discuss business topics, employee sentiment and ERG contribution in the US.

Talent development

- A number of Directors attended the Senior Leaders Event in Nansha which launched the How We Lead framework.
- An engagement session was held with HSBC India leadership.
- Attended exchange sessions with UK-based graduates and degree apprentices to hear about their experiences with HSBC.
- Attended an exchange session with Hong Kong-based graduates to hear about their experiences with HSBC.
- Met with a small group of AI Ambassadors to discuss the education opportunities in technology across the business.
- José Meade joined a How We Lead event held in Mexico City as part of the roll out of the new How We Lead framework to senior leaders.

> "Given the organisational changes during the year, the programme for 2025 was anchored to our Group purpose, strategy, values and ambition, which complemented the cultural transformation taking place through the Group."
> José Meade, Dedicated Workforce Engagement NED



José Meade, Geraldine Buckingham and Kalpana Morparia at an exchange session with UK-based degree apprentices
London, April 2025



Fireside chat with Kalpana Morparia and the EmpowHER and Solaris networks
London, April 2025

Board induction and training

The Board recognises the importance of induction and training for its Directors. To ensure Directors' contributions to the Board remain informed and relevant, all Board members receive appropriate training, both individually and collectively, throughout their tenure.

The Group Company Secretary works with the Group Chairman to ensure that, on appointment, new Directors are provided with tailored and comprehensive induction programmes appropriate to their individual experiences and needs, including the process for managing actual and potential conflicts of interest. Board induction programmes are conducted through formal briefings and introductory sessions with other Board members, senior management, legal counsel, auditors, tax advisers and regulators, as appropriate. Topics covered in the induction programme include but are not limited to: purpose and values; culture and leadership; governance and stakeholder management; Directors' legal and regulatory duties; recovery and resolution planning; anti-money laundering and anti-bribery; technical and business briefings; and strategy.

The induction process is often initiated before appointment to allow each new Board member to contribute meaningfully from appointment. The structure of the induction supports good information flows between the Board and its committees, as well as between senior management and non-executive Directors, providing a clear understanding of our culture and way of operating.

As part of the transition to Group CFO, Pam Kaur completed an induction and development plan which was overseen by the Nomination & Corporate Governance Committee.

Prior to her appointment as a non-executive Director, Wei Sun Christianson received relevant training and legal advice from a firm of solicitors on 8 December 2025. Following this training, Wei Sun Christianson confirmed her understanding of her obligations as a director of a listed issuer pursuant to Rule 3.09D of the Hong Kong Listing Rules. As part of her continued onboarding, Wei Sun Christianson will be provided with a tailored induction, which takes into account her listed directorship experience.

The approach to Director training is agreed annually by the Nomination & Corporate Governance Committee. Training sessions are facilitated by both internal subject matter experts and by external presenters. During the year Board training sessions included the following key topics; financial crime, recovery and resolution, and internal controls.

Members of Board committees receive relevant training, as appropriate. Further details on any specific training commissioned by Board committees can be found in the respective committee reports from page 200 onward. Directors may take independent professional advice at HSBC's expense.

Directors were issued with training modules, which mirrored the mandatory training undertaken by employees. During 2025, this training covered topics including risk management, operational resilience, health and safety, well-being, cyber-security, financial crime, AI and data protection.

During the year, non-executive Directors discussed individual development areas with the Group Chairman as part of their performance discussions. The Group Company Secretary makes appropriate arrangements for any additional training needs identified using internal resources, or otherwise, at HSBC's expense.

Board Directors who serve on principal subsidiary boards receive training that is pertinent to circumstances and context relevant to those boards. For further information, see 'The role of principal subsidiaries' on page 199.

Directors' induction and ongoing development in 2025

Director	Strategy and performance[1]	Risk management and controls[2]	Corporate governance, ESG and other reporting matters[3]
Geraldine Buckingham	◆	◆	◆
Rachel Duan	◆	◆	◆
Georges Elhedery	◆	◆	◆
Dame Carolyn Fairbairn	◆	◆	◆
James Forese	◆	◆	◆
Ann Godbehere	◆	◆	◆
Steven Guggenheimer	◆	◆	◆
Pam Kaur	◆	◆	◆
José Antonio Meade Kuribreña	◆	◆	◆
Kalpana Morparia	◆	◆	◆
Eileen Murray	◆	◆	◆
Brendan Nelson	◆	◆	◆
Swee Lian Teo	◆	◆	◆

◆ Matter considered ◆ Matter not considered

1 Directors received weekly updates on key business updates, performance metrics, investor relations and regulatory matters. Directors also had the opportunity to attend town halls and business function events regionally.
2 Directors received risk and control training and briefings. Examples of specific sessions held in 2025 included: 'Recovery and Resolution', 'Internal Controls' and 'Financial Crime'.
3 Directors received development updates at Board meetings on: 'Board stakeholder engagement' and ESG matters including regulatory changes. Directors received additional training through their attendance at forums such as the Chairman's Forum, Remuneration Committee Chairs' Forum and the Global Non-Executive Director Update.

Board and committee performance review

Performance reviews are an important part of effective governance and support the operation of the Board and its committees.

The 2025 Board and committee performance review was facilitated internally by the Group Chief People & Governance Officer and Group Governance. This followed two externally facilitated reviews in 2023 and 2024.

The 2025 review, which consisted of a questionnaire, supplemented by interviews with each Director and relevant senior management and advisers, focused on three key themes:

– Progress against findings from the 2023 and 2024 reviews: all actions arising from these reviews were considered to have been effectively delivered.
– Oversight of the organisational changes: reporting to the Board was considered to have been thorough and transparent, allowing

Directors to effectively oversee and challenge management on progress against commitments.
– Oversight of the work to implement a high performance culture and the How We Lead framework: the Board's oversight of and engagement with How We Lead was valued, and the introduction of a Board culture health-check was agreed, which will support the Board in discharging its oversight responsibilities.

The outputs from the review were presented to the Board and its committees in December 2025. Overall, the review concluded that the Board and its committees continued to operate effectively. The review did not identify any material notable areas for improvement, however, the Board have agreed to focus on three areas of potential enhancement to help further improve effectiveness and performance:

– Board reporting: the Group Company Secretary has been tasked with exploring the use of AI tools to help with report preparation, as well as to enable Directors to review and analyse information within meeting packs, to improve the consistency and impact of reports across the Board and its committees.
– Stakeholder engagement: the Board agreed to review its approach to stakeholder engagement, to ensure that this continues to be valuable and to provide insights that inform oversight, challenge and decision-making by the Board. Opportunities to further enhance the Board's alignment and connectivity with Principal Subsidiary boards will also be considered.
– Board and Board committee composition: the Nomination & Corporate Governance Committee will lead a refreshment of longer-term succession planning for key Board roles, which will consider the technical and experiential capabilities required to ensure that the Board and its committees continue to function effectively in both the short and longer term.

The former Group Chairman and his interim successor met with each Director individually during September 2025 in relation to their individual performance and development. No performance review was conducted for the Group Chairman owing to the retirement of Sir Mark Tucker, and the process to identify a permanent successor for the Group Chairman role, which was ongoing at the time of the review.

The Group Company Secretary will work with the Board and Board committee Chairs to implement the agreed areas for enhancement over the course of 2026.

Subsidiary governance

We are committed to maintaining high standards of corporate governance throughout the Group. All subsidiary boards and their respective businesses are required to have in place effective governance arrangements which have regard to the businesses' nature, size, location and the sectors in which they operate.

The subsidiary accountability framework

The subsidiary accountability framework aims to balance appropriate governance oversight by the Group with each subsidiary's local legal and regulatory requirements. The framework supports the Group in promoting effective governance arrangements across its subsidiaries by:

– setting out high-level principles and expectations which emphasise best practice governance;
– ensuring a consistent and proportionate approach to corporate governance arrangements; and
– ensuring a shared and consistent understanding of the Group's strategic objectives, culture and values.

Group subsidiary board composition is kept under review as part of succession planning. See the Nomination & Corporate Governance Committee report on page 200 for information regarding the succession plans of principal subsidiaries.

The role of principal subsidiaries

Certain subsidiaries are designated formally by the Board as principal subsidiaries. In addition to their obligations under their respective local laws and regulations, principal subsidiaries, supported by regional company secretaries, perform a critical role in ensuring effective and high standards of governance across the Group and in overseeing the implementation of the subsidiary accountability framework in the regions for which they are responsible.

Representatives from principal subsidiaries attend the Board and its committee meetings for relevant topics, including when the Board holds meetings outside of the UK. The Chairs of principal subsidiary risk and audit committees are invited to attend relevant Group committee meetings. Attendance and participation at these meetings supports subsidiary directors' understanding of the challenges facing the Group and helps to identify common challenges and facilitate the sharing of lessons learned.

The Group Chairman interacts regularly with the chairs of the principal subsidiaries, including through the Chairman's Forum. The Chairman's Forum comprises the chairs of each of the principal subsidiaries, the Group's Senior Independent Director, the chairs of the Group's audit, risk and remuneration committees, and where relevant, the Group CEO, other non-executive Directors and members of executive management, advisers and/or external experts.

In 2025, the Chairman's Forum covered topics such as strategic planning and reporting, geopolitical issues and macroeconomic outlook, shareholder engagements, Group-wide connectivity of non-executive Directors, technology and innovation developments, How We Lead, workforce engagement and financial performance. The principal subsidiaries are:

Principal subsidiary	Oversight responsibility
The Hongkong and Shanghai Banking Corporation Limited	Asia-Pacific
HSBC Bank plc	Europe and Bermuda (excluding UK ring-fenced activities)
HSBC UK Bank plc	UK ring-fenced bank and its subsidiaries
HSBC Middle East Holdings BV	Middle East, North Africa and Türkiye
HSBC North America Holdings Inc.	US
HSBC Latin America Holdings (UK) Limited	Mexico and Latin America

Subsidiary director development

The Group is dedicated to supporting the continuing professional development of its subsidiary directors.

The Bank Director Programme, launched in 2022, is designed to prepare HSBC executives and senior managers to assume roles as internal non-executive directors on our subsidiary boards. Over 40 delegates have completed the programme and many have now served as internal non-executive directors on Group subsidiary boards.

Our Bank Chair Programme took place in late 2024 and early 2025 with attendees comprising subsidiary board and committee chairs from across the Group. The programme focused on developing our 'chairs of the future' and equipping them to lead 'best-in-class' subsidiary boards and committees at HSBC. The programme covered a range of topics with a future focus including regulation, subsidiary governance, culture, customers, building a future-focused board, climate, transformation, AI and geopolitics.

Our annual Global Non-executive Director Update is another way we engage and connect with subsidiary directors to provide updates and share knowledge. Over 160 attendees joined our 2025 session where topics included strategy and performance, the external environment and culture.

Nomination & Corporate Governance Committee



"Continuing to strengthen the succession plans for key roles, in line with the short- and long-term needs of the Board and wider Group, remains a key priority for me and the Committee this year."

Brendan Nelson
Chair
Nomination & Corporate Governance Committee

For Board committee membership, see Board biographies on pages 187 to 190 and for meeting attendance in 2025 see page 195.

Key responsibilities

The Committee's key responsibilities include:

- overseeing succession planning and leading the process for identifying and nominating candidates for appointment to the Board and its committees;
- overseeing succession planning and development of senior leadership;
- overseeing and monitoring the corporate governance framework of the Company and its subsidiaries; and
- ensuring that the corporate governance framework is consistent with relevant standards and best practices.

I am pleased to present the Nomination & Corporate Governance Committee report, my first since succeeding Sir Mark Tucker as Group Chairman.

The Committee's immediate priority is to identify successors for Ann Godbehere as Senior Independent Director, as well as my successor as Chair of the Group Audit Committee.

As previously announced, following the successful completion of the Group Chairman succession process, Ann Godbehere, who led the process as Senior Independent Director, informed the Board of her decision to step down from the Board at the conclusion of our 2026 AGM. Ann leaves with our very best wishes and thanks for the considerable commitment she made over her time on the Board.

While we have made good progress over the past two months and considered both internal and external candidates for the Group Audit Committee Chair and Senior Independent Director roles, we are not yet in a position to confirm the outcome of these processes. We continue to work at pace and will provide an update in due course. We expect to announce the appointments – and for them to take effect – following the conclusion of our 2026 AGM on 8 May 2026, subject to completion of the regulatory approval process.

This means that I will continue to hold the role of Chair of the Group Audit Committee for a further period. While this has not been and is not in accordance with Provision 24 of the UK Corporate Governance Code, the Board has determined at all relevant times that it was in the best interests of the Group and its stakeholders that I maintain my role as Group Audit Committee Chair to allow for a permanent successor to be appointed and to provide continuity of oversight.

During the year, we also welcomed Wei Sun Christianson to the Board from 1 January 2026. Her appointment enhances the Board's collective experience of the business, cultural and regulatory context of key markets, specifically Hong Kong and mainland China. We look forward to benefiting from the insights and perspectives Wei will bring to the Board's deliberations.

I am pleased to confirm that the 2025 Performance Review concluded that the Committee continued to discharge its duties effectively. Additional details on the annual review of the Board and the Committee's effectiveness can be found from page 198.

Finally, there was significant change to senior leadership as part of the reorganisation of the Group around its four core businesses in line with our strategy. The focus throughout 2025 has been on overseeing the rebuild of succession plans for key roles, which has been led by Georges Elhedery and Aileen Taylor.

My thanks to my fellow Directors for their commitment to our efforts to develop talent and future leaders, as evidenced through their mentoring relationships with senior talent. This has provided excellent exposure to our senior talent, and has contributed to more informed discussions on the strength of our succession bench.

Brendan Nelson
Chair of the Nomination & Corporate Governance Committee

Committee governance

The Group Chief People & Governance Officer attended all Committee meetings during the year. She supported the Group Chairman in ensuring that the Committee fulfilled its responsibilities under its Terms of Reference and in line with corporate governance best practice, and also presented on succession and development activity for the Group OpCo and other key senior management roles. The Group CEO also regularly attended Committee meetings throughout the year.

The Committee retains the support of various executive search firms to assist with its objectives in relation to Board succession planning and appointments. Russell Reynolds Associates ('RRA'), provided support to management on senior management succession and recruitment. In addition, RRA, Christoph Zeiss Partners ('CZ Partners') and MWM Consulting ('MWM') provided support to the Committee on Board succession and recruitment. RRA, CZ Partners and MWM have no other connection to the Group or with members of the Board other than to support on the Board and senior management succession and recruitment.

Board composition and succession

Following the appointments during 2024 of Georges Elhedery as Group CEO and Pam Kaur as Group CFO, the Committee's primary focus during the year was on succession planning for the Group Chairman role.

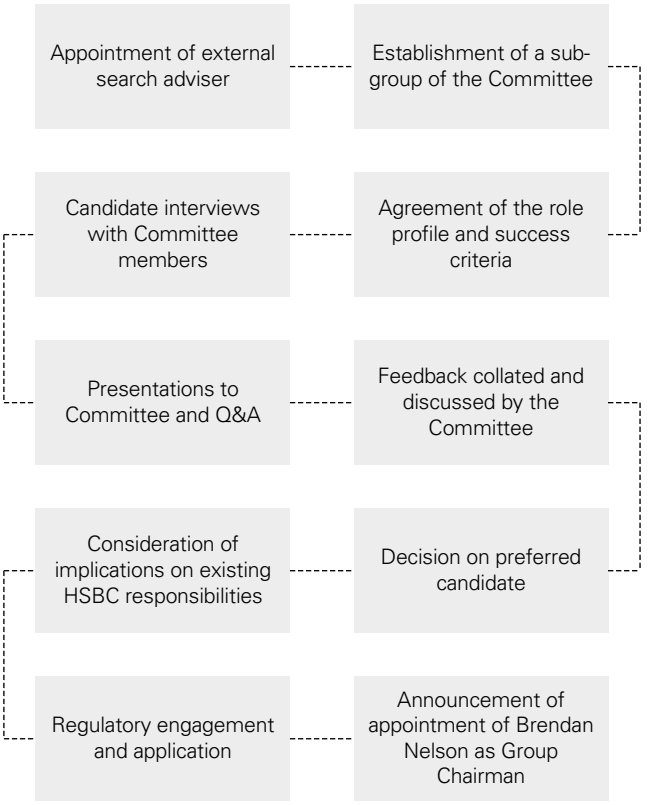
Sir Mark Tucker joined the Board on 1 September 2017 and assumed the role of Group Chairman on 1 October 2017. The Committee commenced active succession planning for the Chairman role in Q4 2024 after Sir Mark had served for seven years. On 1 May 2025, the Group provided an update on the succession process the Committee was undertaking. On 6 June 2025, the Group announced that Brendan Nelson would assume the role of Interim Group Chairman upon Sir Mark's retirement from the Board on 30 September 2025. Brendan joined the Board in September 2023.

The PRA and FCA granted regulatory approval for Brendan Nelson as Group Chairman in advance of his appointment as Group Chairman on an interim basis effective 1 October 2025. A thorough handover process, in accordance with regulatory expectations, was undertaken with Sir Mark in advance of Brendan's assumption of the role. He also underwent a tailored induction plan to ensure he was equipped to fulfil the role. This focused on refreshing and developing new relationships with key external stakeholders, particularly investors in Asia.

On 3 December 2025, Brendan was appointed Group Chairman having held the role on an interim basis since 1 October 2025. This decision followed a robust process that considered both internal and external candidates and regulatory approval.

Group Chairman succession

In preparation for Sir Mark Tucker's retirement, the Committee, led by the Senior Independent Director, proactively commenced the process to identify his successor in Q4 2024. Key steps in the Group Chairman succession process included:



The Committee (other than Brendan Nelson who was recused) selected Brendan Nelson as the preferred candidate, subject to regulatory confirmation. Following engagement with the PRA and FCA, the Board approved Brendan Nelson's appointment as permanent Group Chairman effective immediately, as announced on 3 December 2025.

The Board determined at all relevant times that it was in the best interests of the Group for Brendan to continue in role as Chair of the Group Audit Committee and that for all applicable purposes he satisfied the requisite tests of independence.

Other key board succession decisions

The Committee continued to keep the composition of the Board and of its committees under review, with assessments focused on the skills, knowledge, and experience necessary to oversee, challenge and support management, in the achievement of the Group's strategic and business objectives.

Following a recruitment process for a new Director, which prioritised further strengthening the Board's banking experience and deep business and cultural expertise across Asia, Wei Sun Christianson was appointed to the Board with effect from 1 January 2026. Wei met with members of the Board, including the Group CEO and the feedback from these meetings then informed the Committee's recommendation to the Board for her appointment. Wei brings extensive banking and regulatory experience gained over a 30-year international career. Her biography can be found on page 188.

The Committee remains focused on identifying successors for the Senior Independent Director and Chair of the Group Audit Committee roles. Good progress has been made in considering and assessing both internal and external candidates. The Committee will continue to engage with regulators in relation to the necessary regulatory approvals and has full confidence that an announcement will be made in time to allow for the appointments to take effect from the conclusion of the 2026 AGM.

As set out in last year's report, the appointment term of José Meade, Workforce Engagement non-executive Director, was extended to the 2026 AGM. During 2025, the Committee considered the future needs of the Board, and the performance and contributions of José, and agreed a further extension to the 2027 AGM, subject to his re-election by shareholders. This reflects José's contributions, and leadership in enhancing the Board's understanding of the views of the workforce. It is the Board's strong belief that this extension of José's appointment, given his performance and contributions to the Board, is in the best interests of the Group and its stakeholders.

During 2026, the Committee will conduct a thorough review of the size and composition of the Board committees. This review will look to undertake the effective use of the skills and expertise of the Directors, and to continue to enable effective support and challenge by the respective committees.

Board diversity

The Board recognises the importance of gender, social and ethnic diversity, and the benefits that diverse identities and backgrounds bring to Board effectiveness. Representation is a consideration in succession plans and appointments at both Board and senior management level, as well as more broadly across the Group. The Committee also considers representation on Board committees when reviewing their composition.

The Board's diversity and inclusion policy was updated in December 2025, and is available at https://www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities. Further details on the Board's diversity data can be found on page 192.

Senior executive succession and development

Following Georges Elhedery's appointment as Group CEO and Pam Kaur's appointment as Group CFO the Committee monitored and received updates on their induction and development plans.

Given the new, simpler organisational structure, the Committee approved updated succession plans for the Group Operating Committee members. These reflected continued efforts to support the development and progression of diverse talent and promote the long-term success of the Group. This included future internal and external succession options for the Group CEO, to ensure that the Committee has a robust and actionable succession plan when required.

When considering internal succession plans, the Committee received updates on individual development plans that supported alignment to key priorities and career trajectory, as well as exposure to Board and Group Operating Committee members.

Since the last report, the Committee oversaw and approved several changes to the senior leadership team. These included the appointment of the permanent Group Chief Risk and Compliance Officer, the Group Head of Internal Audit and the CEO of HSBC UK Bank plc. These appointments completed the work on building a Group senior leadership team that will drive the Group's strategy into the future.

Subsidiary governance

In line with the subsidiary accountability framework, the Committee continued to oversee the corporate governance and succession arrangements across the principal subsidiary portfolio. Additional details on the subsidiary accountability framework are set out on page 199.

The Committee continued to oversee principal subsidiary composition and succession planning through the annual review of Board succession plans.

In order to further strengthen connectivity between the Board and the most significant subsidiary boards in the Group, the Committee recommended that José Meade be appointed to the Grupo Financiero HSBC, S. A. de C. V., HSBC Latin America Holdings Limited and HSBC Mexico, S.A., Institucion de Banca Multiple, Grupo Financiero HSBC., boards. The Committee is confident that these appointments will further enhance governance arrangements and connectivity.

Group Audit Committee



"As Chair, I'm pleased with the Committee's commitment to robust oversight and transparent reporting. Together, we've strengthened internal controls and deepened collaboration across the Group."

Brendan Nelson
Chair
Group Audit Committee

For Committee membership, see Board biographies on pages 187 to 190 and for meeting attendance in 2025, see page 195.

Key responsibilities

The Group Audit Committee ('GAC') has non-executive responsibility for the oversight of matters relating to financial reporting and internal controls. The GAC's key responsibilities include:

- monitoring the integrity of financial statements;
- reviewing the Group's financial and accounting policies and practices;
- monitoring the effectiveness of the internal control environment;
- monitoring and reviewing the effectiveness of the Global Internal Audit function; and
- oversight and remuneration of the external auditor and making recommendations to the Board on the appointment of the external auditor.

I am pleased to introduce the GAC report, my second as Chair, and thank the Committee members for their contribution and support during 2025. The key matters considered by the Committee are set out below.

Financial and regulatory reporting

The GAC received regular updates from the Group CFO and Global Financial Controller on key financial reporting issues and the related management judgements. These included spending significant time on the appropriateness and clarity of the Group's market guidance, including in relation to returns, costs and expected credit losses ('ECL'). Given the uncertain global macroeconomic environment, the GAC carefully considered its disclosures on ECL, in particular those relating to the Group's exposure to the mainland China and Hong Kong corporate real estate sectors. The GAC also provided close oversight of the disclosure risks associated with sustainability and climate reporting, and related controls. This included its review of the Net Zero Transition Plan which was published in November 2025.

The GAC focused on monitoring the programme of work designed to enhance the quality and reliability of regulatory reporting and align with HSBC's internal standards and external regulatory expectations. This included regular updates from management, focused review meetings to guide short- and medium-term delivery plans, and meetings with external parties.

The Financial Reporting Council ('FRC') undertook a Corporate Reporting Review of HSBC's Annual Report and Accounts 2024, and we are pleased to report that no formal matters were raised.

Internal controls

The GAC has an important role in monitoring and overseeing the control environment, taking into account the external operating environment and following the Group's recent reorganisation. Enhancing the control environment for the Group's regulatory reporting obligations remains a central focus and ongoing priority for both management and our regulators globally.

Throughout the year the GAC oversaw ongoing enhancements in this area, supported by the Group Chief Control Oversight Office. This included work to support preparations for the Board's declaration on the effectiveness of material controls, which HSBC will be required to include in the Annual Report and Accounts 2026, under the UK and Hong Kong Corporate Governance Codes.

Connectivity within the Group

Ensuring strong connectivity between the Group and its subsidiaries is an important aspect of the GAC's oversight model, and has been a key feature over the past few years. I have spent time with several of the subsidiary audit committee chairs, both individually and as part of plenary sessions, encouraging their participation in Group-wide discussions including in relation to regulatory reporting. Ongoing, regular engagement with our subsidiary audit chairs will continue to be an important part of the GAC's governance practices.

Global Internal Audit

We welcomed Russell Jackson as the new Group Head of Internal Audit, effective 3 June 2025. The handover was supported by myself and the other GAC members, and we extend our gratitude to Jonathan Calvert-Davies for his dedication to the role since 2019.

Engagement with the Global Internal Audit function continued throughout the year, with the GAC receiving regular updates. Following the positive outcome of the External Quality Review of the Global Internal Audit function conducted in 2024 by Deloitte, an internal review under the Global Professional Practices Quality Assurance and Improvement Programme in 2025 confirmed Global Internal Audit's ongoing general conformance with the Institute of Internal Auditors Standards.

Committee performance

Finally, I was pleased that the annual review of the GAC's performance concluded that the Committee continued to operate effectively. Further details of the review can be found in the 'Board and committee performance review' section on page 198.

Brendan Nelson
Chair of the Group Audit Committee

How the Committee discharged its responsibilities

Financial reporting

The GAC is responsible for reviewing the Group's financial reporting disclosures, including the Annual Report and Accounts, Interim Report, quarterly earnings releases, analyst presentations and Pillar 3 disclosures.

Furthermore, as an area of expanded assurance, the GAC, supported by the Group Disclosure Committee, provided close oversight of disclosure risks in relation to sustainability and climate reporting, and related controls.

As part of its review, the GAC:

- challenged and evaluated management's application of accounting policies subject to critical estimates and judgements and material areas in which significant accounting judgements were applied;
- reviewed and challenged management's judgements and disclosures in relation to impairment reviews of HSBC's investment in Bank of Communications Co., Limited, performed using a value-in-use methodology;
- gave particular regard to the analysis and measurement of IFRS 9 ECL, including the key judgements and management adjustments made in relation to the forward economic guidance, underlying economic scenarios and reasonableness of the weightings, as well as modelling and adjustments;
- focused on preparation of disclosures to ensure these were consistent, appropriate and could be validated under the relevant financial and governance reporting requirements;
- reviewed analysis and assurance work by external financial advisers in connection with (i) the Group's reorganisation plans; and (ii) the privatisation of HASE;
- tracked and monitored delivery against the external audit plan; and
- provided advice to the Board on the form and basis underlying the long-term viability statement.

We also received limited assurance from an independent third-party on certain elements of the Group's climate reporting. Further details can be found in 'Assurance relating to ESG metrics' on page 35.

In conjunction with the Group Risk Committee, the GAC considered the current position of the Group, along with the emerging and principal risks, and carried out a robust assessment of the Group's prospects. This assessment informed the GAC's recommendation to the Board on the Group's long-term viability. The GAC also undertook a detailed review before recommending to the Board that the Group should continue to prepare its annual and interim financial statements on a going concern basis. Further details can be found on page 32.

Financial planning

The GAC reviewed and debated the robustness of the financial plan for the financial years 2026 to 2030. The GAC considered the risks and challenges, and ensured that the process to develop the financial resource plan was robust and that the assumptions driving the financial performance of the Group were appropriate and subject to appropriate challenge. Specifically, the Committee reviewed revenue assumptions against economic and market growth rates in the countries and territories in which HSBC operates, and considered various downside planning scenarios against available resources and risk appetite capacity.

Fair, balanced and understandable

The Committee reviewed the draft Annual Report and Accounts 2025 and results announcements and provided feedback and challenge to management. It was supported by the work of the Group Disclosure Committee. Following review and challenge of the disclosures, the Committee recommended to the Board that the Annual Report and Accounts 2025, taken as a whole, were fair, balanced and understandable. These provided shareholders with the necessary information to assess the Company and the Group's position and performance, business model, strategy and risks facing the business.

Internal controls

The GAC is responsible for overseeing the effectiveness of all internal controls. During the year, the GAC provided oversight of the ongoing enhancement of the operation and monitoring of the Group's internal control environment, informed by reports from the Group Chief Control Oversight Office.

This included an assessment of the Group's work on material controls to support the Board's forthcoming declaration of their effectiveness in the Annual Report and Accounts 2026, under the requirements of the UK and Hong Kong Corporate Governance Codes. This comprised evaluating controls with the potential to materially impact the Group, our customers or the stability of the market, in line with FRC and Hong Kong Exchanges and Clearing guidance.

Regular updates and confirmations are provided to the GAC on the actions management take to remediate any failings or weaknesses identified through the operation of the Group's framework of internal controls. This is supplemented by reviews of these controls by the Group Chief Control Oversight Office, the second line of defence, internal audit, and the external auditors, who provided additional assurance to the Committee on the effectiveness of these controls.

These updates included the Group's work on compliance with section 404 of the US Sarbanes-Oxley Act, which requires publicly-traded companies such as HSBC to establish, maintain and assess an adequate internal controls structure and procedures for financial reporting. Based on this work, the GAC recommended that the Board support its assessment of the internal controls over financial reporting.

▶ For further details of how the Board reviewed the effectiveness of key aspects of internal control, see page 246.

Regulatory reporting

Regulatory reporting continues to be a key priority. The Committee oversaw initiatives to enhance the quality and reliability of regulatory reporting, to align with both HSBC's internal standards and regulatory reporting expectations.

During 2025, the GAC reviewed progress updates on HSBC-specific external reviews, examined root causes and emerging themes identified from assurance activities, and challenged management to demonstrate sustainable improvements. The GAC also assessed the management of dependencies with other key programmes, and discussed programme resourcing.

▶ Further details can be found in the 'Principal activities and significant issues considered during 2025' table on page 211.

FRC's Corporate Reporting Review

The FRC conducts routine reviews of the annual reports and accounts of FTSE 350 companies. The outcome of the FRC's review of HSBC's Annual Report and Accounts 2024 raised no formal matters for our attention. This review was based solely on HSBC's Annual Report and Accounts 2024 and did not include detailed knowledge of HSBC's business. The scope of such reviews by the FRC does not include verification of the information set out in those documents or any related assurance; it is limited to a consideration of compliance with reporting requirements.

Adequacy of resources

The Committee is responsible, under the Hong Kong Listing Rules, to annually assess the adequacy of resources of the accounting, internal audit, financial reporting and ESG performance and reporting functions. It also monitored the legal and regulatory environment relevant to its responsibilities.

The Committee determined that each of the functions provided thorough information with regards to people capacity and capability. This determination was aided by specific reports from and engagement meetings with the senior leaders of these functions.

Connectivity with principal subsidiary audit committees

The Committee recognises the importance of strong connectivity and alignment with principal subsidiary audit committees. The mechanisms to support this are well established and continued to operate effectively during the year. This included information sharing and targeted collaboration between audit committee chairs and management to ensure there was appropriate focus on the local implementation of programmes. During 2025, this included dedicated sessions on regulatory reporting, with the principal subsidiary audit committee chairs, chief executive officers and chief financial officers of the Europe, Asia-Pacific, Middle East and Americas regions attending committee meetings to provide updates on progress, discuss local challenges, and highlight key areas of focus to the Committee.

In addition to the Chair's regular meetings with the audit chairs of the Group's principal subsidiaries, and their attendance at GAC meetings for relevant items, they provided quarterly reports on their local audit committee activities. This included updates on internal control, and financial and regulatory reporting matters that are significant from a local or enterprise-wide perspective. On a half-yearly basis, the audit committees of the principal subsidiaries certify to the GAC that their financial statements have been prepared appropriately, Group policies have been followed, and any matters requiring the Committee's attention have been escalated.

Interaction with regulators

The Committee Chair continued to engage with various key stakeholders, including regulators to understand their views, key themes and areas of focus within the broader financial services sector on matters relevant to the work of the Committee. This included periodic trilateral meetings involving the Group's external auditor, PwC, and the PRA.

External auditor

The GAC has primary responsibility for overseeing the relationship with the Group's external auditor, PwC. PwC completed this year's audit, its eleventh, providing robust challenge to management and sound independent advice to the Committee on specific financial reporting judgements, sustainability reporting and the overall control environment. Key audit matters discussed with PwC are set out in its report on page 256. The Committee reviewed, and concluded that, all requirements of the FRC's Audit Committees and the External Audit: Minimum Standard ('the Standard'), where relevant, were met during 2025. The GAC reviewed the PwC external audit approach, including the materiality, risk assessment and scope of the audit.

The GAC assessed the effectiveness of PwC as the Group's external auditor, focusing on the overall audit process, its effectiveness and the quality of output, informed in part by the FRC's audit quality indicators. Key strengths highlighted in the review include strong independent challenge, deep audit team experience, a thorough understanding of the Group's businesses and associated risks, and strong technical accounting and industry knowledge. The review also identified some areas for improvement, focused on communication of testing status, planning, timeliness of testing and coordination.

The GAC receives regular updates from PwC and management on external auditor performance, providing wider visibility of ongoing and emerging issues. There were no breaches of the policy on hiring employees or former employees of the external auditor during the year. The lead audit partner attends all Committee meetings and the GAC Chair maintains regular contact with the senior audit partner and his team throughout the year.

The Committee assessed any potential threats to independence that were self-identified or reported by PwC. Based on the reporting received, PwC are deemed to be independent. PwC, in accordance with professional ethical standards and applicable rules and regulations, provided the GAC with written confirmation of its independence for the duration of 2025.

The Committee confirms it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial statements.

Following the Committee's recommendation to reappoint PwC as the auditor, shareholders passed the associated resolution at the 2025 AGM. At the same time, shareholders authorised the Committee to determine PwC's audit fee for the financial year ended 31 December 2025, which was approved by the Committee at its June 2025 meeting.

The Committee is responsible for setting, reviewing and monitoring the appropriateness of the provision of non-audit services by the external auditor. It also applies the Group's policy on the award of non-audit services to the external auditor. The non-audit services are carried out in accordance with the external auditor independence policy to ensure that services do not create a conflict of interest. All non-audit services are either approved by the GAC Chair, or by Group Finance when acting within delegated limits and criteria set by the GAC. All non-audit services where fees exceeded $1m were subject to approval by the GAC Chair. For all non-audit services provided during 2025, it was considered to be in the best interests of the Group to use PwC for these services because they were:

- audit-related assurance services, with the work closely related to work performed in the audit and in some instances required by local regulators to be performed by the external auditor; or
- other assurance services that involve obtaining appropriate audit evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information, including attestation reports on internal controls of a service organisation primarily prepared for and used by third-party end users.

Auditors' remuneration	**2025 $m**	2024 $m
Total fees payable[1]	**159.1**	146.6
of which fees for non-audit services	**50.2**	43.8
Ratio of non-audit fees to audit fees[2]	**46.1%**	43.0%

1 In addition, $2.1m in expenses were reimbursed to PwC in 2025.
2 The calculation is on a simple ratio and is not based on FRC guidance on non-audit fees ratio thresholds.

Following the conclusion of a formal competitive audit tender process, in 2023 the Board approved the re-appointment of PwC as external auditor for the next 10-year cycle beginning with the financial year ending 31 December 2025. As a UK public interest entity, HSBC is required to tender its audit every 10 years and rotate every 20 years. PwC is a registered public interest entity auditor in Hong Kong.

Whistleblowing and speak-up culture

Speaking up when something does not feel right is integral to HSBC's values. HSBC remains committed to empowering colleagues to raise concerns confidently, and to taking appropriate action in response. A range of channels are available for colleagues to raise concerns, including the Group's whistleblowing channel, HSBC Confidential (see page 62 for further information).

The Board has delegated responsibility to the GAC to oversee the effectiveness of HSBC's whistleblowing arrangements. The Chair of the GAC is a Group Senior Manager under the FCA's Senior Managers and Certification Regime, and has a prescribed responsibility as the Whistleblowers' Champion to ensure the integrity of HSBC's policy and procedure on whistleblowing and protecting those who report concerns. The GAC Chair reports to the Board on the GAC's oversight of whistleblowing as part of his regular reporting updates.

The Committee is also briefed on culture and conduct risks from whistleblowing cases and actions taken. The Group Head of Regulatory Compliance updates the GAC annually on whistleblowing effectiveness, including controls assessments and internal audit findings.

Global Internal Audit

The primary role of the Global Internal Audit function is to help the Board and management strengthen the Group's ability to create, protect and sustain value. Global Internal Audit does this by providing independent, risk based and objective assurance and advisory services on the design and operating effectiveness of the Group's framework of risk management, control, and governance processes, prioritising the greatest areas of risk. The independence of Global Internal Audit from day-to-day line management responsibility is fundamental to its ability to deliver objective audit coverage of all parts of the Group. Global Internal Audit is free from interference by any element in the organisation, including on matters of audit selection, scope, procedures, frequency, timing, or internal audit report content. The Group Head of Internal Audit reports to, and meets frequently with, the Chair of the GAC. Global Internal Audit adheres to The Institute of Internal Auditors' mandatory guidance.

Global Internal Audit may also perform advisory work at the request of the Board or management. The nature and scope of advisory services are subject to agreement with the Group Head of Internal Audit. When performing advisory services, Global Internal Audit maintains objectivity and does not assume management responsibility.

Consistent with previous years, the 2026 audit planning process included assessment of the inherent risks and strength of the control environment across the audit entities representing the Group. Results of this assessment were combined with a top-down analysis of risk themes by risk category to ensure that themes identified were addressed in the annual plan. Audit coverage is achieved using a combination of business and functional audits of processes and controls, risk management frameworks and major change initiatives, as well as regulatory audits, investigations and special reviews. The annual audit plan was approved by the GAC.

The results of audit work, together with an assessment of the Group's framework of risk management, control and governance processes are reported to the GAC, GRC and local audit and risk committees, as appropriate. This reporting includes business and regulatory developments and an independent view of emerging and horizon risk, together with details of audit coverage and any required changes to the annual audit plan. Based on regular internal audit reporting to the GAC, private sessions with the Group Head of Internal Audit, the Global Professional Practices annual assessment and quarterly quality assurance updates, the GAC is satisfied with the effectiveness of the Global Internal Audit function and the appropriateness of its resources.

Management is accountable for addressing the matters raised by Global Internal Audit, which must be addressed within an appropriate and agreed timetable.

Global Internal Audit maintains a close working relationship with HSBC's external auditor, PwC. The external auditor is kept informed of Global Internal Audit's activities and results, and is afforded free access to all internal audit reports and supporting records.

Committee member independence

The Nomination & Corporate Governance Committee has confirmed that each member of the Committee is independent according to the criteria of the US Securities and Exchange Commission, and the Committee and individual members continue to possess competence relevant to the banking and broader financial services sector in which the Group operates. The Board has determined that Brendan Nelson and Ann Godbehere are the Committee's 'financial experts' for the purposes of section 407 of the Sarbanes-Oxley Act and have recent and relevant financial experience for the purposes of the UK and Hong Kong Corporate Governance Codes.

Principal activities and significant issues considered during 2025

Areas of focus	Key issues	Conclusions and actions
Accounting policies subject to critical estimates and judgements	**Expected credit losses** The measurement of ECL involves significant judgements, particularly under current economic conditions. There remains uncertainty over ECL estimation due to high inflation, interest rate volatility, economic and tariff policy changes and weaker economic growth in the Group's key operating markets.	– The Committee reviewed economic scenarios for the key countries and territories in which the Group operates and challenged management's judgements on the weightings assigned to the scenarios. The Committee also challenged management's judgement-based adjustments for uncertainty across specific sectors and geographies, including the controls underpinning the adjustments process and conditions under which the adjustments would be reduced or removed. – The Committee continued to monitor management's updates on areas of particular focus, including downside risk in mainland China and Hong Kong commercial real estate sectors.
	Valuation of financial instruments Management continues to review its methodologies and approaches to valuing the Group's portfolio in relation to investments, trading assets and liabilities and derivatives.	– The Committee received periodic updates on the key valuation metrics and judgements involved in the determination of the fair value of financial instruments. – The Committee agreed with the judgements applied by management, which were validated through appropriate governance and control forums.
	Investment in subsidiaries Management has reviewed investments in subsidiaries for indicators of impairment and reversals, and conducted impairment reviews where relevant. These involve exercising significant judgement to assess the recoverable amounts of subsidiaries, by reference to projected future cash flows, discount rates and regulatory capital assumptions.	– The Committee reviewed the judgements applied in the impairment review of HSBC Overseas Holdings (UK) Limited, including key inputs such as projected profits that support the recoverable amounts of its subsidiaries.
	Valuation of defined benefit pension obligations The valuation of defined benefit pension obligations involves highly judgemental inputs and actuarial assumptions which include interest rate, inflation rate, mortality rates and other demographic assumptions. Management considered these assumptions in consultation with actuarial experts to determine the valuation of the defined benefit obligations.	– The Committee has considered the effect of changes in key assumptions on the HSBC UK Bank plc section of the HSBC Bank (UK) Pensions Scheme, which is the principal plan of HSBC Group. Details of key assumptions can be found on page 298 of the 'Notes on the financial statements'.

Principal activities and significant issues considered during 2025 (continued)

Areas of focus	Key issues	Conclusions and actions
Accounting policies subject to critical estimates and judgements	**Investment in an associate – Bank of Communications Co., Limited** During the year, management performed impairment reviews of HSBC's investment in Bank of Communications Co., Ltd ('BoCom'), and considered the financial impact of BoCom's capital issuance in June 2025. The impairment assessments considered whether there is indication of further impairment, or if previously recognised impairment may no longer exist or may have decreased. The impairment reviews are complex and require significant judgements, such as the appropriateness of projected future cash flows, discount rate, and regulatory capital assumptions.	– The Committee reviewed and challenged management's judgements and disclosures in relation to impairment reviews of HSBC's investment in BoCom, performed using a value-in-use methodology. – The Committee reviewed the appropriateness of key assumptions such as projected future cash flows, and assessed management's procedures to ensure that the latest available information was reflected at the 31 December 2025 reporting. – The Committee discussed the impact of BoCom's capital issuance, and resulting dilution of HSBC's investment, on the Group's accounts and challenged management on the related accounting treatment analysis.
	Impairment of goodwill and non-financial assets During the year, management tested for impairment of goodwill and non-financial assets, including additional consideration for the future impacts resulting from the announced organisational restructure. Key judgements in this area relate to long-term growth rates, discount rates and projected future cash flows to include for each cash-generating unit tested, both in terms of compliance with the accounting standards and reasonableness of the forecasts.	– The Committee reviewed and challenged management's approach and methodology used for the impairment testing of goodwill and non-financial assets, with a key focus on the projected cash flows included in the forecasts and discount rates used. – The Committee also challenged management's key judgements and considered the reasonableness of the outcomes against business forecasts and the strategic objectives of the Group.
	Legal proceedings and regulatory matters Management has used judgement in relation to the recognition and measurement of provisions, as well as the existence of contingent liabilities for legal and regulatory matters.	– The Committee reviewed reports from management on legal proceedings and regulatory matters, and challenged related accounting judgements and disclosures. Notably, this included the review of management's judgements in relation to a legal provision following developments in a claim in Luxembourg relating to the Bernard L. Madoff Investment Securities LLC fraud.
	Deferred tax-related judgements HSBC has recognised deferred tax assets to the extent that they are recoverable through expected future taxable profits. Significant judgement continues to be exercised in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and expected outcomes relating to uncertain tax treatments.	– The Committee considered the recoverability of deferred tax assets and management's judgements relating to uncertain tax treatments.
Financial and regulatory reporting	**Environmental, social and governance ('ESG') reporting** The Committee considered on a periodic basis management's efforts to enhance ESG disclosures and associated verification and assurance activities, with a specific focus on the Net Zero Transition Plan (published in November 2025) and climate-related disclosures made in the Annual Report and Accounts 2025.	– The Committee conducted a review of ESG disclosures to ensure they were fair, balanced and transparent regarding the challenges faced while also reflecting the Group's ongoing embedding of sustainability risk policies across the business.
	Regulatory reporting The Committee monitored progress by management in delivering a sustainable control environment for regulatory reporting across the Group.	– The Committee reflected on the continued focus on the quality and reliability of regulatory reporting by the PRA and other regulators globally. – The Committee oversaw management's execution against the agreed remediation plans, and challenged management on the approach and timeframes to deliver accurate reporting submissions to the Group's global regulators. Discussions included a focus on shared dependencies across various Group-wide programmes, for example on data and subject matter expertise. – Periodic reports were presented by certain of the Group's principal subsidiaries, to allow a holistic review of management's remediation activities and to discuss consistency of approach across the Group. – The Committee actively participated in specific meetings on matters relating to regulatory reporting, to allow greater challenge and depth of oversight of targeted milestones and deliverables.
	Impact of acquisitions and disposals HSBC engaged in a number of corporate activities throughout the year. Judgement was involved in determining the timing of recognition of assets held-for-sale, gains or losses, and the measurement of assets and liabilities on acquisition or disposal.	– The Committee reviewed management's judgements related to transactions during the year, including the sale of French home and certain other loans and life insurance assets, the planned sale of HSBC Malta, and the privatisation of HASE. Considerations included the timing of classification as held-for-sale and the accounting impacts of the transactions.
Capital	**Distributable reserves** On 24 June 2025, the High Court of England and Wales confirmed the cancellation of a combined $16.6bn standing to the credit of HSBC Holdings plc share premium account and capital redemption reserve, which became effective upon registration by the Registrar of Companies on 10 July 2025 ("Capital Reduction"). The effect of this Capital Reduction was to increase distributable reserves, giving the Company further flexibility to deliver shareholder returns over the coming years.	– The Committee received regular management updates on the progress of the Capital Reduction and reviewed the Interim condensed financial statements of HSBC Holdings plc for the period ended 31 July 2025, which reflected the reclassification of cancelled reserves to retained earnings.

Principal activities and significant issues considered during 2025 (continued)

Areas of focus	Key issues	Conclusions and actions
Going concern	**Long-term viability and going concern statement** The Committee has considered a wide range of information relating to present and future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios and the implications of: – geopolitical tensions including the ongoing Russia-Ukraine war and Middle East conflicts, US-China tensions and the consequential impacts on supply chains globally; – macroeconomic risks including inflationary risks, mainland China and Hong Kong real estate sector risks and economic policy uncertainty; and – climate risk, operational resilience, and other top and emerging risks, and the related impact on profitability, capital and liquidity.	– In accordance with the UK and Hong Kong Corporate Governance Codes, the Directors carried out a robust assessment of the principal and emerging risks of the Group and parent company. The Committee considered the statement to be made by the Directors and concluded that the Group and parent company will be able to continue in operation and meet liabilities as they fall due, and that it is appropriate that the long-term viability statement covers a period of three years.
Control environment	**Sustainable control environment** The Committee oversaw the effectiveness of the internal control environment of the Group, including with regards to the requirements of the US Sarbanes-Oxley Act.	– The Committee received regular updates on the control environment, and broader change framework, to review the impact on financial reporting and tax risk within the Group. – In these updates the Committee monitored the assessment of the financial reporting risk, tax risk and progress made on remediation of US Sarbanes-Oxley Act-related deficiencies. This oversight enabled the Committee to assess management's progress in implementing strategic actions to remediate identified issues and strengthen the control environment, supporting a sustainable reduction in risk. – The Committee oversaw the work to support the Group's oversight of all internal controls, supported by the Group Controls Oversight Office.
Regulatory change	**Basel 3.1 Reform** The Committee considered the implementation of the Basel 3.1 Reform and the impact on the capital requirements and RWA assurance. This was considered in the context of the strategy and structure of the balance sheet.	– The Committee received updates on the progress and impact of the Basel 3.1 programme on the Group. – Management discussed the delayed implementation dates, ongoing uncertainty over the final definition of the rules by regulators, and the work undertaken to mitigate delivery risks. – The Committee reviewed the ongoing management of risks, issues and dependencies and challenged management to prioritise deliverables in line with regulatory timelines.

Group Risk Committee



"In today's rapidly shifting environment, effective risk management, strategic agility, and disciplined capital deployment are essential for navigating evolving market dynamics and securing long-term success."

James Forese
Chair

For Committee membership, see Board biographies on pages 187 to 190 and for meeting attendance in 2025 see page 195.

Key responsibilities

The Group Risk Committee ('GRC') has overall non-executive responsibility for the oversight of risk-related matters and the risks impacting the Group. The GRC's key responsibilities include:

- overseeing and advising the Board on all risk-related matters, including financial and non-financial risks;
- advising the Board on risk appetite-related matters, and key regulatory submissions;
- reviewing the effectiveness of the Group's risk management framework and how effectively management is embedding and maintaining an effective risk management control system;
- reviewing and challenging the Group's stress testing exercises; and
- overseeing the Group's approach to conduct, fairness and the prevention of financial crime.

I am pleased to present the GRC report, which reflects a year of change, both internally and externally.

The GRC membership remained the same this year, providing the Committee with a period of stability given the extensive organisational change that took place in H1 2025. The mix of skills and experience of the current membership remains appropriate to the needs of the business and our strategy, and has been further enhanced by the appointment of Wei Sun Christianson in January 2026. The Committee was pleased to support the appointment of Richard Blackburn as Group Chief Risk and Compliance Officer in April 2025. Richard has worked closely with the Committee to ensure robust oversight of the Group's risk management and compliance frameworks. I am grateful to my fellow Committee members for their contributions last year, and look forward to continuing to work together in 2026.

Macroeconomic environment

The macroeconomic environment in 2025 was characterised by moderate growth amid persistent uncertainty. Inflationary pressures have continued to ease across most major economies, allowing several central banks to begin a gradual shift towards more neutral monetary policy. However, regional divergences remain, with ongoing geopolitical tensions influencing trade flows and investor sentiment. The Committee has ensured consistent focus on the impact of trade tariffs as announced in April, both from a financial and operational perspective, as well as focusing on how we can support our customers through this period. Financial markets have adjusted to a higher-for-longer interest rate outlook, prompting recalibration of capital allocation and risk appetite across sectors. The overall environment underscores the importance of prudent risk management, strategic agility, and disciplined capital deployment to navigate evolving market dynamics. The Group's wholesale credit risk and retail credit risk portfolios have remained within risk appetite, and overall capital and liquidity positions remained stable throughout 2025.

Financial risks

Financial risks remained well managed in 2025, with a continued focus on treasury, capital and liquidity risk management activities. The Committee readily responded to the PRA's request to assess the potential business model, credit and funding impacts from global economic uncertainty, utilising our stress-testing capabilities to understand the potential consequences to our strategy and financial resources. The Committee held four additional sessions in 2025 to specifically consider our Treasury-related responsibilities, which included dedicated time to the assessment of the internal capital adequacy assessment process ('ICAAP') and internal liquidity adequacy assessment process ('ILAAP'), as well as our Group Recovery Plan, Bank Capital Stress Test and a deep dive into our Resolvability Assessment Framework.

Non-financial risks

Non-financial risk continues to attract considerable focus of the GRC, in an environment of fast-developing regulatory expectations, an uncertain political backdrop and ever-increasing sophistication of cyber criminals and fraud. Third-party risk management has been a key discussion point, along with our preparedness for all eventualities, and how resilient we would be as an organisation to those potential scenarios. We have considered business continuity planning, operational resilience and payments controls during these discussions. A deep dive session was held in October to specifically consider payments and enhance Committee knowledge of this topic.

Empowered by the Committee, the Group Money Laundering Reporting Officer directed improvements at the beginning of 2025 to three key areas of control within HSBC's financial crime framework - customer due diligence, financial crime investigations and the customer selection and exit management process. This work has ensured that the policies, controls and procedures relating to anti-money laundering, sanctions, terrorist financing and proliferation financing are robust, adequate and effective.

The Group has been through a year of transformation and change to its organisational structure, and this has necessitated increased focus on our culture and our people. The GRC is fully supportive of the Group's cultural transformation with the introduction of the new Leadership Principles and How We Lead, our new Group-wide leadership framework, and will continue to monitor the impact of this on our people and our leaders.

Alongside the Group Technology and Operations Committee ('GTO'), we have explored the exciting developments in our ventures into AI and have expanded our risk appetite for digital assets and currencies to respond to customer demand. We are committed to supporting our customers with this new technology, while maintaining discipline and rigour with the associated risks. Other areas of focus and challenge include the Group's data enhancement programme, global regulatory engagement, technology risk, and together with the GAC, the adequacy of the wider control environment.

Committee performance

Finally, I was pleased that the annual review of the GRC's performance concluded that the GRC continued to operate effectively. Further details of the review can be found in the 'Board and committee performance review' section on page 198.

Reflections

I am privileged to have led the Committee through a year of external uncertainty and internal transformation, and have full confidence in the GRC's ability to support the Group's strategic ambitions in 2026 and beyond.

James Forese
Chair
Group Risk Committee
25 February 2026

How the Committee discharged its responsibilities

The GRC held a number of meetings outside its regular schedule to facilitate deeper and more effective oversight of the risks impacting the Group. Four sessions dedicated to Treasury topics took place throughout the year to provide additional time for complex subjects such as Hold To Collect Guardrails, Interest Rate Risk in the Banking Book ('IRRBB') and Interest Rate Risk Assessment ('IRRA'). The sessions were also utilised for ICAAP and ILAAP preparations, and prior to the presentation of the Bank Capital Stress Test. An additional session was also held to prepare the Committee for its consideration of the Group Level Operational Resilience Self Assessment, an educational session on payments risk, and the HSBC UK Separation Playbook.

During 2025, the GRC continued to actively engage with principal subsidiary risk committees through the scheduled participation of principal subsidiary risk committee chairs at relevant GRC meetings, and through regular connectivity meetings with the principal subsidiary risk committee chairs. These meetings were also attended by the Group Chief Risk and Compliance Officer. This participation and connectivity promoted the sharing of information and best practices, as well as encouraging director relationships.

The GRC also received certifications from the principal subsidiary risk committees, confirming that management had been challenged on the quality of the information provided, the committees had reviewed the actions proposed by management to address any emerging issues and that risk management and internal control systems had been operating effectively.

These interactions furthered the GRC's understanding of the risk profile of the principal subsidiaries, leading to more comprehensive review and challenge by the GRC.

Focus of future activities

The GRC's focus for 2026 will include the following activities:

- to support the continued enhancement of the Group's risk appetite and risk management frameworks, particularly in light of continued geopolitical and macroeconomic headwinds;
- to challenge the Group's resilience and our capabilities to recover from incidents that are both in and out of our control, to drive improved standards from our third-party suppliers and to always derive benefit from the lessons learned;
- to monitor the technology risk and control environment, with a specific focus on cybersecurity given the heightened external threat environment and the increased sophistication of attacks;
- to oversee the Group's wholesale and retail credit risk portfolios, particularly the implementation of the Single Name Concentration Framework and seek to understand the first line ownership of the framework;
- to continue to closely monitor the enhancement of our Model Risk Management capabilities in line with regulatory requirements, as well as track progress on strengthening our wholesale internal ratings-based models;
- to continue to oversee financial crime risk and fraud, the improvements being made to the financial crime control framework, specifically customer due diligence, investigations and customer exits;
- to continue to oversee treasury risk to strengthen our capital and liquidity management capabilities;
- to continue the oversight of recovery and resolution planning activities to assess our capabilities if such a situation arises, with particular focus on the development of our Trading Activity Wind Down capabilities.

Principal activities and significant issues considered during 2025

Risk areas	Key issues	Conclusions and actions
Holistic enterprise risk monitoring, including the Group's risk profile	Macroeconomic, geopolitical and other emerging risks have the potential to present significant challenges to revenue growth, operational resilience and our commitment to serve customers and local markets.	– The GRC closely monitored geopolitical and macroeconomic risks that could impact the Group's strategy, performance and/or operations. Dedicated agenda time was allocated to the discussion of trade tariffs, sanctions and ongoing global conflict to ensure thorough consideration of the impact of these events on the Group risk profile. In response to the increase in global conflict, the Committee was provided with an overview of the HSBC Defence Equipment Policy, with a particular focus on dual-use items, to confirm that it continued to be fit for purpose. – The GRC continued to track top and emerging risks, our risk appetite and other management information metrics, as well as other early warning measures to understand sensitivities and the likelihood of the potential impact to our operations, customers and stakeholders. The Committee's consideration of the newly emerging private credit market and review and challenge of Group activities in this market is an example of active risk management. The Group's exposure to private credit was closely managed throughout the year and remains a relatively small portion of the overall lending and investment portfolio. – The GRC requested reports on the risk profile of key business areas in local geographies and invited principal subsidiary chairs and relevant management to attend and participate in discussions at meetings. – The GRC has spent time on risk culture as part of the Group's wider 'How We Succeed' ambitions in promoting a high-performance culture. The Committee has overseen the implementation of the Risk Culture Framework, a core component of the overall organisational culture, and the introduction of risk culture self-assessments. – The GRC spent time discussing climate risk, as rapidly-evolving macroeconomic and geopolitical forces continued to drive the climate risk context in 2025.
Risk framework and policies	Effective risk management policies, frameworks, appetites and thresholds, and oversight of these, are essential for HSBC to safely, consistently and sustainably support customers, manage risk and deliver strategic aims.	– Amendments were made to the risk management framework to enable an improved understanding of how the Group's approach to risk management works in practice and to support delivery of the Group strategy. The document has been restructured and rewritten to facilitate a synergised and integrated approach to risk management, as well as making it more accessible and relatable. – After a significant review of the Group risk appetite framework (GRAF) in 2024, the 2025 risk appetite refresh proposed a small number of changes to the qualitative statements and quantitative metrics. At the request of the Committee, Oliver Wyman LLC performed an embeddedness review of the GRAF and concluded that HSBC is now meeting, or exceeding, industry good practice in the majority of GRAF dimensions. The output of the Group risk appetite refresh informs the Financial Resource Plan constraints assessment and helps to identify where the risk appetite statement is being partially or fully utilised to meet strategic objectives. – The Group has a risk appetite statement to define risk appetite and tolerance thresholds, which forms the basis of the risk management procedures for the first and second lines of defence, the Group's capacity and capabilities to support customers, and the achievement of strategic goals. The GRC maintained oversight of the Group's risk appetite framework, reviewing enhancements to the Group's risk appetite statements and recommending these to the Board for approval. – The Committee has monitored the Group's control processes and escalation protocols through various reports, and has considered risk acceptance, rapid escalation processes, the adequacy of internal reporting tools and reporting on various issues.
Treasury risk	It is essential that capital and liquidity risk is monitored effectively, and the Group takes active steps to maintain its capital and liquidity positions. Regular stress testing is undertaken to ascertain the Group's operation when under stress. Developing action plans and guardrails to cover scenarios of recovery or resolution at subsidiary or Group level is a vital part of HSBC's prudential risk management.	– The Group proactively tracks and maintains safeguarding of its capital and liquidity positions, utilising early warning indicators, sensitivity analysis, capital and liquidity reporting and adequacy. It performs internal and regulatory stress tests to measure resilience and performance against a range of stress scenarios, and to challenge the strategic management actions that could be applied against anticipated stress events and headwinds. This capability has been critical this year to allow us to consider numerous scenarios relating to the uncertainty in the external environment and to reposition portfolios accordingly. – The GRC conducted its annual review and challenge of the Group's ICAAP and ILAAP, and provided its recommendations to the Board for approval. In relation to stress testing exercises, the GRC reviewed the Group Recovery Plan stress scenarios and results, and an internal climate scenario analysis was also undertaken. The Committee reviewed and approved the Group-wide internal stress test, scenarios and outputs, which contributes to the Group's commitment to regularly test the resilience of the balance sheet and profit and loss under multiple scenarios of varying severity. In response to the Bank of England's updated approach to stress testing the UK financial system, the Bank Capital Stress Test ('BCST') scenario was considered, and results approved. – As part of its regulatory obligations, the Group is required to show how its recovery and resolution strategies could be executed effectively and identify any risks to successful implementation. The GRC continued its oversight of the Group's progress in maintaining and developing its capabilities under the Bank of England's requirements for resolvability. Further to the March 2025 deadline for meeting the PRA's Trading Activity Wind Down requirements, the Group confirmed that it is able to perform an orderly 24-month wind down of trading activities. The GRC will continue to monitor the development of our Trading Activity Wind Down capabilities in order to meet regulatory policy expectations. – To provide sufficient time and focus on Treasury-related topics, four separate briefings were held throughout the year, which were well attended by members of the Committee and the Board. Topics included: ICAAP, ILAAP, restructuring planning, Interest Rate Risk Assessment, Group Recovery Plan, BCST, Interest Rate Risk in the Banking Book ('IRRBB'), Hold To Collect Guardrails, and a deep dive into the Resolvability Assessment Framework. The format was well received by Directors and will continue in 2026.

Principal activities and significant issues considered during 2025 (continued)

Risk areas	Key issues	Conclusions and actions
Model risk	HSBC can face risks from inappropriate or incorrect business decisions arising from the use of models that have been inadequately designed, implemented or used, or do not perform in line with expectations and predictions.	– The GRC continued to receive regular updates on model risk management, focusing on two key items: i) the implementation of Supervisory Statement (SS) 1/23 – 'Model risk management principles for banks'; and ii) progress in strengthening wholesale internal ratings- based models. The GRC has overseen the regulatory engagement with the PRA and their subsequent feedback on implementation, updated action plans and resourcing required to address the increased validation requirements.
Resilience/ Operational risk	A failure in resilience could lead to a situation where HSBC customers might suffer significant disruption to services or loss of data. Technology risks (including cybersecurity) could cause unmanaged disruption to any technology system within HSBC, as a result of malicious acts, accidental actions, poor technology practice, or technology system failure.	– The GRC continued its oversight of the Group's implementation of operational resilience capabilities in line with PRA and FCA policies. The Operational Resilience Group Level Self Assessment was recommended by the Committee to the Holdings Board for approval in March 2025, with the material completion of the implementation of the Operational Resilience (SS1/21 and the PRA rulebook) for UK Important Business Services (IBS) and Important Group Business Services (IGBS). This has resulted in overall improvements to resilience, with fewer disruptions across our UK entities in particular. An additional briefing session on operational resilience was held in March to prepare the Committee for recommendation of the self-assessment. – The GRC regularly reviewed reports on the Group's technology risk profile, as well as receiving updates on cybersecurity risk. Reports have focused on the technology risk and control environment, and the Committee has supported the drive for continuous risk reduction, progress with our strategic future state through the Digital Acceleration Programme, and the heightened external cyber threat environment. The GRC continued with its strong focus on understanding the Group's data risk landscape and the mobilisation of the Group Data Execution Programme. This has included the tracking of progress made and close monitoring of timelines. – The Committee has been specifically briefed on external events that have either impacted peers in the market or third parties. Read across exercises were conducted and lessons learned taken forward to enhance our own operations and resilience. The Committee has also spent additional time on payments risk this year, which has been elevated as a key risk within the risk taxonomy. – The GRC will continue to work with the GTO to consider the risks and opportunities in the use of AI (generative and advanced) and digital assets and currencies in 2026.
Wholesale/ retail credit risk	HSBC faces risk from the possibility of losses resulting from the failure of a counterparty to meet its agreed obligations to pay the Group.	– The GRC received regular updates on the macroeconomic and policy landscape impacting credit risk, both retail and commercial, and reviewed updates on the strategy and approach to managing credit risk and credit risk capabilities. The GRC received regular updates on the Group's ECLs and provisions, and the credit risk arising from the wholesale and retail portfolios. The Committee tracked enhancements made to the Country and Industry components of the Credit Risk Appetite Framework, and the related data quality dependencies. The Committee was updated on the implementation of the Single Name Concentration Framework and actions being taken to enhance.
Financial reporting risk	HSBC is exposed to risks where controls supporting the reporting of its financial statements are not effective, resulting in material error or misstatement.	– While the GAC has primary responsibility in relation to internal control systems (including financial controls), with further detail on page 203, the GRC receives reports on entity level control assessments to enable the oversight of the effectiveness of such controls in support of the Group's financial reporting.
Financial crime risk	There is a risk that HSBC's products and services could be exploited for criminal activity, including fraud, bribery and corruption, tax evasion, sanctions and export control violations, money laundering, terrorist financing and proliferation financing. Insider threat also presents the risk that an individual with access to bank data, systems, infrastructure or finances could use that access to intentionally cause harm to the bank and its customers.	– The GRC was updated regularly on the operation and effectiveness of the systems and controls pertaining to financial crime risk across geographies and businesses. In February, the Committee supported a direction from the Group Head of Financial Crime and Group Money Laundering Reporting Officer for improvements to be made to three key areas: i) customer due diligence; ii) financial crime investigations; and iii) customer selection and exit management process. The Committee will continue to monitor progress of these improvements in 2026. – Sanctions was a key area of focus for the Committee in 2025, with reporting providing detail on how changes to sanctions translated into our business and activities. The Committee was fully informed of our potential exposure to primary and secondary sanctions and how our capabilities are being utilised to detect problematic activity. – The risk of insider threat remained elevated in 2025 due to several factors, including cost-of-living challenges, the potential impact of Group restructuring on staff morale, the inherent risks associated with growth, and the potential for insiders to use new tools, such as AI, to attack the bank.

Group Technology and Operations Committee



"In 2025, the Committee provided oversight of the Group's technology and operations strategies and supported their sustainability and safe growth-oriented execution, amid rapid technological change and rising external complexity."

Eileen Murray
Chair
Group Technology and Operations Committee

For Committee membership, see Board biographies on pages 187 to 190 and for meeting attendance in 2025 see page 195.

Key responsibilities

The Committee's key responsibilities include:

- reviewing, challenging, and making recommendations to the Board on technology strategy and related matters;
- overseeing HSBC's data strategy and framework;
- overseeing HSBC's cybersecurity strategy and framework; and
- overseeing HSBC's global operations (including payments, third party management, corporate real estate, and operational resilience).

I am pleased to introduce the Group Technology and Operations Committee ('GTO') report and to provide an overview of the key matters considered in 2025. As highlighted in last year's report, we expanded the scope of the GTO to include oversight of the Group Chief Operating Officer's ('GCOO') remit. We have detailed the key areas of Committee focus across both the GCOO and Group Chief Information Officer ('GCIO') accountabilities below.

Areas of significant focus during 2025

During the second year of operation of the GTO, we continued to provide close oversight of the GCIO priorities, including execution of the technology strategy and enhancement of technology controls. We challenged management on prioritisation of deliverables and the feasibility of achieving these within the proposed timescales.
We dedicated significant time to understanding management's progress to evolve the holistic data strategy. This included the review of detailed execution plans, proposed changes to the operating model for data resources and discussion of how accountability for delivery of the plan is being supported by regular metrics, allowing progress to be measured.

We considered the ambitions and strategic plans relating to AI and digital assets and currencies, with particular focus on understanding areas of opportunity, peer activity in these areas, the regulatory landscape and the maturity of supporting risk frameworks and controls.

From a cybersecurity perspective, we discussed the strategic priorities including ongoing control enhancements to keep pace with the ever-evolving threat landscape. The GTO received regular updates on the cybersecurity exposure across all third parties, their adherence to HSBC's enhanced control standards and implementation progress.

We provided feedback on the GCOO strategy, which will continue to evolve into 2026. The Group's third party strategy, including how we oversee the risks posed by material suppliers, was regularly discussed. Given the increasing volume of external incidents impacting the financial services and other industries, with root causes related to third and fourth parties, this is a significant concern and all aspects of third party management will be a continued focus in 2026.

The global operational resilience programme was discussed several times, including updates on the status of control and process improvements being implemented to make the programme more sustainable, and the risks and challenges relating to regulatory expectations regarding resilience in a number of jurisdictions.

We also reviewed the ongoing development of a strategic framework to support Group-wide location strategy decisions, incorporating key factors such as future state workforce and skills, corporate real estate portfolio, geopolitical considerations and the macroeconomic environment.

Enhancing accountability

The GTO has continued to work closely with management, to oversee actions being taken to reinforce and embed enhanced accountability for the most critical transformation programmes. We received several updates on how relevant lessons learned, in respect of complex transformation programmes, were being considered and applied to other transformation initiatives. We reviewed a number of strategic programmes with significant technology components, including global foreign exchange, wholesale credit and lending, foreign exchange, and payments.

The GTO also received regular updates on management's programmes to meet regulatory deliverables and address technology and operations-related risk and control matters, commensurate with the Group's risk profile. We continued to challenge the approach to prioritisation and delivery timelines, while remaining cognisant of the complexity of the estate. Assurance from Risk and Global Internal Audit on the robustness of their approaches was also obtained.

Connectivity within the Group

We continue to invite observers from the principal subsidiaries to our meetings. We held three subsidiary-focused meetings during 2025, with a focus on operational resilience, and other key risk and control themes. We discussed regulatory regimes across the different markets, progress against agreed timelines, challenges to meet expectations, metrics reporting and dependencies on Group-level programmes and deliverables.

Board education

The GTO hosted three training sessions in 2025 to which all Board members were invited. These sessions provided an opportunity for directors to engage with external subject matter experts and to discuss external insights and regulatory developments relating to critical topics: data and third-party risk management, and cybersecurity.

Additionally, in January 2025 there was a three-day visit to Mexico City that included visits to a retail branch, call centre and the Global Service Centre. This enabled in-person interactions with several teams across technology and operations, and enhanced our understanding of key areas of focus and progress in the region.

I would like to thank my fellow members for their contribution throughout 2025.

Committee performance

Finally, I was pleased that the annual review of the GTO's performance concluded that the GTO continued to operate effectively. Further details of the review can be found in the 'Board and committee performance review' section on page 198.

Eileen Murray
Chair Group Technology and Operations Committee

25 February 2026

Committee governance

The GTO operates under delegated authority from the Board and advises the Board on matters concerning the Group's technology and operations strategies and related matters. The Chair reports on the key matters and discussions at the subsequent Board meeting, and the Board also has access to the GTO papers and receives copies of meeting agendas and minutes.

The GCIO, GCOO, Group CEO, Group Chief Risk and Compliance Officer, Group Head of Resilience Risk, Group CFO, Group Head of Internal Audit, and the external auditor are standing attendees at GTO meetings.

The Chair and members of the GTO also hold private meetings with the GCIO, GCOO, Group Chief Risk and Compliance Officer, and Group Head of Internal Audit, as required.

The Chair meets regularly with the GCIO and GCOO and other members of senior management, to discuss priorities and track progress on key actions. The Chair also meets regularly with the GTO secretary to ensure the GTO addresses its governance responsibilities.

How the Committee discharged its responsibilities

Engagement outside formal meetings

The Chair engaged with a variety of stakeholders outside of regular meetings to enable deeper and more effective oversight of all key topics under the GTO's remit.

Inter-committee communication

The GTO worked closely with the GRC and the GAC to address any areas of significant overlap, and to oversee technology and operations more comprehensively through inter-committee communications.

The committees worked closely to ensure appropriate alignment in the review, discussion, challenge, and conclusions on topics including technology, cybersecurity, data, operational resilience, third party management and innovation. This ensured that the committees benefited from each other's expertise and challenge.

Coordination between the GTO, GRC and the GAC is supported by cross-membership. The GTO Chair attends the GRC, the GRC Chair attends the GAC, and the GAC Chair attends both the GTO and GRC, strengthening connectivity and the flow of information between the committees.

Connectivity with principal subsidiaries

Non-executive directors from the principal subsidiaries are invited to attend all regular GTO meetings.

In addition, three additional 'GTO – Principal Subsidiaries' meetings were held to discuss Operational Resilience and other key risk and control themes.

Specific areas of focus included discussion of market-specific challenges, including differences in regulatory regimes, progress against agreed timelines, challenges to meet expectations, and dependencies on Group-level programmes and deliverables. There was also sharing of learnings from the UK Operational Resilience Programme and other relevant regulatory initiatives.

Education sessions facilitated by third parties

The Chair organised three education sessions presented by independent third parties, to which all Board members were invited. For each topic, the third parties also provided peer/industry insights, and suggested key questions that the Board should ask management.

In March 2025, a detailed session was presented on data opportunities and challenges. This covered the role of data in the wider digital ecosystem, different value drivers, perspectives on a good data strategy, industry view and key Board considerations.

In June 2025, the focus was on third-party risk management including the global regulatory landscape, various thematic deep dives for example, fourth parties and concentration risk and vision for the future.

In September 2025, cybersecurity was covered, including an overview of the threat landscape, attacks and response, regulatory landscape and the role of the Board in response to a cyber incident.

Principal activities and significant issues considered during 2025

Area of focus	Key issues	Conclusions and actions
Technology strategy	Group-wide focus, including alignment with each of the businesses, to implement the technology strategy.	– The GTO regularly reviewed and challenged updates, including supporting metrics, in relation to the technology strategy and the various programmes in place to deliver control improvements. – The GTO challenged whether funding and resource was appropriate to support execution timelines. – The GTO considered opinions provided by Risk and Global Internal Audit on the robustness of the approach and progress being made. – The GTO met with CIOs, COOs, and board members from the principal subsidiaries to discuss progress, dependencies, and challenges regarding Group-wide implementation of technology programmes and management of risk and control issues.
Investment and transformation	A number of significant programmes with material technology and operations components have been subject to replanning and/or did not deliver the benefits expected.	– The GTO oversaw the ongoing implementation of improvements to drive individual accountability for significant investment and transformation activities. – The GTO discussed the root causes for the replanning of specific programmes and requested the outputs of lessons learned activities and evidence of read across. – Following the Group-wide reorganisation, a key focus was on change and execution risks and on managing and simplifying the volume of change-related activity.
Investment and transformation: Global FX	Global FX is a significant proposition for HSBC and is subject to an ongoing investment programme.	– The GTO reviewed the Global FX strategy and investment case, including the business context, competitive landscape, alignment to the desired future state architecture, required capabilities and key opportunities and challenges.
Investment and transformation: Wholesale Credit and Lending	Wholesale credit and lending is a significant proposition for HSBC and is subject to an ongoing investment programme.	– The GTO reviewed the wholesale credit and lending strategy and investment case, including the business context, competitive landscape priority, alignment to the desired future state architecture, transformation initiatives, risks and dependencies.
Operational resilience	Operational resilience remains a key priority for HSBC.	– The GTO regularly discussed progress of work to improve resiliency of services to customers including ongoing efforts to simplify the technology estate and to reduce service interruptions impacting customers. – The GTO reviewed plans to further embed the operational resilience framework, implementation of strategic tooling, automation of manual controls and meeting regulatory requirements. – The GTO discussed challenges being encountered by the principal subsidiaries to meet market-specific regulatory requirements.

Principal activities and significant issues considered during 2025 (continued)

Area of focus	Key issues	Conclusions and actions
Generative AI strategy	While GenAI will provide operational efficiency, none of the use cases in production will deliver significant financial impact.	– The GTO reviewed and challenged strategies to leverage the opportunities presented by innovation and new technologies, including in relation to GenAI. – The GTO discussed the recent streamlining of governance and approval processes, enhancement of tooling and upskilling of talent, approach to risk management, the fast-evolving regulatory landscape, and key next steps to be taken by management to further enable the opportunities presented by GenAI.
Digital assets and currencies strategy	Digital assets and currencies are a fast-changing market with significant regulatory developments and geopolitical risks. HSBC must provide clients with access to these products in order to maintain market position.	– The GTO reviewed and challenged the Group's digital assets and currencies strategy. – The GTO discussed the opportunities presented by digital assets, as well as the regulatory and competitive environments, the risks, controls, technology architecture and the importance of innovation to empower our customers.
Cybersecurity	Cybersecurity remains one of the most significant risks faced by the financial services industry.	– The GTO received updates from the GCIO and Global CISO on all key components of the cybersecurity programme, including: – ongoing work to enhance the risk and control framework and to improve resilience; – the external threat environment including incidents; – talent acquisition and competition; – incident readiness and playbook testing; and – cybersecurity exposure across third parties and actions being taken to resolve. – The GTO challenged management on capacity and capability to deliver its strategy and discussed continued focus on prioritisation.
Data	A holistic Group data strategy is required to drive long term sustainable benefits and enable AI at scale.	– The GTO requested specific updates on the holistic Group data strategy and operating model and reviewed detailed business cases relating to data as well as key milestones and accountable executives. – A newly-defined suite of metrics will be used to demonstrate progress and business outcomes. – Activities to implement improvements to data risks and regulatory reporting continues in parallel to the data strategy, the latter acting as a sustainable and critical complement to drive data quality at scale. The Committee continued to have visibility of updates being presented to the GRC on this topic.
GCOO strategy	Development of a holistic strategy across all components of the GCOO portfolio.	– The GTO regularly reviewed and challenged the GCOO strategic priorities, including specific key outcomes, proposed timelines, known dependencies and development of metrics to track and measure success.
Location strategy	Significant focus to develop a holistic Group-wide location strategy to progress from previously locally driven, reactive and focused on cost.	– The GTO regularly discussed and oversaw the development of a holistic Group-wide location strategy and operating model. Key components included business growth priorities, workforce needs, customer proximity, risks, financials, regulatory compliance, and macroeconomic conditions. – The GTO received and discussed an independent assessment from a third party on the strategy, progress made and next steps. – The GTO will continue to provide oversight in 2026 on implementation of the new framework and governance model for all location and real estate related decisions.
Third party management	Reliance on third parties is one of the most significant risks faced by the financial services industry given potential impacts on resilience.	– The GTO regularly reviewed and challenged the strategy and updates in relation to third party management, including progress on implementing control and risk assessment standards uplifts, enhancements to continuous risk monitoring, review of risk acceptances and implementation of new systems and technology to drive operational efficiency. – The GTO also considered evolving regulatory expectations in relation to suppliers (including broader consideration of fourth and fifth parties) and other relevant industry activity in relation to third parties. – The GTO will maintain focus on all aspects of third-party management during 2026.
Resource and capability	Having the right skills and resources is critical to achieving our strategic ambitions.	– The GTO reviewed the GCIO and GCOO people and capability plans. – Key resources, dependencies on subject matter experts, and future skills needs were also considered in respect of all programme updates and strategies and will continue to be considered during 2026.

Focus of future activities

The GTO's focus for 2026 aligns broadly with our priorities in 2025, with continued oversight of the following:

- execution of the technology and GCOO strategies and how they are aligned with and enabling the business strategies;
- execution of the cybersecurity strategy and progression of the actions being taken to manage the risks and implications of the evolving geopolitical environment and to mitigate the increasing sophistication of threats;
- priority innovation initiatives, including AI and digital assets, given the rapidly evolving market;
- execution of the holistic data strategy with a focus on future opportunities, including those enabled by AI;
- execution of the GCOO strategy and its key components, including metrics to measure performance and alignment with the business and technology strategies;
- the Group-wide location strategy and framework and the interplay with real estate and workforce plans;
- all aspects of third-party management, including strategy, risk management and opportunities to leverage new technology and tools to simplify processes; and
- embedding of operational resilience across the organisation, including further automation of manual controls.

Directors' remuneration report



"Our remuneration approach is driving a high-performance culture, supporting HSBC's growth as a simpler, more agile, and customer-focused bank."

Dame Carolyn Fairbairn
Chair
Group Remuneration Committee

For committee membership see Board biographies on pages 187 to 190.

Key responsibilities

The Committee's key responsibilities include:

- making recommendations to the Board, for approval by shareholders, on the Directors' remuneration policy;
- setting the overarching principles, parameters and governance framework of the Group's remuneration policy;
- approving the scorecard measures, targets and remuneration of executive Directors and other senior Group employees; and
- regularly reviewing the effectiveness of the remuneration policy of the Group and its subsidiaries in the context of strategy, culture, conduct and effective risk management.

All disclosures in the Directors' remuneration report are unaudited unless otherwise stated. Disclosures marked as audited should be considered audited in the context of the financial statements taken as a whole.

Dear shareholders,

I am pleased to present our 2025 Directors' remuneration report on behalf of members of the Group Remuneration Committee (the 'Committee'). This report includes details of our Directors' remuneration arrangements in respect of the year to 31 December 2025 and a summary of how we intend to apply the Directors' Remuneration Policy in the forthcoming year.

I would like to thank shareholders for their support of our new Directors' Remuneration Policy with a 96.10% vote in favour at the 2025 Annual General Meeting.

I have set out below a summary of our 2025 performance, key decisions made by the Committee and how the Committee has applied the new policy.

Performance in 2025

Financial performance

Our financial performance in 2025 demonstrates the intent and discipline with which we are executing our strategy.

We reported profit before tax of $29.9bn, down $2.4bn compared with 2024, primarily due to a $4.9bn year-on-year net impact from notable items. In 2025, notable items included the recognition of dilution and impairment losses of $2.1bn related to our associate 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. Constant currency profit before tax excluding notable items increased by $2.4bn to $36.6bn.

Reported revenue of $68.3bn increased by $2.4bn compared with 2024, mainly due to fee and other income growth in Wealth and in Wholesale Transaction Banking, particularly in Foreign Exchange in CIB.

In 2025, target basis operating expenses grew by 3%, in line with our targeted growth commitment. This reflected higher planned spend and investment in technology and included the impact of simplification-related saves associated with our announced reorganisation.

Our RoTE for 2025 was 13.3%, compared with 14.6% in 2024. Excluding notable items, RoTE was 17.2%, a 1.6 percentage point increase on 2024.

The Board approved a fourth quarterly dividend of $0.45 per share, bringing the total dividend announced for 2025 to $0.75 per share. Furthermore, in respect of 2025 we announced two share buy-backs worth a total of $6bn.

Strategic performance

We continued to make progress in reshaping the Group. In 2025 we announced 11 transactions and have commenced strategic reviews of our retail businesses in Australia, Indonesia and Egypt, and also of HSBC Life Singapore. We completed the privatisation of Hang Seng Bank on 26 January 2026, which will deepen our presence in one of our home markets and position us to outpace market growth.

Our UK and Hong Kong businesses hold leading market positions and have seen good financial performance in 2025. Our focus on customers has seen improved net promoter scores ('NPS') in the UK across both RBW and CMB. Hong Kong RBW recorded its highest ever NPS, up 9 points from 2024. We have also seen improvements in NPS in strategic IWPB markets and in CIB versus 2024.

I am pleased that our employee engagement index remains strong despite the significant changes to our businesses. Over 87% of colleagues participated in our 2025 employee Snapshot survey. Though falling by two percentage points compared with 2024, employee engagement measured through the survey remains high at 78%, four percentage points above the global financial services benchmark.

Key remuneration decisions for executive Directors

Annual incentive for 2025 performance

Scorecards were set at the start of the year to align with our reported financial performance, excluding the impact of strategic transactions and one-offs on the Group's financial performance in 2025, consistent with the approach taken in previous years.

Based on the strong underlying financial performance delivered during 2025 and good progress made on execution of our strategic objectives, the 2025 scorecard outcome for Georges Elhedery of 80.13% results in an annual incentive of £3,605,000. This compares with a 2024 scorecard outcome of 78.79% and annual incentive of £1,677,000 when Georges was assessed against both Group CFO and Group CEO scorecards and pay outcomes were pro-rated accordingly.

Pam Kaur was appointed as an executive Director on 1 January 2025. Pam's 2025 scorecard outcome of 80.03% results in an annual incentive of £2,100,000.

2023–2025 long-term incentive ('LTI') vesting

Georges Elhedery and Pam Kaur participated in the 2023–2025 LTI that will vest in March 2026.

The Group exceeded its maximum relative total shareholder return ('TSR') and carbon reduction targets, demonstrating the outperformance of the Group versus our peers over the period and progress on sustainability. Group RoTE was above threshold performance and was assessed at 30.8% of maximum. Targets for sustainable finance and investment and capital reallocation to Asia measures were not met. Overall, 45.19% of the original award will vest and be released on a pro-rata basis over the next five years.

The Committee is comfortable that the pay outcomes for both executive Directors are appropriate in the context of company and individual performance for 2025.

2026 fixed pay

The Committee considered making a salary increase for the Group CEO and Group CFO, aligned with the overall increase being considered for our Group colleagues, noting the strong 2025 performance delivered. However, taking into account that 2025 has been a significant year of transformation and to align with our more targeted approach to

awarding fixed pay increases for the wider workforce, there will be no salary increase for either the Group CEO or Group CFO in 2026. Therefore, Georges Elhedery's base salary for 2026 will be £1,500,000 and Pam Kaur's base salary will be £875,000.

2026–2028 LTI awards

The Committee intends to grant both Georges Elhedery and Pam Kaur the maximum 2026-2028 LTI award of 600% of base salary (Georges Elhedery: £9,000,000, Pam Kaur: £5,250,000).

The value realised from the award is subject to performance over the next three years. The award will vest in five equal annual instalments after the end of the performance period and shares delivered are subject to a one-year retention period on vesting.

Performance measures and targets

The Committee has reviewed the performance measures used for our incentive arrangements to ensure that these are aligned to the Group's priorities and balance delivery of financial and strategic performance.

For the 2026 annual incentive scorecard, we will retain the same financial measures as 2025, aligned to the Group's priorities, including our core measures of profit before tax ('PBT'), Group RoTE and costs, plus a measure on fee income growth (all excluding notable items). We will assign equal weighting of 15% to all four measures to better incentivise growth and maintain discipline on costs, while retaining focus on delivery of RoTE of 17% or better for our shareholders, excluding notable items.

2026 non-financial measures will consist of our strategic objectives (10% weighting), customer measures (15% weighting), people & culture measures (5% weighting) and personal objectives (10% weighting).

For the 2026-2028 LTI, we will retain Group RoTE and relative TSR and increase the weighting for each to 42.5% from 40%.

Based on shareholder feedback, we have removed our own emissions measure, reflecting that this activity is now largely considered business as usual, and introduced a financed emissions metric, weighted at 5%. This will assess whether financed emissions for our most carbon-intensive sectors - Oil & Gas and Power & Utilities - remain within our defined risk limits to enable the Group to progress towards its 2030 targets. In addition, the sustainable finance and investment measure, which is a material metric in support of our ESG ambitions, will have a 10% weighting.

Though the overall weighting of the environment measure will reduce to 15%, this continues to represent a significant proportion of the increased total LTI opportunity. It also represents the potential for higher absolute reward than in previous years because of the new policy. We will keep the weighting under review as we broaden the scope of the financed emissions to cover other sectors.

Performance targets and ranges continue to balance achievability with stretch, ensuring they act as an effective incentive for management, while reflecting the increased pay opportunities of our new policy.

We will continue to utilise a risk modifier and operate a judgement-based approach to adjustments for all risk and compliance matters.

▶ For further details, see 'Implementation for 2026' on page 224.

Rewarding our colleagues

In 2025, we continued to embed our new performance and pay approach to deliver high performance and increase transparency.

In our Snapshot survey, 86% of colleagues reported a clear understanding of what is expected of them, and 81% of colleagues agreed they received feedback that helps improve their performance.

Pay sentiment continues to increase year-on-year in most areas because of actions taken through 2024.

▶ For further details, see 'Our approach to workforce reward' on page 226.

Fixed pay

Fixed pay remains the largest part of most colleagues' reward so we are pleased to be accredited as a global living wage employer for the third consecutive year. This means we meet or exceed living wage benchmarks in all our markets. This gives confidence that we provide core financial security to colleagues through fixed pay.

Fixed pay is primarily reviewed through our annual pay cycle. Effective in 2026, we have awarded an overall fixed pay increase of 3.2%. The level of increases vary by market, depending on the economic outlook and individual roles. The highest increases were made to lower paid colleagues relative to relevant market benchmarks.

Variable pay

The Committee determined total variable pay of $3,930m, up 10% compared with the $3,570m awarded in 2024 after adjusting for disposals and organisational changes. This was determined based on a review of our performance against financial and non-financial metrics. We considered the strength of our financial performance in 2025 and the ratio between variable pay and pre-variable pay profit before tax, the Group's performance against key risk and compliance metrics, and our total compensation market position and the broader economic outlook.

Total compensation across all our businesses increased relative to 2024, rewarding colleagues for their contribution to our performance. We strongly differentiated to ensure our highest performers had the strongest variable pay outcomes compared to prior year. The Committee extends its appreciation to colleagues across HSBC who have worked so hard and effectively to deliver our 2025 results.

Other remuneration matters

We welcome the October 2025 changes to the PRA remuneration rules, which are now simpler and more proportionate compared with other financial markets. Notably, the reduction in deferral length, the removal of the post-vesting retention period for deferred awards, and the removal of the variable-to-fixed pay ratio cap implemented in 2023 present an opportunity to simplify our remuneration structure. These changes can help enhance our pay competitiveness and allow for a greater proportion of total compensation to be delivered as variable pay.

During 2025, the Committee undertook a review of the pay structure for senior employees in light of these changes. It was determined that no amendments would be made to the deferral or post-vesting retention periods for executive Directors. In accordance with the current shareholder-approved policy, executive Directors will continue to receive LTI awards with a seven-year deferral period, and any shares awarded as part of variable pay will remain subject to a one-year post-vesting retention period. The Committee will continue to keep this matter under review and will engage with major shareholders on any potential material changes to the deferral structure for our executive Directors based on the revised PRA remuneration rules.

For Group colleagues subject to the PRA remuneration rules, the deferral period for variable pay awards relating to the 2025 performance year has been reduced to four years, the one-year post-vesting retention period for deferred shares has been removed and the threshold for the 60% deferral rate has increased from £500,000 to £660,000. We are also recommencing the payment of dividend equivalents on deferred share awards for all colleagues where regulations permit. This includes executive Directors, in alignment with our shareholder-approved remuneration policy.

Looking ahead to 2026, a key priority will be to review the pay structure for our senior executives. This review will ensure that our remuneration approach continues to support a high-performance culture, incentivises the achievement of our financial and strategic objectives, and promotes robust risk management and exemplary conduct standards.

Conclusion

On behalf of the Committee, I would like to thank our shareholders once again for their support of our new policy and their valuable feedback. We are committed to regular engagement and I look forward to further dialogue in the year ahead.

As Chair of the Committee, I hope you will support the 2025 Directors' remuneration report at the 2026 AGM.

Dame Carolyn Fairbairn
Chair
Group Remuneration Committee
25 February 2026

Remuneration at a glance

Our Directors' remuneration policy was approved at the AGM on 2 May 2025. The full policy can be found on pages 285 to 293 of our Annual Report and Accounts 2024 and in the Directors' Remuneration Policy Supplement, which is available under Group results and reporting in the 'Investors' section of www.hsbc.com.

Remuneration policy summary – executive Directors

Fixed pay	**Base salary**	– Base salary is paid in cash on a monthly basis. – From 1 March 2026 (unchanged from prior year): – Georges Elhedery: £1,500,000 – Pam Kaur: £875,000	
	Benefits	– Taxable benefits include the provision of medical insurance, accommodation, car, club membership, independent legal advice in relation to matters arising out of the performance of employment duties for HSBC, tax return assistance or preparation, and travel assistance. – Non-taxable benefits include the provision of a health assessment, life assurance and other insurance coverage.	
	Cash in lieu of pension	– 10% of base salary is paid on a monthly basis. – This allowance, as a percentage of salary, is aligned with the maximum contribution rate that HSBC could make for the majority of employees who are defined contribution members of the HSBC Bank (UK) Pension Scheme.	
Variable pay	**Annual incentive**	Maximum	– 300% of base salary.
		Performance measures	– Performance is measured against an annual scorecard of financial and non-financial measures. – Performance measures for the 2026 Group CEO and Group CFO annual scorecards are set out on page 224.
		Operation	– Payout ranges between 25% and 100% for minimum to maximum performance. Performance below minimum target will result in 0% payout. – Awards can be delivered in any combination of cash and shares, with shares normally representing no less than 50% of the award. Shares are normally immediately vested.
	Long-term incentive ('LTI')	Maximum	– 600% of base salary.
		Performance measures	– Prior year performance is taken into consideration when assessing the value of the LTI grant. – Award granted is subject to a forward-looking three-year performance period from the start of the financial year in which the awards are granted. Financial measures will generally have a weighting of 60% or more. – Performance measures for the 2026-28 LTI award are set out on page 226.
		Operation	– At the end of the performance period, the performance outcome will be used to assess the percentage of the awards that will vest. – Awards will vest in five equal instalments, with the first vesting on or around the third anniversary of the grant date and the last instalment vesting on or around the seventh anniversary of the grant date.
	Other policies applicable to variable pay	Retention	– On vesting, the net number of shares that have vested will normally be held for a retention period of up to one year.
		Malus	– Unvested awards are subject to malus (i.e. reduction and/or cancellation) during any applicable deferral period.
		Clawback	– Paid or vested awards are subject to clawback (i.e. repayment or recoupment) for a period of seven years from the date of award, extending to 10 years in the event of an ongoing internal/regulatory investigation at the end of the seven-year period.
Shareholding guidelines		In-employment	– 600% of base salary within five years of appointment.
		Post-employment	– 600% of base salary to be held for two years.

2025 executive remuneration outcomes

Further details are set out in our annual report on Directors' remuneration on pages 220 to 223.

Georges Elhedery

Group CFO until 1 September 2024; Group CEO from 2 September 2024

Single total figure of remuneration (£000)



Pam Kaur

Group CFO from 1 January 2025

Single total figure of remuneration (£000)



Not an executive Director in 2024

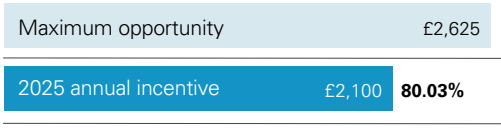
Base salary
Pension and benefits
Long-term incentive
Fixed pay allowance
Annual incentive
Notional returns on deferred cash awarded in respect of prior role

Annual incentive outcome (£000)

Georges Elhedery



Pam Kaur

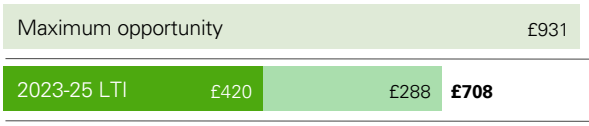


2023-2025 long-term incentive (LTI) outcome (£000)

Georges Elhedery (received in prior role as Co-CEO, GBM)



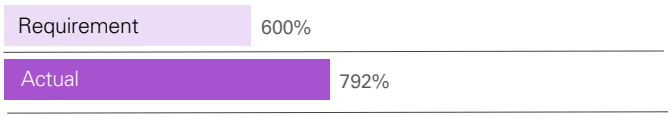
Pam Kaur (received in prior role as Group Chief Risk & Compliance Officer)



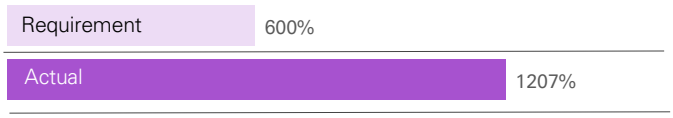
Vesting long-term incentive
Share price appreciation on long-term incentive

Executive Directors' shareholding (% of salary)

Georges Elhedery



Pam Kaur

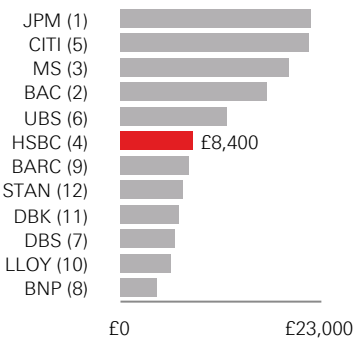


2026 target opportunities versus peers (£000)

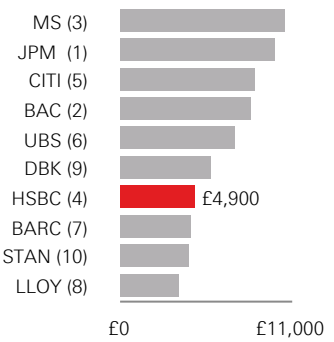
(Stock ticker and ranking by market capitalisation)

Data source: Deloitte. 2025 total compensation based on 2024 year-end disclosures. 'Target' value of total compensation based on 50% of the maximum value for the annual incentive, or target value if disclosed; 50% of the maximum value for performance-based LTI; the maximum value of restricted shares; and one third of face value for share options. Market capitalisation ranking shown in brackets based on 3-month average as at 31 December 2025.

Group CEO



Group CFO



Annual report on Directors' remuneration

This section sets out how our approved Directors' remuneration policy was implemented during 2025.

Single total figure of remuneration

(Audited)

The following table shows the single total figure of remuneration of each executive Director for 2025, together with comparative figures. Georges Elhedery was appointed Group CFO effective from 1 January 2023 and succeeded Sir Noel Quinn as Group CEO on 2 September 2024. Pam Kaur was appointed Group CFO and executive Director of the Board on 1 January 2025.

Single total figure of remuneration

(£000)		Base salary	Fixed pay allowance ('FPA')	Taxable benefits	Non-taxable benefits	Cash in lieu of pension	**Total fixed**	Annual incentive	Notional returns[1]	Long-term incentive[2,3]	**Total variable[4]**	**Total fixed and variable**
Georges Elhedery	**2025**	**1,479**	**—**	**61**	**108**	**148**	**1,796**	**3,605**	**5**	**1,217**	**4,827**	**6,623**
	2024	989	1,288	39	58	99	2,473	1,677	8	1,418	3,103	5,576
Pam Kaur	**2025**	**863**	**—**	**71**	**66**	**86**	**1,086**	**2,100**	**11**	**708**	**2,819**	**3,905**

1 Deferred cash awards granted in prior years include a right to receive notional returns for the period between the grant and vesting date. This is determined by reference to a rate of return specified at the time of grant and paid annually, with the amount disclosed on a paid basis.
2 LTI awards were made in February 2023 at a share price of £6.357 for which the performance period ended on 31 December 2025. The value of the awards has been computed based on a share price of £10.708, the average share price during the three-month period to 31 December 2025. The LTI granted to Georges Elhedery was in respect of 2022 performance in his role as Co-CEO, Global Banking and Markets ('GBM'), and for Pam Kaur in her role as Group Chief Risk and Compliance Officer. See the following section for details of the performance assessment, which resulted in 45.19% vesting, and the award value attributable to share price appreciation.
3 The value of the 2022-2024 LTI for Georges Elhedery has been restated based on a share price of £8.442 to reflect the value of the award on 11 March 2025, when the first tranche of the award vested. In 2024, the value was based on the average share price during the three-month period to 31 December 2024 of £7.184.
4 No malus or clawback was applied to executive Directors' 2025 variable pay awards or outstanding deferred awards from prior years.

Fixed pay

(Audited)

Base pay

As set out in the 2024 report, Group CEO base salary was £1,500,000 and Group CFO base salary was £875,000, effective 1 March 2025.

Benefits

Taxable benefits include the provision of medical insurance, car benefit and tax support. Non-taxable benefits include the provision of life assurance and other insurance cover.

The values of the significant benefits in the single total figure table are set out in the following table.

		Significant benefits				
(£000)		Group income protection (non-taxable)	Medical insurance (taxable)	Car and driver (taxable)	Other benefits	Total taxable and non-taxable benefits
Georges Elhedery	**2025**	**102**	**25**	**18**	**24**	**169**
	2024	49	20	6	22	97
Pam Kaur	**2025**	**62**	**10**	**38**	**27**	**137**

Pensions

As per the approved policy, each executive Director receives a payment of 10% of base salary in lieu of pension contributions.

Annual incentive

(Audited)

Both executive Directors met the minimum standard of conduct and behaviour for an annual incentive award to be made.

The annual incentive award is awarded 50% in cash and 50% in shares. The shares portion of the award vests immediately at grant and is subject to a retention period of one year and clawback provisions.

The award is determined by applying the outcome of their annual scorecard to the maximum opportunity, set at 300% of base salary.

In assessing performance, the Committee considered, and made no adjustment for, the impact of interest rates, re-confirming that variations in the macroeconomic environment and their impact on business outcomes remain for our executives to manage.

The Committee considered carefully the wider context in which performance was delivered in 2025, including the strong total return delivered to shareholders over the year. They judged that the overall scorecard outcomes for both Georges Elhedery and Pam Kaur were appropriate against the targets set at the start of the year for financial, strategic and personal measures, and that the application of the risk and compliance modifier was not required.

Executive Director 2025 annual incentive award value

(£000)		Base salary £000	Maximum opportunity (% of salary)	Scorecard outcome	Risk & compliance modifier	**Annual incentive £000**
Georges Elhedery	**2025**	1,500	300%	80.13%	Nil	**3,605**
Pam Kaur	**2025**	875	300%	80.03%	Nil	**2,100**

Annual incentive scorecard assessment

		Weighting (%)	Minimum (25% payout)	Maximum (100% payout)	Performance	Assessment (%)	Outcome (%)	
Financial (60%)[1]	Group RoTE[2]	25	13.0%	16.0%	**17.2%**	**100.00**	**25.00**	
	Target basis operating expenses[2]	15	3.5%	1.5%	**3.0%**	**43.75**	**6.56**	
	Profit before tax ($bn)[2]	10	$28.3	$34.6	**$36.6**	**100.00**	**10.00**	
	Fee income growth relative to balance sheet growth[3]	10	2.0%	6.0%	**8.1%**	**100.00**	**10.00**	
Strategic (30%)	Customer satisfaction	15	See strategic measures table for commentary			**76.00**	**11.40**	
	Deliver benefits of announced organisational changes	8				**87.50**	**7.00**	
	People and culture	7				**50.00**	**3.50**	
Personal (10%)		10	See personal measures table for commentary				**Georges Elhedery**	**Pam Kaur**
							6.67	**6.57**
Formulaic scorecard outcome (%)							**80.13**	**80.03**
Risk adjustment (%)							**—**	**—**
Scorecard outcome after risk adjustment (%)							**80.13**	**80.03**
Maximum opportunity (£000)							**4,500**	**2,625**
Annual incentive awarded (£000)							**3,605**	**2,100**

1 The CET1 capital ratio of 14.9% exceeded the tolerance level in the risk appetite statement as required by the underpin.
2 Excluding notable items.
3 FY24 excludes net fee income and net loans and advances to customers from our banking business in Canada and our business in Argentina prior to disposal.

Strategic measures

	Measures	Weighting	Performance achievement	Assessment	Outcome
Customer satisfaction	Maintain and improve NPS scores/rank	**15.0%**	– Performance is assessed against NPS data from external providers, including InMoment sNPS survey for RBW and IWPB, Coalition Greenwich LC and Mid-market study and Savanta MarketVue Business Banking survey for CMB, and Coalition Greenwich Global Corporates Study for CIB. – We maintained market leadership in both RBW and CMB in Hong Kong, reaching a record NPS in RBW. – In the UK we ranked second for mid-market enterprises, improved our SME Business Banking ranking to fifth, and improved RBW NPS by 5 points compared to 2024. – We rose to first place in IWPB in mainland China and Singapore, and our score increased in the UAE. NPS declined slightly in India. – Amongst Corporates, CIB continues to rank first in Hong Kong, and scores rose in the UK, mainland China, Singapore and UAE.	**76.00%**	**11.40%**
Deliver benefits of announced organisational changes	Benefits realised and reorganisation programme health	**8.0%**	– We identified and achieved $1.2bn annualised savings against a 2025 baseline of $1.0bn. 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. – Execution is on track with the majority of programme milestones tracking green throughout 2025 with identified gaps quickly remediated.	**87.50%**	**7.00%**
People and culture	Inclusion and retention of high performers	**7.0%**	– Senior leadership representation for women increased by 0.1 percentage points year-on-year to 34.7%, for Asian heritage colleagues it increased by 1.6 percentage points to 40.9%, and for Black heritage colleagues it remained flat at 3.0%. These are above the minimum performance thresholds set, partly meeting the targets. – High performer attrition increased by 0.4 percentage points to 4.1%, and was assessed as partly met given the outcome fell within the performance range. – The Inclusion index in our employee Snapshot survey improved by 0.1 percentage points to 78.3%, above the minimum target set and was assessed as partly met.	**50.00%**	**3.50%**

Personal measures

Personal measures were set at the start of the year and measured by the Committee against agreed targets and key performance indicators.

Georges Elhedery	Weighting	Performance achievement	Assessment	Outcome
Regulatory excellence, wealth acceleration and strategic investments, Group technology strategy	**10.0%**	– Wealth fees and other operating income of $9.39bn exceeded our maximum target of $8.8bn, driven by Hong Kong and IWPB segments. Net New Invested Assets at $80.0bn is below our threshold performance level of $87.6bn. Overall, performance for this measure was assessed as partly achieving our targets. – Strong performance on Net App Demise with over 700 net reductions across the organisation, surpassing the maximum target set. – Good progress has been made on the most material issues on regulatory excellence. However, more could have been done by the Group to improve the pace of progress on long-standing regulatory deliverables and programmes for which Georges had an oversight role.	**66.70%**	**6.67%**

Pam Kaur	Weighting	Performance achievement	Assessment	Outcome
Regulatory excellence, Group Sustainability priorities, robust liquidity and capital management	**10.0%**	– Reviewed and reset the Group's Sustainability strategy, related policies and financed emissions targets and published the revised Net Zero Transition Plan; continued enhancement on ESG disclosures in areas such as financed emissions and climate risk. – Delivered strong capital position throughout the year, with CET1 consistently above target operating range. – Delivered a robust liquidity position with no breaches throughout the year; enhancements were implemented to further strengthen liquidity management. – Good progress has been made on the most material issues on regulatory excellence. However, more could have been done by the Group to improve the pace of progress on long-standing regulatory deliverables and programmes for which Pam had an oversight role.	**65.70%**	**6.57%**

Long-term incentive ('LTI') awards

LTI awards over 2023 to 2025 performance period

(Audited)

Georges Elhedery and Pam Kaur were each granted a 2023–2025 LTI award in February 2023 in their capacity as Co-CEO GBM and Group Chief Risk and Compliance Officer respectively, prior to their appointment as executive Directors. Sir Noel Quinn was also granted a 2023–2025 LTI award in February 2023 in his capacity as Group CEO.

At the time of grant, the Committee determined that there were no windfall gains to consider for this award given the share price at grant (£6.36) was above the share price at the previous LTI grant (£5.38).

The scorecard delivered an outcome of 45.19%, reflecting strong shareholder returns across the performance period. The Committee received input from the GRC who assessed that the performance targets were delivered with appropriate risk management. On this basis, the Committee considered that no adjustment for risk matters should be made.

The value of the 2023–2025 LTI shown below is based on the average share price during the three-month period to 31 December 2025 of £10.708. The awards will vest in five equal annual instalments commencing in March 2026. On vesting, shares equivalent to the net number of shares that have vested (after those sold to cover any income tax and social security payable) will be held for a retention period of one year.

Executive Director 2025 LTI values

(£000)		Award	Ordinary shares granted	Prorated for time in employment	Performance outcome	Risk & compliance modifier	Shares to vest	**Value of shares to vest £000**	Of which: face value £000	Of which: share appreciation £000
Georges Elhedery	**2025**	2023-25 LTI	251,474	251,474	45.19%	—	113,641	**1,217**	722	495
Pam Kaur	**2025**	2023-25 LTI	146,393	146,393	45.19%	—	66,154	**708**	420	288
Former director										
Sir Noel Quinn	**2025**	2023-25 LTI	861,422	669,995	45.19%	—	302,770	**3,242**	1,925	1,317

Assessment of the 2023–2025 LTI awards

Measures (weighting)[1]		**Minimum (25% payout)**	**Target (50% payout)**	**Maximum (100% payout)**	**Actual**	**Assessment**	**Outcome**
RoTE with CET1 capital ratio underpin[2] (25%)		13.0%	14.3%	15.5%	13.3%	30.8%	**7.69%**
Capital reallocation to Asia with CET1 capital ratio underpin[3] (25%)		49.0%	50.5%	52.0%	44.8%	0.0%	**0.00%**
Transition to net zero[4] (25%)	Carbon reduction (own emissions)	64.0%	68.0%	72.0%	84.9%	100.0%	**12.50%**
	Sustainable finance and investment	$588bn	$700bn	$756bn	$496bn	0.0%	**0.00%**
Relative TSR[5] (25%)		At median of the peer group	Straight-line vesting between minimum and maximum	At upper quartile of the peer group	Above upper quartile	100.0%	**25.00%**
Total							**45.19%**

1 Awards vest on a straight-line basis for performance between the minimum, target and maximum levels of performance set out in this table.
2 Assessed based on RoTE in the 2025 financial year. The CET1 capital ratio of 14.9% exceeded the level required by the underpin.
3 Assessed based on share of Group tangible equity (on a constant currency basis and excluding associates) allocated to Asia by 31 December 2025.
4 Carbon reduction assessed on percentage reduction in total energy and travel emissions achieved by 31 December 2025 using 2019 as the baseline. Sustainable finance and investment assessed on cumulative financing provided over the performance period.
5 The peer group was: Bank of China (Hong Kong), Barclays, BNP Paribas, China Merchants Bank, Citigroup, DBS Group Holdings, J.P. Morgan Chase & Co., Lloyds Banking Group, OCBC Bank, Standard Chartered and UBS Group. Credit Suisse Group was removed following its acquisition by UBS Group in June 2023.

Implementation for 2026

Fixed pay for 2026

There are no changes to the salary with respect to 2026. Taxable benefits for 2026 will be in line with 2025. Pensions will continue to be a cash allowance of 10% of base pay.

(£000)	Annual base salary at 1 January 2026	Increase	**Annual base salary at 1 March 2026**
Georges Elhedery	1,500	— %	**1,500**
Pam Kaur	875	— %	**875**

Annual incentive measures for 2026

The 2026 annual incentive scorecard measures for our executive Directors have been set to support the achievement of our strategic objectives.

Financial measures comprise our core metrics of PBT, Group RoTE and costs, alongside a measure on fee income growth. Each will be assessed excluding notable items so that outcomes reflect performance in the control of management. Each measure will be equally weighted at 15% to better incentivise growth while retaining focus on investor commitments. The overall weighting of 60% for financial measures balances alignment with shareholder performance and regulatory expectations.

Customer NPS has been retained to reflect our ambition to be the most trusted bank globally, putting customers at the heart of everything we do.

We have retained a measure focused on delivery of benefits from the organisational change as we reshape the Group for growth. This will include a measure focusing on synergies following the privatisation of Hang Seng Bank.

Our people and culture measures support our strategy to enable a culture of high performance. The Committee intends to assess this by considering our 'How We Lead' index score from our all-employee survey and the retention of high performers.

Personal measures have been set to ensure meaningful weighting for the most critical goals for each executive Director.

The Committee will continue to retain discretion to adjust the formulaic outcomes of scorecards, taking into account factors such as Group profits, wider business performance and stakeholder experience, to ensure executive reward is aligned with underlying Group performance and the broader stakeholder experience.

Performance targets have been set to reflect the Group's 2026 plan, external commitments, scenario testing of upside and downside risks in the plan while considering macroeconomic uncertainty, including the interest rate environment and analyst consensus where available. The Committee is mindful that targets are suitably stretching in this context.

The performance targets are commercially sensitive, and it would be detrimental to the Group's interests to disclose them at the start of the financial year. Subject to commercial sensitivity, we will disclose the targets in the 2026 Directors' remuneration report.

2026 annual incentive performance measures[1]		**Weighting**
Financial measures (60%)	Group RoTE (excluding notable items)	**15%**
	Profit before tax (excluding notable items)	**15%**
	Fee income growth (excluding notable items)	**15%**
	Target basis operating expenses (excluding notable items)	**15%**
Strategic measures (30%)	Customer satisfaction: Improvement in NPS scores/rank	**15%**
	Deliver benefits of announced organisational changes	**10%**
	People and culture: How We Lead index score and retention of high performers	**5%**
Personal measures (10%)	– Group CEO: Deliver enterprise-wide foundational priorities including regulatory excellence and the Group's technology strategy. – Group CFO: Deliver activities relating to regulatory excellence priorities, Group Sustainability priorities, and robust liquidity and capital management.	**10%**

Subject to risk and compliance modifier
The Group Remuneration Committee retains the discretion to revise down the formulaic outcome taking into account performance against risk and compliance factors during the performance period.

1 All measures subject to CET1 capital ratio underpin.

LTI awards over 2026 to 2028 performance period

After taking into account performance for 2025, the Committee decided to grant Georges Elhedery an LTI award of £9,000,000 and Pam Kaur an LTI award of £5,250,000 (both 600% of base salary).

The awards will have a three-year performance period starting on 1 January 2026.

The Committee has reviewed the performance measures considering feedback from shareholders and the Group's strategic priorities.

For the 2026-2028 LTI, we will retain Group RoTE and relative TSR measures but increase their weighting to 42.5% to increase focus on our financial and shareholder return measures.

Group RoTE will be assessed excluding notable items on an average basis over the performance period and represents a change from our previous approach of assessing performance only in the final year. Our new approach better reflects consistent, sustainable performance over the measurement period, minimises the impact of short-term fluctuations in the last year of assessment and addresses investor feedback received in prior years.

The RoTE measure is subject to a CET1 capital ratio underpin. If the CET1 capital ratio at the end of the performance period is below the CET1 risk tolerance level set in the risk appetite statement, then the assessment for this measure will be reduced to nil.

No changes have been made to our relative TSR peer group, which was revised in 2023 to include more Asian peers to better reflect our growth and investment focus.

The Committee has also reviewed the environment measures following shareholder feedback and has made the following changes for the 2026-2028 awards:

- Removed the measure on carbon reduction in our own emissions to reflect the views of our shareholders that this is now largely considered business as usual.
- Introduced a financed emissions measure, weighted at 5%. The performance of this measure will be assessed on the basis of financed emissions for our Oil & Gas and Power & Utilities sectors, remaining within our internally defined risk limits, which have been set to enable the Group to progress towards our 2030 targets. These two sectors cover most of our reported emissions. We will keep the weighting of this measure under review in future years as we bring in other sectors within its scope.
- Retained the sustainable finance and investment measure, which is a material metric in support of our ESG ambitions, but have reduced the weighting from 15% to 10%.

The overall weighting for the environment measure will be 15%, representing a significant proportion of the overall LTI opportunity.

Performance targets have been set to balance stretch and achievability so that awards act as an effective incentive for management, and incentivise outperformance. Target ranges continue to be calibrated to deliver maximum payouts only for outperformance compared to consensus and our plan.

For 2026-2028 awards:

- RoTE targets have been set taking into account our plan, with the maximum target reflecting a stretch above plan.
- The minimum target for relative TSR is set 'at the median of our peer group', which ensures no payout for below median performance aligned to investor expectations. The maximum is set 'at the upper quartile of our peer group'.
- For the sustainable finance and investment measure, we have set performance targets to support our ambition announced in 2020 to provide $750bn to $1tn of sustainable financing and investment by 2030. We reflected on sustainable financing forecasts, market demand, and regulation in setting the target range.
- The financed emissions measure will track the reduction of on-balance sheet financed emissions and be assessed on the extent that target metrics remain within internally defined risk limits. These limits have been informed by our risk appetite, have been set in line with our Financed Emissions Metric Pathway and converge to our 2030 target.

The LTI is subject to a risk and compliance modifier, which gives the Committee the discretion to ensure performance targets are delivered with appropriate risk management.

Following changes to the PRA remuneration rules, awards are entitled to dividend equivalents, in line with our shareholder-approved policy.

To the extent performance conditions are satisfied at the end of the three-year performance period, the awards will vest in five equal annual instalments commencing from around the third anniversary of the grant date. On vesting, shares equivalent to the net number of shares that have vested (after those sold to cover any income tax and social security payable) will be held for a retention period of one year.

Performance conditions for the 2026–2028 LTI awards

Measures (weighting)		Minimum (25% payout)	Target (50% payout)	Maximum (100% payout)
Average RoTE (excluding notable items) with CET1 capital ratio underpin[1,2] (42.5%)		16.5%	17.5%	18.0%
Relative TSR[1,3] (42.5%)		At the median of the peer group	Straight-line vesting between minimum and maximum	At the upper quartile of the peer group
Environment (15%)	Sustainable finance and investment[1,4] (10%)	$733bn	$814bn	$896bn
	Financed emissions[5] (5%)	On-balance sheet financed emissions within the Oil & Gas and Power & Utilities sectors remain within the established risk tolerance for at least 80% of the performance period	On-balance sheet financed emissions within the Oil & Gas and Power & Utilities sectors remain within the established risk tolerance for at least 90% of the performance period	On-balance sheet financed emissions within the Oil & Gas and Power & Utilities sectors remain within the established risk tolerance for 100% of the performance period

Subject to risk and compliance modifier
The Group Remuneration Committee retains the discretion to revise down the formulaic outcome taking into account performance against risk and compliance factors during the performance period.

1 Awards will vest on a straight-line basis for performance between the minimum, target and maximum levels of performance set in this table.
2 To be assessed based on average RoTE excluding notable items over the performance period, subject to the CET1 capital ratio underpin.
3 The peer group for the 2025 award is: Bank of China (Hong Kong), Barclays, BNP Paribas, China Merchants Bank, Citigroup, DBS Group Holdings, J.P. Morgan Chase & Co., Lloyds Banking Group, OCBC Bank, Standard Chartered and UBS Group.
4 The sustainable finance and investment measure will assess the cumulative amount provided and facilitated over the performance period starting from 1 January 2020 and ending 31 December 2028.
5 Performance against risk tolerance will be assessed on a rolling two consecutive calendar quarter basis due to volatility and measurement lags. In addition, given inherent uncertainty with financed emissions measurement, mitigating factors for breaches will be considered by the Committee in assessing performance.

Our approach to workforce reward

Our approach to workforce reward enables a high-performance culture where colleagues are at their best and focused on excellent customer outcomes.

Our workforce reward principles and commitments guide our approach, strengthen our ability to attract, retain and motivate the people we need and energise colleagues to perform at their best:

- We reward our colleagues responsibly through fixed pay security and protection through core benefits, a competitive total compensation opportunity, pay equity, and a more inclusive and sustainable benefits proposition over time.
- We recognise colleagues' success through our performance routines, including feedback and recognition, pay for performance, and all employee share ownership opportunities.
- We support our colleagues to grow through our proposition beyond pay, with a focus on future skills and development, support for well-being, and flexibility.

In 2024, we made significant changes to our approach to improve colleague experience and unlock our performance edge. We introduced performance routines to support more frequent exchange of feedback and implemented a 'Target Variable Pay' plan to help improve transparency on how we make pay decisions. The year-end performance assessment was simplified to focus less on ratings and more on dialogue between managers and colleagues.

In 2025, we continued to evolve our approach and made enhancements based on the lessons learned from the first year of implementation. We continued to improve our well-being and recognition offering, which help motivate employees to perform at their best.

The Committee tracks various metrics to assess how we are doing and prioritise our action plans. Our approach overall is working. Employee engagement measured through our employee Snapshot survey remained high at 78%. While this fell by two percentage points compared with 2024, it was four percentage points above the financial services benchmark. This is a notable achievement in the context of ongoing activities related to our organisational simplification. Further highlights for our areas of focus in 2025 are outlined below.

Our approach to workforce reward forms part of our broader employee value proposition and helps us retain and engage the leaders and people we need to execute our strategy.

In 2026, a key priority will be to review the pay structure for our senior executives following changes to the PRA remuneration rules announced in October 2025. This review will ensure that our remuneration approach continues to support a high-performance culture, incentivises the achievement of our financial and strategic objectives, and promotes robust risk management and exemplary conduct standards.

We will reward you responsibly

Living wage

Global living wage employer

Since 2024, we have continued to work with the Fair Wage Network which provides an independent source of wage levels and HSBC has maintained its accreditation as a global living wage employer. We continue to review all wages against local living wage benchmarks.

Fixed pay

3.2% (2025: 3.6%)

increase to fixed pay for 2026, targeted towards lower paid colleagues relative to relevant market benchmarks.

Benefits

5 percentage points ▲

increase in the number of colleagues who say their benefits meet their and their family's needs well.

We will recognise your success

Feedback

81% (2024: 78%)

of colleagues say their manager proactively gave them timely and effective feedback on their performance and behaviours.

Recognition

78% (2024: 78%)

of colleagues say they are recognised when they do a good job.

1.4m

recognitions of colleagues by their peers through our recognition platform 'At Our Best' for demonstrating role model behaviours that are linked to our values.

We will support you to grow

Mental health

#1 (2024: #1)

in the Global CCLA Corporate Mental Health Benchmark for the fourth year running.

Physical well-being

#1

Over 11,400 colleagues participated in the HSBC Global Activity Challenge in September, an increase of 150% in participation from 2024. We set a new Guinness World Record for the most participants in a 10,000 step challenge in 24 hours.

Well-being

66% (2024: 65%)

Our Well-being Index, which measures satisfaction, purpose, happiness and stress, increased compared with 2024 and is five percentage points higher than the financial services benchmark.

Remuneration structure for colleagues

We set out below the key features of our remuneration framework, which applies on a Group-wide basis (excluding executive Directors), subject to compliance with local laws. Our remuneration framework for the wider workforce is similar to that of the executive Directors given the inclusion of fixed and variable pay elements, and the application of deferral, retention, malus and clawback policies to variable pay. A summary of the remuneration policy for executive Directors is provided on page 218.

	Remuneration components and objectives	Application for Group employees
Fixed pay	**Salary and allowances**	– We provide market competitive pay for the role, skills and experience required. – In addition to base salary, fixed pay may also include fixed pay allowances, cash in lieu of pension and other cash allowances in accordance with local market practice. – Fixed pay may change to reflect an individual's position, role or grade, cost of living in the country, individual skills, capabilities and experience.
	Benefits and pension	– Benefits may include, but are not limited to, the provision of a pension, medical insurance, life insurance and health assessment in accordance with local market practice.
Variable pay	**Annual incentive**	– All colleagues are eligible to be considered for a discretionary variable pay award. Individual awards are determined against performance goals set at the start of the year. – Variable pay represents a higher proportion of total compensation for more senior colleagues to strengthen alignment between total compensation and business performance. – Variable pay for employees is limited to 10 times fixed pay, except where local regulations require otherwise. – Awards are generally paid in cash and shares. For material risk takers ('MRTs'), at least 50% of the awards are in shares and/or where required by regulations, in units linked to asset management funds.
	Long-term incentive	– Members of the Group Operating Committee and other senior Group employees are also eligible to be considered for a long-term incentive award. This is subject to three-year forward-looking performance measures, similar to the executive Directors.
Policies applicable to variable pay	**Deferral**	– A Group-wide deferral approach is applicable to all employees. A portion of annual incentive awards above a specified threshold is deferred in shares vesting annually over a three-year period (33% vesting on the first and second anniversaries of grant and 34% on the third). – Awards for MRTs are paid in line with the PRA and FCA remuneration rules, and in compliance with local regulations. Variable pay for MRTs under the PRA remuneration rules ('Group MRTs'), are subject to a four-year deferral period. – For all Group MRTs and the majority of local MRTs, a minimum 50% of the deferred awards is in HSBC shares with the remaining portion in deferred cash. Local regulatory requirements apply where necessary. – For some employees in our asset management business, where required by the relevant regulations, at least 50% of the deferred award is linked to fund units reflective of funds managed by those entities, with the remaining portion in deferred cash awards. – Variable pay awards made in HSBC shares or linked to relevant fund units granted to MRTs that are immediately vested are generally subject to a one-year retention period post-vesting.
	Anti-hedging	– All employees are subject to an anti-hedging policy, which prohibits employees from entering into any personal hedging strategies in respect of HSBC securities.
	Malus and clawback	– All deferred awards are subject to malus provisions, subject to compliance with local laws. – All awards granted are subject to clawback.
Recruitment remuneration	**Buy-out awards**	– Buy-out awards may be offered if an individual holds any outstanding unvested awards that are forfeited on resignation from the previous employer. – The terms of the buy-out awards will not be more generous than the terms attached to the awards forfeited on cessation of employment with the previous employer.
	New hire indicative variable pay	– New hire indicative variable pay is awarded in exceptional circumstances, typically involving a critical senior new hire, and is limited to an individual's first year of employment only. The award is subject to a number of factors (such as the respective performance of the Group, business / infrastructure area and individual), and the final value paid remains at the full discretion of HSBC.
Policy for loss of office	**Severance payments**	– Where an individual's employment is terminated involuntarily for gross misconduct then, subject to compliance with local laws, the Group's policy is not to make any severance payment and all outstanding unvested awards are forfeited. – For other cases of involuntary termination of employment, the determination of any severance will take into consideration the contractual notice period, applicable local laws and circumstances of the case. – Severance amounts awarded to MRTs are not considered as variable pay for the purpose of application of the deferral and variable pay cap rules under the PRA and FCA remuneration rules.
	Unvested awards	– Generally, for good leavers, all outstanding unvested awards will normally continue to vest in line with applicable vesting dates. Where relevant, any performance conditions attached to the awards, and malus and clawback provisions, will remain applicable to those awards.

Committee governance

The Group Chairman, Chair of the Group Risk Committee, Group CEO, Group Chief Risk and Compliance Officer, Group Chief People & Governance Officer, Group Chief Legal Officer, and Group Head of Performance and Reward, routinely and selectively attend Committee meetings.

No Director is present at Committee meetings when their own remuneration is discussed.

The Chair and members of the Committee hold private meetings with the Committee's independent adviser, following scheduled Committee meetings. Outside of formal meetings, the Chair meets regularly with key stakeholders, including senior management, investors, proxy advisers and regulators to help inform the broader decision making of the Committee.

The Chair also meets regularly with the Committee Secretary to ensure the Committee fulfils its governance responsibilities, to consider input from stakeholders when finalising meeting agendas and track progress on actions and priorities.

The Chair hosted the biannual Remuneration Committee Chairs Forum in October and November 2025, bringing together Committee members and Chairs of the principal subsidiary remuneration committees. The forum provided the opportunity for members to discuss key priorities and challenges in relation to people, performance and pay matters across the Group.

The Committee received certifications from the principal subsidiary remuneration committees, confirming that the relevant committee had discharged its obligations overseeing the implementation and operation of HSBC's Group Remuneration Framework and escalated all relevant concerns to the Committee. A regular report is presented to the Committee highlighting significant remuneration matters from the Group's subsidiaries.

A copy of the Committee's terms of reference can be found on our website at www.hsbc.com/who-we-are/our-people/board-of-directors/board-committees

Advisers

The Committee received input and advice from different advisers on specific topics during 2025. Deloitte was retained as independent adviser to the Committee in 2025 having been reappointed in 2022 following a formal tender process. Deloitte also provided tax compliance and other advisory services to the Group in 2025. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

The Committee also received advice from Willis Towers Watson and AON on market data and remuneration trends. Willis Towers Watson also provides actuarial support to Global Finance, benchmarking data for the wider workforce and services related to benefits administration for our Group employees.

The Committee was satisfied the advice provided by Deloitte, Willis Towers Watson and AON was objective and independent in 2025.

For 2025, total fees of £161,500, £36,437 and £17,080 were incurred in relation to remuneration advice provided by Deloitte, Willis Towers Watson and AON, respectively. This was based on pre-agreed fees and a time-and-materials basis.

Following a full tender process in 2025, Willis Towers Watson will become the Committee's lead independent adviser from March 2026.

Committee performance review

In 2025, the annual review of the performance of the Committee concluded that the Committee continued to operate effectively.

The outcomes of the performance review have been reported to the Board, and the Committee will progress and track those areas identified for enhancement through 2026.

▶ Further details of the annual review of the Board and committee performance can be found on page 198.

Share plan matters considered by the Committee

The Committee and its delegates considered various matters relating to the HSBC share plans during the financial year.

The HSBC International Employee Share Purchase Plan ('ShareMatch') and The HSBC Holdings Savings-Related Share Option Plan (UK) ('Sharesave') were offered in 2025. The HSBC variable pay deferral approach for the 2025 performance year was approved, for which certain updates were made following changes to legal and regulatory requirements. Other awards with performance conditions were approved for certain strategically important projects during 2025.

Immediate share awards were granted to executive Directors and senior managers in compliance with our regulatory requirements to deliver a portion of non-deferred variable pay in instruments. These awards vest immediately, and are subject to a retention period and clawback provisions.

Additional remuneration disclosures

This section provides further information in relation to executive Director and wider workforce remuneration as required by the UK, Hong Kong, and Pillar 3 remuneration disclosure requirements. For the purpose of the Pillar 3 remuneration disclosures, executive Directors and non-executive Directors are considered to be members of the management body. Members of the Group Operating Committee other than the executive Directors are considered as senior management.

Link between risk, performance and reward

Our remuneration practices promote sound and effective risk management to support our business objectives and the delivery of our strategy. We set out below the key features of our framework, which enable us to align between risk, performance and reward, subject to compliance with local laws and regulations:

Framework elements	Application
Variable pay	– Group variable pay is expected to reflect Group performance, based on a range of financial and non-financial factors. We use a countercyclical funding methodology with a structured payout range for different levels of profitability and guided by a floor and a ceiling. The payout ratio generally reduces as performance increases to avoid pro-cyclicality. The floor recognises that even in challenging times, remaining competitive is important. The ceiling recognises that at higher levels of performance it is not always necessary to continue to increase variable pay, thereby limiting the risk of inappropriate behaviour to drive financial performance. – The main quantitative and qualitative performance and risk metrics used for assessment of performance include: – Group and business unit financial performance, considering contextual factors driving performance, and capital requirements; – current and future risks, taking into consideration performance against the risk appetite, financial resourcing plan and global conduct outcomes; and – fines, penalties and provisions for customer redress, which are automatically included in the Committee's definition of profit for determining the pool. – In the event that the Group was unable to distribute dividends to shareholders for reasons such as capital adequacy, then the Group may determine that as a year of weak performance. In such a year, the Group may withhold some, or all, variable pay for employees including unvested share awards, using the metrics outlined above as a basis for that determination. – The Committee also applies its discretion to adjust the pool either upwards or downwards based on a recommendation by the GRC which takes into account a full assessment of risk performance.
Individual performance	– Assessment of individual performance is made with reference to clear and relevant financial and non-financial goals. Group Operating Committee members have a goal on effective management of enterprise risk, regulatory compliance and financial crime risk responsibilities as well as financial risks. The goal is independently assessed by Risk and Compliance and a risk and compliance rating and assessment is shared with the individual and the Group CEO to consider as part of the year-end review. Direct reports of Group Operating Committee members and other senior executives are assessed on risk, regulatory and financial crime goals identified for their roles. All other employees have a mandatory risk and compliance goal. – Performance assessment for all employees includes a behaviour gateway (if permissible under local laws), and a full assessment of achievement against goals and demonstration of HSBC values aligned behaviours. This ensures that performance is assessed not only on what is achieved but also on how it is achieved.
Control function staff	– Group policy is for control staff to report into their respective infrastructure area. Remuneration decisions for senior infrastructure roles are made by the global infrastructure head. – The performance and reward of individuals in control functions, including risk and compliance colleagues, are assessed according to a balanced scorecard of goals specific to the functional role they undertake. – Their remuneration is determined independent of the performance of the business areas they support. – Remuneration is carefully benchmarked with the market and internally to ensure it is set at an appropriate level. – The Committee is responsible for approving remuneration for the Group Chief Risk and Compliance Officer and Group Head of Internal Audit.
Variable pay adjustments and conduct recognition	– Variable pay awards may be adjusted upwards or downwards to reflect positive or negative conduct in adherence with the Code of Conduct. Downward adjustments can be made in circumstances including: – detrimental conduct, including conduct that brings HSBC into disrepute; – involvement in events resulting in significant operational losses, or events that have caused or have the potential to cause significant harm to HSBC; and – non-compliance with the values-aligned behaviours and other mandatory requirements or policies. – Rewarding positive conduct can be through use of our global recognition platform, At Our Best, or positive adjustments to variable pay awards.
Malus	– Malus can be applied to unvested deferred awards (up to 100% of awards) granted in prior years in circumstances including: – detrimental conduct, including conduct that brings the business into disrepute; – past performance being materially worse than originally reported; – restatement, correction or amendment of any financial statements; and – improper or inadequate risk management.
Clawback	– Clawback can be applied to vested or paid awards granted to MRTs for a period of seven years, extended to 10 years for employees in PRA and FCA designated senior management functions in the event of ongoing internal/regulatory investigation at the end of the seven-year period. Clawback can also be applied to non-MRTs. Clawback may be applied in circumstances including: – participation in, or responsibility for, conduct that results in significant losses; – failing to meet appropriate standards and propriety; – reasonable evidence of misconduct or material error that would justify, or would have justified, summary termination of a contract of employment; and – a material failure of risk management suffered by HSBC or a business unit in the context of Group risk-management standards, policies and procedures. – Clawback can also be applied to vested or paid awards granted to designated Executive Officers as defined by the US Securities and Exchange Commission ('SEC') for a period of three years in the event of an accounting restatement due to material non-compliance with any financial reporting requirement under the US securities laws.
Sales incentives	– We generally do not operate commission-based sales plans, unless aligned with local market practice and with appropriate safeguards to avoid incentivising inappropriate sales behaviours.
Identification of MRTs	– We identify individuals as MRTs based on qualitative and quantitative criteria set out in the PRA's and FCA's remuneration rules. Our identification process is underpinned by the following key principles: – MRTs are identified at Group, HSBC Bank plc (consolidated) and HSBC UK level. – MRTs are also identified at other solo regulated entity level as required by the regulations. – When identifying an MRT, HSBC considers a colleague's role within its matrix management structure. The business and infrastructure area that an individual works within takes precedence, followed by the geographical location in which they work. – We also identify additional MRTs based on our own internal criteria, which include individuals in certain roles and grades who otherwise would not be identified as MRTs under the remuneration rules.

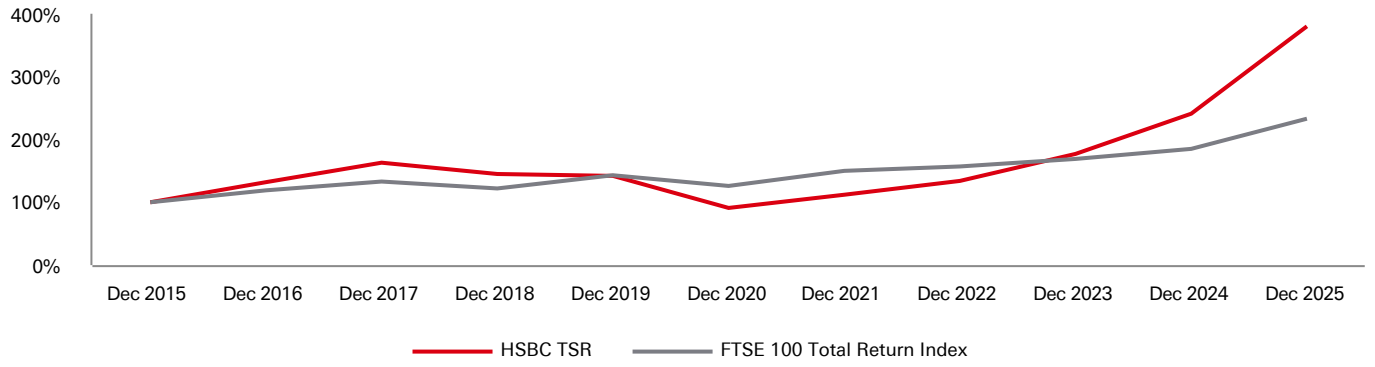
Summary of shareholder return and Group CEO remuneration

The graph shows HSBC TSR performance (based on the daily spot Return Index in sterling) against the FTSE 100 Total Return Index for the 10-year period ended 31 December 2025.

The FTSE 100 Total Return Index has been chosen as a recognised broad equity market index of which HSBC Holdings is a member.

The single total figure of remuneration for the Group CEO over the past 10 years, together with the outcomes of the respective annual incentive and LTI awards, are presented in the following table.

HSBC TSR and FTSE 100 Total Return Index



	2016	2017	2018		2019		2020	2021	2022	2023	2024		**2025**
Group CEO	Stuart Gulliver	Stuart Gulliver	Stuart Gulliver	John Flint	John Flint	Sir Noel Quinn	Sir Noel Quinn	Sir Noel Quinn	Sir Noel Quinn	Sir Noel Quinn	Sir Noel Quinn[1,2]	Georges Elhedery[2,3]	**Georges Elhedery**
Single total figure £000	5,675	6,086	2,387	4,582	2,922	1,977	4,154	4,895	5,562	10,396	10,091	1,867	**6,623**
Annual incentive (% of maximum)	64%	80%	76%	76%	61%	66%	32%	57%	75%	70%	78%	78%	**80%**
Long-term incentive (% of maximum)	—%	—%	100%	—%	—%	—%	—%	—%	—%	75%	75%	—%	**45.19%**

1 Sir Noel Quinn's 2024 single total figure reflects his total fixed pay, benefits and annual incentive up to and including 1 September 2024 when he stepped down as Group CEO, plus his vesting 2022-2024 LTI. This single total figure has been restated to reflect the value of the 2022-2024 LTI on 11 March 2025, when the first tranche of the award vested.
2 The 2024 annual incentive figures for Sir Noel Quinn and Georges Elhedery reflect their assessment against the Group CEO scorecard for their periods as Group CEO.
3 Georges Elhedery's 2024 single total figure reflects his total fixed pay, benefits and annual incentive in respect of his period as Group CEO (for the period 2 September 2024 to 31 December 2024). Georges Elhedery's vesting 2022-2024 LTI was granted before his appointment as Group CEO and has been excluded.

Voting results from Annual General Meeting

2025 Annual General Meeting voting results

	For	**Against**	**Withheld**
Directors' Remuneration Report (votes cast)	**98.34%**	**1.66%**	**—**
	8,807,418,532	**148,870,299**	**11,202,665**
Directors' Remuneration Policy (votes cast)	**96.10%**	**3.90%**	**—**
	8,609,641,462	**349,032,069**	**8,780,440**
Amend rules of the HSBC Share Plan 2011 (votes cast)	**97.33%**	**2.67%**	**—**
	8,716,852,849	**239,261,675**	**10,286,595**

Pay ratio

The following table shows the ratio between the total pay of the Group CEO and the lower quartile, median and upper quartile pay of our UK employees.

The median ratio is lower year on year, reflecting the lower value of the 2023-25 LTI for Georges Elhedery, which was granted for his prior role as Co-CEO, GBM, compared with the value of the 2022-24 LTI for Sir Noel Quinn, which was received in his capacity as Group CEO.

Total pay ratio

	Method	Lower quartile	Median	Upper quartile
2025	A	167:1	96:1	51:1
2024[1]	A	307:1	179:1	94:1
2023	A	285:1	165:1	86:1
2022	A	167:1	95:1	49:1
2021	A	154:1	90:1	46:1
2020	A	139:1	85:1	43:1
2019	A	169:1	105:1	52:1

Total pay and benefits amounts used to calculate the ratio

		Lower quartile		Median		Upper quartile	
(£)	Method	Total pay and benefits	Total salary	Total pay and benefits	Total salary	Total pay and benefits	Total salary
2025	A	39,601	30,750	69,207	57,500	130,262	95,078
2024	A	38,995	31,962	66,672	53,945	127,050	91,664
2023	A	36,528	27,680	63,000	45,536	121,223	89,506
2022	A	33,284	24,615	58,257	41,000	113,778	95,000
2021	A	31,727	27,666	54,678	41,500	106,951	84,000
2020	A	29,833	23,264	48,703	36,972	96,386	75,000
2019	A	28,920	24,235	46,593	41,905	93,365	72,840

1 The 2024 pay ratios have been restated to reflect the revised 2024 LTI value for Sir Noel Quinn.

The total pay and benefits for the median employee for 2025 was 69,207, a 3.8% increase compared with 2024.

Our UK workforce comprises a diverse mix of colleagues across different businesses and levels of seniority, from junior cashiers in our retail branches to senior executives managing our global business units. We aim to deliver market-competitive pay for each role, taking into consideration the skills and experience required for the business.

Pay structure varies across roles in order to deliver an appropriate mix of fixed and variable pay. Junior colleagues have a greater portion of their pay delivered in a fixed component, which does not vary with performance and allows them to predictably meet their day-to-day needs. Our senior management, including executive Directors, generally have a higher portion of their total remuneration opportunity structured as variable pay and linked to the performance of the Group, given their role and ability to influence the strategy and performance of the Group. Executive Directors also have a higher proportion of their variable pay delivered in shares, which vest over a period of seven years with a post-vesting retention period of one year. During this deferral and retention period, the awards are linked to the share price so the value of award realised by them after the vesting and retention period will be aligned to the performance of the Group.

We are satisfied that the median pay ratio is consistent with the pay and progression policies for our UK workforce, taking into account the diverse mix of our UK employees, the pay mix applicable to each role and our objective of delivering market competitive pay for each role subject to Group, business and individual performance.

Our ratios have been calculated using the option 'A' methodology prescribed under the UK Companies (Miscellaneous Reporting) Regulations 2018. Under this option, the ratios are calculated using full-time equivalent pay and benefits of all employees providing services in the UK at 31 December 2025. We believe this approach provides accurate information and representation of the ratios. The ratio has been computed taking into account the pay and benefits of over 33,000 UK employees, other than the Group CEOs. We calculated our pay quartiles and benefits information for our UK employees using:

- full-time equivalent annualised fixed pay, which includes base salary and allowances, at 31 December 2025;
- variable pay awards for 2025;
- return on deferred cash awards granted in prior years. The deferred cash portion of the annual incentive granted in prior years includes a right to receive notional returns for the period between the grant date and vesting date, which is determined by reference to a rate of return specified at the time of grant. A payment of notional return is made annually and the amount is disclosed on a paid basis in the year in which the payment is made;
- gains realised from exercising awards from taxable employee share plans; and
- full-time equivalent value of taxable benefits and pension contributions.

Full-time equivalent fixed pay and benefits for each employee have been calculated by using each employee's data as at 31 December 2025. Where an employee works part-time, fixed pay and benefits are grossed up, where appropriate, to full-time equivalent. One-off benefits have not been included in calculating the ratios as these are not permanent in nature and in some cases, depending on individual circumstances, may not truly reflect a benefit to the employee.

The reported ratios may not be comparable to our international and listed peers on the FTSE 100, given differences in business mix and size, employment and compensation practices, methodologies for computing pay ratios and assumptions used by companies.

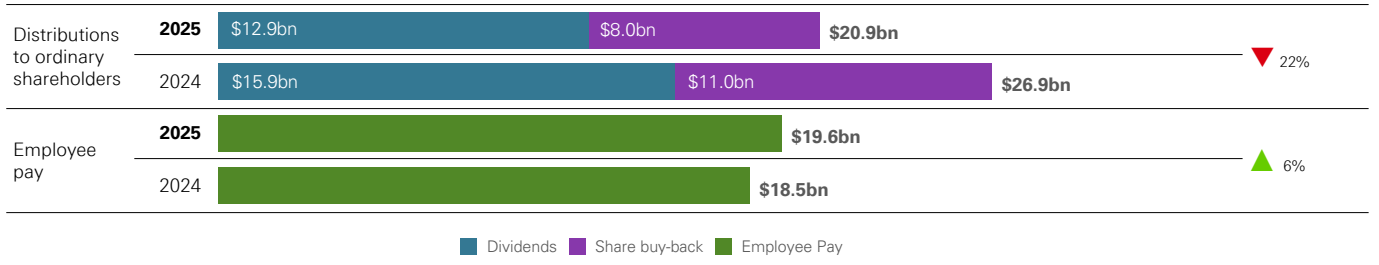
Relative importance of spend on pay

The following chart shows the change in:

- total employee pay between 2024 and 2025; and
- dividends and share buy-backs in respect of 2024 and 2025.

In 2025, total spend on pay was up 6% compared with 2024. The return to shareholders by way of dividends and share buy-backs fell by 22% compared with 2024. In 2024, dividends included the special dividend of $0.21 per share that was paid following the completion of the sale of our banking business in Canada. In 2025, we provided $8bn of capital return to shareholders through share buy-backs, which included the up to $2bn buy-back announced at our 2024 annual results in February 2025. Following our announcement to privatise Hang Seng Bank in October 2025, we announced our intention not to initiate share buy-backs temporarily. A decision to recommence buy-backs will be subject to our normal buy-back considerations and process on a quarterly basis. Dividends include an approximation of the amount payable in April 2026 in relation to the fourth interim dividend of $0.45 per ordinary share.

Relative importance of spend on pay



Comparison of Directors' and employees' pay

The following table compares the changes in each Director's base salary, taxable benefits and annual incentive between 2021 and 2025 with those for UK-based employees of HSBC Group Management Services Limited, the employing entity of the executive Directors. The underlying single figures of remuneration used to calculate these figures are on page 220 for executive Directors, and page 236 for non-executive Directors.

Annual percentage change in remuneration

	Base salary/fees					Benefits					Annual incentive				
Director/employees	**2025**	2024	2023	2022	2021	**2025**	2024	2023	2022	2021	**2025**	2024	2023	2022	2021
Executive Directors															
Georges Elhedery	**49.5**	26.7	—	—	—	**56.4**	866.0	—	—	—	**115.0**	30.3	—	—	—
Pam Kaur	**—**	—	—	—	—	**—**	—	—	—	—	**—**	—	—	—	—
Non-executive Directors															
Geraldine Buckingham	**4.8**	10.7	57.4	—	—	**366.7**	(40.0)	—	—	—	**—**	—	—	—	—
Rachel Duan	**5.1**	4.5	8.4	235.8	—	**333.3**	—	(100.0)	—	—	**—**	—	—	—	—
Dame Carolyn Fairbairn	**15.4**	4.7	5.3	231.1	—	**200.0**	—	(100.0)	—	—	**—**	—	—	—	—
James Forese	**2.0**	5.5	10.2	20.5	257.5	**750.0**	300.0	—	—	—	**—**	—	—	—	—
Ann Godbehere	**89.5**	472.1	—	—	—	**—**	—	—	—	—	**—**	—	—	—	—
Steven Guggenheimer	**3.5**	(1.9)	0.8	4.8	86.6	**450.0**	300.0	(90.0)	—	—	**—**	—	—	—	—
José Antonio Meade Kuribreña	**5.9**	3.7	0.8	8.5	10.4	**628.6**	75.0	(71.4)	—	(100.0)	**—**	—	—	—	—
Kalpana Morparia	**8.1**	45.9	—	—	—	**2,000.0**	—	—	—	—	**—**	—	—	—	—
Eileen Murray	**16.6**	14.1	10.7	(1.5)	121.7	**—**	(100.0)	—	—	—	**—**	—	—	—	—
Brendan Nelson	**138.0**	306.2	—	—	—	**110.5**	216.7	—	—	—	**—**	—	—	—	—
Swee Lian Teo	**16.4**	402.0	—	—	—	**—**	—	—	—	—	**—**	—	—	—	—
Sir Mark Tucker	**(25.0)**	—	—	—	—	**(57.2)**	184.3	(54.9)	242.4	(36.5)	**—**	—	—	—	—
Employee group[1]	**3.2**	3.3	5.0	3.1	1.0	**5.0**	4.1	5.7	7.0	1.3	**7.2**	2.4	11.7	3.7	25.2

1 Employee group consists of individuals employed by HSBC Group Management Services Ltd, the employing entity of the executive Directors. No individuals are employed directly by HSBC Holdings.

Scheme interests awarded during 2025

(Audited)

The table below sets out scheme interests granted to executive Directors during 2025 in respect of the 2024 performance year, as disclosed in the 2024 Directors' remuneration report. No non-executive Directors received scheme interests during the financial year. Details of immediate shares are disclosed in compliance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Scheme awards in 2025

(Audited)

	Type of interest awarded	Basis on which award made	**Date of award**	**Face value awarded £000**	**Percentage receivable for minimum performance**	**Number of shares awarded**	**End of performance period**
Georges Elhedery	LTI deferred shares[1]	% of base salary	**7 May 2025**	**12,407**	**25**	**1,367,880**	**31 December 2027**
	Immediate shares[2]	% of base salary	**4 March 2025**	**838**	**N/A**	**92,447**	**31 December 2024**
Pam Kaur	LTI deferred shares[1]	% of base salary	**7 May 2025**	**7,237**	**25**	**797,930**	**31 December 2027**
	Immediate shares[2]	% of base salary	**4 March 2025**	**1,687**	**N/A**	**186,052**	**31 December 2024**

1 In accordance with the remuneration policy approved at the 2025 AGM, the LTI award was determined at 600% of base salary for Pam Kaur and 600% of base salary for Georges Elhedery. The number of shares was determined by taking the average closing price of the week commencing 24 February 2025 (£9.070), being the same price used for other awards granted in respect of the 2024 performance year, and discounting based on HSBC's expected dividend yield of 6.5% per annum for the vesting period (£6.580). The fair value of the awards was £3.185 based on IFRS 2 accounting standards. LTI awards are conditional share awards subject to a three-year forward-looking performance period and vest in five equal annual instalments, between the third and seventh anniversary of the award date, subject to performance achieved. Awards are subject to clawback for up to 10 years from award date and are not eligible for dividend equivalents.

2 Immediate share awards are granted based on previous years' performance as part of the annual incentive and are not subject to forward-looking performance conditions. On vesting, a one-year retention period applies. The face values of the awards was computed using the average closing price of the week commencing 24 February 2025, £9.070. The fair value of the awards was £9.163 based on IFRS 2 accounting standards. Awards are subject to clawback for up to 10 years from the award.

Performance conditions for the 2025–2027 LTI awards

(Audited)

Measures (weighting)[1]		Minimum (25% payout)	Target (50% payout)	Maximum (100% payout)
RoTE (excluding notable items) with CET1 capital ratio underpin[2] (40%)		**14.0%**	**16.0%**	**18.0%**
Environment and sustainability[3] (20%)	Carbon reduction (own emissions) (5%)	**71.0%**	**73.0%**	**78.0%**
	Sustainable finance and investment (15%)	**$648.0bn**	**$720.0bn**	**$792.0bn**
Relative TSR[4] (40%)		**At median of the peer group**	**Straight-line vesting between minimum and maximum**	**At upper quartile of peer group**

Subject to risk and compliance modifier
The Group Remuneration Committee retains the discretion to revise down the formulaic outcome taking into account performance against risk and compliance factors during the performance period.

1 Awards will vest on a straight-line basis for performance between the minimum, target and maximum levels of performance set in this table.
2 To be assessed based on RoTE at the end of the performance period, subject to the CET1 capital ratio underpin.
3 Carbon reduction will be measured based on percentage reduction in total energy and travel emissions achieved by 31 December 2027 using 2019 as the baseline. The sustainable finance and investment measure will assess the cumulative amount provided and facilitated over the period ending 31 December 2027.
4 The peer group for the 2025–2027 award is: Bank of China (Hong Kong), Barclays, BNP Paribas, China Merchants Bank, Citigroup, DBS Group Holdings, J.P. Morgan Chase & Co., Lloyds Banking Group, OCBC Bank, Standard Chartered and UBS Group.

Other scheme interests held during 2025

The table below details scheme interests held by executive Directors during 2025, in respect of prior performance years. Vesting of deferred share awards is normally subject to the Director remaining an employee on the vesting date. The awards may vest at an earlier date in some circumstances. Under the Securities and Futures Ordinance of Hong Kong, interests in conditional share awards are categorised as the interests of the beneficial owner.

Other scheme interests in 2025

(Audited)

									HSBC Holdings ordinary shares				
			Usually vesting										
Type of interest held	Dates of award	Award price (£)[1]	from	to	Vested Tranche	Tranche vested on	Market price at vest (£)	Closing price before vest date (£)	At 1 Jan 25	Vested in period	Lapsed in period	Cancelled in period	At 31 Dec 25
Georges Elhedery													
LTI Deferred shares	28 Feb 22	5.380	1 Mar 25	31 Mar 29	1	11 Mar 25[2]	8.4415	8.5480	223,989	33,597	55,998	—	134,394
	27 Feb 23	6.357	1 Mar 26	31 Mar 30	—	—	—	—	251,474	—	—	—	251,474
	26 Feb 24	5.972	1 Mar 27	31 Mar 31	—	—	—	—	569,177	—	—	—	569,177
Deferred shares[3]	24 Feb 20	5.622	1 Mar 23	31 Mar 27	3	10 Mar 25	8.6138	8.7640	88,597	29,532	—	—	59,065
	1 Mar 21	4.262	1 Mar 24	31 Mar 28	2	10 Mar 25	8.6138	8.7640	244,419	61,104	—	—	183,315
	28 Feb 22	5.380	1 Mar 25	31 Mar 29	1	11 Mar 25	8.4415	8.5480	273,163	54,632	—	—	218,531
Pam Kaur													
LTI Deferred shares	28 Feb 22	5.380	1 Mar 25	31 Mar 29	1	11 Mar 25[2]	8.4415	8.5480	168,077	25,211	42,020	—	100,846
	27 Feb 23	6.357	1 Mar 26	31 Mar 30	—	—	—	—	146,393	—	—	—	146,393
	26 Feb 24	5.972	1 Mar 27	31 Mar 31	—	—	—	—	185,889	—	—	—	185,889
Deferred shares[3]	26 Feb 18	7.234	1 Mar 21	31 Mar 25	5	10 Mar 25	8.6138	8.7640	15,633	15,633	—	—	—
	25 Feb 19	6.235	1 Mar 22	31 Mar 26	4	10 Mar 25	8.6138	8.7640	37,310	18,655	—	—	18,655
	24 Feb 20	5.622	1 Mar 23	31 Mar 27	3	10 Mar 25	8.6138	8.7640	58,909	19,635	—	—	39,274
	1 Mar 21	4.262	1 Mar 24	31 Mar 28	2	10 Mar 25	8.6138	8.7640	169,555	42,388	—	—	127,167
	28 Feb 22	5.380	1 Mar 25	31 Mar 29	1	11 Mar 25	8.4415	8.5480	210,542	42,108	—	—	168,434
	27 Feb 23	6.357	1 Mar 26	31 Mar 30	—	—	—	—	65,843	—	—	—	65,843
	26 Feb 24	5.972	1 Mar 27	31 Mar 31	—	—	—	—	100,798	—	—	—	100,798

1 The award price is the closing price on the day before the grant date for awards made in 2024 and prior years. In all cases the purchase price is nil.
2 The performance conditions were assessed and confirmed at 75%. The remaining 25% of the award was forfeited. Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for one year from the vesting date. The award vests in five equal tranches.
3 Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for one year from vesting. The awards vest in five equal tranches.

No Directors held any short position (as defined in the Securities and Futures Ordinance of Hong Kong) in the shares or debentures of HSBC Holdings and its associated corporations. Save as stated in the tables above, none of the Directors had an interest in any shares or debentures of HSBC Holdings or any associates at the beginning or at the end of the period, and none of the Directors or members of their immediate families were awarded or exercised any right to subscribe for any shares or debentures in any HSBC corporation during the period.

There have been no changes in the shares or debentures of the Directors from 31 December 2025 to the date of this report.

Executive Directors' interests in shares

(Audited)

The shareholdings of executive Directors in 2025, including the shareholdings of their connected persons, are shown in the table below at 31 December 2025, alongside their shareholding requirement. There have been no changes in the shareholdings of the executive Directors from 31 December 2025 to the date of this report.

Executive Directors have five years from their appointment to build up the required level of shareholding. In line with investor guidance, unvested shares that are not subject to forward-looking performance conditions (on a net of tax basis) can count towards their shareholding requirement.

The Committee reviews compliance with the shareholding requirement, taking into account shareholder expectations and guidelines. The Committee also has full discretion in determining any penalties for non-compliance.

The weighted average holding period of an LTI award within HSBC is six years, in excess of the five-year holding period typically implemented by FTSE-listed companies.

HSBC operates a policy under which individuals are not permitted to enter into any personal hedging strategies in relation to shares subject to a vesting and/or retention period.

Shares

(Audited)

		At 31 Dec 2025				
				Scheme interests		
					Shares awarded subject to deferral[1]	
	Shareholding guidelines (% of salary)	**Shareholding at 31 Dec 2025[2] (% of salary)**	**Share interests (number of shares)**	**Share options[3]**	**without performance conditions**	**with performance conditions[4]**
Executive Directors						
Georges Elhedery[5]	600%	**792%**	**1,109,810**	**—**	**595,305**	**2,188,531**
Pam Kaur[5]	600%	**1,207%**	**986,625**	**—**	**621,017**	**1,130,212**

1 The gross number of shares is disclosed. A portion will be sold at vesting to cover any income tax and social security that falls due at the time of vesting.
2 The value of the shareholding is calculated using an average of the daily closing share prices in the three months to 31 December 2025, £10.708, and does not include any unvested interests.
3 At 31 December 2025, Georges Elhedery and Pam Kaur did not hold any options under the HSBC Holdings Savings-Related Share Option Plan (UK).
4 LTI awards are subject to performance measures as set out in the relevant Annual Report and Accounts.
5 Executive Directors are expected to meet their shareholding guidelines within five years of the date of their appointment.

Service contracts

The service contracts of executive Directors do not have a fixed term. The notice periods of executive Directors are set at the discretion of the Committee, taking into account market practice, governance considerations, and the skills and experience of the particular candidate at that time.

Service agreements for each executive Director are available for inspection at HSBC Holdings' registered office. Consistent with the best interests of the Group, the Committee will seek to minimise termination payments. Directors may be eligible for a payment in relation to statutory rights.

	Contract date (rolling)	Notice period (Director and HSBC)
Georges Elhedery	2 September 2024	12 months
Pam Kaur	1 January 2025	12 months

External appointments

During 2025, Georges Elhedery did not receive any fees from external appointments. Pam Kaur received £38,633 as an independent non-executive Director for Aberdeen Group plc for the period 1 January 2025 to 8 May 2025.

Total pension entitlements

(Audited)

No employees who served as executive Directors during the year have a right to amounts under any HSBC final salary pension scheme for their services as executive Directors or are entitled to additional benefits in the event of early retirement. There is no retirement age set for Directors, but the normal retirement age for colleagues is 65.

Payments to past Directors

(Audited)

In line with the terms of his departure disclosed in our Annual Report and Accounts 2024, Sir Noel Quinn was granted good leaver status. Sir Noel Quinn is eligible to receive vesting of the 2023–2025 LTI award, pro-rated for time in employment subject to satisfaction of non-compete provisions under which he cannot undertake a role with a defined list of competitor financial services firms for 12 months after his employment ceases with HSBC. Details of the 2023–2025 LTI outcome are outlined on page 223.

No other payments in scope of the remuneration disclosure requirements were made to, or in respect of, former Directors in the year in excess of the minimum threshold of £50,000 set for this purpose.

Payments for loss of office

(Audited)

Sir Noel Quinn left the Group on 30 April 2025.

In accordance with the approved Directors' remuneration policy and contractual terms agreed for the period between 1 January 2025 and 30 April 2025, Noel received payments totalling £1,232,072. This included a salary of £458,667, a pension allowance of £45,867 and a fixed pay allowance of £566,658. The fixed pay allowance was awarded in immediately vested shares, which are subject to a retention period and released on a pro-rata basis over five years. In accordance with the approved Directors' remuneration policy, Noel also received cash in lieu of unused holiday totalling £123,600 on expiry of his notice period, and taxable and non-taxable benefits with an aggregate value of £37,280.

Noel's full departure terms were disclosed in the Annual Report and Accounts 2024. No other payments for loss of office were made to former or current Directors in the year.

Directors' emoluments

The details of compensation paid to executive and non-executive Directors for the year ended 31 December 2025 are set out below:

Emoluments

	Georges Elhedery		Pam Kaur[1]		Non-executive Directors[2]	
	2025	2024	**2025**	2024	**2025**	2024
	£000	£000	**£000**	£000	**£000**	£000
Directors' base salary, allowances and benefits in kind	**1,796**	2,473	**1,086**	—		
Non-executive Directors' fees and benefits in kind					**6,252**	5,393
Pension contributions	**—**	—	**—**	—	**—**	—
Performance-related pay paid or receivable[3]	**12,605**	10,677	**7,350**	—	**—**	—
Inducements to join paid or receivable	**—**	—	**—**	—	**—**	—
Compensation for loss of office	**—**	—	**—**	—	**—**	—
Notional return on deferred cash	**5**	8	**11**	—	**—**	—
Total	**14,406**	13,158	**8,447**	—	**6,252**	5,393
Total ($000)	**18,977**	17,333	**11,127**	—	**8,236**	7,104

1 Pam Kaur was appointed executive Director and Group CFO effective 1 January 2025.
2 Fees and benefits in kind for 2025 reflects the population as per the single total figure table for non-executive Directors.
3 Includes the value of the deferred and LTI awards at grant.

The aggregate amount of Directors' emoluments (including both executive Directors and non-executive Directors) for the year ended 31 December 2025 was $38,340,912. The aggregate value of Director retirement benefits for current Directors is nil.

As per our policy, benefits in kind may include, but are not limited to, the provision of medical insurance, income protection insurance, health assessment, life assurance, club membership, tax assistance, car benefit, travel assistance, provision of company owned-accommodation and relocation costs (including any tax due, where applicable).

The details of compensation paid to former executive Directors for the year ended 31 December 2025 are set out below:

Emoluments to former executive Directors

	Stuart Gulliver		**John Flint**		**Marc Moses**		**Sir Noel Quinn**	
	£	**$**	**£**	**$**	**£**	**$**	**£**	**$**
Post-employment medical insurance benefits[1]	**7,823**	**10,305**	**12,338**	**16,253**	**24,262**	**31,961**	**7,287**	**9,599**
Tax return support[1]	**—**	**—**	**—**	**—**	**—**	**—**	**1,750**	**2,305**

1 Amounts are converted into US dollars based on the average exchange rates for the year.

The total aggregate value of benefits provided to former executive Directors in 2025 was £53,460 ($70,423). There were payments under retirement benefit arrangements to four former Directors of £2,484,882.

The provision at 31 December 2025 in respect of unfunded pension obligations to two former Directors amounted to £345,538. This relates to unfunded unapproved retirement benefits schemes.

Emoluments of senior management and five highest paid employees

The following tables set out the emoluments paid to senior management, comprising executive Directors and members of the Group Operating Committee, for the year ended 31 December 2025, or for the period of appointment in 2025 as a Director or member of the Group Operating Committee. The tables also detail the remuneration paid and share awards granted to the five highest paid employees, comprising Georges Elhedery, Pam Kaur and three other members of the Group Operating Committee for the year ended 31 December 2025.

Five highest paid employees – share awards (HSBC Share Plan 2011)

Dates of award	Award price (£)[1]	Usually vesting from	Usually vesting to	HSBC Holdings ordinary share awards: At 1 Jan 2025	Granted in period	Vested in period[2]	Fair value(s) (£)	Lapsed in period	Cancelled in period	At 31 Dec 2025
2015 to 2024	—	1 Mar 25	30 Mar 31	**5,569,957**	**—**	**960,545**	**—**	**176,633**	**—**	**4,432,779**
4 Mar 25[3]	9.070	4 Mar 25	30 Mar 32	**—**	**1,262,453**	**603,212**	**3.461 and 9.163**	**—**	**—**	**659,241**
7 May 25[3]	9.070	1 Mar 28	30 Mar 32	**—**	**2,165,810**	**—**	**3.185**	**—**	**—**	**2,165,810**
				5,569,957	**3,428,263**	**1,563,757**	**—**	**176,633**	**—**	**7,257,830**

1 The price for awards made in 2025 is the average closing price of the week commencing 24 February 2025. In all cases the purchase price is nil.
2 The weighted average closing price of the shares immediately before the dates on which the awards were vested was £8.965.
3 The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values vary based on the length of the vesting period. These awards include LTI awards which are subject to satisfaction of performance conditions. LTI awards are subject to a combination of financial and non-financial metrics that are in this report.

Emoluments

£000s	Five highest paid employees	Senior management
Basic salaries, allowances and benefits in kind	**11,005**	**25,839**
Pension contributions	**124**	**492**
Performance-related pay paid or receivable[1]	**36,685**	**59,240**
Inducements to join paid or receivable	**—**	**—**
Compensation for loss of office[2]	**—**	**348**
Total	**47,814**	**85,919**
Total ($000)	**62,987**	**113,184**

1 Includes the value of deferred share awards at grant.
2 Excludes expected payments in 2026 in connection with loss of office for senior management in 2025.

Emoluments by bands

Hong Kong dollars	US dollars	Number of highest paid employees	Number of senior management
$1,000,001 – $1,500,000	$128,267 – $192,400	**—**	**1**
$10,000,001 – $10,500,000	$1,282,664 – $1,346,797	**—**	**1**
$13,500,001 – $14,000,000	$1,731,597 – $1,795,730	**—**	**1**
$41,000,001 – $41,500,000	$5,258,923 – $5,323,056	**—**	**1**
$42,000,001 – $42,500,000	$5,387,190 – $5,451,323	**—**	**1**
$45,500,001 – $46,000,000	$5,836,122 – $5,900,255	**—**	**1**
$57,000,001 – $57,500,000	$7,311,186 – $7,375,319	**—**	**1**
$57,500,001 – $58,000,000	$7,375,319 – $7,439,452	**—**	**1**
$60,500,001 – $61,000,000	$7,760,118 – $7,824,251	**—**	**1**
$61,000,001 – $61,500,000	$7,824,251 – $7,888,384	**—**	**1**
$66,500,001 – $67,000,000	$8,529,717 – $8,593,850	**1**	**1**
$86,500,001 – $87,000,000	$11,095,045 – $11,159,178	**1**	**1**
$91,500,001 – $92,000,000	$11,736,377 – $11,800,510	**1**	**1**
$97,500,001 – $98,000,000	$12,505,976 – $12,570,109	**1**	**1**
$147,500,001 – $148,000,000	$18,919,296 – $18,983,429	**1**	**1**

Non-executive Directors

(Audited)

The following table shows the total fees and benefits of non-executive Directors for 2025, together with comparative figures for 2024.

Fees and benefits

(Audited)	Fees[1]		Benefits[2]		Total	
(£000)	**2025**	2024	**2025**	2024	**2025**	2024
Geraldine Buckingham[3]	**283**	270	**14**	3	**297**	273
Rachel Duan	**268**	255	**13**	3	**281**	258
Dame Carolyn Fairbairn	**337**	292	**15**	5	**352**	297
James Forese[4]	**817**	801	**34**	4	**851**	805
Ann Godbehere[5]	**737**	389	**44**	—	**781**	389
Steven Guggenheimer	**268**	259	**22**	4	**290**	263
José Antonio Meade Kuribreña	**268**	253	**51**	7	**319**	260
Kalpana Morparia	**268**	248	**21**	1	**289**	249
Eileen Murray	**386**	331	**30**	—	**416**	331
Brendan Nelson[6]	**783**	329	**80**	38	**863**	367
Swee Lian Teo	**298**	256	**28**	—	**326**	256
Sir Mark Tucker[7]	**1,125**	1,500	**62**	145	**1,187**	1,645
Total (£000)	**5,838**	5,183	**414**	210	**6,252**	5,393
Total ($000)	**7,691**	6,828	**545**	277	**8,236**	7,104

1 Fees are in line with the Directors' remuneration policy approved by the shareholders at the 2025 AGM.
2 Benefits include taxable expenses such as accommodation, travel and subsistence relating to attendance at Board and other meetings at HSBC Holdings' registered offices.
3 Stepped down as a member of the Group Remuneration Committee on 31 January 2025.
4 Includes fee of £418,000 (2024: £430,000) in relation to his role as Chair of HSBC North America Holdings, Inc.
5 Appointed as a non-executive Director of HSBC Bank plc on 1 January 2025 and received a pro rata annual fee of £105,000 until 24 April 2025. Ann was appointed as Chair of HSBC Bank plc Board and the Nomination, Remuneration and Governance Committee on 25 April 2025 and received a pro rata annual fee of £300,000.
6 Appointed as a non-executive Director of HSBC UK Bank plc on 9 January 2025 and received an annual fee for this appointment of £135,000 pro rata for the period 9 January 2025 to 30 September 2025. Following his appointment as Group Chairman on 1 October 2025, Brendan received a single total annual fee of £1.5m pro rata and no other fees were paid in relation to any of his other Group or HSBC UK Bank plc roles from 1 October 2025.
7 Stepped down as Group Chairman on 30 September 2025.

Non-executive Directors' interests in shares

(Audited)

The shareholdings of persons who were non-executive Directors in 2025, including the shareholdings of their connected persons, at 31 December 2025, or date of cessation as a Director if earlier, are set out below. There have been no changes in the shareholdings of the non-executive Directors from 31 December 2025 to the date of this report. Non-executive Directors are expected to meet the shareholding guidelines of 15,000 shares within five years of the date of their appointment. All non-executive Directors who had been appointed for five years or more at 31 December 2025 met the guidelines.

Shares

	Shareholding guidelines (number of shares)	**Share interests (number of shares)**
Geraldine Buckingham	15,000	**15,000**
Rachel Duan	15,000	**15,000**
Dame Carolyn Fairbairn	15,000	**15,000**
James Forese	15,000	**115,000**
Ann Godbehere	15,000	**15,000**
Steven Guggenheimer	15,000	**15,000**
José Antonio Meade Kuribreña	15,000	**15,000**
Kalpana Morparia	15,000	**15,000**
Eileen Murray	15,000	**75,000**
Brendan Nelson	15,000	**15,000**
Swee Lian Teo	15,000	**15,200**
Sir Mark Tucker (retired on 30 September 2025)	15,000	**307,352**

2026 fees for non-executive Directors

The table below sets out the 2026 fees for non-executive Directors. The fees paid to non-executive Directors who are standing for election or re-election as members of Board committees are set out in the table below (these Board committees' fees and Board fees are pro-rated for part year service where relevant).

Position		**2026 fees £**
Non-executive Group Chairman[1]		**1,500,000**
Non-executive Director (base fee)		**136,500**
Senior Independent Director		**200,000**
Group Audit Committee, Group Risk Committee, Group Remuneration Committee and Group Technology & Operations Committee	Chair	**150,000**
	Member	**50,000**
Nomination & Corporate Governance Committee	Chair	**—**
	Member	**34,650**
Sustainability Working Group	Chair	**60,000**
	Member	**30,000**
Designated workforce engagement non-executive Director		**50,000**

1 The Group Chairman does not receive a base fee or any other fee in respect of chairing of the Nomination & Corporate Governance Committee.

As signalled in the Annual Reports and Accounts 2024 and the 2025 Notice of AGM, as part of the 2024 review of fees payable to non-executive Directors, the Board agreed to align the fees for the role of Board committee chair (excluding the Nomination & Corporate Governance Committee) to £150,000 per annum in two phases: an initial increase to £125,000 per annum effective 1 January 2025, with a further increase with effect from 1 January 2026.

No further changes have been made to the non-executive Director fees for 2026.

Non-executive Director appointment and re-election

Non-executive Directors and the Group Chairman are appointed for fixed terms not exceeding three years, which may be renewed subject to their re-election by shareholders at AGMs. Non-executive Directors and the Group Chairman do not have service contracts, but are bound by letters of appointment issued for and on behalf of HSBC Holdings, which are available for inspection at HSBC Holdings' registered office. There are no obligations in the non-executive Directors' or Group Chairman's letters of appointment that could give rise to remuneration payments or payments for loss of office.

2026 AGM	**2027 AGM**	**2028 AGM**
José Antonio Meade Kuribreña	James Forese	Rachel Duan
Geraldine Buckingham	Steven Guggenheimer	Dame Carolyn Fairbairn
Kalpana Morparia	Eileen Murray	
Wei Sun Christianson[1]	Brendan Nelson	
	Swee Lian Teo	

1 Wei Sun Christianson was appointed following the 2025 AGM and therefore her initial three-year appointment terms are subject to approval of her election by shareholders at the 2026 AGM. Her initial three-year term of appointment will end at the conclusion of the 2029 AGM, subject to annual re-election by shareholders at the relevant AGMs.

MRT remuneration disclosures

The following tables set out the remuneration disclosures for individuals identified as MRTs for HSBC Holdings.

Remuneration information for individuals who are only identified as MRTs at HSBC Bank plc, HSBC UK Bank plc or other solo-regulated entity levels is included, where relevant, in those entities' disclosures.

The 2025 variable pay information included in the following tables is based on the market value of awards. For share awards, the market value is based on HSBC Holdings' share price at the date of grant (unless indicated otherwise). For cash awards, it is the value of awards expected to be paid to the individual over the deferral period.

Remuneration awarded for the financial year (REM1)

		Supervisory function	Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	**12.0**	**2.0**	**13.0**	**1,230.1**
	Total fixed pay ($m)	**8.4**	**3.8**	**27.5**	**685.3**
	– of which: cash-based ($m)[1]	**8.4**	**3.8**	**27.5**	**685.3**
	– of which: shares or equivalent ownership interests ($m)	**—**	**—**	**—**	**—**
	– of which: share-linked instruments or equivalent non-cash instruments ($m)	**—**	**—**	**—**	**—**
	– of which: other instruments ($m)	**—**	**—**	**—**	**—**
	– of which: other forms ($m)	**—**	**—**	**—**	**—**
Variable remuneration[3]	Number of identified staff	**12.0**	**2.0**	**13.0**	**1,230.1**
	Total variable remuneration ($m)[4]	**—**	**26.3**	**53.2**	**810.3**
	– of which: cash-based ($m)	**—**	**3.8**	**26.9**	**429.9**
	– of which: deferred ($m)	**—**	**—**	**15.7**	**176.3**
	– of which: shares or equivalent ownership interests ($m)[2]	**—**	**22.5**	**26.3**	**364.9**
	– of which: deferred ($m)	**—**	**18.8**	**15.7**	**198.9**
	– of which: share-linked instruments or equivalent non-cash instruments ($m)	**—**	**—**	**—**	**9.1**
	– of which: deferred ($m)	**—**	**—**	**—**	**4.5**
	– of which: other instruments ($m)	**—**	**—**	**—**	**—**
	– of which: deferred ($m)	**—**	**—**	**—**	**—**
	– of which: other forms ($m)	**—**	**—**	**—**	**6.4**
	– of which: deferred ($m)	**—**	**—**	**—**	**3.9**
Total remuneration ($m)		**8.4**	**30.1**	**80.7**	**1,495.6**

1 Cash-based fixed remuneration is paid immediately.
2 Paid in HSBC shares. Vested shares are subject to a retention period of up to one year for executive Directors and where required by regulation.
3 Variable pay awarded in respect of 2025. In accordance with shareholder approval received on 3 May 2024 (99% in favour), and where regulations permit, for each MRT the variable component of remuneration for any one year is limited to 10 times the fixed component of total remuneration, in line with the maximum pay ratio approved by the Group Remuneration Committee. HSBC Holdings plc continues to provide approval for entities regulated by the European Banking Authority to operate a maximum variable pay ratio of 200% of the fixed component of total remuneration for each MRT, where permitted to do so.
4 28 identified staff members were exempt from the application of the remuneration structure requirements for MRTs under the PRA and FCA remuneration rules. Their total remuneration is $9.3m, of which $8.0m is fixed pay and $1.3m is variable remuneration.

Special payments to staff whose professional activities have a material impact on institutions' risk profile (REM2)

	Supervisory function	Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards[1]				
Number of identified staff	**—**	**—**	**—**	**—**
Total amount ($m)	**—**	**—**	**—**	**—**
– of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap ($m)	**—**	**—**	**—**	**—**
Severance payments awarded in previous periods, that have been paid out during the financial year[2]				
Number of identified staff	**—**	**—**	**—**	**9.9**
Total amount ($m)	**—**	**—**	**—**	**11.3**
Severance payments awarded during the financial year[2]				
Number of identified staff	**—**	**—**	**1.0**	**134.0**
Total amount ($m)	**—**	**—**	**0.5**	**67.5**
– of which paid during the financial year ($m)	**—**	**—**	**—**	**60.2**
– of which deferred ($m)	**—**	**—**	**—**	**—**
– of which severance payments paid during the financial year, that are not taken into account in the bonus cap ($m)	**—**	**—**	**0.5**	**67.5**
– of which highest payment that has been awarded to a single person ($m)	**—**	**—**	**0.5**	**1.8**

1 No guaranteed variable remuneration was awarded in 2025. HSBC would offer a guaranteed variable remuneration award in exceptional circumstances for new hires, and for the first year of employment only. It would typically involve a critical new hire, and would also depend on factors such as the seniority of the individual, whether the new hire candidate has any competing offers and the timing of the hire during the performance year.
2 Includes payments such as payment in lieu of notice, statutory severance, outplacement service, legal fees, ex-gratia payments and settlements (excludes pre-existing benefit entitlements triggered on terminations).

Deferred remuneration at 31 December[1] (REM3)

$m	Total amount of deferred remuneration awarded for previous performance periods	of which: due to vest in the financial year	of which: vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
Supervisory function	—	—	—	—	—	—	—	—
Cash-based	—	—	—	—	—	—	—	—
Shares	—	—	—	—	—	—	—	—
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Management function	**82.0**	**5.5**	**76.5**	**(3.4)**	**—**	**21.7**	**5.4**	**6.0**
Cash-based	**10.1**	**1.6**	**8.5**	**—**	**—**	**—**	**1.5**	**—**
Shares	**71.9**	**3.9**	**68.0**	**(3.4)**	**—**	**21.7**	**3.9**	**6.0**
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Other senior management	**147.3**	**20.3**	**127.0**	**(7.9)**	**—**	**32.9**	**20.1**	**9.2**
Cash-based	**43.0**	**7.0**	**36.0**	**—**	**—**	**—**	**7.0**	**—**
Shares	**104.3**	**13.3**	**91.0**	**(7.9)**	**—**	**32.9**	**13.1**	**9.2**
Share-linked instruments	—	—	—	—	—	—	—	—
Other instruments	—	—	—	—	—	—	—	—
Other forms	—	—	—	—	—	—	—	—
Other identified staff	**1,819.6**	**358.4**	**1,461.2**	**(12.6)**	**—**	**344.4**	**351.4**	**104.6**
Cash-based	**553.2**	**109.7**	**443.5**	**—**	**—**	**—**	**108.3**	**—**
Shares	**1,226.4**	**240.1**	**986.3**	**(12.6)**	**—**	**334.6**	**234.7**	**98.7**
Share-linked instruments	**28.8**	**6.6**	**22.2**	**—**	**—**	**8.2**	**6.5**	**4.2**
Other instruments	—	—	—	—	—	—	—	—
Other forms	**11.2**	**2.0**	**9.2**	**—**	**—**	**1.6**	**1.9**	**1.7**
Total amount	**2,048.9**	**384.2**	**1,664.7**	**(23.9)**	**—**	**399.0**	**376.9**	**119.8**

1 This table provides details of balances and movements during performance year 2025. For details of variable pay awards granted for 2025, refer to the 'Remuneration awarded for the financial year' table. Deferred remuneration is made in cash and/or shares. Share-based awards are made in HSBC shares.

Identified staff - remuneration by band[1] (REM4)

	Identified staff that are high earners as set out in Article 450(i) CRR
€1,000,000 – 1,500,000	**274**
€1,500,000 – 2,000,000	**96**
€2,000,000 – 2,500,000	**43**
€2,500,000 – 3,000,000	**30**
€3,000,000 – 3,500,000	**12**
€3,500,000 – 4,000,000	**7**
€4,000,000 – 4,500,000	**8**
€4,500,000 – 5,000,000	**5**
€5,000,000 – 6,000,000	**3**
€6,000,000 – 7,000,000	**7**
€7,000,000 – 8,000,000	**1**
€8,000,000 – 9,000,000	**—**
€9,000,000 – 10,000,000	**2**
€10,000,000 – 11,000,000	**1**
€11,000,000 – 12,000,000	**—**
€12,000,000 – 13,000,000	**—**
€13,000,000 – 14,000,000	**—**
€14,000,000 – 15,000,000	**—**
€15,000,000 – 16,000,000	**—**
€16,000,000 – 17,000,000	**1**

1 Table prepared in euros in accordance with Article 450 of the European Union Capital Requirements Regulation, using the exchange rates published by the European Commission for financial programming and budget for December of the reported year as published on its website.

Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (REM5)

	Management body			Business areas						
	Supervisory function	Management function	Total	Investment banking	Retail banking	Asset management	Corporate function	Independent internal control function	All other	Total
Total number of identified staff										**1,257.1**
– of which members of the Board	**12.0**	**2.0**	**14.0**							
– of which senior management				**—**	**1.0**	**—**	**4.0**	**3.0**	**5.0**	
– of which other identified staff				**510.9**	**276.4**	**35.9**	**160.8**	**174.5**	**71.6**	
Total remuneration of identified staff ($m)	**8.4**	**30.1**	**38.5**	**717.1**	**311.4**	**47.1**	**220.6**	**136.7**	**143.4**	
– of which variable remuneration ($m)[1]	**—**	**26.3**	**26.3**	**418.6**	**166.1**	**25.3**	**117.2**	**57.1**	**79.2**	
– of which fixed remuneration ($m)	**8.4**	**3.8**	**12.2**	**298.5**	**145.3**	**21.8**	**103.4**	**79.6**	**64.2**	

1 Variable pay awarded in respect of 2025. In accordance with shareholder approval received on 3 May 2024 (99% in favour), and where regulations permit, for each MRT the variable component of remuneration for any one year is limited to 10 times the fixed component of total remuneration, in line with the maximum pay ratio approved by the Group Remuneration Committee. HSBC Holdings plc continues to provide approval for entities regulated by the European Banking Authority to operate a maximum variable pay ratio of 200% of the fixed component of total remuneration for each MRT, where permitted to do so.

Share capital and other governance disclosures

Share buy-backs

On 31 October 2024, HSBC Holdings commenced a share buy-back of its ordinary shares of up to a maximum consideration of $3.0bn. The share buy-back continued in 2025 and was concluded on 11 February 2025, with 53,412,510 ordinary shares repurchased for cancellation on UK trading venues and 48,119,200 ordinary shares repurchased for cancellation on HKEx from 1 January to 11 February 2025.

On 21 February 2025, HSBC Holdings commenced a further share buy-back of its ordinary shares of up to a maximum consideration of $2.0bn. This share buy-back concluded on 25 April 2025 with 90,226,199 ordinary shares repurchased for cancellation on UK trading venues and 89,362,400 ordinary shares repurchased for cancellation on HKEx.

On 7 May 2025, HSBC Holdings commenced a further share buy-back of its ordinary shares of up to a maximum consideration of $3.0bn. This share buy-back concluded on 25 July 2025 with 151,454,350 ordinary shares repurchased for cancellation on UK trading venues and 101,298,000 ordinary shares repurchased for cancellation on HKEx.

On 1 August 2025, HSBC Holdings commenced a further share buy-back of its ordinary shares of up to a maximum consideration of $3.0bn. This share buy-back concluded on 24 October 2025 with 136,301,568 ordinary shares repurchased for cancellation on UK trading venues and 91,040,400 ordinary shares repurchased for cancellation on HKEx.

The purpose of the share buy-backs was to reduce HSBC's number of outstanding ordinary shares.

As at 31 December 2025, the total number of ordinary shares repurchased during the year was 761,214,627, representing a nominal value of $380,607,313.50 and an aggregate consideration paid by HSBC of £3,875,910,163 on UK trading venues and HK$30,257,041,599 on HKEx. The ordinary shares repurchased represent 4.43% of the ordinary shares in issue as at 31 December 2025.

The table that follows outlines details of the ordinary shares purchased and cancelled on a monthly basis during 2025.

Share buy-back – UK venues

	Number of shares repurchased	Highest price paid per share £	Lowest price paid per share £	Average price paid per share £	Aggregate price paid £
Jan 2025	**53,412,510**	**8.2800**	**7.6770**	**7.9835**	**426,418,493**
Feb 2025	**17,354,614**	**9.2790**	**8.7210**	**8.9940**	**156,088,219**
Mar 2025	**48,866,970**	**9.4300**	**8.3510**	**8.8567**	**432,798,143**
Apr 2025	**24,004,615**	**8.8940**	**6.9890**	**7.8260**	**187,859,442**
May 2025	**68,401,165**	**8.9150**	**8.3530**	**8.6873**	**594,221,858**
Jun 2025	**50,911,911**	**8.8730**	**8.6010**	**8.7091**	**443,397,460**
Jul 2025	**32,141,274**	**9.6800**	**8.6750**	**9.2982**	**298,856,687**
Aug 2025	**48,028,511**	**9.7220**	**9.0880**	**9.4473**	**453,738,250**
Sep 2025	**48,365,181**	**10.5080**	**9.4670**	**10.0103**	**484,152,048**
Oct 2025	**39,907,876**	**10.6740**	**9.6410**	**9.9825**	**398,379,563**
Total	**431,394,627**				**3,875,910,163**

Share buy-back – Hong Kong venues

	Number of shares repurchased	Highest price paid per share (HK$)	Lowest price paid per share (HK$)	Average price paid per share (HK$)	Aggregate price paid (HK$)
Jan 2025	**29,455,200**	**79.9500**	**74.8000**	**76.9614**	**2,266,914,703**
Feb 2025	**33,403,600**	**89.8000**	**79.4500**	**84.2625**	**2,814,671,080**
Mar 2025	**54,995,200**	**92.5500**	**83.9500**	**88.6511**	**4,875,383,400**
Apr 2025	**19,627,600**	**89.1000**	**70.0500**	**79.7185**	**1,564,683,760**
May 2025	**48,790,000**	**93.6500**	**86.2500**	**90.6985**	**4,425,181,117**
Jun 2025	**29,848,800**	**93.9000**	**90.9000**	**92.1917**	**2,751,810,520**
Jul 2025	**22,659,200**	**102.1000**	**94.4500**	**98.0061**	**2,220,738,939**
Aug 2025	**32,520,800**	**102.2000**	**95.0500**	**99.1969**	**3,225,963,440**
Sep 2025	**31,736,800**	**109.2000**	**98.7500**	**104.7238**	**3,323,597,720**
Oct 2025	**26,782,800**	**112.0000**	**100.6000**	**104.1003**	**2,788,096,920**
Total	**329,820,000**				**30,257,041,599**

Dividends

Dividends for 2025

First, second and third interim dividends for 2025, each of $0.10 per ordinary share, were paid on 20 June 2025, 26 September 2025 and 18 December 2025. For further details of the dividends approved in 2025, see Note 8 on the financial statements.

On 25 February 2026, the Directors approved a fourth interim dividend for 2025 of $0.45 per ordinary share, making a total of $0.75 for the 2025 full-year. The fourth interim dividend for 2025 will be payable on 30 April 2026 in cash in US dollars, or in sterling or Hong Kong dollars at exchange rates to be determined on 20 April 2026. The fourth interim dividend for 2025 of $2.25 per American Depositary Share, each of which represents five ordinary shares, will be payable by the depositary in US dollars. No liability was recorded in the financial statements in respect of the fourth interim dividend for 2025.

A quarterly dividend of £0.01 per non-cumulative preference share of £0.01 each was paid on 17 March, 16 June, 15 September and 15 December 2025.

Dividends for 2026

The Group intends to pay quarterly dividends on its ordinary shares during 2026.

A quarterly dividend of £0.01 per non-cumulative preference share of £0.01 each is payable on 16 March, 15 June, 15 September and 15 December 2026 for the quarter then ended at the sole and absolute discretion of the Board of HSBC Holdings plc. Accordingly, the Board of HSBC Holdings plc has approved a quarterly dividend to be payable on the non-cumulative preference share on 16 March 2026 to holders of record on 27 February 2026.

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 reserves 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 dividends on ordinary shares, additional tier 1 coupon and share buy-back payments.

Share capital

Issued share capital

The nominal value of HSBC Holdings' issued share capital paid up at 31 December 2025 was $8,587,619,931 divided into 17,175,239,862 ordinary shares of $0.50 each and one non-cumulative preference share of £0.01, representing approximately 100.00% and 0.00% respectively of the nominal value of HSBC Holdings' total issued share capital paid up at 31 December 2025.

Rights, obligations and restrictions attaching to shares

The rights and obligations attaching to each class of ordinary and non-cumulative preference shares in our share capital are set out in full in our Articles of Association. The Articles of Association may be amended by special resolution of the shareholders and can be found on our website at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities.

Ordinary shares

HSBC Holdings has one class of ordinary share, which carries no right to fixed income. There are no voting restrictions on the issued ordinary shares, all of which are fully paid. On a show of hands, each member present has the right to one vote at general meetings. On a poll, each member present or voting by proxy is entitled to one vote for every $0.50 nominal value of share capital held.

There are no specific restrictions on transfers of ordinary shares, which are governed by the general provisions of the Articles of Association and prevailing legislation.

- Information on the policy adopted by the Board for paying interim dividends on the ordinary shares may be found in the 'Shareholder information' section on page 356.

Dividend waivers

The Group's employee benefit trusts, which hold shares in HSBC Holdings in connection with the operation of its share plans, have lodged standing instructions to waive dividends on shares held by them that have not been allocated to employees. Shares held by custodians in connection with the vesting of employee share awards also lodged instructions to waive dividends. The total amount of dividends waived during 2025 was $53.7m.

Preference shares

The preference shares, which have preferential rights to income and capital, do not, in general, confer a right to attend and vote at general meetings.

There are three classes of preference shares in the share capital of HSBC Holdings: non-cumulative US dollar preference shares of $0.01 each ('dollar preference shares'); non-cumulative preference shares of £0.01 each ('sterling preference shares'); and non-cumulative preference shares of €0.01 ('euro preference shares').

The sterling preference share in issue is a Series A sterling preference share. There are no dollar preference shares or euro preference shares in issue.

- Information on dividends approved for 2023 and 2024 may be found in Note 8 on the financial statements.
- Further details of the rights and obligations attaching to the HSBC Holdings' issued share capital may be found in Note 32 on the financial statements.

Compliance with Hong Kong Listing Rule 13.25A(2)

HSBC Holdings has been granted a waiver from strict compliance with Rule 13.25A(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Under this waiver, HSBC's obligation to file a Next Day Return following the issue of new shares, pursuant to the vesting of share awards granted under its share plans to persons who are not Directors, would only be triggered where it falls within one of the circumstances set out under Rule 13.25A(3).

Share capital changes in 2025

HSBC Holdings does not hold any ordinary shares in treasury, and there were no scrip dividends issued during the year.

In addition to the share buy-backs, the following events occurred during the year in relation to the ordinary share capital of HSBC Holdings:

All-employee share plans[1]

	HSBC Holdings ordinary shares issued	Aggregate nominal value	Market value per share	
			from	to
		$	£	£
HSBC International Employee Share Purchase Plan	**118,316**	**59,158**	**10.368**	**10.368**

1 In respect of the HSBC Holdings Savings Related Share Option Plan (UK), no new shares were issued under this plan. All exercises were satisfied by market purchased shares. See page 249 for details of options granted, exercised and lapsed.

HSBC share plans

	HSBC Holdings ordinary shares issued	Aggregate nominal value	Market value per share	
			from	to
		$	£	£
Vesting of awards under the HSBC Share Plan 2011	**9,819,050**	**4,909,525**	**8.465**	**10.69**

Authorities to allot and to purchase shares and pre-emption rights

At the AGM in 2025, shareholders renewed the general authority for the Directors to allot new shares up to 11,869,935,002 ordinary shares, 15,000,000 non-cumulative preference shares of £0.01 each, 15,000,000 non-cumulative preference shares of $0.01 each, 15,000,000 non-cumulative preference shares of €0.01 each. Shareholders also renewed the authority for the Directors to make market/off-market purchases of up to 1,780,490,250 ordinary shares. The Directors exercised their market/off-market purchase authority from both the 2024 AGM and the 2025 AGM and repurchased 761,214,627 ordinary shares during 2025.

In addition, shareholders gave authority for the Directors to grant rights to subscribe for, or to convert any security into, no more than 3,560,980,500 ordinary shares in relation to any issue by HSBC Holdings, or any member of the Group, of contingent convertible securities that automatically convert into or are exchanged for ordinary shares in HSBC Holdings in prescribed circumstances. For further details on the issue of contingent convertible securities, see Note 32 on the financial statements.

Other than as disclosed in the tables above headed 'Share capital changes in 2025', the Directors did not allot any shares during 2025.

Debt securities

In 2025, HSBC Holdings issued the equivalent of $33.8bn of debt securities in the public capital markets in a range of currencies and maturities, of which $25.7bn were in the form of senior securities to ensure it meets the current and proposed regulatory rules, including those relating to the availability of adequate total loss-absorbing capacity. For details of capital instruments and subordinated bail-inable debt, see Notes 29 and 32 on pages 333 and 340.

Treasury shares

HSBC Holdings does not hold any ordinary shares in treasury.

Notifiable interests in share capital

During 2025, HSBC Holdings did not receive any notification of major holdings of voting rights pursuant to the requirements of Rule 5 of the Disclosure Guidance and Transparency Rules ('Rule 5 of the DTRs').

No notifications had been received between 31 December 2025 and 19 February 2026. Previous notifications received are as follows:

- BlackRock, Inc. gave notice on 3 March 2020 that on 2 March 2020 it had the following: an indirect interest in HSBC Holdings ordinary shares of 1,235,558,490; qualifying financial instruments with 7,294,459 voting rights that may be acquired if the instruments are exercised or converted; and financial instruments with a similar economic effect to qualifying financial instruments, which refer to 2,441,397 voting rights, representing 6.07%, 0.03% and 0.01%, respectively, of the total voting rights at 2 March 2020.
- Ping An Asset Management Co., Ltd. gave notice on 6 December 2017 that on 4 December 2017 it had an indirect interest in HSBC Holdings ordinary shares of 1,007,946,172, representing 5.04% of the total voting rights at that date.

At 31 December 2025, according to the register maintained by HSBC Holdings pursuant to section 336 of the Securities and Futures Ordinance of Hong Kong:

- BlackRock, Inc. gave notice on 16 July 2025 that on 11 July 2025 it had the following interests in HSBC Holdings ordinary shares: a long position of 1,586,341,122 shares and a short position of 6,856,029 shares, representing 9.09% and 0.04%, respectively, of the ordinary shares in issue 11 July 2025.
- Ping An Asset Management Co., Ltd. gave notice on 10 May 2024 that on 7 May 2024 it had a long position of 1,502,584,731 in HSBC Holdings ordinary shares, representing 7.98% of the ordinary shares in issue at 7 May 2024.
- The Bank of New York Mellon Corporation gave notice on 17 October 2025 that on 15 October 2025 it had the following interests in HSBC Holdings ordinary shares: a long position of 1,035,915,129 shares, a short position of 551,070,412 shares and a lending pool of 449,036,061 shares representing 6.01%, 3.20% and 2.61%, respectively, of the ordinary shares in issue at 15 October 2025. The Bank of New York Mellon Corporation is the Depositary for the HSBC ADSs. Under the SFO, they are required to report the HSBC ADSs position as both a long and a short position.

No notifications had been received between 31 December 2025 and 19 February 2026.

Sufficiency of float

In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, at least 25% of the total issued share capital has been held by the public at all times during 2025 and up to the date of this report.

Dealings in HSBC Holdings listed securities

The Group has policies and procedures that, except where permitted by statute and regulation, prohibit specified transactions in respect of its securities listed on The Stock Exchange of Hong Kong Limited. Except for dealings as intermediaries or as trustees by subsidiaries of HSBC Holdings, and purchases by HSBC Holdings under the share buy-backs, neither HSBC Holdings nor any of its subsidiaries has purchased, sold or redeemed any of its securities listed on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2025.

Directors' interests

Pursuant to the requirements of the UK Listing Rules and according to the register of Directors' interests maintained by HSBC Holdings pursuant to section 352 of the Securities and Futures Ordinance of Hong Kong, the Directors of HSBC Holdings at 31 December 2025 had certain interests, all beneficial unless otherwise stated, in the shares or debentures of HSBC Holdings and its associated corporations.

Save as stated in the following table, no further interests were held by Directors, and no Directors or their connected persons were awarded or exercised any right to subscribe for any shares or debentures in any HSBC corporation during the year.

No Directors held any short position as defined in the Securities and Futures Ordinance of Hong Kong in the shares or debentures of HSBC Holdings and its associated corporations.

Directors' interests – shares and debentures

	At 1 Jan 2025, or date of appointment, if later	At 31 Dec 2025 or date of cessation, if earlier				
		Beneficial owner	Child under 18 or spouse	Jointly with spouse/ other	Trustee	Total interests
HSBC Holdings ordinary shares						
Geraldine Buckingham[1]	**15,000**	**15,000**				**15,000**
Rachel Duan[1]	**15,000**	**15,000**				**15,000**
Georges Elhedery[2]	**966,017**	**1,109,810**				**1,109,810**
Dame Carolyn Fairbairn	**15,000**	**15,000**				**15,000**
James Forese[1]	**115,000**	**115,000**				**115,000**
Ann Godbehere[1]	**15,000**			**15,000**		**15,000**
Steven Guggenheimer[1]	**15,000**			**15,000**		**15,000**
Manveen (Pam) Kaur[2]	**801,296**	**986,625**				**986,625**
José Antonio Meade Kuribreña[1]	**15,000**	**15,000**				**15,000**
Kalpana Morparia[1]	**15,000**	**15,000**				**15,000**
Eileen Murray[1]	**75,000**	**75,000**				**75,000**
Brendan Nelson	**–**	**15,000**				**15,000**
Swee Lian Teo	**15,200**	**15,200**				**15,200**
Sir Mark Tucker (retired on 30 September 2025)	**307,352**	**307,352**				**307,352**

1 Geraldine Buckingham has an interest in 3,000, Rachel Duan in 3,000, James Forese in 23,000, Ann Godbehere in 3,000, Steven Guggenheimer in 3,000, José Antonio Meade Kuribreña in 3,000, Kalpana Morparia in 3,000 and Eileen Murray in 15,000 listed American Depositary Shares ('ADS'), which are categorised as equity derivatives under Part XV of the Securities and Futures Ordinance of Hong Kong. Each ADS represents five HSBC Holdings ordinary shares.

2 Executive Directors' other interests in HSBC Holdings ordinary shares arising from the HSBC Holdings Savings-Related Share Option Plan (UK) and the HSBC Share Plan 2011 are set out in the Scheme interests in the Directors' remuneration report on page 216. At 31 December 2025, or date of cessation if earlier, the aggregate interests under the Securities and Futures Ordinance of Hong Kong in HSBC Holdings ordinary shares, including interests arising through employee share plans and the interests above were: Georges Elhedery – 3,938,444; and Pam Kaur – 2,771,470, representing approximately 0.02% and 0.02% of the shares in issue respectively.

There have been no changes in the shares or debentures of the current Directors from 31 December 2024 to the date of this report.

UK Listing Rule 6.6.1

The disclosures required by UKLR 6.6.1 are set out on the following pages, and other regulatory requirements are incorporated by reference into this Directors' report:

Content	Page references
Dividends and dividend waiver	242, 356
Share buy-back	241
Emissions	40-47
Energy efficiency	41, 36-37
Principal activities of HSBC	4, 9-11, 323
Business review and future developments	1-32
Risk Review	30-31, 98-185
Engagement with suppliers, customers and others	27-29, 34-64

Board governance

Appointment and re-election of Directors

A rigorous selection process is followed for the appointment of Directors. Appointments are made on merit and candidates are considered against objective criteria, and with regard to the benefits of a diverse Board. Appointments are made in accordance with HSBC Holdings plc's Articles of Association.

The Board may at any time appoint any person as a Director or secretary, either to fill a vacancy or as an additional officer. The Board may appoint any Director or secretary to hold any employment or executive office and may revoke or terminate any such appointment.

Non-executive Directors are appointed for an initial three-year term and, subject to continued satisfactory performance based upon an assessment by the Group Chairman and the Nomination & Corporate Governance Committee, are proposed for re-election by shareholders at each AGM. They typically serve two three-year terms, with any individual's appointment beyond six years to be for a rolling one-year term and subject to thorough review and challenge with reference to the needs of the Board. Where non-executive Directors are appointed beyond six years, an explanation will be provided in the Annual Report and Accounts.

Shareholders vote at each AGM on whether to elect and re-elect individual Directors. All Directors that stood for election and re-election at the 2025 AGM were elected and re-elected by shareholders.

Joint Company Secretary

Hannah Ashdown (48) was appointed as Deputy Group Secretary in December 2021 and for administrative purposes, in October 2022, was appointed as Joint Company Secretary. Hannah Ashdown stepped down from her role as Joint Company Secretary with effect from 31 December 2025 and no Joint Company Secretary was appointed in her place.

Independence

Independence is a critical component of good corporate governance, and a principle that is applied consistently at both the HSBC Holdings and subsidiary level. The Nomination & Corporate Governance Committee has delegated authority from the Board in relation to the assessment of the independence of non-executive Directors. In accordance with the UK and Hong Kong Corporate Governance Codes, as applicable, the Nomination & Corporate Governance Committee has reviewed and confirmed that all non-executive Directors, and the Group Chairman, who have submitted themselves for election and re-election at the AGM are considered to be independent. This conclusion was reached after consideration of all relevant circumstances that are likely to impair, or could appear to impair, independence.

In line with the requirements of the Hong Kong Corporate Governance Code, the Nomination & Corporate Governance Committee also reviewed and considered the mechanisms in place to ensure independent views and inputs are available to the Board. These mechanisms include:

– having the appropriate Board and committee structure in place, including rules on the appointment and tenure of non-executive Directors;

- facilitating the option of having brokers and external industry experts in attendance at Board meetings during 2025, as well as having representatives from the Group's key regulators attend Board meetings in relation to specific regulatory items;
- ensuring non-executive Directors are entitled to obtain independent professional advice relating to their personal responsibilities as a Director at the Group's expense;
- having terms of reference for each committee and the Board that provide authority to engage independent professional advisers; and
- holding annual Board and committee performance reviews, with feedback sought from members on the quality of, and access to, independent external advice.

Conflicts of interest

The Board has an established policy and set of procedures, which are reviewed annually, to ensure that the Board's management of Directors' conflicts of interest is effective. The Board has the power to authorise conflicts where they arise, in accordance with the Companies Act 2006 and HSBC Holdings' Articles of Association. Details of all Directors' conflicts of interest are recorded in the register of conflicts. Upon appointment, new Directors are advised of the policy and procedures for managing conflicts. Directors are required to notify the Board of any actual or potential conflicts of interest and to update the Board with any changes to the facts and circumstances surrounding such conflicts. Directors are requested to review and confirm their own and their respective closely associated persons' outside interests and appointments twice each year. The Board has considered, and authorised (with or without conditions) where appropriate, potential conflicts as they have arisen during the year in accordance with its conflicts policy and procedures. All non-executive Directors are subject to re-vetting by the Group's compliance team on a triennial basis following appointment. As part of this re-vetting process, all conflict checks are refreshed.

Non-executive Director commitments

The terms and conditions of the appointments of non-executive Directors are set out in a letter of appointment, which includes the expectations of them, and the estimated time required to perform their role. Letters of appointment of each non-executive Director are available for inspection at the registered office of HSBC Holdings.

Non-executive Directors serving on the Board and as a member of any committees are expected to serve up to 75 days per annum. The Senior Independent Director is expected to serve an additional 30 days per annum. Those Directors who also chair a large committee are expected to commit up to 100 days per annum, with the Group Risk Committee Chair expected to commit up to 150 days per annum. Any additional time commitment required of non-executive Directors in connection with Board and committee activities is confirmed to them separately.

Board approval is required for any non-executive Director's external commitments. When assessing these, consideration is given to the expected time commitment of the role, their total time commitment, potential conflicts of interest, the complexity and size of the organisation, the expectations of the role, and regulatory and investor expectations.

Directors' indemnities

The Articles of Association of HSBC Holdings contain a qualifying third-party indemnity provision, which entitles Directors and other officers to be indemnified out of the assets of HSBC Holdings against claims from third parties in respect of certain liabilities.

HSBC Holdings has granted, by way of deed poll, indemnities to the Directors, including former Directors, against certain liabilities arising in connection with their position as a Director of HSBC Holdings or of any Group company. Directors are indemnified to the maximum extent permitted by law.

The indemnities that constitute a 'qualifying third-party indemnity provision', as defined by section 234 of the Companies Act 2006, remained in force for the whole of the financial year (or, in the case of Directors appointed during 2025, from the date of their appointment). The deed poll is available for inspection at the registered office of HSBC Holdings.

Additionally, Directors and pension trustees have the benefit of both Directors' and officers' liability insurance and pension trustees' liability insurance. Qualifying pension scheme indemnities have also been granted to the trustees of the Group's pension schemes, which were in force for the whole of the financial year and remain in force as at the date of this report.

Contracts of significance

During 2025, none of the Directors had a material interest, directly or indirectly, in any contract of significance with any HSBC company. During the year, all Directors were reminded of their obligations in respect of transacting in HSBC securities and, following specific enquiry, all Directors have confirmed that they have complied with their obligations.

Shareholder engagement and communication

The Board is directly accountable to, and gives high priority to communicating with, HSBC's shareholders. Information about HSBC and its activities is provided to shareholders in its Interim Reports and the Annual Report and Accounts as well as on www.hsbc.com.

The Board seeks to understand investor needs through ongoing dialogue between members of the Board and institutional investors throughout the year, and Committee Chairs seek to engage with major shareholders on matters within their area of responsibility, where practicable and appropriate. For examples of such engagements, see 'Directors' engagements with key stakeholders in 2025' on page 28 and the 'Group Remuneration Committee Chair's letter' on page 216. During 2025, approximately 612 meetings were held with institutional investors and analysts globally.

Our shareholder communications policy summarises how we communicate with our shareholders, including through financial reporting, general shareholder meetings, investor and analyst meetings and our website. The policy is reviewed annually, and in 2025 the Board confirmed that it was satisfied with its implementation and effectiveness. The policy can be found at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities.

We also publish our current and past financial results, investor presentations and shareholder information such as dividend payments and shareholder meeting details. Stock exchange announcements are also accessible on our website along with information for fixed income investors. For further details, see www.hsbc.com/investors.

Directors are encouraged to develop an understanding of the views of shareholders. Enquiries from individuals on matters relating to their shareholdings and HSBC's business are welcomed. Any individual or institutional investor can make an enquiry by contacting the investor relations team, Group Chairman, Group CEO, Group CFO and Group Company Secretary. Our Senior Independent Director is also available to shareholders if they have concerns that cannot be resolved or for which the normal channels would not be appropriate. They can be contacted via the Group Company Secretary at 8 Canada Square, London E14 5HQ.

Annual General Meeting

The AGM in 2026 is planned to be held in London, UK at 10:00am on Friday, 8 May 2026. Information on how to vote and participate, online or in person, both in advance and on the day, can be found in the Notice of the 2026 AGM, which will be sent to shareholders on 27 March 2026 and be available on www.hsbc.com/agm. Shareholders can watch a live webcast of the AGM and access a recording of the proceedings shortly after the event at www.hsbc.com/agm. Shareholders should monitor our website and announcements for any changes to these arrangements. Shareholders may send enquiries to the Board in writing via the Group Company Secretary, at HSBC Holdings plc, 8 Canada Square, London E14 5HQ or by sending an email to shareholderquestions@hsbc.com.

General meetings and resolutions

Shareholders may require the Directors to call a general meeting other than an AGM, as provided by the UK Companies Act 2006. A valid request to call a general meeting may be made by members representing at least 5% of the paid-up capital of HSBC Holdings as carries the right of voting at its general meetings (excluding any paid-up capital held as treasury shares). A request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. At any general meeting convened on such request, no business may be transacted except that stated by the requisition or proposed by the Board.

Shareholders may request the Directors to send a resolution to shareholders for consideration at an AGM, as provided by the UK Companies Act 2006. A valid request must be made by (i) members representing at least 5% of the paid-up capital of HSBC Holdings as carries the right of voting at its general meetings (excluding any paid-up capital held as treasury shares), or (ii) at least 100 members who have a right to vote on the resolution at the AGM in question and hold shares in HSBC Holdings on which there has been paid up an average sum, per member, of at least £100.

The request must be received by HSBC Holdings not later than (i) six weeks before the AGM in question; or (ii) if later, the time at which the notice of AGM is published.

A request may be in hard copy form or in electronic form, and must be authenticated by the person or persons making it. A request may be made in writing to HSBC Holdings at its UK address, referred to in the paragraph above or by sending an email to shareholderquestions@hsbc.com.

Articles of Association

The Articles of Association were last approved at the 2022 AGM. The Articles of Association can be found at www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities.

Events after the balance sheet date

For details of events after the balance sheet date, see Note 37 on the financial statements.

Change of control

The Group is not party to any significant agreements that take effect, alter or terminate following a change of control of the Group. The Group does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover bid.

Branches

The Group provides a wide range of banking and financial services through branches and offices in the UK and overseas.

Research and development activities

During the ordinary course of business, the Group develops new products and services within the global businesses.

Political donations

HSBC does not make any political donations or incur political expenditure within the ordinary meaning of those words. We have no intention of altering this policy. However, the definitions of political donations, political parties, political organisations and political expenditure used in the UK Companies Act 2006 are very wide. As a result, they may cover routine activities that form part of the normal business activities of the Group and are an accepted part of engaging with stakeholders. To ensure that neither the Group nor any of its subsidiaries inadvertently breaches the UK Companies Act 2006, authority is sought from shareholders at the AGM to make political donations.

HSBC provides administrative support to two political action committees ('PACs') in the US funded by voluntary political contributions by eligible employees. We do not control the PACs, and all decisions regarding the amounts and recipients of contributions are directed by a voluntary Board Finance Committee, which consists of contributing eligible employees. The PACs recorded combined political donations of $134,750 during 2025 (2024: $124,450).

Charitable contributions

For details of charitable contributions, see page 57.

Internal control

The Board is responsible for monitoring the Group's risk management and internal control systems, determining the level and type of risks the Group is willing to take in achieving its strategic objectives, and reviewing the effectiveness of relevant procedures on an annual basis. Global Internal Audit provides independent and objective assurance to the Board and assesses whether the design and operational effectiveness of the Group's risk management, governance and internal control processes are adequate and effective.

To meet this requirement and to discharge its obligations under the FCA Handbook and the PRA Rulebook, procedures have been designed to provide reasonable assurance against material misstatement, errors, losses or fraud. They are designed to provide effective internal control within the Group and accord with the Financial Reporting Council's guidance for Directors, issued in 2014, on risk management, internal control and related financial and business reporting. The procedures have been in place throughout the year and up to 25 February 2026, the date of publication of the Annual Report and Accounts 2025.

The Board, the GRC and the GAC monitor the effectiveness of the Group's system of risk management and internal control through regular updates on the operation of the Group's internal controls, supplemented by reviews of these controls by the Group Chief Control Oversight Office, second line of defence, internal audit, and the external auditors.

These reviews enable the Board to perform an annual review of effectiveness, identifying no material weaknesses as at the year-end. Areas identified for improvement internally or by the Group's regulators are prioritised appropriately, with necessary actions taken to remedy any shortcomings identified.

At a granular level, the risk management and internal control systems of the Group are continuously monitored and challenged to ensure that they are designed and operating effectively.

In 2026, continued focus will be placed on control environments relating to regulatory reporting and technology risk. This will include work by the GAC to support preparations for the Board's declaration on the effectiveness of material controls, which HSBC will be required to include in the Annual Report and Accounts 2026 under the UK and Hong Kong Corporate Governance Codes.

Delegation of authority within limits set by the Board

Subject to certain matters reserved for the Board, the Group CEO has been delegated authority to manage the day-to-day affairs of the Group. A delegation of authority framework is in place providing a Group structure within which the Board and its subsidiaries can manage their delegated powers related to external commitments. These delegated authorities can be used for the approval, signing and execution of specific written agreements and documents such as procurement contracts.

The delegation of authority framework is adopted on a legal entity basis via a board resolution which is reviewed annually. Matters not covered by the delegation of authority framework can be set out in a separate board resolution, powers of attorney or the relevant Group policy with clear systems of control that are appropriate to the business or function. Authorities to enter into credit and market risk exposures are delegated with limits to line management of Group companies in line with Group policy. Credit and market risks are measured and reported at subsidiary company level and aggregated for risk concentration analysis on a Group-wide basis.

Risk Management

Risk management framework

The Risk Management Framework ('RMF') sets out how we manage the risks in our ability to operate, grow and meet expectations. It translates our strategy, values and commitments into practical actions and risk-aware decisions. It covers all risk types across the organisation and is underpinned by our culture and values.

Our RMF foundations provide consistency across the Group in identifying, evaluating and managing significant risks. They are interconnected and help form an enterprise-wide view of risk which reflects the relationship between the risks we take in delivering our strategy and the resources available to manage them. It enables us to make considered, forward-looking decisions that align with our capacity and strategic objectives.

Risk identification and monitoring

There are comprehensive systems and procedures to identify, measure, assess, control and monitor risks. Our risk taxonomy categorises risks covering all material risks to which the Group is exposed. It is a multi-level structure that helps organise, assess and respond to risk in a targeted way. It supports clearer identification of risks, tailored control design and mitigation and risk-type specific assessment approaches.

The residual risk which remains after considering our control environment and the resources available to manage the risks is then assessed against our risk appetite, which sets out the level of risk the Group is willing to take in pursuit of its strategy.

Enterprise risk reporting provides a consolidated view of material risks across the Group, assessed through the risk taxonomy and in relation to risk appetite. It enables decision-makers to monitor key exposures, identify emerging themes, and assess whether risks remain aligned with the Group's strategic objectives. This includes insights from risk-type reports, thematic reviews, and emerging risks.

The Group employs a top and emerging risks process to provide forward-looking views of issues with the potential to threaten the execution of our strategy or operations over the medium to long term.

All employees are responsible for identifying and managing risk within the scope of their role as part of our three lines of defence model, which defines clear accountabilities and responsibilities across risk ownership, oversight and independent assurance. The first line owns and manages the risks, the second line provides risk oversight and challenge and the third line delivers independent assurance.

The Board delegates authority to the GAC to annually review the independence, autonomy and effectiveness of the Group's policies and procedures on whistleblowing, including the procedures for the protection of staff who raise concerns of detrimental treatment.

Strategic plans

Strategic plans are prepared for global businesses, global functions and geographical regions within the framework of the Group's overall strategy. Financial resource plans, informed by risk appetite are prepared and adopted by all major Group operating companies and set out the key business initiatives and the likely financial effects of those initiatives.

Internal control over financial reporting

HSBC is required to comply with section 404 of the US Sarbanes-Oxley Act of 2002 and assess its effectiveness of internal control over financial reporting at 31 December 2025. In 2014, the GAC endorsed the adoption of the principles of the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') 2013 framework for the monitoring of risk management and internal control systems to satisfy the requirements of section 404 of the Sarbanes-Oxley Act.

The primary mechanism through which comfort over risk management and internal control systems is achieved is through annual assessments of the effectiveness of controls to manage risk, and the reporting of issues on a regular basis through the various risk management and risk governance forums, including regular updates to the GAC.

The key risk management and internal control procedures over financial reporting include the following:

Entity level controls

Entity level controls are a defined suite of internal controls that have a pervasive influence over the entity as a whole and meet the principles of the COSO framework. They include controls related to the control environment, such as the Group's values and ethics, the promotion of effective risk management and the overarching governance exercised by the Board and its non-executive committees. The design and operational effectiveness of entity level controls are assessed on an ongoing basis. If issues are significant to the Group, they are escalated to the GRC and/or the GAC.

Process level transactional controls

Key process level controls that mitigate the risk of financial misstatement are identified, recorded and monitored in accordance with the risk framework. This includes the identification and assessment of relevant control issues against which action plans are tracked through to remediation. Further details of HSBC's approach to risk management can be found on page 98.

Financial reporting controls

The Group's financial reporting process is controlled using documented accounting policies and reporting formats, supported by detailed instructions and guidance on reporting requirements, issued to all reporting entities within the Group in advance of each reporting period end. The submission of financial information from each reporting entity is supported by a certification by the responsible financial officer and analytical review procedures at reporting entity and Group levels.

Group Disclosure Committee

Chaired by the Group CFO, the Group Disclosure Committee supports the discharge of the Group's obligations under applicable legislation and regulation including the UK and Hong Kong Listing Rules, UK Market Abuse Regulation and US Securities and Exchange Commission rules. In so doing, the Group Disclosure Committee is empowered to determine whether a new event or circumstance should be disclosed, including the form and timing of such disclosure, and review and endorse certain material disclosures made or to be made by the Group. The membership of the Group Disclosure Committee consists of senior management, including the Group CFO, Group Chief Risk and Compliance Officer, Group Chief Legal Officer and Group Company

Secretary. The Group's external auditors are standing attendees, while the Group's brokers and external legal counsel are consulted on relevant matters and attend as required. The integrity of disclosures is underpinned by structures and processes within the Global Finance and Group Risk and Compliance functions that support rigorous analytical review of financial reporting and the maintenance of proper accounting records. As required by the Sarbanes-Oxley Act, the Group CEO and the Group CFO have certified that the Group's disclosure controls and procedures were effective as at the end of the period covered by the Annual Report and Accounts 2025.

The annual review of the effectiveness of the Group's system of risk management and internal control over financial reporting was conducted with reference to the COSO 2013 framework. Based on the assessment performed, the Directors concluded that for the year ended 31 December 2025, the Group's internal control over financial reporting was effective.

PwC has audited the effectiveness of HSBC's internal control over financial reporting and has given an unqualified opinion.

Going concern

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.

▶ For further details, see page 32.

Employees

At 31 December 2025, HSBC had a total workforce equivalent to 209,000 full-time employees compared with 211,000 at the end of 2024. Our main centres of employment were India with approximately 47,000 employees, the UK with 33,000, mainland China with 33,000, Hong Kong with 26,000, and Mexico with 16,000.

Our business spans many cultures, communities and continents. We aspire to provide a high-performing environment where our colleagues can fulfil their potential by building their skills and capabilities while focusing on the development of a diverse and inclusive culture. We use employee surveys to assess progress and make changes. We want our colleagues to feel connected and supported to speak up, and our leaders to encourage and use feedback. Where we make organisational changes, we support our colleagues, particularly where jobs are impacted.

Employee relations

We consult with and, where appropriate, negotiate with employee representative bodies where we have them. It is our policy to maintain well-developed communications and consultation programmes with all employee representative bodies. There have been no material disruptions to our operations from labour disputes during the past five years.

We are committed to complying with the applicable employment laws and regulations in the jurisdictions in which we operate, including in relation to working hours and rest periods. HSBC's employment practices and relations policy provides the framework and controls through which we seek to uphold that commitment.

Inclusion

Our customers, colleagues and communities span many cultures and continents. We value difference and believe that an inclusive culture makes us stronger. We are dedicated to building a connected workforce where everyone feels a sense of belonging.

We expect all colleagues at HSBC to treat each other with dignity and respect to ensure an inclusive environment. Our policies make it clear that we do not tolerate unlawful discrimination, bullying or harassment on any grounds. We are transparent in sharing our data through external disclosures and we participate in benchmarking to measure our progress across the industry.

Our approach to inclusion is set out on page 52 alongside our ambitions and progress.

▶ For further details of our representation data, pay gap data, and actions, see www.hsbc.com/who-we-are/our-people/inclusion-at-hsbc and the ESG Data Pack at www.hsbc.com/esg.

Employment of people with a disability

We strongly believe in providing equal opportunities for our employees. The employment of people with a disability is included in this commitment. We are committed to retaining disabled employees in the workplace and to providing reasonable adjustments to enable this.

Employee development

Employee development energises our colleagues for growth and helps to equip them with the skills they need today whilst also preparing them to meet future challenges. We remain committed to delivering a high-quality learning experience by adopting a data-driven approach that targets our learning investment to meet the most critical skill needs.

By leveraging our strategic workforce blueprints, we have focused our efforts on critical skill shifts, including digitally enabling our frontline colleagues and developing the sustainability and wealth expertise of our relationship managers, providing a variety of learning opportunities through our Enterprise Skills Academies.

We have launched our new AI Academy to support advanced skills development aligned with HSBC's AI strategy, expanded our 'Doing Business in India and China' programmes to include Saudi Arabia, and increased our focus on building capabilities beyond foundational skills through our Sustainability Academy. In our global Wealth and Personal Banking business we have focused our attention on developing customer centricity and product expertise, and we have created opportunities for colleagues to develop new skills and collaborate more broadly through our transition to a value stream delivery model as part of our bank wide Digital Acceleration Programme.

We remain committed to our global mandatory training being completed annually, as it is essential for shaping our culture and maintaining a focus on critical issues, such as sustainability and financial crime risk. In line with this commitment, we have maintained our focus on senior leaders by launching new programmes centred on Enterprise Risk Leadership, which are designed to equip them with the skills necessary to navigate an evolving risk environment.

Health and safety

We are dedicated to maintaining a safe and healthy working environment for all. Our global policies, mandatory procedures, and incident reporting systems across the organisation reflect our core values and comply with international standards. Chief Operating Officers are responsible for local implementation of all legal requirements and ensuring ongoing adherence. We continuously monitor and assure our health and safety performance to remain compliant with relevant regulations.

In 2025, we advanced our Health & Safety agenda through several key initiatives:

- Achieved the WELL Health and Safety Rating at 100 global offices, demonstrating our commitment to safe workplaces for employees, customers, and stakeholders.
- Delivered mandatory health and safety training globally, increasing awareness of roles and responsibilities among employees and contractors.
- Conducted annual safety inspections across all buildings worldwide, identifying opportunities for improvement and enhancing safety standards.

- Expanded our Workplace Adjustments programme to eight markets, to provide additional tailored support to employees with disabilities, long-term health conditions, or neurodiversity. Further expansion is planned.
- Held our 2025 Global Health and Safety Campaign, combining education and interactive experiences on slips and trips, moving objects, ergonomics, and emergency arrangements.
- Provided targeted guidance and training for construction partners, with over 6,300 workers receiving safety passport training across nine countries.
- Implemented robust controls to protect colleagues and operations from natural disasters; in 2025, 33 named storms affected 2,222 buildings, with no injuries or impact reported.

These actions reinforce our commitment to safeguarding our people and operations, while continuously improving our health and safety standards.

Employee health and safety

	2025	2024	2023
Rate of workplace fatalities per 100,000 employees	**—**	—	—
Number of major injuries to employees[1]	**10**	14	12
All injury rate per 100,000 employees	**96**	91	110
Lost days due to work injury	**331**	335	594

1 Fractures, dislocation, concussion, loss of consciousness, overnight admission to hospital.

Remuneration

HSBC's pay and performance strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience with the Group, while performing their role in the long-term interests of our stakeholders.

▶ For further details of the Group's approach to remuneration, see page 226.

Employee share plans

Summaries of the share options and share awards granted, exercised/vested or lapsed during the year and other details required to be disclosed pursuant to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including detailed summaries of the HSBC share plans, are available on our website at www.hsbc.com/investors/results-and-announcements and on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk, or can be obtained upon request from the Group Company Secretary, 8 Canada Square, London E14 5HQ.

▶ Particulars of options held by Directors of HSBC Holdings are set out on page 234.
▶ Note 5 on the financial statements gives details of share-based payments, including discretionary awards of shares granted under HSBC share plans.

Statement of compliance

The statement of corporate governance practices set out on pages 186 to 251 and the information referred to therein constitutes the Corporate governance report and Directors' report of HSBC Holdings plc for 2025. Further details of the relevant corporate governance codes, role profiles and policies can be obtained from the websites referenced in the table below. The websites referenced here do not form part of this report.

Relevant corporate governance codes, role profiles and policies

UK Corporate Governance Code	www.frc.org.uk
Hong Kong Corporate Governance Code (set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ('HKEx'))	www.hkex.com.hk
Descriptions of the roles and responsibilities of the: – Group Chairman – Group Chief Executive Officer – Senior Independent Director – Board	www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities
Board and senior management	www.hsbc.com/who-we-are/our-people
Roles and responsibilities of the Board's committees	www.hsbc.com/who-we-are/our-people/board-of-directors/board-committees
Board's policies on: – diversity and inclusion – shareholder communication – human rights – remuneration practices and governance	www.hsbc.com/who-we-are/our-people/board-of-directors/board-responsibilities
Global Internal Audit Charter	www.hsbc.com/who-we-are/esg-and-responsible-business/governance/internal-control

The Board considers that, during 2025, HSBC fully complied with both the UK and Hong Kong Corporate Governance Codes, with the exception of Provision 24 of the UK Corporate Governance Code in relation to the Group Chairman being a member of the Group Audit Committee.

Brendan Nelson has served as the Chair of the Group Audit Committee since February 2024, and on 1 October 2025, was appointed as Group Chairman on an interim basis. Due to the interim nature of this appointment, and to provide continuity, the Board determined that Brendan should continue to Chair the Group Audit Committee until a permanent Group Chairman was appointed.

The Board subsequently took the decision to appoint Brendan as a permanent successor to the role of Group Chairman on 3 December 2025, and determined that it was in the best interests of the Group for Brendan to continue in his role as Chair of the Group Audit Committee to provide continuity of oversight for the 2025 audit process and until a permanent successor had been identified and appointed.

These decisions reflect Brendan's extensive experience on UK-listed boards and his previous roles as an auditor and audit committee chair. It was also agreed that Brendan had sufficient capacity to fulfil these roles given that HSBC is Brendan's only significant board commitment.

Under the Hong Kong Corporate Governance Code, the audit committee should be responsible for the oversight of all risk management and internal control systems. The Group Audit Committee's responsibilities cover oversight of the effectiveness of all internal controls. The Group Risk Committee has responsibility for oversight of internal controls relating to risk management and risk management systems and provides input to the Group Audit Committee on these.

HSBC Holdings plc has codified obligations for transactions in Group securities in accordance with the requirements of the UK Market Abuse Regulation and the rules governing the listing of securities on HKEx. The Group has been granted certain waivers by HKEx from strict compliance with the rules that take into account accepted practices in the UK, particularly in respect of employee share plans. During the year, all Directors were reminded of their obligations in respect of transacting in HSBC Group securities. Following specific enquiry all Directors have confirmed that they have complied with their obligations.

The Group Audit Committee has reviewed and provided assurance to support the HSBC Holdings Board's approval and publication of the Annual Report and Accounts 2025.

On behalf of the Board

Brendan Nelson
Group Chairman
HSBC Holdings plc

Registered number 617987

25 February 2026

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and Accounts 2025, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the parent company ('Company') and the Group financial statements in accordance with UK-adopted international accounting standards. The financial statements have also been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ('IFRS Accounting Standards'). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group, and of the profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRS Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions, and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are responsible for the maintenance and integrity of the Annual Report and Accounts 2025 as they appear on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts 2025, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company and Group's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' report on pages 187 to 190 of the Annual Report and Accounts 2025, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRS Accounting Standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and Group; and
- the management report represented by the Directors' report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that it faces.

The Group Audit Committee has responsibility, delegated to it from the Board, for overseeing all matters relating to external financial reporting. The Group Audit Committee report on page 203 sets out how the Group Audit Committee discharges its responsibilities.

Disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, each Director confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

Brendan Nelson
Group Chairman
HSBC Holdings plc

Registered number 617987

25 February 2026

Financial statements

The financial statements provide detailed information and notes on our income, balance sheet, cash flows and changes in equity, alongside a report from our independent auditors.

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Independent auditors' report to the members of HSBC Holdings plc

Report on the audit of the financial statements

Opinion

Our opinion is unmodified

In our opinion, HSBC Holdings plc's Group financial statements and parent company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2025 and of the Group's and parent company's profit and the Group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2025 (the 'Annual Report'), which comprise:

- the consolidated and parent company balance sheets as at 31 December 2025;
- the consolidated and parent company income statements; the consolidated and parent company statements of comprehensive income; the consolidated and parent company statements of changes in equity; and the consolidated and parent company statements of cash flows for the year then ended; and
- the notes on the financial statements, comprising material accounting policy information and other explanatory information.

Certain notes on the financial statements have been presented elsewhere in the Annual Report and have been cross referenced from the financial statements and marked as 'Audited'. These are described further in note 1.1 (e) Presentation of information.

Our opinion is consistent with our reporting to the Group Audit Committee ('GAC').

As explained in note 1.1(a) on the financial statements the Group and parent company have also applied International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion, the Group and parent company financial statements have been properly prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and have been properly prepared in accordance with IFRSs as issued by the IASB.

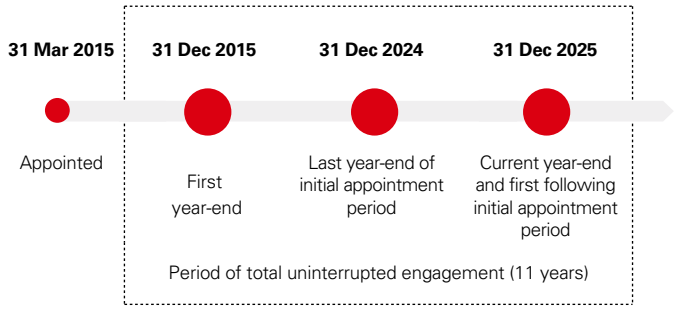
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)'), International Standards on Auditing issued by the International Auditing and Assurance Standards Board ('ISAs') and applicable law. Our responsibilities under ISAs (UK) and ISAs are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and appointment

This is the second year that it has been my responsibility to form this opinion on behalf of PricewaterhouseCoopers LLP, who, following the recommendation of the GAC, were first appointed as auditor on 31 March 2015 by the members for the year ended 31 December 2015 and subsequent financial periods. Following a re-tender process conducted in 2022, we were then reappointed as auditor for the year ended 31 December 2025 and subsequent financial periods.

Total period of uninterrupted engagement



We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.
To the best of our knowledge and belief, we declare that non-audit services prohibited by either the FRC's Ethical Standard or Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

As Group Auditor, we have determined the audit strategy based on a top-down risk assessment and our updated understanding of the Group, including significant developments in the year.

As a result of the breadth, scale and geographic reach of the business, the risks that HSBC faces are diverse and complex. In performing our risk assessment, we engaged our global audit team along with other stakeholders to ensure we appropriately understood and considered these risks and their interrelationships. This included stakeholders within HSBC and our own experts within PwC and covered external factors including geopolitical developments, macroeconomic trends, the regulatory and accounting landscape, developments in technology and the impact of climate risk. This risk assessment has included specific focus on developments with the potential to impact all global banks such as the impact of the uncertain global tariff regime and developments in the private credit market.

This has been a year of significant change as the Group has embedded its new organisational structure accompanied by a significant simplification programme, including cost reductions and a series of disposals of non-strategic investments. Further developments during the year included the Group progressing their acquisition of the non-controlling interest in Hang Seng Bank and announcing a new Chairman. We have paid specific attention to both the direct impact of strategy on financial reporting and the indirect impact of these changes on the Group and its financial reporting control environment.

Audit scope

Group-wide audit approach

In establishing the approach to the Audit, we perform work centrally, in one location wherever possible. This includes audit procedures in relation to various Group activities, including IT general controls, IT dependencies, forward looking economic scenarios for expected credit losses ('ECL'), operating expenses, intangible assets, fair value asset valuations, payroll and consolidation testing. A significant portion of this work is relied upon by the auditors of our significant components, both in our support of our Group audit and for their local statutory audit opinions.

HSBC has entity level controls that have a pervasive influence across the Group, as well as other global and regional governance and controls over aspects of financial reporting, such as those operated by the Global Risk function for expected credit losses. A significant amount of IT and operational processes and controls relevant to financial reporting are undertaken in operations centres. Whilst these operations centres are not separate components, the IT and operational processes and controls are relevant to the financial information of the components. Financial reporting processes and controls are also performed centrally in HSBC's Group Finance function and finance operation centres, including the impairment assessment of goodwill and intangible assets, held for sale classifications and the consolidation of the Group's results, the preparation of financial statements, and management's oversight controls relevant to the Group's financial reporting.

These Group-wide processes are subject to specified audit procedures. For these areas, we either performed audit work ourselves, or directed and provided oversight of the audit work performed by PwC teams in global locations. This audit work, together with analytical review procedures and assessing the outcome of local external audits, also addressed the risk of material misstatement for balances in entities that were not part of a significant component.

Significant components audit approach

We define what is considered to be a 'component' of the Group audit and subsequently determine the type of work required for each component. For the HSBC audit, we have defined the subsidiary legal entities as components as this is the basis under which the Group performs its consolidation process. ISA (UK) 600 (Revised) requires components to be classified as significant, non-significant, or inconsequential. By performing work at the entities that are significant due to risk or size, it ensured we perform enough work to be able to give an opinion on the financial statements as a whole, whilst reducing the risk of material misstatement to an acceptable level. The components we determined were significant and where we performed work are set out below.

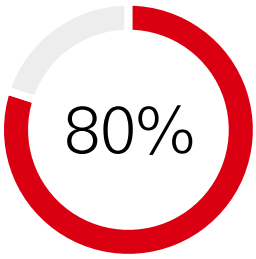
The Group audit team and I were in active dialogue throughout the year with the component auditors of the significant components, including directing how they planned and performed their work. We continually assessed risks and changed the scope of our audit where necessary. Senior members of our Group team undertook at least one in-person site visit for all significant components and we had oversight over certain areas of audit work performed. I attended Audit Committee meetings for the significant components under full scope audit and held meetings with management with responsibility for each of the significant components, throughout the year and at the year end.

In planning and executing our oversight plan, we considered where reliance was placed on PwC network firms to perform a full scope audit. Given the relative financial significance of The Hongkong and Shanghai Banking Corporation Limited to the Group, we placed specific focus on the direction, supervision and review of the work performed by our teams in Hong Kong and China. The frequency of dialogue with these teams was substantial throughout all stages of our audit, we also performed additional site visits with component auditors and management, held workshops in several areas where their work supported the Group audit and increased the nature and extent of review over the audit work performed by these teams.

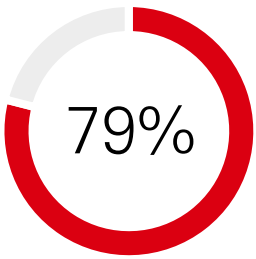
Scoping determination	Component	Nature of procedures
Significant due to risk or size	The Hongkong and Shanghai Banking Corporation Limited	Full scope audit
	HSBC Holdings plc	
	HSBC Bank plc	
	HSBC UK Bank plc	Audit procedures over significant FSLIs
	HSBC North America Holdings Inc.	
	HSBC Mexico S.A.	
Non-significant components at which further audit procedures are performed	HSBC Group Management Services Limited	Specified procedures
	HSBC Global Services (Hong Kong) Ltd	
	HSBC Global Services (UK) Limited	

Overall coverage
The components where we performed audit procedures covered approximately:

Net operating income



Total assets



Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group	Parent Company
Overall materiality	US$1.55bn (FY24 US$1.5bn)	US$1.47bn (FY24 US$1.4bn)
How we determined it	5% of profit before tax excluding notable items, determined at planning	0.75% of total assets but capped at 95% of the Group materiality.
Rationale for benchmark applied	We believe a benchmark based on 5% of profit before tax excluding notable items is an appropriate quantitative indicator of materiality, although certain items could also be material for qualitative reasons.	A benchmark of total assets has been used, as the parent company's primary purpose is to act as a holding parent company with investments in the Group's subsidiaries, not to generate operating profits and therefore a profit-based measure is not relevant.
Performance materiality	US$1.16bn (FY24 US$1.1bn)	US$1.10bn (FY24 US$1.1bn)
How we determined it	75% of overall materiality	75% of overall materiality
Level above which we report to the Group Audit Committee	US$77.50m (FY24 US$75.0m)	US$77.50m (FY24 US$75.0m)

We agreed we would also report misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

We instructed the component auditors reporting to us on the significant components to work to assigned materiality levels reflecting the size of the operations they audited. These materiality allocations are each less than our overall Group materiality. The range of materiality allocated was between $0.1bn and $1.47bn. All significant components complete their audit work for statutory purposes coterminously with the Group process and therefore certain significant component auditors performed their work to a local statutory audit materiality that was a lower level than our allocated Group materiality.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks or other matters identified by our audit. During our engagement with the GAC we also provided written and verbal observations on other areas of accounting judgement including the valuation of financial instruments, legal proceedings and regulatory matters, tax-related judgements and the related control considerations arising from our audit. Valuation of defined benefit pension obligations (Group), which was a key audit matter last year, is no longer included, because we no longer deemed this is a significant risk for the Group. Otherwise, the key audit matters below are consistent with last year, although the specific test plans have evolved to take account of developments at HSBC and in its operating environment.

Expected credit losses – Loans and advances to customers (Group)

Background	**Procedures performed**
Determining ECL involves management judgement and is subject to a high degree of estimation uncertainty. Management makes various assumptions when estimating ECL. We performed a risk assessment to identify those assumptions with significant levels of management judgement and for which variations had the most material impact on ECL. Assumptions were made in determining economic scenarios and their probability weightings. The level of estimation uncertainty and judgement in this area has remained high as a result of tariff and trade policy developments and the geopolitical environment. The fast moving nature of trade and tariff policy developments and geopolitical volatility required additional focus in the year from management in determining economic scenarios and their probability weightings in the year, and from us in auditing those judgements and assumptions which most drove estimation uncertainty in ECL. Macroeconomic conditions, and the economic impacts of trade and tariff policy developments vary between territories and industry sectors, requiring judgement in determining the severity and probability weighting of economic scenarios used in ECL models. Audit effort was also spent on evaluating developments in the Hong Kong commercial real estate sector as a result of downward pressure on collateral valuations during the year and higher allowances for newly defaulted exposures. The modelling methodologies used to estimate ECL are developed using historical experience. We assess the impact of limitations in these methodologies when forecasting the extent and timing of future customer defaults or when responding to emerging risks, such as climate risk. The focus of our assessment of the impact of climate risk on ECL was to evaluate management's risk assessment process for identifying, quantifying and concluding that the impact of climate risk on ECL for the year end was immaterial. **Relevant references:** Refer to the Audited credit risk disclosures, Group Audit Committee Report, Note 1.2(e): Financial instruments measured at amortised cost and Note 1.2(j): Impairment of amortised cost and FVOCI financial assets.	We assessed the design and tested the effectiveness of governance and controls over the estimation of ECL. We observed management's review and challenge in key governance forums for (1) the determination of economic scenarios and their probability weightings, and (2) the assessment of ECL for Retail and Wholesale portfolios. We also tested controls over: – model validation and monitoring; – the identification of credit impaired triggers; – the input of critical data into source systems and the flow and transformation of critical data from source systems to impairment models; and – approval of significant individual stage 3 impairments. We involved our economic experts in assessing the significant assumptions made in determining the severity and probability weighting of economic scenarios. We focused on whether the scenarios adequately captured future potential economic risks, such as risks caused by tariff and trade policy developments and the geopolitical environment. These assessments considered the sensitivity of ECL to variations in the severity and probability weighting of economic scenarios. We also involved our modelling specialists in assessing the appropriateness of the significant assumptions and methodologies used for the ECL models. We independently reperformed the ECL calculations for a sample of those models. We further considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible management bias. In respect of the Hong Kong commercial real estate portfolio, we had oversight of the audit work performed by our component team in Hong Kong. This work included challenging the discounted cash flow assumptions for a sample of credit impaired exposures, including testing the valuation of loan collateral, where applicable. We evaluated management's risk assessment in respect of the impact of climate change on the ECL provision, including involving our modelling specialists to evaluate the stress testing and scenario analysis methodology used and sensitising key assumptions. Finally, we tested the audited credit risk disclosures made in the Annual Report. Overall, we found the ECL on loans and advances to customers to be reasonable.

Observations discussed with the GAC

We reported to the GAC our observations covering governance and controls, the assumptions used and the modelling methodologies implemented by management in determining ECL, with a significant focus on the uncertain prevailing macroeconomic environment and developments in Hong Kong commercial real estate. Our observations regarded:

– the determination of economic scenarios, and their related probability weightings, across territories. In particular we discussed the potential economic consequences of trade and tariff policy developments and geopolitical events and whether the economic scenarios and weightings adequately captured future potential economic risks in this area;
– ECL in respect of credit impaired exposures in the Hong Kong commercial real estate portfolio. We discussed our views on management's policy for revaluing collateral on credit impaired loans as well as sensitivities of ECL to reasonably possible changes in assumptions made; and
– the disclosures made in relation to ECL.

Impairment of investment in associate – Bank of Communications Co., Ltd ('BoCom') (Group)

Background	**Procedures performed**
Following BoCom's share issuance in 2025, the Group's interest in BoCom reduced from 19.03% to 16.00% resulting in a dilution loss of US$1.1bn. Additionally, following identification of indicators of impairment, an impairment test was performed by management, with supporting sensitivity analysis, using a value in use ('VIU') model. Forecast short-to-medium term operating income growth has reduced, partly due to the interest rate environment in mainland China, leading to a net reduction in the VIU. On this basis, the investment in BoCom was impaired by US$1.0bn. The carrying value of BoCom amounts to US$22.5bn at 31 December 2025. The methodology applied in the VIU model is dependent on various assumptions, both short-to-medium term and long-term in nature. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement, analysts' forecasts, market data or other relevant information. The assumptions that we focused our audit on were those with greater levels of management judgement and subjectivity, and for which variations had the most significant impact on the VIU. Specifically, these significant assumptions included: – the discount rate; – short-to-medium term assumptions for operating income growth rate, loans and advances to customers growth rate, cost-income ratio, and expected credit losses as a percentage of loans and advances to customers; – long-term assumptions for profit growth rate, asset growth rate, expected credit losses as a percentage of loans and effective tax rate; and – capital related assumptions for capital adequacy ratio, tier 1 capital adequacy ratio and risk-weighted assets as a percentage of total assets. **Relevant references:** Group Audit Committee Report; Note 1.2(a): Consolidation and related policies; Note 18: Interests in associates and joint ventures.	We had oversight of the audit work performed by our component audit team in Hong Kong in relation to the impairment assessment of BoCom. This work included: – assessing design and testing effectiveness of controls in place over the significant assumptions, the methodology and its consistent application period over period used to determine the VIU, assessing the appropriateness of the methodology used, its application, and the mathematical accuracy of the calculations; – challenging the appropriateness of the significant assumptions and, where relevant, their interrelationships; – obtaining evidence to corroborate and challenge the data supporting significant assumptions, which included past experience, external market information, third-party sources including analyst reports, information from BoCom management and historical publicly available BoCom financial information; – determining an independent reasonable range for the discount rate assumption, with the assistance of our valuation experts, and comparing it to the discount rate used by management; – assessing whether the judgements made in determining the significant assumptions would give rise to indicators of possible management bias; – attending certain meetings alongside management and BoCom management to identify facts and circumstances impacting significant assumptions relevant to the determination of the VIU; and – evaluating and testing the disclosures in relation to BoCom in the Annual Report. Representations were obtained from management that assumptions used were consistent with information currently available to the Group. Overall, we found management's assessment of impairment, or reversal of previous impairment, to be reasonable.

Observations discussed with the GAC

We reported to the GAC our observations on the appropriateness of the methodology, the consistency of its application period over period and significant assumptions. This included:

– our observations regarding management's approach to ongoing impairment monitoring including whether there are indicators of further impairment or reversal to previous impairment;
– the appropriateness of significant assumptions used in the VIU, with a particular focus on the discount rate, and short to medium term assumptions used in the model; and
– the disclosures made in relation to BoCom, including the use of sensitivity analysis to explain estimation uncertainty.

Investments in subsidiaries (parent company)

Background	Procedures performed
Management reviewed the carrying values of the investments in subsidiaries to evaluate whether any adjustment was required, including additional consideration for impacts resulting from the announced organisational changes and strategic refocus. Where indicators have been identified management estimated the recoverable amount using the higher of value in use ('VIU') or fair value less cost to sell. Management's assessment resulted in a reversal of impairment of US$2.8bn in relation to the investment in HSBC Overseas Holdings (UK) Limited, driven by improved business performance, and changes in key revenue and cost assumptions impacting its principal subsidiary, HSBC North America Holdings Inc. The methodology used to estimate the recoverable amount is dependent on various assumptions. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement, experts engaged by management and market data. The significant assumptions that we focused our audit on were those with greater levels of management judgement and for which variations had the most significant impact on the recoverable amount. Specifically, these included the relevant business plan, long term growth rates, discount rates, and the impact of HSBC's strategy on those cash flows. **Relevant references:** Group Audit Committee Report, Note 1.2(a): Consolidation and related policies and Note 19: Investments in subsidiaries	We assessed the design and tested the effectiveness of controls in place over significant assumptions and the model used to determine the recoverable amount. We assessed the appropriateness of the methodology used, and tested the mathematical accuracy of the calculations, to estimate the recoverable amounts. In respect of the significant assumptions, our testing included the following: – challenging management's business plan, including the impacts resulting from the organisational restructure, as well as considering the achievement of historic forecasts; – obtaining and evaluating evidence relating to significant assumptions, from a combination of historical experience and external market and other financial information; – assessing whether the cash flows included in the model were in compliance with the relevant accounting standard; – assessing the sensitivity of the recoverable amount to reasonable variations in significant assumptions, both individually and in aggregate; and – determining a reasonable range for the discount rate used within the model, with the assistance of our valuation experts, and comparing it to the discount rate used by management. We also evaluated and tested the disclosures made in the Annual Report in relation to investment in subsidiaries (Note 19). Overall, we found management's impairment assessment in relation to the investment in HSBC Overseas Holdings (UK) Limited to be reasonable.

Observations discussed with the GAC

We reported to the GAC our observations covering governance and controls, the assumptions used and the methodologies implemented by management in determining the impairment charge for the HSBC Overseas Holdings (UK) Limited investment, with a significant focus on the relevant business plan for FY26 to FY30, discount rates, long term growth rates, and the impact of HSBC's strategy on those cash flows.

The impact of climate risk on our audit

A broad range of stakeholders are increasingly focused on the impact of climate change and how this could lead to potential financial and other impacts on the banking sector. This is a highly evolving area and there are a number of industry wide challenges as a result of data limitations and developing modelling capabilities.

In planning and performing our audit, we assessed the potential impacts of climate change on the Group's business and any consequential material impacts on its financial statements, including how climate change could potentially lead to impacts on the valuation of assets and liabilities on the balance sheet. HSBC manages climate risk across their business in line with their Group-wide risk management framework, set out on page 50. Stress testing and scenario analysis capability continues to evolve to identify and understand the potential impact of climate-related risks as well as enhance related disclosures.

In considering the impact of climate risk on our audit, we:	
	Made enquiries of management to understand the extent of the potential impact of climate risk on the financial statements and we remained alert when performing our audit procedures for any indicators of the impact of climate risk, in particular in areas where the balance sheet carrying value is underpinned by future forecasts or collateral that might be impacted by climate risks.
	Understood, evaluated and challenged management's assessment of the impact of climate risk, set out on page 35 which includes the potential impact on ECL, classification and measurement of financial instruments, goodwill and other intangible assets, and assumptions used in making the long-term viability statement and going concern assumption.
	Read the disclosures in relation to climate risk made in the other information within the Annual Report to ascertain whether the disclosures are materially consistent with the financial statements and our knowledge from our audit.

Management has explained in their disclosures that whilst the effects of climate change are a source of uncertainty, as at 31 December 2025 they do not consider there to be a material impact on the critical judgements and estimates in relation to climate-related risks. Our procedures did not identify any material incremental adjustments needed to capture climate impacts on the Group and parent company financial statements.

Our ability to detect irregularities, including fraud, and our response

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of financial crime laws and regulations and regulatory compliance, including regulatory reporting requirements and conduct of business, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries in relation to costs and income, and management bias in accounting estimates, particularly those related to the valuation of certain financial instruments. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Audit procedures performed by the Group engagement team and/or component auditors included:
Review of correspondence with and reports from regulators, including the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA').
Review of reporting to the GAC and the Group Risk Committee in respect of compliance and legal matters.
Enquiry of management and those charged with governance, and review of internal audit reports insofar as they related to the financial statements.
Obtaining legal confirmations from legal advisors relating to material litigation and compliance matters.
Assessing matters reported on the Group's whistleblowing programmes and the results of management's investigation of such matters, insofar as they related to the financial statements.
Challenging assumptions and judgements made by management in certain significant accounting estimates, in particular in relation to the valuation of investments in associates, ECL, and the impairment assessment of investment in subsidiaries.
Obtaining confirmations from third parties to confirm the existence of a sample of transactions and balances.
Identifying and testing journal entries, including those posted with certain descriptions, posted to certain account combinations, or posted by unexpected users.
Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:
Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including both internal risks (e.g. strategy execution) and external risks (e.g. macroeconomic conditions).
Understanding and reviewing the Group's financial forecasts, including assessing the historical accuracy of these forecasts.
Understanding and evaluating multiple credit rating agency ratings and actions to obtain an independent evaluation of the Group's creditworthiness.
Understanding and evaluating the Group's stress testing of liquidity and regulatory capital, including the severity of the stress scenarios that were used as part of the annual Group-wide Internal Stress Tests. We also reviewed the Group's Internal Liquidity and Capital Adequacy Assessment Processes.
Review of correspondence with and reports from regulators, including the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA').
Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other opinions and reporting by exception

The Appendix on page 261, which forms part of our audit report, includes the following opinions and reporting by exception. In summary:

	Unmodified opinion	Nothing to report
Information given in the Strategic report and Directors' Report	◆	
The part of the Directors' Remuneration Report required to be audited	◆	
Companies Act 2006 exception reporting		◆

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report, is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the GAC.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Use of this report

This report, including the opinions and Appendix on page 261, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Matthew Falconer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors London

25 February 2026

Appendix

This appendix forms part of our audit report

1 Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

2 Other opinions and reporting by exception

Other required opinions and reporting by exception that form part of our audit report are set out below.

With respect to the Strategic report and Directors' Report, we considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration
In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

3 Responsibilities for the financial statements and the audit

Responsibilities of the directors and the auditors for the financial statements and the audit are set out below.

Responsibilities of the Directors for the financial statements
As explained more fully in the Directors' responsibility statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements (encompassing our responsibilities under ISAs and our additional responsibilities under ISAs (UK)) is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

4 Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Where PwC has provided independent assurance over other parts of the annual report (specifically, certain ESG data), that is the subject of a separate assurance report and does not fall within the scope of this audit report.

Financial statements

Consolidated income statement

for the year ended 31 December 2025

	Notes*	2025 $m	2024 $m	2023 $m
Net interest income		**34,794**	32,733	35,796
– interest income[1,2]		**97,872**	108,631	100,868
– interest expense[3]		**(63,078)**	(75,898)	(65,072)
Net fee income	2	**13,343**	12,301	11,845
– fee income		**17,608**	16,266	15,616
– fee expense		**(4,265)**	(3,965)	(3,771)
Net income from financial instruments held for trading or managed on a fair value basis[4]	3	**19,682**	21,116	16,661
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	3	**11,175**	5,901	7,887
Insurance finance expense	4	**(11,197)**	(5,978)	(7,809)
Insurance service result	4	**1,825**	1,310	1,078
– insurance service revenue		**3,228**	2,752	2,259
– insurance service expense		**(1,403)**	(1,442)	(1,181)
Gain on acquisition[5]		**—**	—	1,591
Losses recognised on sale of business operations[6]		**(47)**	(1,752)	(61)
Other operating income/(expense)[7,8]		**(1,301)**	223	(930)
Net operating income before change in expected credit losses and other credit impairment charges[9]		**68,274**	65,854	66,058
Change in expected credit losses and other credit impairment charges		**(3,850)**	(3,414)	(3,447)
Net operating income		**64,424**	62,440	62,611
Employee compensation and benefits	5	**(19,553)**	(18,465)	(18,220)
General and administrative expenses		**(11,959)**	(10,498)	(10,383)
Depreciation and impairment of property, plant and equipment and right-of-use assets[10]		**(1,971)**	(1,845)	(1,640)
Amortisation and impairment of intangible assets		**(2,945)**	(2,235)	(1,827)
Total operating expenses		**(36,428)**	(33,043)	(32,070)
Operating profit		**27,996**	29,397	30,541
Share of profit in associates and joint ventures	18	**2,911**	2,912	2,807
Impairment of interest in associate[8]	18	**(1,000)**	—	(3,000)
Profit before tax		**29,907**	32,309	30,348
Tax expense	7	**(6,776)**	(7,310)	(5,789)
Profit for the year		**23,131**	24,999	24,559
Attributable to:				
– ordinary shareholders of the parent company		**21,102**	22,917	22,432
– other equity holders		**1,183**	1,062	1,101
– non-controlling interests		**846**	1,020	1,026
Profit for the year		**23,131**	24,999	24,559
		$	$	$
Basic earnings per ordinary share	9	**1.21**	1.25	1.15
Diluted earnings per ordinary share	9	**1.20**	1.24	1.14

For Notes on the financial statements, see page 274.

1 Includes $83.3bn (2024: $93.4bn; 2023: $88.7bn) of interest recognised on financial assets measured at amortised cost and $14.5bn (2024: $15.3bn; 2023: $12.1bn) of interest recognised on financial assets measured at fair value through other comprehensive income. In 2024, it also includes a net $0.2bn loss related to the early redemption of legacy securities.
2 Interest income is calculated using the effective interest method and comprises interest recognised on financial assets measured at either amortised cost or fair value through other comprehensive income.
3 Interest expense includes $60.1bn (2024: $72.6bn; 2023: $62.1bn) of interest on financial instruments, excluding interest on debt instruments issued by HSBC for funding purposes that are designated under the fair value option to reduce an accounting mismatch and on derivatives managed in conjunction with those debt instruments included in interest expense.
4 In 2025, the amounts include a $0.1bn (2024: $0.1bn gain) mark-to-market gain on interest rate hedging of the portfolio of retained loans post sale of our retail banking operations in France and a $0.1bn fair value loss on Grupo Financiero Galicia's ('Galicia') American Depositary Receipts ('ADRs') received as purchase consideration from the sale of our business in Argentina. In 2024, the amounts include a $0.3bn gain (2023: $0.3bn loss) on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.
5 Gain recognised in respect of the acquisition of SVB UK.
6 In 2024, the amount includes a $1.0bn loss on disposal and a $5.2bn loss on the recycling in foreign currency translation reserve losses and other reserves arising on sale of our business in Argentina. This was partly offset by a gain of $4.6bn, inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves losses but excluding the $0.3bn gain on the foreign exchange hedging (see footnote 4 above) on the sale of our banking business in Canada. The amount in 2023 primarily reflected losses due to restrictions impacting the recoverability of assets in Russia, partly offset by a gain on sale of our retail banking operations in France.
7 Includes a loss on net monetary positions of $0.2bn (2024: $1.2bn; 2023: $1.7bn) as a result of applying IAS 29 'Financial Reporting in Hyperinflationary Economies'.
8 In 2025, the amounts include recycling of cumulative fair value losses of $1.5bn relating to the French retained portfolio of home and certain other loans following the completion of its sale to a consortium comprising Rothesay Life plc and CCF and a loss of $1.1bn inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom. We have also recognised a $1.0bn impairment loss following an impairment test on the carrying value of the Group's investment in BoCom in 'Impairment of interest in associate'. See Note 18 on pages 319 to 322.
9 Also referred to as revenue.
10 Includes depreciation of the right-of-use assets of $0.7bn (2024: $0.7bn, 2023: $0.7bn).

Consolidated statement of comprehensive income

for the year ended 31 December 2025

	2025 $m	2024 $m	2023 $m
Profit for the year	**23,131**	24,999	24,559
Other comprehensive income/(expense)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Debt instruments at fair value through other comprehensive income	**3,036**	163	2,599
– fair value gains/(losses)	**1,525**	41	2,381
– fair value losses/(gains) transferred to the income statement on disposal	**1,328**	69	905
– expected credit (recoveries)/losses recognised in the income statement	**(19)**	(6)	59
– disposal of subsidiary	**745**	85	—
– income taxes	**(543)**	(26)	(746)
Cash flow hedges	**1,773**	(52)	2,953
– fair value gains/(losses)	**749**	(282)	2,534
– fair value (gains)/losses reclassified to the income statement	**1,611**	(135)	1,463
– disposal of subsidiary	**—**	262	—
– income taxes	**(587)**	103	(1,044)
Share of other comprehensive income/(expense) of associates and joint ventures	**54**	462	47
– share for the year	**110**	462	47
– fair value gains transferred to the income statement on disposal	**—**	—	—
– other comprehensive income reclassified to the income statement on disposal of interest in an associate	**(56)**	—	—
Net finance income/(expenses) from insurance contracts	**(682)**	(142)	(364)
– net finance expenses	**7**	(191)	(491)
– disposal of subsidiary	**(687)**	—	—
– income taxes	**(2)**	49	127
Exchange differences	**6,771**	833	(204)
– foreign exchange losses reclassified to the income statement on disposal or dilution of a foreign operation	**208**	5,816	—
– other exchange differences	**6,563**	(4,983)	(204)
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on property revaluation	**14**	5	1
– fair value gains	**14**	5	1
– income taxes	**—**	—	—
Remeasurement of defined benefit asset/(liability)	**(184)**	(228)	(314)
– before income taxes	**(190)**	(342)	(413)
– income taxes	**6**	114	99
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**(479)**	(439)	(1,219)
– before income taxes	**(642)**	(579)	(1,617)
– income taxes	**163**	140	398
Equity instruments designated at fair value through other comprehensive income	**98**	99	(120)
– fair value gains/(losses)	**127**	141	(120)
– income taxes	**(29)**	(42)	—
Effects of hyperinflation	**140**	1,239	1,604
Other comprehensive income/(expense) for the year, net of tax	**10,541**	1,940	4,983
Total comprehensive income/(expense) for the year	**33,672**	26,939	29,542
Attributable to:			
– ordinary shareholders of the parent company	**31,478**	24,833	27,397
– other equity holders	**1,183**	1,062	1,101
– non-controlling interests	**1,011**	1,044	1,044
Total comprehensive income/(expense) for the year	**33,672**	26,939	29,542

Consolidated balance sheet
at 31 December 2025

	Notes*	At 31 Dec 2025 $m	31 Dec 2024 $m
Assets			
Cash and balances at central banks		**242,859**	267,674
Hong Kong Government certificates of indebtedness		**44,063**	42,293
Trading assets	11	**366,153**	314,842
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	14	**133,063**	115,769
Derivatives	15	**237,740**	268,637
Loans and advances to banks		**108,462**	102,039
Loans and advances to customers		**988,399**	930,658
Reverse repurchase agreements – non-trading		**298,392**	252,549
Financial investments	16	**567,211**	493,166
Assets held for sale	23	**11,115**	27,234
Prepayments, accrued income and other assets	22	**184,794**	152,740
Current tax assets		**864**	1,313
Interests in associates and joint ventures	18	**29,577**	28,909
Goodwill and intangible assets	21	**13,107**	12,384
Deferred tax assets	7	**7,235**	6,841
Total assets		**3,233,034**	3,017,048
Liabilities			
Hong Kong currency notes in circulation		**44,063**	42,293
Deposits by banks		**97,952**	73,997
Customer accounts		**1,786,828**	1,654,955
Repurchase agreements – non-trading		**204,974**	180,880
Trading liabilities	24	**72,122**	65,982
Financial liabilities designated at fair value	25	**158,456**	138,727
Derivatives	15	**237,854**	264,448
Debt securities in issue	26	**99,675**	105,785
Liabilities of disposal groups held for sale	23	**23,382**	29,011
Accruals, deferred income and other liabilities	27	**142,123**	130,340
Current tax liabilities		**3,037**	1,729
Insurance contract liabilities	4	**122,955**	107,629
Provisions	28	**3,441**	1,724
Deferred tax liabilities	7	**2,100**	1,317
Subordinated liabilities	29	**28,406**	25,958
Total liabilities		**3,027,368**	2,824,775
Equity			
Called up share capital	32	**8,588**	8,973
Share premium account	32	**111**	14,810
Other equity instruments		**20,716**	19,070
Other reserves		**(795)**	(10,282)
Retained earnings		**169,605**	152,402
Total shareholders' equity		**198,225**	184,973
Non-controlling interests	19	**7,441**	7,300
Total equity		**205,666**	192,273
Total liabilities and equity		**3,233,034**	3,017,048

* For Notes on the financial statements, see page 274.

The accompanying notes on pages 274 to 355 and the audited sections in the Risk review on pages 97 to 185 and 'Directors' remuneration report' on pages 216 to 240 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 25 February 2026 and signed on its behalf by:

Brendan Nelson
Group Chairman

Pam Kaur
Group Chief Financial Officer

Consolidated statement of changes in equity
for the year ended 31 December 2025

	Called up share capital and share premium	Other equity instru-ments	Other reserves: Financial assets at FVOCI reserve	Other reserves: Cash flow hedging reserve	Other reserves: Foreign exchange reserve	Other reserves: Merger and other reserves	Other reserves: Insurance finance reserve[1]	Retained earnings	Total share-holders' equity	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**23,783**	**19,070**	**(3,246)**	**(1,079)**	**(32,887)**	**26,328**	**602**	**152,402**	**184,973**	**7,300**	**192,273**
Profit for the year	—	—	—	—	—	—	—	**22,285**	**22,285**	**846**	**23,131**
Other comprehensive income (net of tax)	—	—	**2,926**	**1,649**	**6,863**	**14**	**(602)**	**(474)**	**10,376**	**165**	**10,541**
– debt instruments at fair value through other comprehensive income[2]	—	—	**2,267**	—	—	—	—	—	**2,267**	**24**	**2,291**
– equity instruments designated at fair value through other comprehensive income	—	—	**84**	—	—	—	—	—	**84**	**14**	**98**
– cash flow hedges	—	—	—	**1,700**	—	—	—	—	**1,700**	**73**	**1,773**
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	**(479)**	**(479)**	—	**(479)**
– property revaluation	—	—	—	—	—	**14**	—	—	**14**	—	**14**
– remeasurement of defined benefit asset/liability	—	—	—	—	—	—	—	**(189)**	**(189)**	**5**	**(184)**
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—	—	**110**	**110**	—	**110**
– effects of hyperinflation	—	—	—	—	—	—	—	**140**	**140**	—	**140**
– foreign exchange reclassified to income statement on disposal or dilution of a foreign operation[3]	—	—	—	—	**208**	—	—	—	**208**	—	**208**
– other reserves reclassified to income statement on disposal or dilution of a foreign operation[4]	—	—	**745**	—	—	—	**(687)**	**(56)**	**2**	—	**2**
– insurance finance income/(expense) recognised in other comprehensive income	—	—	—	—	—	—	**5**	—	**5**	—	**5**
– exchange differences	—	—	**(170)**	**(51)**	**6,655**	—	**80**	—	**6,514**	**49**	**6,563**
Total comprehensive income for the year	—	—	**2,926**	**1,649**	**6,863**	**14**	**(602)**	**21,811**	**32,661**	**1,011**	**33,672**
Shares issued under employee remuneration and share plans	**116**	—	—	—	—	—	—	**(116)**	—	—	—
Share premium reclassification to retained earnings[5]	**(14,810)**	—	—	—	—	—	—	**14,810**	—	—	—
Capital redemption reserves reclassification to retained earnings[5]	—	—	—	—	—	**(1,755)**	—	**1,755**	—	—	—
Capital securities issued[6]	—	**4,096**	—	—	—	—	—	—	**4,096**	—	**4,096**
Dividends to shareholders	—	—	—	—	—	—	—	**(12,764)**	**(12,764)**	**(718)**	**(13,482)**
Redemption of securities[7]	—	**(2,450)**	—	—	—	—	—	—	**(2,450)**	—	**(2,450)**
Cost of share-based payment arrangements	—	—	—	—	—	—	—	**621**	**621**	—	**621**
Transfers	—	—	—	—	—	—	—	—	—	—	—
Share buy-back[9]	—	—	—	—	—	—	—	**(8,039)**	**(8,039)**	—	**(8,039)**
Cancellation of shares	**(390)**	—	—	—	—	**390**	—	—	—	—	—
Other movements[10]	—	—	**1**	—	—	**1**	—	**(875)**	**(873)**	**(152)**	**(1,025)**
At 31 Dec 2025	**8,699**	**20,716**	**(319)**	**570**	**(26,024)**	**24,978**	—	**169,605**	**198,225**	**7,441**	**205,666**

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2024

	Called up share capital and share premium	Other equity instruments	Other reserves: Financial assets at FVOCI reserve	Other reserves: Cash flow hedging reserve	Other reserves: Foreign exchange reserve	Other reserves: Merger and other reserves	Other reserves: Insurance finance reserve[1]	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	24,369	17,719	(3,507)	(1,033)	(33,753)	28,601	785	152,148	185,329	7,281	192,610
Profit for the year	—	—	—	—	—	—	—	23,979	23,979	1,020	24,999
Other comprehensive income (net of tax)	—	—	259	(46)	863	5	(183)	1,018	1,916	24	1,940
– debt instruments at fair value through other comprehensive income	—	—	62	—	—	—	—	—	62	16	78
– equity instruments designated at fair value through other comprehensive income	—	—	75	—	—	—	—	—	75	24	99
– cash flow hedges	—	—	—	(312)	—	—	—	—	(312)	(2)	(314)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	(439)	(439)	—	(439)
– property revaluation	—	—	—	—	—	5	—	—	5	—	5
– remeasurement of defined benefit asset/liability	—	—	—	—	—	—	—	(244)	(244)	16	(228)
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—	—	462	462	—	462
– effects of hyperinflation	—	—	—	—	—	—	—	1,239	1,239	—	1,239
– foreign exchange reclassified to income statement on disposal or dilution of a foreign operation	—	—	—	—	5,816	—	—	—	5,816	—	5,816
– other reserves reclassified to income statement on disposal or dilution of a foreign operation	—	—	85	262	—	—	—	—	347	—	347
– insurance finance income/(expense) recognised in other comprehensive income	—	—	—	—	—	—	(142)	—	(142)	—	(142)
– exchange differences	—	—	37	4	(4,953)	—	(41)	—	(4,953)	(30)	(4,983)
Total comprehensive income for the year	—	—	259	(46)	863	5	(183)	24,997	25,895	1,044	26,939
Shares issued under employee remuneration and share plans	77	—	—	—	—	—	—	(77)	—	—	—
Share premium reclassification to retained earnings	—	—	—	—	—	—	—	—	—	—	—
Capital redemption reserves reclassification to retained earnings	—	—	—	—	—	—	—	—	—	—	—
Capital securities issued	—	3,601	—	—	—	—	—	—	3,601	—	3,601
Dividends to shareholders	—	—	—	—	—	—	—	(16,410)	(16,410)	(690)	(17,100)
Redemption of securities	—	(2,250)	—	—	—	—	—	—	(2,250)	—	(2,250)
Transfers[8]	—	—	—	—	—	(2,945)	—	2,945	—	—	—
Cost of share-based payment arrangements	—	—	—	—	—	—	—	529	529	—	529
Share buy-back	—	—	—	—	—	—	—	(11,043)	(11,043)	—	(11,043)
Cancellation of shares	(663)	—	—	—	—	663	—	—	—	—	—
Other movements	—	—	2	—	3	4	—	(687)	(678)	(335)	(1,013)
At 31 Dec 2024	23,783	19,070	(3,246)	(1,079)	(32,887)	26,328	602	152,402	184,973	7,300	192,273

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2023

	Called up share capital and share premium	Other equity instruments	Other reserves: Financial assets at FVOCI reserve	Other reserves: Cash flow hedging reserve	Other reserves: Foreign exchange reserve	Other reserves: Merger and other reserves	Other reserves: Insurance finance reserve[1]	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2023	24,811	19,746	(7,038)	(3,808)	(32,575)	33,209	1,079	142,409	177,833	7,364	185,197
Profit for the year	—	—	—	—	—	—	—	23,533	23,533	1,026	24,559
Other comprehensive income (net of tax)	—	—	2,402	3,030	(211)	1	(371)	114	4,965	18	4,983
– debt instruments at fair value through other comprehensive income	—	—	2,574	—	—	—	—	—	2,574	25	2,599
– equity instruments designated at fair value through other comprehensive income	—	—	(93)	—	—	—	—	—	(93)	(27)	(120)
– cash flow hedges	—	—	—	2,919	—	—	—	—	2,919	34	2,953
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	(1,220)	(1,220)	1	(1,219)
– property revaluation	—	—	—	—	—	1	—	—	1	—	1
– remeasurement of defined benefit asset/liability	—	—	—	—	—	—	—	(317)	(317)	3	(314)
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—		47	47	—	47
– effects of hyperinflation	—	—	—	—	—	—	—	1,604	1,604	—	1,604
– insurance finance income/(expense) recognised in other comprehensive income	—	—	—	—	—	—	(364)	—	(364)	—	(364)
– exchange differences	—	—	(79)	111	(211)	—	(7)	—	(186)	(18)	(204)
Total comprehensive income for the year	—	—	2,402	3,030	(211)	1	(371)	23,647	28,498	1,044	29,542
Shares issued under employee remuneration and share plans	79	—	—	—	—	—	—	(79)	—	—	—
Share premium reclassification to retained earnings	—	—	—	—	—	—	—	—	—	—	—
Capital redemption reserves reclassification to retained earnings	—	—	—	—	—	—	—	—	—	—	—
Capital securities issued	—	1,996	—	—	—	—	—	—	1,996	—	1,996
Dividends to shareholders	—	—	—	—	—	—	—	(11,593)	(11,593)	(603)	(12,196)
Redemption of securities	—	(4,023)	—	—	—	—	—	20	(4,003)	—	(4,003)
Transfers[8]	—	—	—	—	—	(5,130)	—	5,130	—	—	—
Cost of share-based payment arrangements	—	—	—	—	—	—	—	482	482	—	482
Share buy-back	—	—	—	—	—	—	—	(7,025)	(7,025)	—	(7,025)
Cancellation of shares	(521)	—	—	—	—	521	—	—	—	—	—
Other movements	—	—	1,129	(255)	(967)	—	77	(843)	(859)	(524)	(1,383)
At 31 Dec 2023	24,369	17,719	(3,507)	(1,033)	(33,753)	28,601	785	152,148	185,329	7,281	192,610

1 The insurance finance reserve reflects the impact of the adoption of the other comprehensive income option for our insurance business in France. Underlying assets supporting these contracts are measured at fair value through other comprehensive income. Under this option, only the amount that matches income or expenses recognised in profit or loss on underlying items is included in finance income or expenses, resulting in the elimination of income statement accounting mismatches. The remaining amount of finance income or expenses for these insurance contracts is recognised in other comprehensive income ('OCI'). At 31 December 2025, the entire balance was reclassified to income statement following completion of the sale of the insurance business in France.
2 Includes recycling of fair value losses of $1.5bn following completion of the sale of our retail banking operations in France.
3 Includes the recycling of a $0.2bn foreign currency translation reserves loss as a result of the dilution of our shareholding in BoCom.
4 Includes insurance finance income reclassification of $0.7bn and $0.7bn fair value losses reclassification following completion of the sale of our insurance business in France.
5 On 24 June 2025, the High Court of Justice in England and Wales confirmed the cancellation of $14.8bn standing to the credit of the HSBC Holdings' share premium account and $1.8bn standing to the credit of its capital redemption reserve, following approval at HSBC Holdings' Annual General Meeting held on 2 May 2025 (the 'Capital Reduction'). The Court Order confirming the Capital Reduction was registered by the Registrar of Companies on 10 July 2025, resulting in a combined total of $16.6bn being reclassified to retained earnings with no impact on total equity.
6 HSBC Holdings issued $1.5bn 6.950% contingent convertible securities in February 2025, SGD0.8bn 5.000% contingent convertible securities in March 2025 and $2.0bn 7.050% contingent convertible securities in June 2025. All instruments were recorded net of issuance costs.
7 In March 2025, HSBC Holdings redeemed its $2.45bn 6.375% contingent convertible securities.
8 At 31 December 2024, an impairment of $11.4bn (2023: $5.5bn) of HSBC Overseas Holdings (UK) Limited was recognised, resulting in a permitted transfer of $2.9bn (2023: $5.1bn) from the remaining historical associated merger reserve to retained earnings.
9 HSBC Holdings announced the following share buy-backs during the year: a share buy-back of up to $2.0bn in February 2025, which was completed in April 2025; a share buy-back of up to $3.0bn in May 2025, which was completed in July 2025 and a share buy-back of up to $3.0bn in July 2025, which was completed in October 2025.
10 Includes $1.1bn (2024: $0.5bn; 2023: $0.6bn) of shares bought by HSBC Holdings Employee Benefit Trust to satisfy obligation to deliver shares under employee share plans.

Consolidated statement of cash flows

for the year ended 31 December 2025

	2025 $m	2024 $m	2023 $m
Profit before tax	**29,907**	32,309	30,348
Adjustments for non-cash items:			
Depreciation, amortisation and impairment	**4,916**	4,080	3,466
Net loss from investing activities	**2,614**	180	1,213
Share of profit in associates and joint ventures	**(2,911)**	(2,912)	(2,807)
Impairment of interest in associate	**1,000**	—	3,000
(Gain)/loss on acquisition/disposal of subsidiaries, businesses, associates and joint ventures	**93**	1,704	(1,775)
Change in expected credit losses gross of recoveries and other credit impairment charges	**4,170**	3,674	3,717
Provisions including pensions	**2,103**	299	266
Share-based payment expense	**621**	529	482
Other non-cash items included in profit before tax	**(4,690)**	(5,290)	(4,299)
Elimination of exchange differences[1]	**(34,682)**	26,734	(10,678)
Changes in operating assets and liabilities			
Change in net trading securities and derivatives	**(38,630)**	(41,385)	(63,247)
Change in loans and advances to banks and customers	**(74,071)**	7,275	(14,145)
Change in reverse repurchase agreements – non-trading	**(32,342)**	(4,227)	(2,095)
Change in financial assets designated and otherwise mandatorily measured at fair value	**(23,393)**	(20,662)	(9,994)
Change in other assets	**(38,389)**	7,685	(10,254)
Change in deposits by banks and customer accounts	**168,907**	44,237	45,021
Change in repurchase agreements – non-trading	**24,094**	8,700	43,366
Change in debt securities in issue	**(5,613)**	11,942	11,945
Change in financial liabilities designated at fair value	**46,129**	(2,248)	10,097
Change in other liabilities	**4,098**	(1,603)	8,742
Dividends received from associates	**1,040**	1,062	1,067
Contributions paid to defined benefit plans	**(147)**	(167)	(208)
Tax paid	**(5,058)**	(6,611)	(4,117)
Net cash from operating activities	**29,766**	65,305	39,111
Purchase of financial investments	**(502,391)**	(523,454)	(563,561)
Proceeds from the sale and maturity of financial investments[2]	**470,309**	453,502	504,174
Net cash flows from the purchase and sale of property, plant and equipment	**(1,447)**	(1,344)	(1,145)
Net cash flows from disposal of loan portfolio and customer accounts	**—**	—	623
Net investment in intangible assets	**(3,214)**	(2,542)	(2,550)
Net cash inflow on acquisition/disposal of subsidiaries, businesses, associates and joint ventures[3]	**1,126**	9,891	1,239
Net cash outflow on acquisition/disposal of subsidiaries, businesses, associates and joint ventures[4]	**(1,451)**	(12,617)	(1,692)
Net cash from investing activities	**(37,068)**	(76,564)	(62,912)
Issue of ordinary share capital and other equity instruments	**4,096**	3,602	1,996
Share buy-back	**(9,091)**	(11,348)	(5,812)
Net purchases of own shares for market-making and investment purposes	**(1,123)**	(541)	(614)
Net cash flow from change in stake of subsidiaries	**(154)**	—	(19)
Redemption of preference shares and other equity instruments	**(2,450)**	(3,433)	(4,003)
Subordinated loan capital issued	**3,834**	4,361	5,237
Subordinated loan capital repaid[5]	**(3,591)**	(2,000)	(2,147)
Dividends paid to shareholders of the parent company and non-controlling interests	**(13,482)**	(17,100)	(12,196)
Net cash from financing activities	**(21,961)**	(26,459)	(17,558)
Net decrease in cash and cash equivalents	**(29,263)**	(37,718)	(41,359)
Cash and cash equivalents at 1 Jan	**434,940**	490,933	521,671
Exchange differences in respect of cash and cash equivalents	**27,210**	(18,275)	10,621
Cash and cash equivalents at 31 Dec[6]	**432,887**	434,940	490,933

Consolidated statement of cash flows (continued)
for the year ended 31 December 2025

	2025	2024	2023
	$m	$m	$m
Cash and cash equivalents comprise:			
– cash and balances at central banks	**242,859**	267,674	285,868
– loans and advances to banks of one month or less[9]	**74,404**	69,803	76,620
– reverse repurchase agreements with banks of one month or less	**71,790**	58,290	64,341
– treasury bills, other bills and certificates of deposit less than three months[8]	**41,232**	27,307	33,303
– cash collateral, net settlement accounts and items in course of collection from/transmission to other banks	**2,214**	9,827	14,866
– cash and cash equivalents held for sale[7]	**387**	2,039	15,935
Cash and cash equivalents at 31 Dec[6]	**432,887**	434,940	490,933

Interest received was $99.6bn (2024: $110.1bn; 2023: $98.9bn), interest paid was $68.8bn (2024: $81.7bn; 2023: $66.0bn) and dividends received (excluding dividends received from associates, which are presented separately above) were $2.7bn (2024: $2.8bn; 2023: $1.9bn).

1 Adjustment to bring changes between opening and closing balance sheet amounts to average rates. This is not done on a line-by-line basis, as details cannot be determined without unreasonable expense.
2 This includes $5.8bn from the sale of our retained portfolio of home and certain other loans in France.
3 In 2025, this includes $1bn from the sale of our French life insurance business, and in 2024 this includes $9.3bn from the sale of our banking business in Canada.
4 In 2025, this includes $1bn from sale of our private banking business in Germany and $0.4bn from sale of our retail banking operations in Bahrain and in 2024, this includes $10.6bn from the sale of our retail banking operations in France and $1.8bn from the sale of our business in Argentina.
5 Subordinated liabilities changes during the year are attributable to repayments of $(3.6)bn (2024: $(2.0)bn; 2023: $(2.1)bn) of securities. Non-cash changes during the year included foreign exchange gains/losses of $1.4bn gain (2024: $1.6bn gain; 2023: $0.6bn loss) and fair value gains/losses of $0.7bn gain (2024: $1.0bn gain; 2023: $0.8bn loss).
6 At 31 December 2025, $66.6bn (2024: $50.4bn; 2023: $61.8bn) was not available for use by HSBC due to a range of restrictions, including currency exchange. This includes $9.6bn (2024: Nil; 2023: Nil) segregated for Hang Seng Bank privatisation funding purposes. Refer to Note 37 for more details.
7 Includes $0.3bn (2024: $1.9bn, 2023: $5.6bn) of cash and balances at central banks and $0.04bn (2024: $0.1bn, 2023: $10.5bn) of loans and advances to banks of one month or less. There is nil balance in 2025 for reverse repurchase agreements with banks of one month or less (2024: nil, 2023: $0.2bn) and cash collateral, net settlement accounts and items in course of collection from/transmission to other banks (2024: nil, 2023: $(0.4)bn).
8 The amount in this line is included in the 'Financial investments' and 'Financial assets designated and otherwise mandatorily measured at fair value through profit or loss' line items in the Consolidated balance sheet on page 264.
9 The amount in this line is included in the 'Loans and advances to banks', 'Financial investments' and 'Financial assets designated and otherwise mandatorily measured at fair value through profit or loss' line items in the Consolidated balance sheet on page 264.

HSBC Holdings income statement

for the year ended 31 December 2025

	Notes*	2025 $m	2024 $m	2023 $m
Net interest expense		**(5,455)**	(5,758)	(5,339)
– interest income		**2,632**	3,053	2,864
– interest expense		**(8,087)**	(8,811)	(8,203)
Net fee (expense)/income		**(2)**	(10)	2
Net income from financial instruments held for trading or managed on a fair value basis	3	**182**	2,899	1,063
Changes in fair value of designated debt and related derivatives[1]	3	**(1,041)**	(125)	(1,468)
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	3	**2,835**	2,086	3,692
Gains less losses from financial investments		**(3)**	2	45
Dividend income from subsidiaries[2]		**23,816**	33,846	16,824
Other operating income		**228**	276	332
Total operating income		**20,560**	33,216	15,151
Employee compensation and benefits	5	**(31)**	(29)	(15)
General and administrative expenses		**(1,277)**	(1,148)	(1,327)
(Impairment) of subsidiaries/reversal of impairment[2]	19	**2,720**	(11,490)	(5,574)
Total operating expenses		**1,412**	(12,667)	(6,916)
Profit before tax		**21,972**	20,549	8,235
Tax credit		**639**	499	977
Profit for the year		**22,611**	21,048	9,212

* For Notes on the financial statements, see page 274.
1 The debt instruments, issued for funding purposes, are designated under the fair value option to reduce an accounting mismatch.
2 The amounts recorded within profit before tax with respect to dividend income from subsidiaries and impairment/reversal of impairment of subsidiaries are not subject to tax.

HSBC Holdings statement of comprehensive income

for the year ended 31 December 2025

	2025 $m	2024 $m	2023 $m
Profit for the year	**22,611**	21,048	9,212
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**90**	21	(124)
– before income taxes	**117**	32	(166)
– income taxes	**(27)**	(11)	42
Other comprehensive income/(expense) for the year, net of tax	**90**	21	(124)
Total comprehensive income for the year	**22,701**	21,069	9,088

HSBC Holdings balance sheet

	Notes*	31 Dec 2025 $m	31 Dec 2024 $m
Assets			
Cash and balances with HSBC undertakings		**5,079**	2,548
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value		**67,217**	61,286
Derivatives	15	**1,942**	3,054
Loans and advances to HSBC undertakings		**40,500**	37,677
Trading Assets		**—**	709
Financial investments	16	**15,470**	10,328
Prepayments, accrued income and other assets		**3,583**	4,353
Current tax assets		**419**	305
Investments in subsidiaries	19	**157,728**	152,337
Intangible assets		**140**	162
Deferred tax assets		**942**	1,498
Total assets at 31 Dec		**293,020**	274,257
Liabilities and equity			
Liabilities			
Amounts owed to HSBC undertakings		**89**	231
Financial liabilities designated at fair value	25	**52,907**	41,582
Derivatives	15	**3,451**	5,340
Debt securities in issue	26	**69,024**	64,320
Accruals, deferred income and other liabilities		**2,286**	3,097
Subordinated liabilities	29	**26,114**	23,548
Total liabilities		**153,871**	138,118
Equity			
Called up share capital	32	**8,588**	8,973
Share premium account	32	**111**	14,810
Other equity instruments	32	**20,635**	19,024
Merger and other reserves		**32,299**	33,664
Retained earnings		**77,516**	59,668
Total equity		**139,149**	136,139
Total liabilities and equity at 31 Dec		**293,020**	274,257

* For Notes on the financial statements, see page 274.

The accompanying notes on pages 274 to 355, the audited sections in the Risk review on pages 97 to 185 and 'Directors' remuneration report' on pages 216 to 240 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 25 February 2026 and signed on its behalf by:

Brendan Nelson
Group Chairman

Pam Kaur
Group Chief Financial Officer

HSBC Holdings statement of changes in equity

for the year ended 31 December 2025

	Called up share capital	Share premium	Other equity instruments	Retained earnings[1,2]	Merger and other reserves	Total shareholders' equity
	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**8,973**	**14,810**	**19,024**	**59,668**	**33,664**	**136,139**
Profit for the year	**—**	**—**	**—**	**22,611**	**—**	**22,611**
Other comprehensive income (net of tax)	**—**	**—**	**—**	**90**	**—**	**90**
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	**—**	**—**	**—**	**90**	**—**	**90**
Total comprehensive income for the year	**—**	**—**	**—**	**22,701**	**—**	**22,701**
Shares issued and purchased under employee share plans	**5**	**111**	**—**	**(635)**	**—**	**(519)**
Capital securities issued[3]	**—**	**—**	**4,061**	**—**	**—**	**4,061**
Purchase and cancellation of shares[4]	**(390)**	**—**	**—**	**(8,039)**	**390**	**(8,039)**
Share premium reclassification to retained earnings[5]	**—**	**(14,810)**	**—**	**14,810**	**—**	**—**
Capital redemption reserves reclassification to retained earnings[5]	**—**	**—**	**—**	**1,755**	**(1,755)**	**—**
Dividends to shareholders	**—**	**—**	**—**	**(12,764)**	**—**	**(12,764)**
Redemption of capital securities[6]	**—**	**—**	**(2,450)**	**—**	**—**	**(2,450)**
Other movements	**—**	**—**	**—**	**20**	**—**	**20**
At 31 Dec 2025	**8,588**	**111**	**20,635**	**77,516**	**32,299**	**139,149**
At 1 Jan 2024	9,631	14,738	17,703	63,288	35,946	141,306
Profit for the year	—	—	—	21,048	—	21,048
Other comprehensive income (net of tax)	—	—	—	21	—	21
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	—	—	—	21	—	21
Total comprehensive income for the year	—	—	—	21,069	—	21,069
Shares issued and purchased under employee share plans	5	72	—	(181)	—	(104)
Capital securities issued	—	—	3,571	—	—	3,571
Purchase and cancellation of shares	(663)	—	—	(11,043)	663	(11,043)
Dividends to shareholders	—	—	—	(16,410)	—	(16,410)
Redemption of capital securities	—	—	(2,250)	—	—	(2,250)
Transfers[7]	—	—	—	2,945	(2,945)	—
Other movements	—	—	—	—	—	—
At 31 Dec 2024	8,973	14,810	19,024	59,668	33,664	136,139
At 1 Jan 2023	10,147	14,664	19,746	67,996	40,555	153,108
Profit for the year	—	—	—	9,212	—	9,212
Other comprehensive income (net of tax)	—	—	—	(124)	—	(124)
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	—	—	—	(124)	—	(124)
Total comprehensive income for the year	—	—	—	9,088	—	9,088
Shares issued and purchased under employee share plans	5	74	—	(328)	—	(249)
Capital securities issued	—	—	1,980	—	—	1,980
Purchase and cancellation of shares	(521)	—	—	(7,025)	521	(7,025)
Dividends to shareholders	—	—	—	(11,593)	—	(11,593)
Redemption of capital securities	—	—	(4,023)	20	—	(4,003)
Transfers[7]	—	—	—	5,130	(5,130)	—
Other movements	—	—	—	—	—	—
At 31 Dec 2023	9,631	14,738	17,703	63,288	35,946	141,306

Dividends per ordinary share at 31 December 2025 were $0.66 (2024: $0.82; 2023: $0.53).

1 Retained earnings include unrealised profits from intercompany transactions and share-based payment reserves, which are excluded from distributable reserves. Distributable reserves include the distributable portions of retained earnings and the merger reserve. Distributable reserves are reduced by ordinary dividend payments, distributions on additional tier 1 instruments, share buy-backs and impairments in investments in subsidiaries. They are increased by profits and the realisation of retained earnings or merger reserves upon impairment of an associated investment in subsidiary.
2 At 31 December 2025, retained earnings included 35,354,337 own shares held. These include own shares held by HSBC Holdings for the benefit of beneficiaries within employee trusts for the settlement of shares expected to be delivered under employee share schemes or bonus plans.
3 HSBC Holdings issued $1.5bn 6.950% contingent convertible securities in February 2025, SGD0.8bn 5.000% contingent convertible securities in March 2025 and $2.0bn 7.050% contingent convertible securities in June 2025. All instruments were recorded net of issuance cost.
4 HSBC Holdings announced the following share buy-backs during the year: a share buy-back of up to $2.0bn in February 2025, which was completed in April 2025; a share buy-back of up to $3.0bn in May 2025, which was completed in July 2025 and a share buy-back of up to $3.0bn in July 2025, which was completed in October 2025.
5 On 24 June 2025, the High Court of Justice in England and Wales confirmed the cancellation of $14.8bn standing to the credit of the HSBC Holdings' share premium account and $1.8bn standing to the credit of its capital redemption reserve, following approval at HSBC Holdings' Annual General Meeting held on 2 May 2025 (the 'Capital Reduction'). The Court Order confirming the Capital Reduction was registered by the Registrar of Companies on 10 July 2025, resulting in a combined total of $16.6bn being reclassified to retained earnings with no impact on total equity.
6 In March 2025, HSBC Holdings redeemed its $2.45bn 6.375% contingent convertible securities.
7 At 31 December 2024, an impairment of $11.4bn (2023: $5.5bn) of HSBC Overseas Holdings (UK) Limited was recognised, resulting in a permitted transfer of $2.9bn (2023: $5.1bn) from the remaining historical associated merger reserve to retained earnings.

HSBC Holdings statement of cash flows

for the year ended 31 December 2025

	2025	2024	2023
	$m	$m	$m
Profit before tax	**21,972**	20,549	8,235
Adjustments for non-cash items	**(2,777)**	11,721	5,611
– depreciation, amortisation and impairment/expected credit losses	**(2,669)**	11,552	5,629
– share-based payment expense	**1**	1	—
– other non-cash items included in profit before tax	**(220)**	53	(38)
– elimination of exchange differences	**111**	115	20
Changes in operating assets and liabilities			
Change in loans and advances to HSBC undertakings	**(2,927)**	(2,753)	(1,267)
Change in financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	**(4,657)**	(1,978)	(7,767)
Change in net trading securities and net derivatives	**600**	(1,537)	(529)
Change in other assets	**631**	603	363
Change in debt securities in issue	**883**	469	1,964
Change in financial liabilities designated at fair value	**1,288**	292	3,096
Change in other liabilities	**639**	(1,897)	1,947
Tax received	**1,071**	1,691	577
Net cash from operating activities	**16,723**	27,160	12,230
Purchase of financial investments	**(22,636)**	(29,812)	(7,803)
Proceeds from the sale and maturity of financial investments	**22,638**	31,779	20,074
Net cash outflow from acquisition of or increase in stake of subsidiaries	**(5,148)**	(7,473)	(2,517)
Repayment of capital from subsidiaries	**2,252**	2,963	4,993
Net investment in intangible assets	**(29)**	(43)	(46)
Net cash from investing activities	**(2,923)**	(2,586)	14,701
Issue of ordinary share capital and other equity instruments	**4,177**	3,648	2,059
Redemption of preference shares and other equity instruments	**(2,450)**	(2,250)	(4,003)
Purchase of own shares	**(1,118)**	(532)	(855)
Share buy-backs	**(9,091)**	(11,204)	(5,812)
Subordinated loan capital issued	**3,834**	4,268	5,270
Subordinated loan capital repaid	**(3,284)**	(3,994)	—
Debt securities issued	**25,469**	16,102	17,180
Debt securities repaid	**(14,349)**	(18,179)	(13,047)
Dividends paid on ordinary shares	**(11,581)**	(15,348)	(10,492)
Dividends paid to holders of other equity instruments	**(1,183)**	(1,062)	(1,101)
Net cash from financing activities	**(9,576)**	(28,551)	(10,801)
Net increase/(decrease) in cash and cash equivalents	**4,224**	(3,977)	16,130
Cash and cash equivalents at 1 January	**18,693**	22,814	6,756
Exchange differences in respect of cash and cash equivalents	**99**	(144)	(72)
Cash and cash equivalents at 31 Dec	**23,016**	18,693	22,814
Cash and cash equivalents comprise:			
– cash at bank with HSBC undertakings	**5,079**	2,548	7,029
– cash collateral and net settlement accounts	**1,702**	2,544	3,422
– loans and advances to HSBC undertakings of one month or less	**6,250**	8,500	—
– treasury and other eligible bills	**9,985**	5,101	12,363

Interest received was $6,059m (2024: $6,624m; 2023: $5,695m), interest paid was $7,766m (2024: $8,800m; 2023: $7,754m) and dividends received were $23,816m (2024: $33,846m; 2023: $16,824m).

Notes on the financial statements

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1 Basis of preparation and material accounting policies

1.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The consolidated financial statements of HSBC and the separate financial statements of HSBC Holdings comply with UK-adopted international accounting standards and with the requirements of the Companies Act 2006, and have also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. These financial statements are also prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards'), including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRS Accounting Standards for the periods presented. There were no unendorsed standards effective for the year ended 31 December 2025 affecting these consolidated and separate financial statements.

IFRS Accounting Standards adopted during the year ended 31 December 2025

There were no new standards, amendments to standards or interpretations that had an effect on these financial statements. Accounting policies have been applied consistently.

(b) Differences between IFRS Accounting Standards and Hong Kong Financial Reporting Standards

There are no significant differences between IFRS Accounting Standards and Hong Kong Financial Reporting Standards in terms of their application to HSBC, and consequently there would be no significant differences had the financial statements been prepared in accordance with Hong Kong Financial Reporting Standards. The 'Notes on the financial statements', taken together with the 'Report of the Directors', include the aggregate of all disclosures necessary to satisfy IFRS Accounting Standards and Hong Kong Financial Reporting Standards.

(c) Future accounting developments

Minor amendments to IFRS Accounting Standards

The International Accounting Standards Board ('IASB') has published a number of minor amendments to IFRS Accounting Standards that are effective from 1 January 2026. HSBC expects they will have an insignificant effect, when adopted, on the consolidated financial statements of HSBC and the separate financial statements of HSBC Holdings.

Other amendments and new IFRS Accounting Standards

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'

In May 2024, the IASB issued amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on, or after, 1 January 2026. In addition to guidance as to when certain financial liabilities can be deemed settled when using an electronic payment system, the amendments also provide further clarification regarding the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows, including those arising from ESG-related contingencies, and financial assets with certain non-recourse features. The Group does not expect any material impact from these amendments.

IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that IFRS Accounting Standard unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information.

While IFRS 18 will not change recognition criteria or measurement bases, it will have an impact on presenting information in the financial statements, in particular the income statement and to a lesser extent the cash flow statement. HSBC are currently evaluating impacts and ensuring data readiness is adequate in anticipation of implementation.

(d) Foreign currencies

HSBC's consolidated financial statements are presented in US dollars because the US dollar and currencies linked to it form the major currency bloc in which HSBC transacts and funds its business. The US dollar is also HSBC Holdings' functional currency because the US dollar and currencies linked to it are the most significant currencies relevant to the underlying transactions, events and conditions of its subsidiaries, as well as representing a significant proportion of its funds generated from financing activities.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date, except non-monetary assets and liabilities measured at historical cost, which are translated using the rate of exchange at the initial transaction date. Exchange differences are recognised in the income statement except where otherwise required such as exchange components of gains and losses on non-monetary items which are recognised in the income statement or other comprehensive income depending on where the gain or loss on the underlying item is presented.

Except for subsidiaries operating in hyperinflationary economies, in the consolidated financial statements, the assets and liabilities of branches, subsidiaries, joint ventures and associates whose functional currency is not US dollars are translated into the Group's presentation currency at the rate of exchange at the balance sheet date, while their results are translated into US dollars at the average rates of exchange for the reporting period. Exchange differences arising are recognised in other comprehensive income. On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement.

(e) Presentation of information

Certain disclosures required by IFRS Accounting Standards have been included in the sections marked as ('Audited') in the Annual Report and Accounts 2025 as follows:

- Disclosures concerning the nature and extent of risks relating to insurance contracts and financial instruments are included in the 'Risk review' on pages 97 to 185.
- The 'Own funds disclosure' is included in the 'Risk review' on page 159.

HSBC follows the UK Finance Disclosure Code. The UK Finance Disclosure Code aims to increase the quality and comparability of UK banks' disclosures and sets out five disclosure principles together with supporting guidance agreed in 2010. In line with the principles of the UK Finance Disclosure Code, HSBC assesses good practice recommendations issued from time to time by relevant regulators and standard setters, and will assess the applicability and relevance of such guidance, enhancing disclosures where appropriate.

(f) Critical estimates and judgements

The preparation of financial information requires the use of estimates and judgements about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items, highlighted as the 'critical estimates and judgements' in section 1.2 below, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based. This could result in materially different estimates and judgements from those reached by management for the purposes of these financial statements. Management's selection of HSBC's accounting policies that contain critical estimates and judgements reflects the materiality of the items to which the policies are applied and the high degree of judgement and estimation uncertainty involved.

Management has considered the impact of climate-related risks on HSBC's financial position and performance. While the effects of climate change are a source of uncertainty, as at 31 December 2025 management did not consider there to be a material impact on our critical judgements and estimates from the physical, transition and other climate-related risks in the short to medium term. In particular, management has considered the known and observable potential impacts of climate-related risks of associated judgements and estimates in our value in use calculations.

(g) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and parent company have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources.

These considerations include stressed scenarios that reflect the uncertainty in the macroeconomic environment, including ongoing supply chain disruptions, uncertain inflation, rapidly changing interest rates, the impact of 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; heightened strategic competition between the US and China, ongoing and potential cross-border investment and trade restrictions, changes to tariff rates, as well as the potential impacts from other top and emerging risks, including climate change, as well as the related impacts on profitability, capital and liquidity.

1.2 Summary of material accounting policies

(a) Consolidation and related policies

Consolidation

HSBC consolidates entities that it controls as demonstrated by power over the investee, exposure to variable returns, and the ability to use its power to affect the amount of its returns. Where an entity is governed by voting rights, HSBC generally has power leading to control when it holds – directly or indirectly – the necessary voting rights to pass resolutions by the governing body. In all other cases, the assessment of control is more complex and requires judgement of other factors, including contractual arrangements.

Business combinations are accounted for using the acquisition method. The amount of non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This election is made for each business combination.

Investments in subsidiaries

HSBC Holdings' investments in subsidiaries are stated at cost less impairment losses. Where the investment in a subsidiary is designated in a fair value hedging relationship for foreign currency risk, the carrying value is adjusted for any associated hedge adjustment arising therefrom.

Impairment testing of investments in subsidiaries is performed where there is an indication of impairment. Indicators of impairment include both external and internal sources of information. Similarly, assessments are made as to whether an impairment loss recognised in prior periods may no longer exist or may have decreased. Where this is the case, such an impairment loss is reversed if there has been a change in the estimate used to determine the relevant recoverable amount since the last impairment loss was recognised.

Critical estimates and judgements

Investments in subsidiaries are tested for impairment when there is an indication that the investment may be impaired, which involves estimations of value in use reflecting management's best estimate of the future cash flows of the investment and the rates used to discount these cash flows, both of which are subject to uncertain factors as follows:

Judgements	Estimates
– The accuracy of forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. Where such circumstances are determined to exist, management re-tests for impairment or reversal more frequently than once a year when indicators exist. This ensures that the assumptions on which the cash flow forecasts are based continue to reflect current market conditions and management's best estimate of future business prospects.	– The future cash flows of each investment are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data, but they reflect management's view of future business prospects at the time of the assessment. – The rates used to discount future expected cash flows can have a significant effect on their valuation, and are based on the costs of equity assigned to the investment. The cost of equity percentage is generally derived from a capital asset pricing model and the market implied cost of equity, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. – Key assumptions used in estimating impairment in subsidiaries and their reversal where relevant are described in Note 19.

Interests in associates and joint arrangements

Joint arrangements are investments in which HSBC, together with one or more parties, has joint control. Depending on HSBC's rights and obligations, the joint arrangement is classified as either a joint operation or a joint venture.

HSBC classifies investments in entities over which it has significant influence but not control or joint control as associates and accounts for them using the equity method. Under this method, the attributable share of net assets, results and reserves are included in the consolidated financial statements based on either financial statements made up to 31 December or pro-rated amounts adjusted for any material transactions or events occurring between the date the financial statements are available and 31 December.

Investments in associates and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired, by comparing the recoverable amount of the relevant investment to its carrying amount. Goodwill on acquisition of interests in joint ventures and associates is not tested separately for impairment, but is assessed as part of the carrying amount of the investment.

Previously recognised impairments are assessed for reversal when there are indicators that they may no longer exist or have decreased. Any reversal, which may arise only from changes in estimates used to determine the prior impairment loss, is recognised to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

Critical estimates and judgements

The most significant critical estimates relate to the assessment of impairment or its reversal of our investment in Bank of Communications Co., Limited ('BoCom'), which involves estimations of value in use:

Judgements	Estimates
	– The value in use calculation uses discounted cash flow projections based on management's best estimate of future earnings available to ordinary shareholders prepared in accordance with IAS 36 'Impairment of Assets'. Those cash flows use estimates based on BoCom's current condition and so do not include estimated cash flows arising from uncommitted future actions that may affect the performance of the investment which will be considered at the relevant time should they arise. – Key assumptions used in estimating BoCom's value in use and the sensitivity of the value in use calculations to different assumptions are described in Note 18.

(b) Impairment of goodwill and other non-financial assets

Goodwill

Goodwill is allocated to cash-generating units ('CGUs') for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes.

Impairment testing is performed at least once a year, or whenever there is an indication of impairment, by comparing the recoverable amount of a CGU with its carrying amount.

Goodwill is included in a disposal group if the disposal group is a CGU to which goodwill has been allocated or it is an operation within such a CGU. The amount of goodwill included in a disposal group is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Other non-financial assets

Software under development is tested for impairment at least annually. Other non-financial assets are property, plant and equipment, intangible assets (excluding goodwill) and right-of-use assets. They are tested for impairment at the individual asset level when there is indication of impairment at that level, or at the CGU level for assets that do not have a recoverable amount at the individual asset level. In addition, impairment is also tested at the CGU level when there is indication of impairment at that level.

Impairment testing compares the carrying amount of the non-financial asset or CGU with its recoverable amount, which is the higher of the fair value less costs of disposal or the value in use. The carrying amount of a CGU comprises the carrying amount of its assets and liabilities, including non-financial assets that are directly attributable to it and non-financial assets that can be allocated to it on a reasonable and consistent basis. Non-

financial assets that cannot be allocated to an individual CGU are tested for impairment at an appropriate grouping of CGUs. The recoverable amount of the CGU is the higher of the fair value less costs of disposal of the CGU, which is determined by independent and qualified valuers where relevant, and the value in use, which is calculated based on appropriate inputs (see Note 21).

When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised in the income statement to the extent that the impairment can be allocated on a pro-rata basis to the non-financial assets by reducing their carrying amounts to the higher of their respective individual recoverable amount or nil. Impairment is not allocated to the financial assets in a CGU.

Impairment losses recognised in prior periods for non-financial assets are reversed when there has been a change in the estimate used to determine the recoverable amount. The impairment loss is reversed to the extent that the carrying amount of the non-financial assets would not exceed the amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in prior periods.

Critical estimates and judgements

The review of goodwill and non-financial assets for impairment reflects management's best estimate of the future cash flows of the CGUs and the rates used to discount these cash flows, both of which are subject to uncertain factors as follows:

Judgements	Estimates
– The accuracy of forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. Where such circumstances are determined to exist, management re-tests goodwill for impairment more frequently than once a year when indicators of impairment exist. This ensures that the assumptions on which the cash flow forecasts are based continue to reflect current market conditions and management's best estimate of future business prospects.	– The future cash flows of the CGUs are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data, but they reflect management's view of future business prospects at the time of the assessment. – The rates used to discount future expected cash flows can have a significant effect on their valuation, and are based on the costs of equity assigned to individual CGUs. The cost of equity percentage is generally derived from a capital asset pricing model and market implied cost of equity, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. – Key assumptions used in estimating goodwill and non-financial asset impairment are described in Note 21.

The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of goodwill in the next financial year, but does consider this to be an area that is inherently judgemental.

(c) Net operating income

Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value, is recognised in 'Interest income' and 'Interest expense' in the income statement using the effective interest method. However, as an exception to this, interest on debt instruments issued by HSBC for funding purposes that are designated under the fair value option to reduce an accounting mismatch and on derivatives managed in conjunction with those debt instruments is included in interest expense.

Interest on credit-impaired financial assets is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount of the asset less allowance for expected credit losses).

Non-interest income and expense

HSBC generates fee income from services provided over time, such as account service and card fees, or when HSBC delivers a specific transaction at a point in time, such as broking services and import/export services. Where fees are variable, for example certain fund management and performance fees, such fees are recognised when the associated uncertainties are resolved and to the extent that it is highly probable that a significant reversal will not occur.

HSBC acts as principal in the majority of contracts with customers, with the exception of broking services. For most brokerage trades, HSBC acts as agent in the transaction and recognises broking income net of fees payable to other parties in the arrangement.

HSBC recognises fees earned on transaction-based arrangements at a point in time when it has provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

Where HSBC offers a package of services that contains multiple non-distinct performance obligations, such as those included in account service packages, the promised services are treated as a single performance obligation. If a package of services contains distinct performance obligations, the corresponding transaction price is allocated to each performance obligation based on the estimated stand-alone selling prices.

Dividend income is recognised when the right to receive payment is established.

Gains and losses from financial instruments measured as at fair value through profit or loss includes the following:

– 'Net income from financial instruments held for trading or managed on a fair value basis': This comprises net trading activities, which includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading and other financial instruments managed on a fair value basis, together with the related interest income, interest expense and dividend income, excluding the effect of changes in the credit risk of liabilities managed on a fair value basis. It also includes all gains and losses from changes in the fair value of derivatives that are managed in conjunction with financial assets and liabilities measured at fair value through profit or loss.
– 'Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss': This includes all gains and losses from changes in the fair value, together with related interest income, interest expense and dividend income in respect of financial assets and liabilities measured at fair value through profit or loss, and those derivatives managed in conjunction with the above that can be separately identifiable from other trading derivatives.
– Other gains and losses from financial instruments measured as at fair value through profit or loss include changes in the fair value of designated debt instruments under the fair value option and related derivatives where such designation reduces an accounting mismatch. Interest on such debt instruments and interest cash flows on related derivatives is presented in interest expense. Also included are the changes in fair value of other financial instruments mandatorily measured as at fair value through profit or loss which includes interest on instruments that fail the solely payments of principal and interest test, see (e) below.

Insurance income and expense

Insurance service result

Insurance revenue reflects the consideration to which the Group expects to be entitled in exchange for the provision of coverage and other insurance contract services (excluding any investment components). Insurance service expenses comprise the incurred claims and other incurred insurance service expenses (excluding any investment components), and losses on onerous groups of contracts and reversals of such losses.

Insurance finance income and expenses

Insurance finance income and expense comprises the change in the carrying amount of the group of insurance contracts arising from the effects of the time value of money, financial risk and changes therein. For contracts using the variable fee approach ('VFA') measurement model, changes in the fair value of underlying items (excluding additions and withdrawals) are recognised in insurance finance income or expenses.

(d) Valuation of financial instruments

Financial instruments are initially recognised at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and on initial recognition is generally the transaction price. However, if there is a difference between the transaction price and the fair value of financial instruments whose fair value is based on a quoted price in an active market or a valuation technique that uses only data from observable markets, HSBC recognises the difference as a trading gain or loss at inception (a 'day 1 gain or loss'). In all other cases, the entire day 1 gain or loss is deferred and recognised in the income statement over the life of the transaction until the transaction matures, is closed out, the valuation inputs become observable or HSBC enters into an offsetting transaction.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where HSBC manages a group of financial assets and liabilities according to its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis but the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the IFRS offsetting criteria. Financial instruments are classified into one of three fair value hierarchy levels, described in Note 12, 'Fair values of financial instruments carried at fair value'.

Critical estimates and judgements

The majority of valuation techniques employ only observable market data. However, certain financial instruments are classified on the basis of valuation techniques that feature one or more significant market inputs that are unobservable, and for them, the measurement of fair value is more judgemental:

Judgements	Estimates
– An instrument in its entirety is classified as valued using significant unobservable inputs if, in the opinion of management, greater than 5% of the instrument's valuation is driven by unobservable inputs. – 'Unobservable' in this context means that there is little or no current market data available from which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no data available at all upon which to base a determination of fair value (consensus pricing data may, for example, be used).	– Details on the Group's Level 3 financial instruments and the sensitivity of their valuation to the effect of applying reasonably possible alternative assumptions in determining their fair value are set out in Note 12.

(e) Financial instruments measured at amortised cost

Financial assets that are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at amortised cost. Such financial assets include most loans and advances to banks and customers and some debt securities. In addition, most financial liabilities are measured at amortised cost. HSBC accounts for regular way amortised cost financial instruments using trade date accounting. The carrying amount of these financial assets at initial recognition includes any directly attributable transactions costs.

HSBC may commit to underwriting loans on fixed contractual terms for specified periods of time. When the loan arising from the lending commitment is expected to be sold shortly after origination, the commitment to lend is recorded as a derivative. When HSBC intends to hold the loan, the loan commitment is generally not recognised but is subject to expected credit loss considerations.

Financial assets are reclassified only when the business model for their management changes. Such changes, which are expected to be infrequent, are determined by senior management as a result of external or internal changes and must be significant to operations and demonstrable to external parties. Reclassifications are applied prospectively from the first day of the first reporting period following the change of business model. Where a financial asset is reclassified out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category its fair value is measured at the date of reclassification. Any gain or loss arising from a difference between the previous amortised cost and fair value is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

Non-trading reverse repurchase, repurchase and similar agreements

When securities are sold subject to a commitment to repurchase them at a predetermined price ('repos'), they remain on the balance sheet and a liability is recorded in respect of the consideration received. Securities purchased under commitments to resell ('reverse repos') are not recognised on the balance sheet and an asset is recorded in respect of the initial consideration paid. Non-trading repos and reverse repos are measured at amortised cost. The difference between the sale and repurchase price or between the purchase and resale price is treated as interest and recognised in net interest income over the life of the agreement.

Contracts that are economically equivalent to reverse repo or repo agreements (such as sales or purchases of securities entered into together with total return swaps with the same counterparty) are accounted for similarly to, and presented together with, reverse repo or repo agreements.

(f) Financial assets measured at fair value through other comprehensive income

Financial assets managed within a business model that is achieved by both collecting contractual cash flows and selling and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at fair value through other comprehensive income ('FVOCI'). These comprise primarily debt securities. They are generally recognised on trade date when HSBC enters into contractual arrangements to purchase and are generally derecognised when they are either sold or redeemed. They are subsequently remeasured at fair value with changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement. Financial assets measured at FVOCI are included in impairment calculations and impairment is recognised in profit or loss.

(g) Equity securities measured at fair value with fair value movements presented in other comprehensive income

Equity securities for which fair value movements are shown in other comprehensive income are business facilitation and other similar investments where HSBC holds the investments other than to generate a capital return. Dividends from such investments are recognised in profit or loss. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss. Otherwise, equity securities are measured at fair value through profit or loss.

(h) Financial instruments designated at fair value through profit or loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- The use of the designation removes or significantly reduces an accounting mismatch.
- A group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- A financial liability that contains one or more non-closely related embedded derivatives.

Designated financial assets are recognised when HSBC enters into contracts with counterparties, which is generally on trade date, and are normally derecognised when the rights to the cash flows expire or are transferred.

Designated financial liabilities are recognised when HSBC enters into contracts with counterparties, which is generally on settlement date, and are normally derecognised when extinguished. Subsequent changes in fair values are recognised in the income statement except for the effect of changes in the liabilities' credit risk, which is presented in 'Other comprehensive income', unless that treatment would create or enlarge an accounting mismatch in profit or loss.

Under the above criteria, the main classes of financial instruments designated by HSBC are:

- Debt instruments for funding purposes that are designated to reduce an accounting mismatch: The interest and/or foreign exchange exposure on certain fixed-rate debt securities issued has been matched with the interest and/or foreign exchange exposure on certain swaps as part of a documented risk management strategy.
- Financial assets and financial liabilities under unit-linked and non-linked investment contracts: A contract under which HSBC does not accept significant insurance risk from another party is not classified as an insurance contract, other than investment contracts with discretionary participation features ('DPF'), but is accounted for as a financial liability. Customer liabilities under linked and certain non-linked investment contracts issued by insurance subsidiaries are determined based on the fair value of the assets held in the linked funds or by a valuation method. The related financial assets and liabilities are managed and reported to management on a fair value basis. Designation at fair value of the financial assets and related liabilities allows changes in fair values to be recorded in the income statement and presented in the same line.
- Financial liabilities that contain both deposit and derivative components: These financial liabilities are managed and their performance evaluated on a fair value basis.

(i) Derivatives

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes embedded derivatives in financial liabilities, which are bifurcated from the host contract when they meet the definition of a derivative on a stand-alone basis.

Where the derivatives are managed with debt securities issued by HSBC that are designated at fair value where doing so reduces an accounting mismatch, the contractual interest is shown in 'Interest expense' together with the interest payable on the issued debt.

Hedge accounting

When derivatives are not part of fair value designated relationships, if held for risk management purposes they are designated in hedge accounting relationships where the required criteria for documentation and hedge effectiveness are met. HSBC uses these derivatives or, where allowed, other non-derivative hedging instruments in fair value hedges, cash flow hedges or hedges of net investments in foreign operations as appropriate to the risk being hedged.

Fair value hedge

Fair value hedge accounting does not change the recording of gains and losses on derivatives and other hedging instruments, but results in recognising changes in the fair value of the hedged assets or liabilities attributable to the hedged risk that would not otherwise be recognised in the income statement. If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued and the cumulative adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to the income statement on a recalculated effective interest rate, unless the hedged item has been derecognised, in which case it is recognised in the income statement immediately.

Cash flow hedge

The effective portion of gains and losses on hedging instruments is recognised in other comprehensive income and the ineffective portion of the change in fair value of derivative hedging instruments that are part of a cash flow hedge relationship is recognised immediately in the income statement. The accumulated gains and losses recognised in other comprehensive income are reclassified to the income statement in the same periods in which the hedged item affects profit or loss. When a hedge relationship is discontinued, or partially discontinued, any cumulative gain or loss recognised in other comprehensive income remains in equity until the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the income statement.

Net investment hedge

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. The effective portion of gains and losses on the hedging instrument is recognised in other comprehensive income and other gains and losses are recognised immediately in the income statement. Gains and losses previously recognised in other comprehensive income are reclassified to the income statement on the disposal, or part-disposal, of the foreign operation.

(j) Impairment of amortised cost and FVOCI financial assets

Expected credit losses ('ECL') are recognised for loans and advances to banks and customers, non-trading reverse repurchase agreements, other financial assets held at amortised cost, debt instruments measured at FVOCI, and certain loan commitments and financial guarantee contracts. At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is recognised for ECL resulting from possible default events within the next 12 months, or less, where the remaining life is less than 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is recognised for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, and so are considered to be in default or otherwise credit impaired are in 'stage 3'. Purchased or originated credit-impaired financial assets ('POCI') are treated differently as set out below.

Unimpaired and without significant increase in credit risk (stage 1)
ECL resulting from default events that are possible within the next 12 months ('12-month ECL') are recognised for financial instruments that remain in stage 1.

Significant increase in credit risk (stage 2)
An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The assessment explicitly or implicitly compares the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with that used in the measurement of ECL. The analysis of credit risk is multifactor. The determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower, and the geographical region. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk, and these criteria will differ for different types of lending, particularly between retail and wholesale. However, unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due. In addition, wholesale loans that are individually assessed, which are typically corporate and commercial customers, and included on a watch or worry list, are included in stage 2.

For wholesale portfolios, the quantitative comparison assesses default risk using a lifetime probability of default ('PD'), which encompasses a wide range of information including the obligor's customer risk rating ('CRR'), macroeconomic condition forecasts and credit transition probabilities. For origination CRRs up to 3.3, significant increase in credit risk is measured by comparing the average PD for the remaining term estimated at origination with the equivalent estimation at the reporting date.

The quantitative measure of significance varies depending on the credit quality at origination as follows:

Origination CRR	Significance trigger – PD to increase by
0.1–1.2	15bps
2.1–3.3	30bps

For CRRs greater than 3.3 that are not impaired, a significant increase in credit risk is considered to have occurred when the origination PD has doubled. The significance of changes in PD was informed by expert credit risk judgement, referenced to historical credit migrations and to relative changes in external market rates.

For loans originated prior to the implementation of IFRS 9, the origination PD does not include adjustments to reflect expectations of future macroeconomic conditions since these are not available without the use of hindsight. In the absence of this data, origination PD must be approximated assuming through-the-cycle PDs and through-the-cycle migration probabilities, consistent with the instrument's underlying modelling approach and the CRR at origination.

The quantitative comparison is supplemented with additional CRR deterioration-based thresholds, as set out in the table below:

Origination CRR	Additional significance criteria – number of CRR grade notches deterioration required to identify as significant credit deterioration (stage 2) (> or equal to)
0.1	5 notches
1.1–4.2	4 notches
4.3–5.1	3 notches
5.2–7.1	2 notches
7.2–8.2	1 notch
8.3	0 notches

For retail portfolios, default risk is assessed using a reporting date 12-month PD derived from internal models, which incorporate all available information about the customer. This PD is adjusted for the effect of macroeconomic forecasts for periods longer than 12 months and is considered to be a reasonable approximation of a lifetime PD measure. Retail exposures are first segmented into homogenous portfolios, generally by country, product and brand. Within each portfolio, the stage 2 accounts include accounts with an adjusted 12-month PD greater than the average 12-month PD of loans in that portfolio 12 months before they become 30 days past due. The expert credit risk judgement is that no prior increase in credit risk is significant. This portfolio-specific threshold therefore identifies loans with a PD higher than would be expected from loans that are performing as originally expected and higher than that which would have been acceptable at origination. It therefore approximates a comparison of origination to reporting date PDs.

We have implemented in the UK and continue to refine the retail transfer criteria approach to utilise a more relative approach for certain portfolios as additional data becomes available. These enhancements take advantage of the increase in origination-related data in the assessment of significant increases in credit risk by comparing remaining lifetime PD to the comparable remaining term lifetime PD at origination based on portfolio-specific origination segments.

Credit impaired (stage 3)
HSBC determines that a financial instrument is credit impaired and in stage 3 by considering relevant objective evidence, primarily whether contractual payments of either principal or interest are past due for more than 90 days, there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition, or the loan is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Therefore, the definitions of credit impaired and default are aligned as far as possible so that stage 3 represents all loans that are considered defaulted or otherwise credit impaired.

Interest income is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount less allowance for ECL).

Write-off
Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Forbearance
Loans are identified as forborne and classified as either performing or non-performing when HSBC modifies the contractual terms due to financial difficulty of the borrower. Non-performing forborne loans are stage 3 and classified as non-performing until they meet the curing criteria, as specified by applicable credit risk policy (for example, when the loan is no longer in default and no other indicators of default have been present for at least 12 months). Any amount written off as a result of any modification of contractual terms upon entering forbearance would not be reversed.

The Group applies the EBA Guidelines on the application of definition of default for our retail portfolios, which affect credit risk policies and our reporting in respect of the status of loans as credit impaired principally due to forbearance (or curing thereof). Further details are provided under 'Forborne loans and advances' on page 107.

Performing forborne loans are initially stage 2 and remain classified as forborne until they meet applicable curing criteria (for example, they continue to not be in default and no other indicators of default are present for a period of at least 24 months). At this point, the loan is either stage 1 or stage 2 as determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

A forborne loan is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the forborne loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances would generally be classified as POCI and will continue to be disclosed as forborne.

Loan modifications other than forborne loans
Loan modifications that are not identified as forborne are considered to be commercial restructurings. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that HSBC's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructuring is at market rates and no payment-related concession has been provided. Modifications of certain higher credit risk wholesale loans are assessed for derecognition, having regard to changes in contractual terms that either individually or in combination are judged to result in a substantially different financial instrument. Mandatory and general offer loan modifications that are not borrower specific, for example market-wide customer relief programmes, generally do not result in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

Purchased or originated credit impaired ('POCI')
Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes new financial instruments recognised in most cases following the derecognition of forborne loans. The amount of change in lifetime ECL for a POCI loan is recognised in profit or loss until the POCI loan is derecognised, even if the lifetime ECL are less than the amount of ECL included in the estimated cash flows on initial recognition.

Movement between stages
Financial assets can be transferred between the different categories (other than POCI) depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. In the case of non-performing forborne loans, such financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment and meet the curing criteria as described above.

Measurement of ECL
The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money and considers other factors such as climate-related risks.

In general, HSBC calculates ECL using three main components: a probability of default ('PD'), a loss given default ('LGD') and the exposure at default ('EAD').

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

HSBC makes use of the IRB framework where possible, with recalibration to meet the differing IFRS 9 requirements as set out in the following table:

Model	Regulatory capital	IFRS 9
PD	– Represents long-run average PD throughout a full economic cycle (for mortgage portfolios a hybrid approach, which sits between the extremes of point in time and through the cycle, is used for calculating long-run averages as required by the PRA) – Default backstop of 90+ days past due for all portfolios (includes unlikely to pay ('UTP') criteria in line with internal policy) – May be subject to a sovereign cap	– Represents current portfolio quality and performance, adjusted for the impact of multiple forward-looking macroeconomic scenarios – Default backstop of 90+ days past due for all portfolios (includes UTP criteria in line with internal policy)
EAD	– Cannot be lower than current balance	– Amortisation captured for term products – Future drawdown captured for revolving products
LGD	– Downturn LGD (consistent with losses we would expect to suffer during a severe but plausible economic downturn) – Regulatory floors may apply to mitigate risk of underestimating downturn LGD due to lack of historical data – Discounted using appropriate index (minimum 9%) – All collection costs included	– LGD based on recent portfolio performance data and includes the expected impact of future economic conditions such as change in the value of collateral – No floors applied, discounted using the original effective interest rate – Only costs associated with selling collateral and certain third-party costs are included
Other		– Discounted back from point of default to balance sheet date

While 12-month PDs are recalibrated from IRB models where possible, the lifetime PDs are determined by projecting the 12-month PD using a term structure. For the wholesale methodology, the lifetime PD also takes into account credit migration, i.e. a customer migrating through the CRR bands over its life.

The ECL for wholesale stage 3 is determined primarily on an individual basis using a discounted cash flow ('DCF') methodology. The expected future cash flows are based on estimates as of the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest.

Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realisation of collateral based on its estimated fair value of collateral at the time of expected realisation, less costs for obtaining and selling the collateral.

The cash flows are discounted at the original effective interest rate. For significant cases, cash flows under up to four different scenarios are probability-weighted by reference to the status of the borrower, economic scenarios applied more generally by the Group and judgement in relation to the likelihood of the work-out strategy succeeding or receivership being required. For less significant cases where an individual assessment is undertaken, the effect of different economic scenarios and work-out strategies results in an ECL calculation based on a most likely outcome which is adjusted to capture losses resulting from less likely but possible outcomes. For certain less significant cases, the bank may use an LGD-based modelled approach to ECL assessment, which factors in a range of economic scenarios.

Period over which ECL is measured

Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which HSBC is exposed to credit risk. However, where the financial instrument includes both a drawn and undrawn commitment and the contractual ability to demand repayment and cancel the undrawn commitment does not serve to limit HSBC's exposure to credit risk to the contractual notice period, the contractual period does not determine the maximum period considered. Instead, ECL is measured over the period HSBC remains exposed to credit risk that is not mitigated by credit risk management actions. This applies to retail overdrafts and credit cards, where the period is the average time taken to realise the material losses for an account, determined on a portfolio basis. In addition, for these facilities it is not possible to identify the ECL on the loan commitment component separately from the financial asset component. As a result, the total ECL is recognised in the loss allowance for the financial asset unless the total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognised as a provision. For wholesale overdraft facilities, credit risk management actions are taken no less frequently than on an annual basis.

Forward-looking economic inputs

HSBC applies multiple forward-looking global economic scenarios determined with reference to external forecast distributions representative of its view of forecast economic conditions. This approach is considered sufficient to calculate unbiased expected credit losses in most economic environments. In certain economic environments, additional analysis may be necessary and may result in additional scenarios or adjustments, to reflect a range of possible economic outcomes sufficient for an unbiased estimate. The detailed methodology is disclosed in 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 115.

Critical estimates and judgements

The calculation of the Group's ECL under IFRS 9 requires the Group to make a number of judgements, assumptions and estimates. The most significant are set out below:

Judgements	Estimates
– Defining what is considered to be a significant increase in credit risk – Determining the lifetime and point of initial recognition of overdrafts and credit cards – Selecting and calibrating the PD, LGD and EAD models, which support the calculations, including making reasonable and supportable judgements about how models react to current and future economic conditions – Selecting model inputs and economic forecasts, including determining whether sufficient and appropriately weighted economic forecasts are incorporated to calculate unbiased expected credit loss – Making management adjustments to account for late-breaking events, model and data limitations and deficiencies, and expert credit judgements – Selecting applicable recovery strategies for certain wholesale credit-impaired loans	– The section 'Measurement uncertainty and sensitivity analysis of ECL estimates', marked as audited from page 115, sets out the assumptions used in determining ECL, and provides an indication of the sensitivity of the result to the application of different weightings being applied to different economic assumptions

(k) Insurance contracts

A contract is classified as an insurance contract where the Group accepts significant insurance risk from another party by agreeing to compensate that party if it is adversely affected by a specified uncertain future event. An insurance contract may also transfer financial risk, but is accounted for as an insurance contract if the insurance risk is significant. In addition, the Group issues investment contracts with discretionary participation features ('DPF'), which are also accounted under IFRS 17 'Insurance Contracts'.

Aggregation of insurance contracts

Individual insurance contracts that are managed together and subject to similar risks are identified as a portfolio. Contracts that are managed together usually belong to the same product group, and have similar characteristics such as being subject to a similar pricing framework or similar product management, and are issued by the same legal entity. If a contract is exposed to more than one risk, the dominant risk of the contract is used to assess whether the contract features similar risks. Each portfolio is further separated by the contract's expected profitability. The portfolios are split by their profitability into: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and (iii) the remaining contracts. These profitability groups are then divided by issue date, with most contracts the Group issues after the transition date being grouped into calendar quarter cohorts. For multi-currency groups of contracts, the Group considers its groups of contracts as being denominated in a single currency.

The measurement of the insurance contract liability is based on groups of insurance contracts as established at initial recognition, and will include fulfilment cash flows as well as the contractual service margin ('CSM') representing the unearned profit. The Group's accounting policy is to update the estimates used in the measurement on a year-to-date basis.

Fulfilment cash flows

The fulfilment cash flows comprise the following:

Best estimates of future cash flows

The cash flows within the contract boundary of each contract in the Group include amounts expected to be collected from premiums and payouts for claims, benefits and expenses, and are projected using a range of scenarios and assumptions in an unbiased way based on the Group's demographic and operating experience along with external mortality data where the Group's own experience data is not sufficiently large in size to be credible.

Adjustment for the time value of money and financial risks associated with the future cash flows

The estimates of future cash flows are adjusted to reflect the time value of money (i.e. discounting) and the financial risks to derive an expected present value. The Group generally makes use of stochastic modelling techniques in the estimation for products with options and guarantees.

A bottom-up approach is used to determine the discount rate to be applied to a given set of expected future cash flows. This is derived as the sum of the risk-free yield and an illiquidity premium. The risk-free yield is determined based on observable market data, where such markets are considered to be deep, liquid and transparent. When information is not available, management judgement is applied to determine the appropriate risk-free yield. Illiquidity premiums reflect the liquidity characteristics of the associated insurance contracts.

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation required for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk.

The Group does not disaggregate changes in the risk adjustment between insurance service result (comprising insurance revenue and insurance service expense) and insurance finance income or expenses. All changes are included in the insurance service result.

Measurement models

The variable fee approach ('VFA') measurement model is used for most of the contracts issued by the Group, which is mandatory upon meeting the following eligibility criteria at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder a substantial share of the fair value returns on the underlying items. The Group considers that a substantial share is a majority of returns; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items. The Group considers that a substantial proportion is a majority proportion of change on a present value probability-weighted average of all scenarios.

For some contracts measured under VFA, the other comprehensive income ('OCI') option is used. The OCI option is applied where the underlying items held by the Group are not accounted for at fair value through profit or loss. Under this option, only the amount that matches income or expenses recognised in profit or loss on underlying items is included in finance income or expenses for these insurance contracts, and hence results in the elimination of accounting mismatches. The remaining amount of finance income or expenses for these insurance contracts issued for the period is recognised in OCI. In addition, the risk mitigation option is used for a number of economic offsets against the instruments that meet specific requirements.

The remaining contracts issued and the reinsurance contracts held are accounted for under the general measurement model ('GMM').

CSM and coverage units

The CSM represents the unearned profit and results in no income or expense at initial recognition when the group of contracts is profitable. The CSM is adjusted at each subsequent reporting period for changes in fulfilment cash flows relating to future service (for example, changes in non-economic assumptions, including mortality and morbidity rates). For initial recognition of onerous groups of contracts and when groups of contracts become onerous subsequently, losses are recognised in insurance service expense immediately.

For groups of contracts measured using the VFA, changes in the Group's share of the underlying items, and economic experience and economic assumption changes adjust the CSM. However, under the risk mitigation option for VFA contracts, the changes in the fulfilment cash flows and the changes in the Group's share in the fair value return on underlying items that the instruments mitigate are not adjusted in CSM but recognised in profit or loss. The risk mitigating instruments are primarily reinsurance contracts held.

For groups of contracts measured using the GMM, changes in economic experience and economic assumption do not adjust the CSM, but are recognised in profit or loss as they arise.

The CSM is systematically recognised in insurance revenue to reflect the insurance contract services provided, based on the coverage units of the group of contracts. Coverage units are determined by the quantity of benefits and the expected coverage period of the contracts.

The Group identifies the quantity of the benefits provided as follows:

- Insurance coverage: This is based on the expected net policyholder insurance benefit at each period after allowance for decrements, where net policyholder insurance benefit refers to the amount of sum assured less the fund value or surrender value.
- Investment services (including both investment-return service and investment-related service): This is based on a constant measure basis which reflects the provision of access for the policyholder to the facility.

For contracts that provide both insurance coverage and investment services, coverage units are weighted according to the expected present value of the future cash outflows for each service.

(l) Employee compensation and benefits

Share-based payments

HSBC enters into both equity-settled and cash-settled share-based payment arrangements with its employees as compensation for the provision of their services.

The vesting period for these schemes may commence before the legal grant date if the employees have started to render services in respect of the award before the legal grant date, where there is a shared understanding of the terms and conditions of the arrangement. Expenses are recognised when the employee starts to render service to which the award relates.

Cancellations result from the failure to meet a non-vesting condition during the vesting period, and are treated as an acceleration of vesting recognised immediately in the income statement. Failure to meet a vesting condition by the employee is not treated as a cancellation, and the amount of expense recognised for the award is adjusted to reflect the number of awards expected to vest.

Post-employment benefit plans

HSBC operates a number of pension schemes including defined benefit, defined contribution and other post-employment benefit schemes.

Payments to defined contribution schemes are charged as an expense as the employees render service.

Defined benefit pension obligations are calculated using the projected unit credit method. The net charge to the income statement mainly comprises the service cost and the net interest on the net defined benefit asset or liability, and is presented in operating expenses.

Remeasurements of the net defined benefit asset or liability, which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The net defined benefit asset or liability represents the present value of defined benefit obligations reduced by the fair value of plan assets, after applying the asset ceiling test, where the net defined benefit surplus is limited to the present value of available refunds and reductions in future contributions to the plan.

The costs of obligations arising from other post-employment plans are accounted for on the same basis as defined benefit pension plans.

Critical estimates and judgements

The most significant critical estimates relate to the determination of key assumptions applied in calculating the defined benefit pension obligation for the principal plan.

Judgements	Estimates
	– A range of assumptions could be applied, and different assumptions could significantly alter the defined benefit obligation and the amounts recognised in profit or loss or OCI. – The calculation of the defined benefit pension obligation includes assumptions with regard to the discount rate, inflation rate, pension payments and deferred pensions, pay and mortality. Management determines these assumptions in consultation with the plan's actuaries. – Key assumptions used in calculating the defined benefit pension obligation for the principal plan and the sensitivity of the calculation to different assumptions are described in Note 5.

(m) Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement as the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. HSBC provides for potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet, and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled.

In assessing the probability and sufficiency of future taxable profit, management considers the availability of evidence to support the recognition of deferred tax assets, taking into account the inherent risks in long-term forecasting, including climate change-related, and drivers of recent history of tax losses where applicable. Management also considers the future reversal of existing taxable temporary differences and tax planning strategies, including corporate reorganisations. The Group has applied the exception available under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Current and deferred tax are calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

Critical estimates and judgements

The recognition of deferred tax assets depends on judgements and estimates.

Judgements	Estimates
– Specific judgements supporting deferred tax assets are described in Note 7.	– The recognition of deferred tax assets is sensitive to estimates of future cash flows projected for periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of cash flows thereafter, on which forecasts of future taxable profit are based, and which affect the expected recovery periods and the pattern of utilisation of tax losses and tax credits. See Note 7 for further detail.

The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of deferred tax assets in the next financial year, but does consider this to be an area that is inherently judgemental.

(n) Provisions, contingent liabilities and guarantees

Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

Critical estimates and judgements

The recognition and measurement of provisions requires the Group to make a number of judgements, assumptions and estimates. The most significant are set out below:

Judgements	Estimates
– Determining whether a present obligation exists. Professional advice is taken on the assessment of litigation and similar obligations. – Provisions for legal proceedings and regulatory matters typically require a higher degree of judgement than other types of provisions. When matters are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognised, revising previous estimates as appropriate. At more advanced stages, it is typically easier to make estimates around a better defined set of possible outcomes.	– Provisions for legal proceedings and regulatory matters remain very sensitive to the assumptions used in the estimate. There could be a wider range of possible outcomes for any pending legal proceedings, investigations or inquiries. As a result it is often not practicable to quantify a range of possible outcomes for individual matters. It is also not practicable to meaningfully quantify ranges of potential outcomes in aggregate for these types of provisions because of the diverse nature and circumstances of such matters and the wide range of uncertainties involved.

Contingent liabilities, contractual commitments and guarantees

Contingent liabilities

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, and contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

Financial guarantee contracts

Liabilities under financial guarantee contracts that are not classified as insurance contracts are recorded initially at their fair value, which is generally the fee received or present value of the fee receivable. Subsequently, they are measured at the higher of the amount determined in accordance with IFRS 9 for ECL and the amount initially recognised less, where appropriate, any cumulative income recognised in accordance with IFRS 15.

(o) Non-current assets and disposal groups held for sale

HSBC classifies non-current assets or disposal groups (including assets and liabilities) as held for sale when their carrying amounts will be recovered principally through sale rather than through continuing use. To be classified as held for sale, the non-current asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and the sale must be highly probable. For a sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Held for sale assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell except for those assets and liabilities that are not within the scope of the measurement requirements of IFRS 5. If the carrying amount of the non-current asset (or disposal group) is greater than the fair value less costs to sell, an impairment loss for any initial or subsequent write-down of the asset or disposal group to fair value less costs to sell is recognised. Any such impairment loss is first allocated against the non-current assets that are in scope of IFRS 5 for measurement. This first reduces the carrying amount of any goodwill allocated to the disposal group, and then to the other non-current assets of the disposal group pro rata on the basis of the carrying amount of each asset in the disposal group. Thereafter, any impairment loss in excess of the carrying amount of the non-current assets in scope of IFRS 5 for measurement is recognised against the total assets of the disposal group.

2 Net fee income

Net fee income by global business

	2025					
	Hong Kong	**UK**	**CIB**	**IWPB**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Funds under management	**122**	**68**	**612**	**2,008**	**—**	**2,810**
Cards	**933**	**812**	**174**	**1,009**	**—**	**2,928**
Credit facilities	**54**	**239**	**1,098**	**62**	**—**	**1,453**
Broking income	**587**	**34**	**674**	**237**	**—**	**1,532**
Account services	**181**	**338**	**732**	**218**	**—**	**1,469**
Unit trusts	**424**	**—**	**2**	**936**	**—**	**1,362**
Underwriting	**—**	**—**	**752**	**—**	**—**	**752**
Global custody	**104**	**—**	**823**	**37**	**—**	**964**
Remittances	**214**	**40**	**586**	**41**	**—**	**881**
Imports/exports	**158**	**43**	**374**	**—**	**—**	**575**
Insurance agency commission	**64**	**18**	**2**	**331**	**—**	**415**
Other	**858**	**699**	**3,469**	**1,093**	**(3,652)**	**2,467**
Fee income	**3,699**	**2,291**	**9,298**	**5,972**	**(3,652)**	**17,608**
Less: fee expense	**(923)**	**(487)**	**(4,809)**	**(1,709)**	**3,663**	**(4,265)**
Net fee income	**2,776**	**1,804**	**4,489**	**4,263**	**11**	**13,343**
			2024			
Funds under management	108	68	511	1,752	—	2,439
Cards	907	754	156	1,026	—	2,843
Credit facilities	62	207	1,093	66	—	1,428
Broking income	322	33	723	212	—	1,290
Account services	177	354	721	247	—	1,499
Unit trusts	382	—	1	688	—	1,071
Underwriting	—	—	691	—	—	691
Global custody	90	—	707	34	—	831
Remittances	196	43	544	42	—	825
Imports/exports	158	38	449	—	—	645
Insurance agency commission	66	20	2	259	—	347
Other	699	728	3,199	899	(3,168)	2,357
Fee income	3,167	2,245	8,797	5,225	(3,168)	16,266
Less: fee expense	(862)	(424)	(4,452)	(1,368)	3,141	(3,965)
Net fee income	2,305	1,821	4,345	3,857	(27)	12,301
			2023			
Funds under management	98	64	551	1,660	—	2,373
Cards	888	724	152	1,012	—	2,776
Credit facilities	83	182	1,240	69	—	1,574
Broking income	271	34	609	163	—	1,077
Account services	173	337	728	299	—	1,537
Unit trusts	281	—	1	456	—	738
Underwriting	—	—	586	—	—	586
Global custody	86	—	732	46	—	864
Remittances	183	40	544	55	1	823
Imports/exports	155	35	434	—	—	624
Insurance agency commission	76	13	2	207	—	298
Other	555	696	2,893	908	(2,706)	2,346
Fee income	2,849	2,125	8,472	4,875	(2,705)	15,616
Less: fee expense	(818)	(353)	(3,988)	(1,325)	2,713	(3,771)
Net fee income	2,031	1,772	4,484	3,550	8	11,845

Net fee income included $6.8bn of fees earned on financial assets that were not at fair value through profit or loss, other than amounts included in determining the effective interest rate (2024: $6.8bn; 2023: $7.0bn), $2.0bn of fees payable on financial liabilities that were not at fair value through profit or loss, other than amounts included in determining the effective interest rate (2024: $2.0bn; 2023: $1.9bn), $4.0bn of fees earned on trust and other fiduciary activities (2024: $3.5bn; 2023: $3.5bn) and $0.5bn of fees payable relating to trust and other fiduciary activities (2024: $0.4bn; 2023: $0.3bn).

3 Net income/(expense) from financial instruments measured at fair value through profit or loss

	2025 $m	2024 $m	2023 $m
Net income/(expense) arising on:			
Net trading activities	**24,345**	23,186	20,391
Other instruments managed on a fair value basis	**(4,663)**	(2,070)	(3,730)
Net income from financial instruments held for trading or managed on a fair value basis	**19,682**	21,116	16,661
Financial assets held to meet liabilities under insurance and investment contracts	**11,612**	6,210	8,086
Liabilities to customers under investment contracts	**(437)**	(309)	(199)
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**11,175**	5,901	7,887

HSBC Holdings

	2025 $m	2024 $m	2023 $m
Net income/(expense) arising on:			
Net trading activities	**(1,709)**	984	(546)
Other instruments managed on a fair value basis	**1,891**	1,915	1,609
Net income from financial instruments held for trading or managed on a fair value basis	**182**	2,899	1,063
Derivatives managed in conjunction with HSBC Holdings-issued debt securities	**212**	93	426
Other changes in fair value	**(1,253)**	(218)	(1,894)
Changes in fair value of designated debt and related derivatives	**(1,041)**	(125)	(1,468)
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**2,835**	2,086	3,692
Year ended 31 Dec	**1,976**	4,860	3,287

4 Insurance business

Insurance service result

	2025			2024			2023		
	Life direct participating and investment DPF contracts[1] $m	**Life other contracts[2] $m**	**Total $m**	Life direct participating and investment DPF contracts[1] $m	Life other contracts[2] $m	Total $m	Life direct participating and investment DPF contracts[1] $m	Life other contracts[2] $m	Total $m
Insurance revenue									
Amounts relating to changes in liabilities for remaining coverage	**2,212**	**619**	**2,831**	1,890	566	2,456	1,626	470	2,096
– Contractual service margin recognised for services provided	**1,428**	**165**	**1,593**	1,143	188	1,331	975	151	1,126
– Change in risk adjustment for non-financial risk for risk expired	**46**	**19**	**65**	46	20	66	21	15	36
– Expected incurred claims and other insurance service expenses	**734**	**435**	**1,169**	698	358	1,056	594	304	898
– Other	**4**	**—**	**4**	3	—	3	36	—	36
Recovery of insurance acquisition cash flows	**285**	**112**	**397**	195	101	296	109	54	163
Total insurance revenue	**2,497**	**731**	**3,228**	2,085	667	2,752	1,735	524	2,259
Insurance service expenses									
Incurred claims and other insurance service expenses	**(488)**	**(418)**	**(906)**	(616)	(428)	(1,044)	(615)	(292)	(907)
Losses and reversal of losses on onerous contracts	**(36)**	**(51)**	**(87)**	(50)	(73)	(123)	(32)	(77)	(109)
Amortisation of insurance acquisition cash flows	**(285)**	**(112)**	**(397)**	(195)	(101)	(296)	(109)	(54)	(163)
Adjustments to liabilities for incurred claims	**(7)**	**(6)**	**(13)**	(6)	27	21	(1)	(1)	(2)
Total insurance service expenses	**(816)**	**(587)**	**(1,403)**	(867)	(575)	(1,442)	(757)	(424)	(1,181)
Total insurance service result[3]	**1,681**	**144**	**1,825**	1,218	92	1,310	978	100	1,078

1 'Life direct participating and investment DPF contracts' are substantially measured under the variable fee approach measurement model.
2 'Life other contracts' are measured under the general measurement model.
3 'Total insurance service result' includes $0.2bn (2024: nil; 2023: nil) earned by HSBC Life (UK) Limited and HSBC Assurances Vie (France) while they were classified as held for sale. For further details, see Note 23.

Net investment return

	2025			2024			2023		
	Life direct participating and investment DPF contracts $m	**Life other contracts $m**	**Total $m**	Life direct participating and investment DPF contracts $m	Life other contracts $m	Total $m	Life direct participating and investment DPF contracts $m	Life other contracts $m	Total $m
Investment return									
Amounts recognised in profit or loss[1]	**11,097**	**79**	**11,176**	5,644	273	5,917	7,663	214	7,877
Amounts recognised in OCI	**(7)**	**—**	**(7)**	185	—	185	493	—	493
Total investment return (memorandum)	**11,090**	**79**	**11,169**	5,829	273	6,102	8,156	214	8,370
Net finance expense									
Changes in fair value of underlying items of direct participating contracts	**(11,020)**	**—**	**(11,020)**	(5,805)	—	(5,805)	(7,995)	—	(7,995)
Effect of risk mitigation option	**(175)**	**—**	**(175)**	44	—	44	(35)	—	(35)
Interest accreted	**—**	**(112)**	**(112)**	—	(110)	(110)	—	(127)	(127)
Effect of changes in interest rates and other financial assumptions	**—**	**124**	**124**	—	(298)	(298)	(12)	(121)	(133)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	**—**	**(7)**	**(7)**	—	—	—	—	(10)	(10)
Total net finance expense from insurance contracts[2]	**(11,195)**	**5**	**(11,190)**	(5,761)	(408)	(6,169)	(8,042)	(258)	(8,300)
Represented by:									
Amounts recognised in profit or loss	**(11,202)**	**5**	**(11,197)**	(5,570)	(408)	(5,978)	(7,551)	(258)	(7,809)
Amounts recognised in OCI	**7**	**—**	**7**	(191)	—	(191)	(491)	—	(491)
Total net investment return	**(105)**	**84**	**(21)**	68	(135)	(67)	114	(44)	70
Represented by:									
Amounts recognised in profit or loss	**(105)**	**84**	**(21)**	74	(135)	(61)	112	(44)	68
Amounts recognised in OCI	**—**	**—**	**—**	(6)	—	(6)	2	—	2

1 Total Group 'Net income/(expense) from assets and liabilities of insurance business, including related derivatives, measured at fair value through profit or loss' of $11.2bn gain (2024: $5.9bn gain; 2023: $7.9bn gain) includes returns on assets and liabilities supporting insurance policies of $11.0bn (2024: $5.7bn gain; 2023: $7.6bn gain) and on shareholder assets of $0.2bn (2024: $0.2bn gain; 2023: $0.3bn gain).
2 'Total net finance expense from insurance contracts' includes $1.4bn (2024: nil; 2023: nil) incurred by HSBC Life (UK) Limited and HSBC Assurances Vie (France) while they were classified as held for sale. For further details, see Note 23.

Reconciliation of amounts included in other comprehensive income for financial assets measured at fair value through other comprehensive income – assets supporting contracts measured under the modified retrospective approach

	2025 $m	2024 $m
Balance at 1 Jan	**(736)**	(670)
Net change in fair value	**(13)**	(153)
Net amount reclassified to profit or loss	**—**	3
Related income tax	**4**	39
Disposal of subsidiary[1]	**592**	—
Foreign exchange and other	**153**	45
Balance at 31 Dec	**—**	(736)

1 HSBC Assurances Vie (France) was sold on 31 October 2025. For further details, see Note 23.

Movements in carrying amounts of insurance contracts – analysis by remaining coverage and incurred claims

	2025								
	Life direct participating and investment DPF contracts				Life other contracts				
	Liabilities for remaining coverage:				Liabilities for remaining coverage:				
	Excluding loss component	Loss component	Incurred claims	Total	Excluding loss component	Loss component	Incurred claims	Total	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Opening assets	(16)	1	1	(14)	(177)	(13)	72	(118)	(132)
Opening liabilities	103,045	146	223	103,414	3,748	224	243	4,215	107,629
Net opening balance at 1 Jan	103,029	147	224	103,400	3,571	211	315	4,097	107,497
Changes in the consolidated income statement and statement of comprehensive income[1]									
Insurance revenue									
Contracts under the fair value approach[2]	(668)	—	—	(668)	(153)	—	—	(153)	(821)
Contracts under the modified retrospective approach	—	—	—	—	—	—	—	—	—
Other contracts[3]	(1,573)	—	—	(1,573)	(478)	—	—	(478)	(2,051)
Total insurance revenue	(2,241)	—	—	(2,241)	(631)	—	—	(631)	(2,872)
Insurance service expenses									
Incurred claims and other insurance service expenses	—	(8)	413	405	—	(34)	377	343	748
Amortisation of insurance acquisition cash flows	281	—	—	281	103	—	—	103	384
Losses and reversal of losses on onerous contracts	—	39	—	39	—	41	—	41	80
Adjustments to liabilities for incurred claims	—	—	7	7	—	—	18	18	25
Total insurance service expenses	281	31	420	732	103	7	395	505	1,237
Investment components	(7,864)	—	7,864	—	(893)	—	893	—	—
Insurance service result	(9,824)	31	8,284	(1,509)	(1,421)	7	1,288	(126)	(1,635)
Net finance expense from insurance contracts[4]	9,812	—	—	9,812	(7)	2	—	(5)	9,807
Effect of movements in exchange rates	999	10	8	1,017	115	10	27	152	1,169
Total changes in the consolidated income statement and statement of comprehensive income	987	41	8,292	9,320	(1,313)	19	1,315	21	9,341
Cash flows									
Premiums received	19,125	—	—	19,125	2,001	—	—	2,001	21,126
Claims, other insurance service expenses paid and other cash flows	53	—	(8,430)	(8,377)	3	—	(1,278)	(1,275)	(9,652)
Insurance acquisition cash flows	(1,109)	—	—	(1,109)	(106)	—	—	(106)	(1,215)
Total cash flows	18,069	—	(8,430)	9,639	1,898	—	(1,278)	620	10,259
Other movements[5]	(4,128)	(13)	4	(4,137)	(48)	(3)	(72)	(123)	(4,260)
Net closing balance at 31 Dec	117,957	175	90	118,222	4,108	227	280	4,615	122,837
Closing assets	(12)	—	—	(12)	(193)	47	40	(106)	(118)
Closing liabilities	117,969	175	90	118,234	4,301	180	240	4,721	122,955
Net closing balance at 31 Dec	117,957	175	90	118,222	4,108	227	280	4,615	122,837

Movements in carrying amounts of insurance contracts – analysis by remaining coverage and incurred claims (continued)

	2024								
	Life direct participating and investment DPF contracts				Life other contracts				
	Liabilities for remaining coverage:				Liabilities for remaining coverage:				
	Excluding loss component	Loss component	Incurred claims	Total	Excluding loss component	Loss component	Incurred claims	Total	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Opening assets	(15)	1	1	(13)	(279)	(16)	56	(239)	(252)
Opening liabilities	116,546	121	370	117,037	3,400	191	223	3,814	120,851
Net opening balance at 1 Jan	116,531	122	371	117,024	3,121	175	279	3,575	120,599
Changes in the consolidated income statement and statement of comprehensive income[1]									
Insurance revenue									
Contracts under the fair value approach[2]	(715)	—	—	(715)	(217)	—	—	(217)	(932)
Contracts under the modified retrospective approach	(141)	—	—	(141)	(18)	—	—	(18)	(159)
Other contracts[3]	(1,229)	—	—	(1,229)	(432)	—	—	(432)	(1,661)
Total insurance revenue	(2,085)	—	—	(2,085)	(667)	—	—	(667)	(2,752)
Insurance service expenses									
Incurred claims and other insurance service expenses	—	(7)	623	616	—	(49)	477	428	1,044
Amortisation of insurance acquisition cash flows	195	—	—	195	101	—	—	101	296
Losses and reversal of losses on onerous contracts	—	50	—	50	—	73	—	73	123
Adjustments to liabilities for incurred claims	—	—	6	6	—	—	(27)	(27)	(21)
Total insurance service expenses	195	43	629	867	101	24	450	575	1,442
Investment components	(8,284)	—	8,284	—	(1,058)	—	1,058	—	—
Insurance service result	(10,174)	43	8,913	(1,218)	(1,624)	24	1,508	(92)	(1,310)
Net finance expense from insurance contracts[4]	5,720	41	—	5,761	405	3	—	408	6,169
Effect of movements in exchange rates	(1,162)	(5)	(9)	(1,176)	(76)	1	(24)	(99)	(1,275)
Total changes in the consolidated income statement and statement of comprehensive income	(5,616)	79	8,904	3,367	(1,295)	28	1,484	217	3,584
Cash flows									
Premiums received	16,442	—	—	16,442	1,950	—	—	1,950	18,392
Claims, other insurance service expenses paid and other cash flows	2	—	(9,020)	(9,018)	2	—	(1,508)	(1,506)	(10,524)
Insurance acquisition cash flows	(835)	—	—	(835)	(260)	—	—	(260)	(1,095)
Total cash flows	15,609	—	(9,020)	6,589	1,692	—	(1,508)	184	6,773
Other movements[5]	(23,495)	(54)	(31)	(23,580)	53	8	60	121	(23,459)
Net closing balance at 31 Dec	103,029	147	224	103,400	3,571	211	315	4,097	107,497
Closing assets	(16)	1	1	(14)	(177)	(13)	72	(118)	(132)
Closing liabilities	103,045	146	223	103,414	3,748	224	243	4,215	107,629
Net closing balance at 31 Dec	103,029	147	224	103,400	3,571	211	315	4,097	107,497

1 'Changes in the consolidated income statement and statement of comprehensive income' excludes 'insurance service result' gains of $0.2bn (2024: nil) and 'net insurance finance expense' losses of $1.4bn (2024: nil) reported in the consolidated income statement and statement of comprehensive income in respect of businesses classified as held for sale.
2 On transition to IFRS 17 the Group applied the full retrospective approach to new business written from 2018 at the earliest. Where applying the full retrospective approach was impracticable, the Group primarily applied the fair value approach.
3 'Other contracts' are those contracts measured by applying IFRS 17 from inception of the contracts. These include contracts measured under the full retrospective approach at transition and contracts incepted after transition.
4 'Net finance expense from insurance contracts' expense of $9.8bn (2024: $6.2bn expense) comprises expense of $9.8bn (2024: $6.0bn expense) recognised in the income statement and expense of nil (2024: $0.2bn expense) recognised in other comprehensive income.
5 The 'Other movements' reduction of $4.3bn (2024: $23.5bn reduction) in insurance contracts includes $4.4bn in respect of HSBC Life (UK) Limited which was classified as held for sale in 2025 (2024: $21.8bn in respect of HSBC Assurances Vie (France), which was classified as held for sale in 2024 with the sale completing on 31 October 2025). For further details, see Note 23.

Movements in carrying amounts of insurance contracts – analysis by measurement component

	2025										
	Life direct participating and investment DPF contracts					Life other contracts					
		Contractual service margin					Contractual service margin				
	Estimates of present value of future cash flows and risk adjustment	Contracts under the fair value approach	Contracts under the modified retros-pective approach	Other contracts	Total	Estimates of present value of future cash flows and risk adjustment	Contracts under the fair value approach	Contracts under the modified retros-pective approach	Other contracts	Total	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Opening assets	(27)	3	—	10	(14)	(359)	73	—	168	(118)	(132)
Opening liabilities	91,498	4,500	—	7,416	103,414	3,669	280	—	266	4,215	107,629
Net opening balance at 1 Jan	91,471	4,503	—	7,426	103,400	3,310	353	—	434	4,097	107,497
Changes in the consolidated income statement and statement of comprehensive income											
Changes that relate to current services											
Contractual service margin recognised for services provided	—	(502)	—	(846)	(1,348)	—	(38)	—	(106)	(144)	(1,492)
Change in risk adjustment for non-financial risk expired	(36)	—	—	—	(36)	(17)	—	—	—	(17)	(53)
Experience adjustments	(167)	—	—	—	(167)	(24)	—	—	—	(24)	(191)
Other movements recognised in insurance service result	—	17	—	(21)	(4)	—	—	—	—	—	(4)
Changes that relate to future services					—					—	
Contracts initially recognised in the year	(3,556)	—	—	3,564	8	(183)	—	—	189	6	14
Changes in estimates that adjust the contractual service margin[1]	(578)	285	—	293	—	(31)	(20)	—	51	—	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	31	—	—	—	31	35	—	—	—	35	66
Changes that relate to past services											
Adjustments to liabilities for incurred claims	7	—	—	—	7	18	—	—	—	18	25
Insurance service result	(4,299)	(200)	—	2,990	(1,509)	(202)	(58)	—	134	(126)	(1,635)
Net finance expense from insurance contracts	9,812	—	—	—	9,812	(35)	6	—	24	(5)	9,807
Other movements recognised in the statement of profit or loss	—	—	—	—	—	—	—	—	—	—	—
Effect of movements in exchange rates	934	43	—	40	1,017	106	17	—	29	152	1,169
Total changes in the consolidated income statement and statement of comprehensive income	6,447	(157)	—	3,030	9,320	(131)	(35)	—	187	21	9,341
Cash flows											
Premiums received	19,125	—	—	—	19,125	2,001	—	—	—	2,001	21,126
Claims, other insurance service expenses paid and other cash flows	(8,377)	—	—	—	(8,377)	(1,275)	—	—	—	(1,275)	(9,652)
Insurance acquisition cash flows	(1,109)	—	—	—	(1,109)	(106)	—	—	—	(106)	(1,215)
Total cash flows	9,639	—	—	—	9,639	620	—	—	—	620	10,259
Other movements	(4,058)	4	—	(83)	(4,137)	(1)	(71)	—	(51)	(123)	(4,260)
Net closing balance at 31 Dec	103,499	4,350	—	10,373	118,222	3,798	247	—	570	4,615	122,837
Closing assets	(21)	2	—	7	(12)	(253)	27	—	120	(106)	(118)
Closing liabilities	103,520	4,348	—	10,366	118,234	4,051	220	—	450	4,721	122,955
Net closing balance at 31 Dec	103,499	4,350	—	10,373	118,222	3,798	247	—	570	4,615	122,837

Movements in carrying amounts of insurance contracts – analysis by measurement component (continued)

	2024										
	Life direct participating and investment DPF contracts					Life other contracts					
		Contractual service margin					Contractual service margin				
	Estimates of present value of future cash flows and risk adjustment	Contracts under the fair value approach	Contracts under the modified retros-pective approach	Other contracts	Total	Estimates of present value of future cash flows and risk adjustment	Contracts under the fair value approach	Contracts under the modified retros-pective approach	Other contracts	Total	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Opening assets	(30)	3	—	14	(13)	(339)	36	—	64	(239)	(252)
Opening liabilities	106,440	4,679	715	5,203	117,037	3,113	361	19	321	3,814	120,851
Net opening balance at 1 Jan	106,410	4,682	715	5,217	117,024	2,774	397	19	385	3,575	120,599
Changes in the consolidated income statement and statement of comprehensive income											
Changes that relate to current services											
Contractual service margin recognised for services provided	—	(488)	(59)	(596)	(1,143)	—	(77)	(6)	(105)	(188)	(1,331)
Change in risk adjustment for non-financial risk expired	(46)	—	—	—	(46)	(20)	—	—	—	(20)	(66)
Experience adjustments	(82)	—	—	—	(82)	70	—	—	—	70	(12)
Other movements recognised in insurance service result	—	52	—	(55)	(3)	—	—	—	—	—	(3)
Changes that relate to future services					—					—	
Contracts initially recognised in the year	(2,384)	—	—	2,400	16	(201)	—	—	220	19	35
Changes in estimates that adjust contractual service margin[1]	(914)	229	(6)	691	—	(7)	30	7	(30)	—	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	34	—	—	—	34	54	—	—	—	54	88
Changes that relate to past services											
Adjustments to liabilities for incurred claims	6	—	—	—	6	(27)	—	—	—	(27)	(21)
Insurance service result	(3,386)	(207)	(65)	2,440	(1,218)	(131)	(47)	1	85	(92)	(1,310)
Net finance expense from insurance contracts	5,761	—	—	—	5,761	380	12	—	16	408	6,169
Other movements recognised in the statement of profit or loss	—	—	—	—	—	—	—	—	—	—	—
Effect of movements in exchange rates	(1,167)	51	(24)	(36)	(1,176)	(50)	(11)	—	(38)	(99)	(1,275)
Total changes in the consolidated income statement and statement of comprehensive income	1,208	(156)	(89)	2,404	3,367	199	(46)	1	63	217	3,584
Cash flows											
Premiums received	16,442	—	—	—	16,442	1,950	—	—	—	1,950	18,392
Claims, other insurance service expenses paid and other cash flows	(9,018)	—	—	—	(9,018)	(1,506)	—	—	—	(1,506)	(10,524)
Insurance acquisition cash flows	(835)	—	—	—	(835)	(260)	—	—	—	(260)	(1,095)
Total cash flows	6,589	—	—	—	6,589	184	—	—	—	184	6,773
Other movements	(22,736)	(23)	(626)	(195)	(23,580)	153	2	(20)	(14)	121	(23,459)
Net closing balance at 31 Dec	91,471	4,503	—	7,426	103,400	3,310	353	—	434	4,097	107,497
Closing assets	(27)	3	—	10	(14)	(359)	73	—	168	(118)	(132)
Closing liabilities	91,498	4,500	—	7,416	103,414	3,669	280	—	266	4,215	107,629
Net closing balance at 31 Dec	91,471	4,503	—	7,426	103,400	3,310	353	—	434	4,097	107,497

1 'Changes in estimates that adjust contractual service margin' increase of $0.6bn (2024: $0.9bn increase) includes an increase of $1.0bn (2024: $0.7bn increase) from economic factors and a decrease of $0.4bn (2024: $0.3bn increase) from non-economic factors.

Effect of insurance contracts initially recognised in the year

	2025			2024		
	Profitable contracts issued	**Onerous contracts issued**	**Total**	Profitable contracts issued	Onerous contracts issued	Total
	$m	**$m**	**$m**	$m	$m	$m
Life direct participating and investment DPF contracts						
Estimates of present value of cash outflows	**19,675**	**295**	**19,970**	16,878	495	17,373
– insurance acquisition cash flows	**984**	**29**	**1,013**	805	38	843
– claims and other insurance service expenses payable	**18,691**	**266**	**18,957**	16,073	457	16,530
Estimates of present value of cash inflows	**(23,290)**	**(288)**	**(23,578)**	(19,326)	(481)	(19,807)
Risk adjustment for non-financial risk	**51**	**1**	**52**	48	2	50
Contractual service margin	**3,564**	**—**	**3,564**	2,400	—	2,400
Losses recognised on initial recognition	**—**	**(8)**	**(8)**	—	(16)	(16)
Life other contracts						
Estimates of present value of cash outflows	**1,465**	**183**	**1,648**	1,484	476	1,960
– insurance acquisition cash flows	**48**	**19**	**67**	125	65	190
– claims and other insurance service expenses payable	**1,417**	**164**	**1,581**	1,359	411	1,770
Estimates of present value of cash inflows	**(1,669)**	**(180)**	**(1,849)**	(1,731)	(460)	(2,191)
Risk adjustment for non-financial risk	**15**	**3**	**18**	27	3	30
Contractual service margin	**189**	**—**	**189**	220	—	220
Losses recognised on initial recognition	**—**	**(6)**	**(6)**	—	(19)	(19)

Present value of expected future cash flows of insurance contract liabilities and contractual service margin

	Less than 1 year	**1–2 years**	**2–3 years**	**3–4 years**	**4–5 years**	**5–10 years**	**10–20 years**	**Over 20 years**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
2025									
Insurance liability future cash flows[1]									
Life direct participating and investment DPF contracts	**(3,766)**	**(197)**	**3,701**	**3,086**	**3,567**	**12,420**	**17,439**	**66,799**	**103,049**
Life other contracts	**70**	**164**	**252**	**45**	**680**	**184**	**103**	**2,476**	**3,974**
Insurance liability future cash flows at 31 Dec 2025	**(3,696)**	**(33)**	**3,953**	**3,131**	**4,247**	**12,604**	**17,542**	**69,275**	**107,023**
Remaining contractual service margin[1]									
Life direct participating and investment DPF contracts	**1,312**	**1,205**	**1,112**	**1,024**	**941**	**3,631**	**3,602**	**1,896**	**14,723**
Life other contracts	**121**	**94**	**77**	**65**	**54**	**173**	**150**	**83**	**817**
Remaining contractual service margin at 31 Dec 2025	**1,433**	**1,299**	**1,189**	**1,089**	**995**	**3,804**	**3,752**	**1,979**	**15,540**
2024									
Insurance liability future cash flows									
Life direct participating and investment DPF contracts	(3,526)	(455)	2,464	2,968	3,219	11,332	22,005	53,120	91,127
Life other contracts	971	(96)	(101)	(53)	7	63	279	2,529	3,599
Insurance liability future cash flows at 31 Dec 2024	(2,555)	(551)	2,363	2,915	3,226	11,395	22,284	55,649	94,726
Remaining contractual service margin									
Life direct participating and investment DPF contracts	1,052	961	880	810	746	2,892	2,954	1,634	11,929
Life other contracts	128	104	85	69	53	159	127	62	787
Remaining contractual service margin at 31 Dec 2024	1,180	1,065	965	879	799	3,051	3,081	1,696	12,716

1 'Insurance liability future cash flows' and 'Remaining contractual service margin' exclude insurance businesses classified as held for sale (2025: HSBC Life (UK) Limited; 2024: HSBC Assurances Vie (France)). For further details, see Note 23.

Discount rates

The discount rates applied to expected future cash flows are determined through a bottom-up approach as set out in Note 1.2(k) 'Summary of material accounting policies – Insurance contracts' on page 275. The blended average of discount rates used within our most material manufacturing entities are as follows:

	HSBC Life (International) Ltd		**Hang Seng Insurance Co Ltd**	
	HK$	**$**	**HK$**	**$**
At 31 Dec 2025				
10-year discount rate (%)	**3.74**	**4.78**	**3.85**	**4.82**
20-year discount rate (%)	**4.09**	**5.54**	**4.20**	**5.59**
At 31 Dec 2024				
10-year discount rate (%)	4.32	5.16	4.43	5.25
20-year discount rate (%)	4.42	5.51	4.53	5.60

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation required for bearing the uncertainty about the amount and timing of future cash flows that arise from non-financial risk. It is calculated as a 75th percentile level of stress over a one-year period. The level of the stress is determined with reference to external regulatory stresses and internal economic capital stresses.

For the main insurance manufacturing entity in these locations, the one-year 75th percentile level of stress corresponds to the following percentiles based on an ultimate view of risk over all future years:

- Asia-Pacific (Hong Kong): 59th percentile (2024: 60th percentile).
- Europe (UK): 64th percentile (2024: 60th percentile, for HSBC Assurances Vie (France) that was sold during 2025).
- Latin America (Mexico): 63rd percentile (2024: 64th percentile).

5 Employee compensation and benefits

	2025	2024	2023
	$m	$m	$m
Employee compensation and benefits[1]	**19,553**	18,465	18,220
Capitalised wages and salaries[2]	**1,959**	1,688	1,403
Gross employee compensation and benefits for the year ended 31 Dec	**21,512**	20,153	19,623
Consists of:			
Wages and salaries	**19,048**	17,815	17,359
Social security costs	**1,638**	1,487	1,507
Post-employment benefits	**826**	851	757
Year ended 31 Dec	**21,512**	20,153	19,623

1 Employee compensation and benefits are presented in the income statement net of software capitalisation costs and costs included in the insurance contract fulfilment cash flow liabilities under IFRS 17.
2 Comprises $1.4bn (2024: $1.1bn; 2023: $1.0bn) software capitalisation costs and $0.6bn (2024: $0.6bn; 2023: $0.4bn) costs included in the insurance contract fulfilment cash flow liabilities under IFRS 17.

Average number of persons employed by HSBC during the year by business segment[1]

	2025	2024	2023
Hong Kong	**33,111**	33,820	34,818
UK	**32,177**	32,791	32,391
Corporate and Institutional Banking	**81,940**	75,327	75,141
International Wealth and Premier Banking	**70,674**	78,616	84,855
Corporate Centre	**369**	374	347
Year ended 31 Dec	**218,271**	220,928	227,552

Average number of persons employed by HSBC during the year by legal entity[1]

	2025	2024	2023
HSBC UK Bank plc	**19,841**	20,034	20,415
HSBC Bank plc	**10,210**	11,456	14,809
The Hongkong and Shanghai Banking Corporation Limited	**52,756**	54,478	54,321
HSBC Bank Middle East Limited	**3,424**	3,344	3,316
HSBC North America Holdings Inc.	**5,680**	5,928	6,046
HSBC Bank Canada	**—**	758	4,354
Grupo Financiero HSBC, S.A. de C.V.	**13,382**	13,928	14,412
Other trading entities[2]	**5,419**	8,393	9,247
Holding companies, shared service centres and intra-Group eliminations	**107,559**	102,609	100,632
Year ended 31 Dec	**218,271**	220,928	227,552

1 Average number of persons employed represents the number of persons with contracts of service with the Group. This includes an average number of temporary persons employed of 6,147 (2024: 6,390; 2023: 7,207). Persons employed comprises individuals in front-line roles, those providing dedicated support services managed by business segments and an allocation of Corporate Centre individuals in proportion to business usage of shared support services and global infrastructure. During 2025, certain Operations individuals were transferred from Corporate Centre to business segments for which they provide dedicated services.
2 Other trading entities includes entities located in Türkiye, Egypt and Saudi Arabia.

Reconciliation of total incentive awards granted to income statement charge

	2025	2024	2023
	$m	$m	$m
Total incentive awards approved for the current year	**3,930**	3,800	3,774
Less: deferred bonuses awarded, expected to be recognised in future periods	**(430)**	(381)	(353)
Total incentives awarded and recognised in the current year	**3,500**	3,419	3,421
Add: current year charges for deferred bonuses from previous years	**478**	439	375
Other	**(11)**	(97)	(56)
Income statement charge for incentive awards	**3,967**	3,761	3,740

Share-based payments

'Wages and salaries' includes the effect of share-based payments arrangements, of which $608m (2024: $529m; 2023: $482m) was equity settled, as follows:

	2025	2024	2023
	$m	$m	$m
Conditional share awards	**650**	551	499
Savings-related and other share award option plans	**18**	27	23
Year ended 31 Dec	**668**	578	522

HSBC share awards

Award	Policy
Deferred share awards (including annual incentive awards, long-term incentive ('LTI') awards delivered in shares)	An assessment of performance over the relevant period ending on 31 December is used to determine the amount of the award to be granted. – Deferred awards generally require employees to remain in employment over the vesting period and are generally not subject to performance conditions after the grant date. An exception to these are LTI awards, which are subject to performance conditions. – Deferred share awards generally vest over a period of three, four, five or seven years. – Vested shares may be subject to a retention requirement post-vesting. – Awards are generally subject to malus and clawback provisions. – LTI is subject to performance conditions.
International Employee Share Purchase Plan ('ShareMatch')	The plan was first introduced in Hong Kong in 2013 and now includes employees based in 30 jurisdictions. – Shares are purchased in the market each quarter up to a maximum value of £750, or the equivalent in local currency. – Matching awards are added at a ratio of one free share for every three purchased. In mainland China, matching awards are settled in cash. – Matching awards vest subject to continued employment and the retention of the purchased shares for a maximum period of two years and nine months.

Movement on HSBC share awards

	2025 Number (000s)	2024 Number (000s)
Conditional share awards outstanding at 1 Jan	**133,643**	125,023
Additions during the year	**55,411**	84,930
Released in the year	**(63,652)**	(71,849)
Forfeited in the year	**(5,756)**	(4,461)
Conditional share awards outstanding at 31 Dec	**119,646**	133,643
Weighted average fair value of awards granted ($)	**7.11**	6.08

HSBC share option plans

Main plans	Policy
Savings-related share option plans ('Sharesave')	– From 2014, employees eligible for the UK plan could save up to £500 per month with the option to use the savings to acquire shares. – These are generally exercisable within six months following either the third or fifth anniversary of the commencement of a three-year or five-year contract, respectively. – The exercise price is set at a 20% (2024: 20%) discount to the market value immediately preceding the date of invitation.

Calculation of fair values

The fair value of a share award is based on the share price at the grant date, adjusted for expected dividend yield (2025: 6.5%; 2024: 6.25%), risk-free rate (2025: 4.2% p.a.; 2024: 4.2% p.a.) and a simulated market condition factor. The fair values of share options are calculated using a Black-Scholes model.

Movement on HSBC share option plans

	Savings-related share option plans	
	Number (000s)	**WAEP[1] £**
Outstanding at 1 Jan 2025	**75,335**	**3.81**
Granted during the year[2]	**11,901**	**7.61**
Exercised during the year[3]	**(25,388)**	**3.00**
Expired during the year	**(1,633)**	**4.85**
Forfeited during the year	**(1,313)**	**4.37**
Outstanding at 31 Dec 2025	**58,902**	**4.84**
– of which exercisable	**13,352**	**2.90**
Weighted average remaining contractual life (years)	**1.93**	
Outstanding at 1 Jan 2024	83,994	3.42
Granted during the year[2]	11,845	5.30
Exercised during the year[3]	(16,776)	2.94
Expired during the year	(2,454)	4.20
Forfeited during the year	(1,274)	3.48
Outstanding at 31 Dec 2024	75,335	3.81
– of which exercisable	1,446	3.34
Weighted average remaining contractual life (years)	2.10	

1 Weighted average exercise price.
2 The weighted average fair value of options granted during the year was $1.90 (2024: $1.66).
3 The weighted average share price at the date the options were exercised was $13.88 (2024: $8.54).

Post-employment benefit plans

The Group operates pension plans throughout the world for its employees. 'Pension risk management processes' on page 158 contains details of the policies and practices associated with these pension plans, some of which are defined benefit plans. The largest defined benefit plan is the HSBC UK section of the HSBC Bank (UK) Pension Scheme ('the principal plan'), created as a result of the HSBC Bank (UK) Pension Scheme being fully sectionalised in 2018 to meet the requirements of the Banking Reform Act. For further details of how the trustee of the HSBC Bank (UK) Pension Scheme manages climate risk, see 'Managing climate risk' on page 50.

HSBC holds on its balance sheet the net surplus or deficit, which is the difference between the fair value of plan assets and the discounted value of scheme liabilities at the balance sheet date for each plan. Surpluses are only recognised to the extent that they are recoverable through reduced contributions in the future or through potential future refunds from the schemes. In assessing whether a surplus is recoverable, HSBC has considered its current right to obtain a future refund or a reduction in future contributions together with the rights of third parties such as trustees.

The principal plan

The principal plan has a defined benefit section and a defined contribution section. The defined benefit section was closed to future benefit accrual in 2015, with defined benefits earned by employees at that date continuing to be linked to their salary while they remain employed by HSBC. The plan is overseen by an independent corporate trustee, who has a fiduciary responsibility for the operation of the plan. Its assets are held separately from the assets of the Group.

The investment strategy of the plan is to hold the majority of assets in bonds, with the remainder in a diverse range of investments. It also includes some interest rate swaps to reduce interest rate risk, inflation swaps to reduce inflation risk and longevity swaps to reduce the impact of longer life expectancy.

The principal plan is subject to the statutory funding objective requirements of the UK Pensions Act 2004, which requires that it be funded to at least the level of technical provisions (an actuarial estimate of the assets needed to provide for the benefits already built up under the plan). Where a funding valuation is carried out and identifies a deficit, the employer and trustee are required to agree to a deficit recovery plan.

The latest funding valuation of the plan at 31 December 2022 was carried out by Towers Watson Limited, using the projected unit credit method. At that date, the market value of the plan's assets was £23.9bn ($28.8bn) and this exceeded the value placed on its liabilities on an ongoing basis by £3.7bn ($4.4bn), giving a funding level of 118%. These figures include defined contribution assets amounting to £3.0bn ($3.6bn). The main differences between the assumptions used for assessing the defined benefit liabilities for this funding valuation and those used for IAS 19 are that an element of prudence is contained in the funding valuation assumptions for discount rate, inflation rate and life expectancy. The funding valuation is used to judge the amount of cash contributions the Group needs to put into the pension scheme. It will always be different to the IAS 19 accounting surplus, which is an accounting rule concerning employee benefits and shown on the balance sheet of our financial statements. The next funding valuation will be performed in 2026, with an effective date of 31 December 2025.

The actuary also assessed the value of the liabilities if the plan were to have been stopped and an insurance company asked to secure all future pension payments. This is generally larger than the amount needed on the ongoing basis described above because an insurance company would use more prudent assumptions, which would allow for reserves and include an explicit allowance for the future administrative expenses of the plan. Under this approach, the amount of assets needed was estimated to be £21.3bn ($25.7bn) at 31 December 2022.

The trust deed gives the ability for HSBC UK to take a refund of surplus assets after the plan has been run down such that no further beneficiaries remain. In assessing whether a surplus is recoverable, HSBC UK has considered its right to obtain a future refund together with the rights of third parties such as trustees. On this basis, any net surplus in the HSBC UK section of the plan is recognised in HSBC UK's financial statements and the Group's financial statements.

Income statement charge/(credit)

	2025	2024	2023
	$m	$m	$m
Defined benefit pension plans	**(227)**	(116)	(151)
Defined contribution pension plans	**1,015**	933	874
Pension plans	**788**	817	723
Defined benefit and contribution healthcare plans	**38**	34	34
Year ended 31 Dec	**826**	851	757

Net assets/(liabilities) recognised on the balance sheet in respect of defined benefit plans

	Fair value of plan assets	**Present value of defined benefit obligations**	**Effect of limit on plan surpluses**	**Total**
	$m	**$m**	**$m**	**$m**
Defined benefit pension plans	**32,352**	**(24,858)**	**—**	**7,494**
Defined benefit healthcare plans	**120**	**(439)**	**—**	**(319)**
At 31 Dec 2025	**32,472**	**(25,297)**	**—**	**7,175**
Total employee benefit liabilities (within Note 27 'Accruals, deferred income and other liabilities')				**(1,071)**
Total employee benefit assets (within Note 22 'Prepayments, accrued income and other assets')				**8,246**

Defined benefit pension plans	30,758	(23,959)	—	6,799
Defined benefit healthcare plans	80	(348)	—	(268)
At 31 Dec 2024	30,838	(24,307)	—	6,531
Total employee benefit liabilities (within Note 27 'Accruals, deferred income and other liabilities')				(1,017)
Total employee benefit assets (within Note 22 'Prepayments, accrued income and other assets')				7,548

HSBC Holdings

Employee compensation and benefit expense in respect of HSBC Holdings' employees in 2025 amounted to $31m (2024: $29m; 2023: $15m). The average number of persons employed during 2025 was 23 (2024: 28; 2023: 29). One employee is a member of a defined benefit pension plan. This employee is a member of the HSBC Bank (UK) Pension Scheme. HSBC Holdings pays contributions to this plan for its own employee in accordance with the schedules of contributions determined by the trustees of the plan and recognises these contributions as an expense as they fall due.

Defined benefit pension plans

Net asset/(liability) under defined benefit pension plans

	Fair value of plan assets		Present value of defined benefit obligations		Effect of the asset ceiling		Net defined benefit asset/(liability)	
	Principal[1] plan	**Other plans**	**Principal[1] plan**	**Other plans**	**Principal[1] plan**	**Other plans**	**Principal[1] plan**	**Other plans**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
At 1 Jan 2025	**23,652**	**7,106**	**(17,223)**	**(6,736)**	**—**	**—**	**6,429**	**370**
Service cost	**—**	**—**	**(12)**	**(127)**	**—**	**—**	**(12)**	**(127)**
– current service cost	**—**	**—**	**(11)**	**(112)**	**—**	**—**	**(11)**	**(112)**
– past service cost and gains/(losses) from settlements	**—**	**—**	**(1)**	**(15)**	**—**	**—**	**(1)**	**(15)**
Net interest income/(cost) on the net defined benefit asset/(liability)	**1,344**	**312**	**(970)**	**(281)**	**—**	**—**	**374**	**31**
Remeasurement effects recognised in other comprehensive income	**(469)**	**75**	**324**	**(65)**	**—**	**—**	**(145)**	**10**
– return on plan assets (excluding interest income)	**(469)**	**75**	**—**	**—**	**—**	**—**	**(469)**	**75**
– actuarial gains/(losses) financial assumptions	**—**	**—**	**464**	**(57)**	**—**	**—**	**464**	**(57)**
– actuarial gains/(losses) demographic assumptions	**—**	**—**	**22**	**3**	**—**	**—**	**22**	**3**
– actuarial gains/(losses) experience adjustments	**—**	**—**	**(162)**	**(11)**	**—**	**—**	**(162)**	**(11)**
– other changes	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Exchange differences	**1,631**	**241**	**(1,183)**	**(218)**	**—**	**—**	**448**	**23**
Benefits paid	**(1,116)**	**(530)**	**1,116**	**608**	**—**	**—**	**—**	**78**
Other movements[2]	**(19)**	**125**	**(20)**	**(71)**	**—**	**—**	**(39)**	**54**
At 31 Dec 2025	**25,023**	**7,329**	**(17,968)**	**(6,890)**	**—**	**—**	**7,055**	**439**
At 1 Jan 2024	26,590	7,307	(19,782)	(7,229)	—	—	6,808	78
Service cost	—	(1)	(35)	(144)	—	—	(35)	(145)
– current service cost	—	—	(9)	(140)	—	—	(9)	(140)
– past service cost and losses from settlements	—	(1)	(26)	(4)	—	—	(26)	(5)
Net interest income/(cost) on the net defined benefit asset/(liability)	1,213	277	(896)	(265)	—	—	317	12
Remeasurement effects recognised in other comprehensive income	(2,665)	(6)	2,156	186	—	—	(509)	180
– return on plan assets (excluding interest income)	(2,665)	(6)	—	—	—	—	(2,665)	(6)
– actuarial gains/(losses) financial assumptions	—	—	1,771	204	—	—	1,771	204
– actuarial gains/(losses) demographic assumptions	—	—	161	(5)	—	—	161	(5)
– actuarial gains/(losses) experience adjustments	—	—	224	(13)	—	—	224	(13)
– other changes	—	—	—	—	—	—	—	—
Exchange differences	(387)	(145)	281	191	—	—	(106)	46
Benefits paid	(1,082)	(496)	1,082	561	—	—	—	65
Other movements[2]	(17)	170	(29)	(36)	—	—	(46)	134
At 31 Dec 2024	23,652	7,106	(17,223)	(6,736)	—	—	6,429	370

1 For further details of the principal plan, see page 296.
2 Other movements include contributions by HSBC, contributions by employees, administrative costs and taxes paid by plan.

HSBC expects to make $109m of contributions to defined benefit pension plans during 2026, consisting of $nil for the principal plan and $109m for other plans. Benefits expected to be paid from the plans to retirees over each of the next five years, and in aggregate for the five years thereafter, are as follows:

Benefits expected to be paid from plans

	2026	2027	2028	2029	2030	2031-2035
	$m	$m	$m	$m	$m	$m
The principal plan[1,2]	1,170	1,203	1,239	1,275	1,313	7,175
Other plans[1]	436	436	437	433	437	2,259

1 The duration of the defined benefit obligation is 11.4 years for the principal plan under the disclosure assumptions adopted (2024: 11.8 years) and 9.7 years for all other plans combined (2024: 9.8 years).
2 For further details of the principal plan, see page 296.

Fair value of plan assets by asset classes

	31 Dec 2025				31 Dec 2024			
	Value	**Quoted market price in active market**	**No quoted market price in active market**	**Thereof HSBC[1]**	Value	Quoted market price in active market	No quoted market price in active market	Thereof HSBC[1]
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
The principal plan[2]								
Fair value of plan assets	**25,023**	**13,768**	**11,255**	**350**	23,652	13,903	9,749	421
– equities	**58**	**—**	**58**	**—**	65	—	65	—
– bonds fixed income	**5,964**	**5,471**	**493**	**—**	5,864	5,372	492	—
– bonds index-linked	**7,863**	**7,863**	**—**	**—**	8,253	8,253	—	—
– bonds other	**—**	**—**	**—**	**—**	—	—	—	—
– derivatives	**300**	**—**	**300**	**350**	295	—	295	421
– property	**855**	**—**	**855**	**—**	833	—	833	—
– pooled investment vehicles	**9,549**	**—**	**9,549**	**—**	8,064	—	8,064	—
– other	**434**	**434**	**—**	**—**	278	278	—	—
Other plans								
Fair value of plan assets	**7,329**	**5,717**	**1,612**	**16**	7,106	6,407	699	19
– equities	**608**	**608**	**—**	**4**	587	587	—	4
– bonds fixed income	**3,742**	**3,741**	**1**	**3**	3,671	3,671	—	4
– bonds index-linked	**47**	**47**	**—**	**—**	33	33	—	—
– bonds other	**561**	**534**	**27**	**—**	473	473	—	—
– derivatives	**(61)**	**—**	**(61)**	**—**	2	(3)	5	—
– property	**140**	**135**	**5**	**—**	103	98	5	—
– other	**2,292**	**652**	**1,640**	**9**	2,237	1,548	689	11

1 The fair value of plan assets includes derivatives entered into with HSBC Bank plc as detailed in Note 36.
2 For further details of the principal plan, see page 296.

Post-employment defined benefit plans' principal actuarial financial assumptions

HSBC determines the discount rates to be applied to its obligations in consultation with the plans' local actuaries, on the basis of current average yields of high-quality (AA-rated or equivalent) debt instruments with maturities consistent with those of the defined benefit obligations.

Key actuarial assumptions for the principal plan[1]

	Discount rate	**Inflation rate (RPI)**	**Inflation rate (CPI)**	**Rate of increase for pensions**	**Rate of pay increase**
	%	**%**	**%**	**%**	**%**
UK					
At 31 Dec 2025	**5.51**	**3.02**	**2.34**	**2.96**	**3.09**
At 31 Dec 2024	5.54	3.33	2.88	3.22	3.63

1 For further details of the principal plan, see page 296.

Mortality tables and average life expectancy at age 60 for the principal plan[1]

	Mortality table	**Life expectancy at age 60 for a male member currently:**		**Life expectancy at age 60 for a female member currently:**	
		Aged 60	**Aged 40**	**Aged 60**	**Aged 40**
UK					
At 31 Dec 2025	**SAPS S3[2]**	**26.4**	**28.0**	**28.4**	**30.0**
At 31 Dec 2024	SAPS S3[3]	26.1	27.7	28.3	29.9

1 For further details of the principal plan, see page 296.
2 Self-administered pension scheme ('SAPS') S3 table, with different tables and multipliers adopted based on gender, pension amount and member status, reflecting the Scheme's actual mortality experience. Improvements are projected in accordance with the Continuous Mortality Investigation's CMI 2024 core projection model with an initial addition to improvement of 0.25% per annum, and a long-term rate of improvement of 1.25% per annum, with other parameters set in line with the model default values.
3 Self-administered pension scheme ('SAPS') S3 table, with different tables and multipliers adopted based on gender, pension amount and member status, reflecting the Scheme's actual mortality experience. Improvements are projected in accordance with the Continuous Mortality Investigation's CMI 2023 core projection model with an initial addition to improvement of 0.25% per annum and a long-term rate of improvement of 1.25% per annum and with a 0% weighting to 2020 and 2021, mortality experience and a 15% weighting to 2022 and 2023, reflecting long-term view on mortality improvements post-pandemic.

The effect of changes in key assumptions on the principal plan[1]

	Impact on HSBC UK section of the HSBC Bank (UK) Pension Scheme obligation			
	Financial impact of increase		Financial impact of decrease	
	2025	2024	**2025**	2024
	$m	$m	**$m**	$m
Discount rate – increase/decrease of 0.25%	**(477)**	(473)	**496**	496
Inflation rate (RPI and CPI) – increase/decrease of 0.25%	**408**	389	**(391)**	(391)
Pension payments and deferred pensions – increase/decrease of 0.25%	**504**	487	**(478)**	(478)
Pay – increase/decrease of 0.25%	**7**	6	**(6)**	(6)
Change in mortality – increase/decrease of 1 year	**486**	483	**(464)**	(464)

1 For further details of the principal plan, see page 296.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the prior period.

Directors' emoluments

Details of Directors' emoluments, pensions and their interests are disclosed in the Directors' remuneration report on page 216.

6 Auditor's remuneration

	2025	2024	2023
	$m	$m	$m
Audit fees payable to PwC[1]	**108.9**	102.8	109.8
Other audit fees payable	**2.8**	1.6	2.2
Year ended 31 Dec	**111.7**	104.4	112.0

Fees payable by HSBC to PwC

	2025	2024	2023
	$m	$m	$m
Fees for HSBC Holdings' statutory audit[2]	**25.1**	22.0	24.1
Fees for other services provided to HSBC	**134.0**	124.6	131.8
– audit of HSBC's subsidiaries	**83.8**	80.8	85.7
– audit-related assurance services[3]	**28.2**	25.0	26.0
– other assurance services[4,5]	**22.0**	18.8	20.1
Year ended 31 Dec	**159.1**	146.6	155.9

1 Audit fees payable to PwC in 2025 included adjustments made to the prior year audit fee after finalisation of the 2024 financial statements. In addition, $2.1m in expenses were reimbursed to PwC in 2025.
2 Fees payable to PwC for the statutory audit of the consolidated financial statements of HSBC and the separate financial statements of HSBC Holdings. They include amounts payable for services relating to the consolidation returns of HSBC Holdings' subsidiaries, which are clearly identifiable as being in support of the Group audit opinion.
3 Including services for assurance and other services that relate to statutory and regulatory filings, including interim reviews.
4 Including permitted services relating to attestation reports on internal controls of a service organisation primarily prepared for and used by third-party end users, including comfort letters.
5 Includes reviews of PRA regulatory reporting returns.

No fees were payable by HSBC to PwC as principal auditor for the following types of services: internal audit services and services related to litigation, recruitment and remuneration.

Fees payable by HSBC's associated pension schemes to PwC

	2025	2024	2023
	$000	$000	$000
Audit of HSBC's associated pension schemes	**256**	320	297
Year ended 31 Dec	**256**	320	297

No fees were payable by HSBC's associated pension schemes to PwC as principal auditor for the following types of services: internal audit services, other assurance services, services related to corporate finance transactions, valuation and actuarial services, litigation, recruitment and remuneration, and information technology.

In addition to the above, the estimated fees paid to PwC by third parties associated with HSBC amounted to $7.1m (2024: $9.9m; 2023: $12.3m). In these cases, HSBC was connected with the contracting party and may therefore have been involved in appointing PwC. These fees arose from services such as auditing mutual funds managed by HSBC and reviewing the financial position of corporate concerns that borrow from HSBC.

Fees payable for non-audit services for HSBC Holdings are not disclosed separately because such fees are disclosed on a consolidated basis for the Group.

7 Tax

Tax expense

	2025 $m	2024 $m	2023 $m
Current tax[1]	**6,978**	6,115	5,718
– for this year	**6,606**	5,863	5,737
– adjustments in respect of prior periods[3]	**324**	31	(19)
– Pillar 2 and qualifying domestic top-up taxes	**48**	221	—
Deferred tax	**(202)**	1,195	71
– origination and reversal of temporary differences	**173**	1,288	19
– effect of changes in tax rates	**35**	(2)	17
– adjustments in respect of prior periods[3]	**(410)**	(91)	35
Year ended 31 Dec[2]	**6,776**	7,310	5,789

1 Current tax included Hong Kong profits tax of $2,351m (2024: $1,615m; 2023: $1,328m). The Hong Kong tax rate applying to the profits of subsidiaries assessable in Hong Kong was 16.5% (2024: 16.5%; 2023: 16.5%).
2 In addition to amounts recorded in the income statement, a tax charge of $136m (2024: credit of $12m) was recorded directly to equity.
3 Adjustments in respect of prior periods includes deferred tax credits in Hong Kong arising on temporary differences between IFRS and the regulatory basis of accounting on which the tax returns are prepared, and in the UK on tax losses, both of which arise from the finalisation of 2024 tax returns and are offset by corresponding charges in current tax.

Tax reconciliation

The tax charged to the income statement differs from the tax charge that would apply if all profits had been taxed at the UK corporation tax rate as follows:

	2025		2024		2023	
	$m	**%**	$m	%	$m	%
Profit before tax	**29,907**		32,309		30,348	
Tax expense						
Taxation at UK corporation tax rate of 25.0% (2024: 25.0%, 2023: 23.5%)	**7,477**	**25.0**	8,077	25.0	7,132	23.5
Impact of differently taxed overseas profits in overseas locations	**(1,316)**	**(4.4)**	(1,351)	(4.2)	(612)	(2.0)
UK banking surcharge	**179**	**0.6**	215	0.7	350	1.2
Items increasing tax charge in 2025:						
– local taxes and overseas withholding taxes	**692**	**2.3**	584	1.8	419	1.4
– movements in unrecognised deferred tax	**314**	**1.0**	259	0.7	(22)	(0.1)
– fines and provisions for legal settlements	**294**	**1.0**	—	—	—	—
– impairment of investment in BoCom	**250**	**0.8**	—	—	705	2.3
– other permanent disallowables	**237**	**0.8**	344	1.0	227	0.7
– dilution loss on the Group's investment in BoCom	**128**	**0.4**	—	—	—	—
– movements in provisions for uncertain tax positions	**118**	**0.4**	38	0.1	(472)	(1.6)
– impact of business disposals	**100**	**0.3**	—	—	—	—
– non-deductible bank levy expense	**75**	**0.3**	73	0.2	112	0.4
– impact of global and domestic minimum taxes	**48**	**0.2**	221	0.7	—	—
– impact of changes in tax rates	**35**	**0.1**	6	—	17	0.1
– impact of hyperinflation	**32**	**0.1**	327	1.0	348	1.1
– tax impact of sale of HSBC Argentina	**—**	**—**	1,536	4.8	—	—
Items reducing tax charge in 2025:						
– non-taxable income and gains	**(970)**	**(3.2)**	(1,079)	(3.3)	(1,189)	(3.9)
– effect of profits in associates and joint ventures	**(582)**	**(1.9)**	(456)	(1.4)	(571)	(1.9)
– deductions for AT1 coupon payments	**(249)**	**(0.8)**	(249)	(0.8)	(229)	(0.7)
– adjustments in respect of prior periods	**(86)**	**(0.3)**	(46)	(0.1)	16	0.1
– non-taxable gain on disposal of HSBC Canada	**—**	**—**	(1,174)	(3.6)	—	—
– impact of sale of French retail banking business	**—**	**—**	(15)	—	—	—
– accounting gain on acquisition of SVB UK	**—**	**—**	—	—	(442)	(1.5)
Year ended 31 Dec	**6,776**	**22.7**	7,310	22.6	5,789	19.1

The Group's profits are taxed at different rates depending on the country or territory in which the profits arise. The key applicable tax rates for 2025 include Hong Kong (16.5%), the US (21.0%) and the UK (25.0%). If the Group's profits were taxed at the statutory rates of the countries in which the profits arose, then the tax rate for the year would have been 21.2% (2024: 21.4%).

The effective tax rate for the year of 22.7% was higher than in the previous year (2024: 22.6%). The effective tax rate for the year was increased by 1.2% by the dilution loss and non-deductible impairment of the Group's investment in BoCom, increased by 1.0% by movements in unrecognised deferred tax, primarily relating to French tax losses, and increased by 1.0% by the impact of fines and provisions for legal settlements on which no tax benefit is recorded. The effective tax rate for the year was reduced by 0.3% by adjustments in respect of prior periods, mainly arising from the finalisation of prior year tax returns in India and Hong Kong. The effective tax rate for 2024 was reduced by 3.6% by the non-taxable gain arising on the disposal of HSBC Canada, increased by 4.8% by the non-deductible loss arising on the disposal of HSBC Argentina, increased by 0.7% by movements in unrecognised deferred tax, primarily relating to French tax losses, and increased by 0.7% by the Group's Pillar 2 global minimum tax charge.

The UK adopted the 'Pillar Two' global minimum tax model rules of the OECD's Inclusive Framework on Base Erosion and Profit-Shifting ('BEPS') with effect from 1 January 2024. Many jurisdictions adopted similar rules, as well as domestic minimum tax regimes, from 1 January 2025 and some jurisdictions, such as Bermuda, introduced new or amended corporate income tax regimes effective from that date. These changes have the effect of increasing local overseas tax liabilities in 2025 and reducing the UK top-up tax liability.

Accounting for taxes involves some estimation because tax law is uncertain and its application requires a degree of judgement, which authorities may dispute. Liabilities are recognised based on best estimates of the probable outcome, taking into account external advice where appropriate. Exposures to additional tax liabilities arising from uncertain tax positions were reassessed during 2025, resulting in a charge of $118m to the income statement. We do not expect significant liabilities to arise in excess of the amounts provided. HSBC only recognises current and deferred tax assets where recovery is probable.

Movement of deferred tax assets and liabilities

	Loan impairment provisions	Unused tax losses and tax credits	Financial assets at FVOCI	Cash flow hedges	Retirement obligations	Other	Total
	$m	$m	$m	$m	$m	$m	$m
Assets	**1,070**	**3,864**	**616**	**442**	**—**	**2,906**	**8,898**
Liabilities	**—**	**—**	**—**	**—**	**(1,767)**	**(1,607)**	**(3,374)**
At 1 Jan 2025	**1,070**	**3,864**	**616**	**442**	**(1,767)**	**1,299**	**5,524**
Income statement	**11**	**(466)**	**226**	**10**	**(96)**	**517**	**202**
Other comprehensive income	**—**	**—**	**(564)**	**(587)**	**6**	**161**	**(984)**
Foreign exchange and other adjustments	**(25)**	**74**	**221**	**23**	**(100)**	**200**	**393**
At 31 Dec 2025	**1,056**	**3,472**	**499**	**(112)**	**(1,957)**	**2,177**	**5,135**
Assets[1]	**1,056**	**3,472**	**499**	**—**	**—**	**3,503**	**8,530**
Liabilities[1]	**—**	**—**	**—**	**(112)**	**(1,957)**	**(1,326)**	**(3,395)**
Assets	1,158	4,544	876	419	—	2,933	9,930
Liabilities	—	—	—	—	(1,814)	(1,600)	(3,414)
At 1 Jan 2024	1,158	4,544	876	419	(1,814)	1,333	6,516
Income statement	(74)	(640)	100	—	(85)	(431)	(1,130)
Other comprehensive income	—	—	(49)	84	114	189	338
Foreign exchange and other adjustments	(14)	(40)	(311)	(61)	18	208	(200)
At 31 Dec 2024	1,070	3,864	616	442	(1,767)	1,299	5,524
Assets[1]	1,070	3,864	616	442	—	2,906	8,898
Liabilities[1]	—	—	—	—	(1,767)	(1,607)	(3,374)

1 After netting off balances within countries, the balances as disclosed in the accounts are as follows: deferred tax assets of $7,235m (2024: $6,841m) and deferred tax liabilities of $2,100m (2024: $1,317m).

In applying judgement in recognising deferred tax assets, management has assessed all relevant information, including future business profit projections and the track record of meeting forecasts. Management's assessment of the likely availability of future taxable profits against which to recover deferred tax assets is based on the most recent financial forecasts approved by management, which cover a five-year period and are extrapolated where necessary, and takes into consideration the reversal of existing taxable temporary differences and past business performance. When forecasts are extrapolated beyond five years, a number of different scenarios are considered, reflecting different downward risk adjustments, in order to assess the sensitivity of our recognition and measurement conclusions in the context of such longer-term forecasts.

The Group's net deferred tax asset of $5.1bn (2024: $5.5bn) included $1.5bn (2024: $2.6bn) of deferred tax assets relating to the UK, $2.8bn (2024: $3.0bn) of deferred tax assets relating to the US and a net deferred asset of $0.8bn (2024: $0.5bn) in France.

The UK deferred tax asset of $1.5bn excluded a $2.0bn deferred tax liability arising on the UK pension scheme surplus, the reversal of which is not taken into account when estimating future taxable profit due to the level of uncertainty as to the timing and manner of its reversal. The UK deferred tax assets are supported by forecasts of taxable profit, also taking into consideration the history of profitability in the relevant businesses. The majority of the deferred tax asset relates to tax attributes which do not expire and are forecast to be recovered within two years and as such are less sensitive to changes in long-term profit forecasts.

The net US deferred tax asset of $2.8bn included $1.0bn related to US tax losses, of which $0.7bn expire in 9 to 12 years. Management expects the US deferred tax asset to be substantially recovered within 13 years, with the majority recovered in the first five years.

The net deferred tax asset in France of $0.8bn included $0.7bn related to tax losses, which are expected to be substantially recovered within 10 years. An additional $0.1bn of deferred tax asset relating to French tax losses was recognised during the year, supported by the business's improved performance and outlook. Unused tax losses with a tax value of $0.3bn have not been recognised due to the absence of convincing evidence regarding the availability of sufficient future taxable profits against which to recover them.

Unrecognised deferred tax

The amount of gross temporary differences, unused tax losses and tax credits for which no deferred tax asset is recognised in the balance sheet was $13.8bn (2024: $11.0bn). This amount included unused US state tax losses of $3.8bn (2024: $3.8bn) which are forecast to expire before they are recovered, unused French tax losses of $1.4bn (2024: $0.7bn) for which there is insufficient evidence of future taxable profits to support recognition, and unused UK tax losses of $3.4bn (2024: $3.5bn), which arose prior to 1 April 2017 and can only be recovered against future taxable profits of HSBC Holdings. No deferred tax was recognised on these losses due to the absence of convincing evidence regarding the availability of sufficient future taxable profits against which to recover them. Deferred tax asset recognition is reassessed at each balance sheet date based on the available evidence. Of the total amounts on which deferred tax was not recognised, $7.6bn (2024: $6.0bn) had no expiry date, $1.3bn (2024: $1.0bn) was scheduled to expire within 10 years and the remaining balance is expected to expire after 10 years.

Deferred tax is not recognised in respect of the Group's investments in subsidiaries and branches where HSBC is able to control the timing of remittance or other realisation and where remittance or realisation is not probable in the foreseeable future. The aggregate temporary differences relating to unrecognised deferred tax liabilities arising on investments in subsidiaries and branches was $15.9bn (2024: $15.2bn) and the corresponding unrecognised deferred tax liability was $0.8bn (2024: $0.7bn).

8 Dividends

Dividends to shareholders of the parent company

	2025		2024		2023	
	Per share $	**Total $m**	Per share $	Total $m	Per share $	Total $m
Dividends paid on ordinary shares						
In respect of previous year:						
– second interim dividend	**–**	**–**	—	—	0.23	4,589
– fourth interim dividend	**0.36**	**6,397**	0.31	5,872	—	—
In respect of current year:						
– first interim dividend	**0.10**	**1,750**	0.10	1,877	0.10	2,001
– special dividend	**–**	**–**	0.21	3,942	—	—
– second interim dividend	**0.10**	**1,717**	0.10	1,852	0.10	1,956
– third interim dividend	**0.10**	**1,717**	0.10	1,805	0.10	1,946
Total	**0.66**	**11,581**	0.82	15,348	0.53	10,492
Total coupons on capital securities classified as equity		**1,183**		1,062		1,101
Dividends to shareholders		**12,764**		16,410		11,593

Total coupons on capital securities classified as equity

			2025	2024	2023
	First call date	**Per security**	**Total $m**	Total $m	Total $m
Perpetual subordinated contingent convertible securities[1]					
$2,250m issued at 6.375%[2]	Sep 2024	**$63.750**	**–**	122	143
$2,450m issued at 6.375%[3]	Mar 2025	**$63.750**	**55**	156	156
$3,000m issued at 6.000%	May 2027	**$60.000**	**180**	180	180
$2,350m issued at 6.250%[4]	Mar 2023	**$62.500**	**–**	—	52
$1,800m issued at 6.500%	Mar 2028	**$65.000**	**117**	117	117
$1,500m issued at 4.600%	Dec 2030	**$46.000**	**69**	69	69
$1,000m issued at 4.000%	Mar 2026	**$40.000**	**40**	40	40
$1,000m issued at 4.700%	Mar 2031	**$47.000**	**47**	47	47
$2,000m issued at 8.000%[5]	Mar 2028	**$80.000**	**160**	160	80
$1,350m issued at 6.875%[6]	Sep 2029	**$68.750**	**93**	—	—
$1,150m issued at 6.950%[7]	Mar 2034	**$69.500**	**80**	—	—
$1,500m issued at 6.950%[8]	Aug 2031	**$69.500**	**52**	—	—
$2,000m issued at 7.050%[9]	Jun 2030	**$70.500**	**71**	—	—
€1,000m issued at 6.000%[10]	Sep 2023	**€60.000**	**–**	—	56
€1,250m issued at 4.750%	Jul 2029	**€47.500**	**65**	65	64
£1,000m issued at 5.875%	Sep 2026	**£58.750**	**77**	77	72
SGD750m issued at 5.000%[11]	Sep 2023	**SGD50.000**	**–**	—	25
SGD1,500m issued at 5.250%[12]	Jun 2029	**SGD52.500**	**61**	29	—
SGD800m issued at 5.000%[13]	Mar 2030	**SGD50.000**	**16**	—	—
Total			**1,183**	1,062	1,101

1 Discretionary coupons are paid semi-annually, based on the denominations of each security.
2 This security was called by HSBC Holdings on 23 July 2024 and was redeemed and cancelled on 17 September 2024.
3 This security was called by HSBC Holdings on 7 February 2025 and was redeemed and cancelled on 31 March 2025.
4 This security was called by HSBC Holdings on 30 January 2023 and was redeemed and cancelled on 23 March 2023.
5 This security was issued by HSBC Holdings on 7 March 2023. The first call period commences six calendar months prior to the reset date of 7 September 2028.
6 This security was issued by HSBC Holdings on 11 September 2024. The first call period commences six calendar months prior to the reset date of 11 March 2030.
7 This security was issued by HSBC Holdings on 11 September 2024. The first call period commences six calendar months prior to the reset date of 11 September 2034.
8 This security was issued by HSBC Holdings on 27 February 2025. The first call period commences six calendar months prior to the reset date of 27 February 2032.
9 This security was issued by HSBC Holdings on 5 June 2025. The first call period commences six calendar months prior to the reset date of 5 December 2030.
10 This security was called by HSBC Holdings on 3 August 2023 and was redeemed and cancelled on 29 September 2023.
11 This security was called by HSBC Holdings on 3 August 2023 and was redeemed and cancelled on 25 September 2023.
12 This security was issued by HSBC Holdings on 14 June 2024. The first call period commences six calendar months prior to the reset date of 14 December 2029.
13 This security was issued by HSBC Holdings on 24 March 2025. The first call period commences six calendar months prior to the reset date of 24 September 2030.

On 25 February 2026, the Directors approved a fourth interim dividend in respect of the financial year ended 31 December 2025 of $0.45 per ordinary share (the 'dividend'), an expected distribution of approximately $7.71bn. The dividend will be payable on 30 April 2026 to holders of record on the Principal Register in the UK, the Hong Kong Overseas Branch Register or the Bermuda Overseas Branch Register on 13 March 2026. No liability was recorded in the financial statements in respect of the fourth interim dividend for 2025.

On 5 January 2026, HSBC paid a coupon on its €1,250m subordinated capital securities, representing a total distribution of €30m ($35m). No liability was recorded on the balance sheet at 31 December 2025 in respect of this coupon payment.

9 Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding, after deducting own shares held. Diluted earnings per ordinary share is calculated by dividing the basic earnings, which require no adjustment for the effects of dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding, excluding own shares held, plus the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares.

Basic and diluted earnings per share

	2025			2024			2023		
	Profit	**Number of shares**	**Per share**	Profit	Number of shares	Per share	Profit	Number of shares	Per share
	$m	**(millions)**	**$**	$m	(millions)	$	$m	(millions)	$
Basic[1]	**21,102**	**17,427**	**1.21**	22,917	18,357	1.25	22,432	19,478	1.15
Effect of dilutive potential ordinary shares		**120**			128			122	
Diluted[1]	**21,102**	**17,547**	**1.20**	22,917	18,485	1.24	22,432	19,600	1.14

1 Weighted average number of ordinary shares outstanding (basic) or assuming dilution (diluted) after deducting own shares held.

The number of anti-dilutive employee share options excluded from the weighted average number of dilutive potential ordinary shares was 12 million (2024: Nil; 2023: 23 million).

10 Segmental analysis

The Group Operating Committee is considered to be the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Group's reportable segments. Business segments results were assessed by the CODM on the basis of constant currency performance that removes the effects of currency translation from reported results. Therefore, we disclose these results on a constant currency basis as required by IFRS Accounting Standards. The 2024 and 2023 income statements are converted at the average rates of exchange for 2025, and the balance sheets at 31 December 2024 and 31 December 2023 at the prevailing rates of exchange on 31 December 2025.

Our operations are closely integrated and, accordingly, the presentation of data includes internal allocations of certain items of income and expense. These allocations include the costs of certain support services and global infrastructures to the extent that they can be meaningfully attributed to business segments. While such allocations have been made on a systematic and consistent basis, they involve a certain degree of subjectivity. Costs that are not allocated to global businesses are included in Corporate Centre.

Interest income is reported net as the CODM primarily relies on the net amount as a performance measure. Where relevant, income and expense amounts presented include the results of inter-segment funding along with inter-company and inter-business line transactions. All such transactions are undertaken on arm's length terms. Measurement of segmental assets, liabilities, income and expenses is in accordance with the Group's accounting policies. Shared costs are included in segments on the basis of actual recharges. The intra-group elimination items for the business segments are presented in Corporate Centre.

Our business segments

Following our organisational announcement in October 2024, effective from 1 January 2025, the Group's reportable segments under IFRS 8 'Operating Segments' comprise four business along with Corporate Centre. These replace our previously reported operating segments up to 31 December 2024. All segmental comparative data have been re-presented to reflect the Group's revised segment structure.

- Hong Kong: The Hong Kong business comprises Retail Banking and Wealth and Commercial Banking of HSBC Hong Kong and Hang Seng Bank.
- UK: The UK business comprises UK Personal Banking (including first direct and M&S Bank) and UK Commercial Banking including HSBC Innovation Bank.
- Corporate and Institutional Banking ('CIB'): CIB is formed from the integration of our Commercial Banking business (outside the UK and Hong Kong) with our Global Banking and Markets business.
- International Wealth and Premier Banking ('IWPB'): IWPB comprises Premier banking outside of Hong Kong and the UK, our Private Bank, and our wealth manufacturing businesses of Asset Management and Insurance.

HSBC constant currency profit before tax and balance sheet data

	2025					
	Hong Kong	**UK**	**CIB**	**IWPB**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Net operating income/(expense) before change in expected credit losses and other credit impairment charges[1]	**15,878**	**12,938**	**27,637**	**14,520**	**(2,699)**	**68,274**
– external	**10,157**	**13,856**	**39,098**	**12,458**	**(7,295)**	**68,274**
– inter-segment	**5,721**	**(918)**	**(11,461)**	**2,062**	**4,596**	**—**
– of which: net interest income/(expense)[2]	**12,082**	**11,096**	**14,532**	**7,397**	**(10,313)**	**34,794**
Change in expected credit losses and other credit impairment charges	**(1,476)**	**(696)**	**(696)**	**(892)**	**(90)**	**(3,850)**
Net operating income/(expense)	**14,402**	**12,242**	**26,941**	**13,628**	**(2,789)**	**64,424**
Total operating expenses	**(4,826)**	**(5,537)**	**(15,556)**	**(9,285)**	**(1,224)**	**(36,428)**
Operating profit/(loss)	**9,576**	**6,705**	**11,385**	**4,343**	**(4,013)**	**27,996**
Share of profit in associates and joint ventures less impairment[3]	**—**	**—**	**1**	**24**	**1,886**	**1,911**
Constant currency profit before tax	**9,576**	**6,705**	**11,386**	**4,367**	**(2,127)**	**29,907**
	%	**%**	**%**	**%**	**%**	**%**
Share of HSBC's constant currency profit before tax	**32.0**	**22.4**	**38.1**	**14.6**	**(7.1)**	**100.0**
Constant currency cost efficiency ratio	**30.4**	**42.8**	**56.3**	**63.9**	**(45.4)**	**53.4**
Constant currency balance sheet data	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Loans and advances to customers (net)	**229,491**	**303,698**	**305,022**	**150,047**	**141**	**988,399**
Interests in associates and joint ventures	**—**	**—**	**83**	**522**	**28,972**	**29,577**
Total external assets	**437,933**	**451,492**	**1,793,162**	**416,332**	**134,115**	**3,233,034**
Customer accounts	**543,381**	**364,323**	**597,719**	**281,058**	**347**	**1,786,828**

	2024					
Net operating income/(expense) before change in expected credit losses and other credit impairment charges	15,047	12,342	26,772	13,817	(1,969)	66,009
– external	9,704	13,060	39,012	11,175	(6,942)	66,009
– inter-segment	5,343	(718)	(12,240)	2,642	4,973	—
– of which: net interest income/(expense)[2]	11,997	10,355	14,519	8,081	(12,497)	32,455
Change in expected credit losses and other credit impairment charges	(1,077)	(415)	(878)	(993)	(29)	(3,392)
Net operating income/(expense)	13,970	11,927	25,894	12,824	(1,998)	62,617
Total operating expenses	(4,841)	(5,104)	(14,612)	(8,900)	311	(33,146)
Operating profit/(loss)	9,129	6,823	11,282	3,924	(1,687)	29,471
Share of profit/(loss) in associates and joint ventures	—	—	1	45	2,867	2,913
Constant currency profit/(loss) before tax	9,129	6,823	11,283	3,969	1,180	32,384
	%	%	%	%	%	%
Share of HSBC's constant currency profit before tax	28.2	21.1	34.8	12.3	3.6	100.0
Constant currency cost efficiency ratio	32.2	41.4	54.6	64.4	15.8	50.2
Constant currency balance sheet data	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	235,053	285,778	297,877	144,027	8,043	970,778
Interests in associates and joint ventures	—	—	132	557	29,039	29,728
Total external assets	433,588	432,683	1,729,531	414,734	129,265	3,139,801
Customer accounts	506,557	352,833	587,926	271,588	336	1,719,240

	2023					
Net operating income/(expense) before change in expected credit losses and other credit impairment charges	14,532	13,439	24,723	12,385	(39)	65,040
– external	10,093	13,749	36,111	10,112	(5,025)	65,040
– inter-segment	4,439	(310)	(11,388)	2,273	4,986	—
– of which: net interest income/(expense)[2]	12,108	9,903	13,399	7,753	(8,951)	34,212
Change in expected credit losses and other credit impairment charges	(1,494)	(545)	(524)	(686)	(1)	(3,250)
Net operating income/(expense)	13,038	12,894	24,199	11,699	(40)	61,790
Total operating expenses	(4,514)	(4,829)	(13,755)	(8,549)	(44)	(31,691)
Operating profit/(loss)	8,524	8,065	10,444	3,150	(84)	30,099
Share of profit/(loss) in associates and joint ventures[4]	—	—	(1)	62	(358)	(297)
Constant currency profit/(loss) before tax	8,524	8,065	10,443	3,212	(442)	29,802
	%	%	%	%	%	%
Share of HSBC's constant currency profit before tax	28.6	27.1	35.0	10.8	(1.5)	100.0
Constant currency cost efficiency ratio	31.1	35.9	55.6	69.0	(112.8)	48.7
Constant currency balance sheet data	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	240,173	278,225	290,227	146,805	276	955,706
Interests in associates and joint ventures	—	—	128	539	26,965	27,632
Total external assets	419,890	423,648	1,648,421	460,545	142,628	3,095,132
Customer accounts	486,873	347,570	548,275	257,664	618	1,641,000

1 Includes a loss of $1.1bn inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom. See Note 18 on pages 319 to 322.
2 Includes $9.7bn (2024: $11.4bn; 2023: $8.7bn) of interest expense in Corporate Centre for the internal cost to fund our Markets Treasury function.
3 Includes an impairment loss of $1.0bn recognised in respect of the Group's investment in BoCom. See Note 18 on pages 319 to 322.
4 Includes an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom.

Reported external net operating income is attributed to countries and territories on the basis of the location of the branch responsible for reporting the results or advancing the funds:

	2025	2024	2023
	$m	$m	$m
Reported external net operating income by country/territory	**68,274**	65,854	66,058
– UK[1]	**13,677**	12,307	11,027
– Hong Kong	**22,527**	20,811	20,185
– US	**4,797**	4,233	3,816
– France	**1,839**	3,804	4,208
– other countries/territories	**25,434**	24,699	26,822

1 UK includes HSBC UK Bank plc (ring-fenced bank), HSBC Bank plc (non-ring-fenced bank), the ultimate holding company, HSBC Holdings plc, and the separately incorporated group of service companies ('ServCo Group').

Constant currency results reconciliation

	2025	2024			2023		
	Reported and constant currency	Constant currency	Currency translation	Reported	Constant currency	Currency translation	Reported
	$m	$m	$m	$m	$m	$m	$m
Revenue	**68,274**	66,009	155	65,854	65,040	(1,018)	66,058
ECL	**(3,850)**	(3,392)	22	(3,414)	(3,250)	197	(3,447)
Operating expenses	**(36,428)**	(33,146)	(103)	(33,043)	(31,691)	379	(32,070)
Share of profit/(loss) in associates and joint ventures less impairment	**1,911**	2,913	1	2,912	(297)	(104)	(193)
Profit before tax	**29,907**	32,384	75	32,309	29,802	(546)	30,348

Constant currency balance sheet reconciliation

	2025	2024			2023		
	Reported and constant currency	Constant currency	Currency translation	Reported	Constant currency	Currency translation	Reported
	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	**988,399**	970,778	40,120	930,658	955,706	17,171	938,535
Interests in associates and joint ventures	**29,577**	29,728	819	28,909	27,632	288	27,344
Total external assets	**3,233,034**	3,139,801	122,753	3,017,048	3,095,132	56,455	3,038,677
Customer accounts	**1,786,828**	1,719,240	64,285	1,654,955	1,641,000	29,353	1,611,647

Notable items

	2025	2024	2023
	$m	$m	$m
Year ended 31 Dec			
Notable items			
Revenue			
Disposals, wind-downs, acquisitions and related costs[1,2,3]	**(1,642)**	(1,343)	1,298
Dilution loss of interest in BoCom associate[4]	**(1,104)**	—	—
Fair value movements on financial instruments[5]	**–**	—	14
Disposal losses on Markets Treasury repositioning	**–**	—	(977)
Early redemption of legacy securities	**–**	(237)	—
Operating expenses			
Disposals, wind-downs, acquisitions and related costs	**(502)**	(199)	(321)
Restructuring and other related costs[6]	**(1,030)**	(34)	136
Legal provision[7]	**(1,432)**	—	—
Impairment losses of interest in BoCom associate[4]	**(1,000)**	—	(3,000)

1 Includes recycling of cumulative fair value losses of $1.5bn relating to the French retained portfolio of home and certain other loans following the completion of its sale to a consortium comprising Rothesay Life plc and CCF.
2 Amounts in 2024 include a $1.0bn loss on disposal and a $5.2bn loss on the recycling in foreign currency translation reserve losses and other reserves arising on sale of our business in Argentina. This was partly offset by a $4.8bn gain on disposal of our banking business in Canada, inclusive of foreign exchange hedging of the sales proceeds and the recycling of reserves losses.
3 Amounts in 2023 include the gain of $1.6bn recognised in respect of the acquisition of SVB UK, and the impact of the sale of our retail banking operations in France.
4 Includes a loss of $1.1bn inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom. We have also recognised a $1.0bn impairment loss following an impairment test on the carrying value of the Group's investment in BoCom in 'Impairment losses of interest in BoCom associate'. See Note 18 on pages 319 to 322.
5 Fair value movements on non-qualifying hedges in HSBC Holdings.
6 Amounts in 2025 include restructuring provisions recognised in 2025. Amounts in 2024 relate to restructuring provisions recognised in 2024 and reversals of restructuring provisions recognised during 2022. Amounts in 2023 relate to reversals of restructuring provisions recognised during 2022.
7 Includes a $1.1bn provision in connection with a claim brought by Herald Fund SPC in the Luxembourg District Court, relating to the Bernard L. Madoff Investment Securities LLC fraud and a $0.3bn provision in connection with certain historical trading activities in HSBC Bank plc.

11 Trading assets

	2025 $m	2024 $m
Treasury and other eligible bills	**34,433**	32,022
Debt securities	**116,837**	97,275
Equity securities	**176,312**	155,194
Trading securities	**327,582**	284,491
Loans and advances to banks[1]	**10,913**	6,123
Loans and advances to customers[1]	**27,658**	24,228
At 31 Dec	**366,153**	314,842

1 Loans and advances to banks and customers include reverse repos, stock borrowing and other accounts.

12 Fair values of financial instruments carried at fair value

Control framework

Fair values are subject to a control framework designed to ensure that they are either determined or validated by a function independent of the risk taker.

Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, HSBC sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable. Examples of the factors considered are price observability, instrument comparability, consistency of data sources, underlying data accuracy and timing of prices.

For fair values determined using valuation models, the control framework includes development or validation by independent support functions of the model logic, inputs, model outputs and adjustments. Valuation models are subject to a process of due diligence before becoming operational and are calibrated against external market data on an ongoing basis. Fair value adjustments are applied where additional factors are not incorporated into the primary product valuation model.

The majority of financial instruments measured at fair value are in MSS. MSS's fair value governance structure comprises its Finance function and Valuation Committees. Finance is responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards. The fair values are reviewed by the Valuation Committees, which consist of independent support functions.

Financial liabilities measured at fair value

In certain circumstances, HSBC records its own debt in issue at fair value, based on quoted prices in an active market for the specific instrument. When quoted market prices are unavailable, the own debt in issue is valued using valuation techniques, the inputs for which are either based on quoted prices in an inactive market for the instrument or are estimated by comparison with quoted prices in an active market for similar instruments. In both cases, the fair value includes the effect of applying the credit spread that is appropriate to HSBC's liabilities. The change in fair value of issued debt securities attributable to the Group's own credit spread is computed as follows: for each security at each reporting date, an externally verifiable price is obtained or a price is derived using credit spreads for similar securities for the same issuer. Then, using discounted cash flow, each security is valued using an appropriate market discount curve. The difference in the valuations is attributable to the Group's own credit spread. This methodology is applied consistently across all securities.

Structured notes issued and certain other hybrid instruments are reported as financial liabilities designated at fair value. The credit spread applied to these instruments is derived from the spreads at which HSBC issues structured notes.

Gains and losses arising from changes in the credit spread of liabilities issued by HSBC, recorded in other comprehensive income, reverse over the contractual life of the debt, provided that the debt is not repaid at a premium or a discount.

Fair value hierarchy

Fair values of financial assets and liabilities are determined according to the following hierarchy:

- Level 1 – valuation technique using quoted market price. These are financial instruments with quoted prices for identical instruments in active markets that HSBC can access at the measurement date.
- Level 2 – valuation technique using observable inputs. These are financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – valuation technique with significant unobservable inputs. These are financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Financial instruments carried at fair value and bases of valuation

	2025				2024			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
Recurring fair value measurements at 31 Dec								
Assets								
Trading assets	**267,638**	**92,418**	**6,097**	**366,153**	236,593	71,574	6,675	314,842
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**46,436**	**61,267**	**25,360**	**133,063**	39,331	56,694	19,744	115,769
Derivatives	**1,798**	**233,759**	**2,183**	**237,740**	1,859	264,629	2,149	268,637
Financial investments	**300,795**	**81,522**	**2,805**	**385,122**	258,371	78,088	2,734	339,193
Liabilities								
Trading liabilities	**46,579**	**25,476**	**67**	**72,122**	42,038	23,160	784	65,982
Financial liabilities designated at fair value	**1,370**	**146,353**	**10,733**	**158,456**	2,152	127,458	9,117	138,727
Derivatives	**1,853**	**232,559**	**3,442**	**237,854**	1,088	260,518	2,842	264,448

There were no material transfers between Level 1 and Level 2 during the reporting period.

The table below provides the fair value levelling of assets held for sale and liabilities of disposal groups that have been classified as held for sale in accordance with IFRS 5. For further details, see Note 23.

Financial instruments carried at fair value and bases of valuation – assets and liabilities held for sale

	2025				2024			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
Recurring fair value measurements at 31 Dec								
Assets								
Trading assets	**26**	**87**	**–**	**113**	—	—	—	—
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**6,327**	**24**	**–**	**6,351**	2,967	9,018	2,575	14,560
Derivatives	**–**	**9**	**5**	**14**	—	36	—	36
Financial investments	**157**	**44**	**–**	**201**	2,651	5,345	504	8,500
Liabilities								
Trading liabilities	**–**	**–**	**–**	**–**	—	—	—	—
Financial liabilities designated at fair value	**1,345**	**–**	**–**	**1,345**	—	130	—	130
Derivatives	**–**	**13**	**3**	**16**	—	19	—	19

Fair value valuation bases

Financial instruments measured at fair value using a valuation technique with significant unobservable inputs – Level 3

	Assets					**Liabilities**			
	Financial investments	**Trading assets**	**Designated and otherwise mandatorily measured at fair value through profit or loss**	**Derivatives**	**Total**	**Trading liabilities**	**Designated at fair value**	**Derivatives**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Private equity including strategic investments	**595**	**1**	**20,364**	**–**	**20,960**	**–**	**1**	**–**	**1**
Structured notes	**–**	**–**	**–**	**–**	**–**	**–**	**10,617**	**–**	**10,617**
Other derivatives	**–**	**–**	**–**	**2,183**	**2,183**	**–**	**–**	**3,442**	**3,442**
Bonds	**2,111**	**3,356**	**2,008**	**–**	**7,475**	**41**	**–**	**–**	**41**
Loans	**21**	**1,667**	**1,565**	**–**	**3,253**	**11**	**–**	**–**	**11**
Other portfolios	**78**	**1,073**	**1,423**	**–**	**2,574**	**15**	**115**	**–**	**130**
At 31 Dec 2025	**2,805**	**6,097**	**25,360**	**2,183**	**36,445**	**67**	**10,733**	**3,442**	**14,242**
Private equity including strategic investments	552	1	17,705	—	18,258	—	1	—	1
Structured notes	—	—	3	—	3	—	9,113	—	9,113
Other derivatives	—	—	—	2,149	2,149	—	—	2,842	2,842
Bonds	1,978	2,173	758	—	4,909	27	—	—	27
Loans	22	2,383	1,277	—	3,682	3	—	—	3
Other portfolios	182	2,118	1	—	2,301	754	3	—	757
At 31 Dec 2024	2,734	6,675	19,744	2,149	31,302	784	9,117	2,842	12,743

Private equity including strategic investments

The fair value of a private equity investment (including strategic investments) is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors; by reference to market valuations for similar entities quoted in an active market; the price at which similar companies have changed ownership; or from published net asset values ('NAV') received. If necessary, adjustments are made to the NAV of funds to obtain the best estimate of fair value.

Structured notes

The fair value of Level 3 structured notes is derived from the fair value of the underlying debt security, and the fair value of the embedded derivative is determined as described in the paragraph below on derivatives. These structured notes comprise principally equity-linked notes issued by HSBC, which provide the counterparty with a return linked to the performance of equity securities and other portfolios. Examples of the unobservable parameters include long-dated equity volatilities and correlations between equity prices, and interest and foreign exchange rates.

Derivatives

OTC derivative valuation models calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. For many vanilla derivative products, the modelling approaches used are standard across the industry. For more complex derivative products, there may be some differences in market practice. Inputs to valuation models are determined from observable market data wherever possible, including prices available from exchanges, dealers, brokers or providers of consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources.

Bonds and loans

The fair value input for bonds and secondary market loans is price, determined utilising market standard valuation techniques such as price-based, discounted cash flows, and internal models. Where uncertainty of inputs and assumptions exist in the determination of a fair value price and are significant, the position will be considered Level 3. Examples of such inputs are credit spreads, interest rate spreads, choice of comparables, earning projections and liquidity/observability of the underlying currency.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

Movement in Level 3 financial instruments

	Assets				Liabilities		
	Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Trading liabilities	Designated at fair value	Derivatives
	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2025	**2,734**	**6,675**	**19,744**	**2,149**	**784**	**9,117**	**2,842**
Total gains/(losses) recognised in profit or loss	**4**	**154**	**1,487**	**1,291**	**(4)**	**919**	**2,210**
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	**—**	**154**	**—**	**1,291**	**(4)**	**919**	**2,210**
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**—**	**—**	**1,478**	**—**	**—**	**—**	**—**
– other income/(losses)	**4**	**—**	**9**	**—**	**—**	**—**	**—**
Total gains/(losses) recognised in other comprehensive income ('OCI')[1]	**255**	**236**	**84**	**150**	**21**	**608**	**174**
Purchases[2]	**2,100**	**4,151**	**4,673**	**—**	**83**	**—**	**—**
New issuances	**—**	**181**	**—**	**—**	**—**	**8,542**	**—**
Sales	**(195)**	**(2,679)**	**(389)**	**—**	**(19)**	**—**	**—**
Settlements	**(347)**	**(1,814)**	**(1,727)**	**(1,073)**	**(331)**	**(5,352)**	**(1,632)**
Transfers out	**(2,008)**	**(2,018)**	**(1,312)**	**(901)**	**(498)**	**(5,282)**	**(831)**
Transfers in[3]	**262**	**1,211**	**2,800**	**567**	**31**	**2,181**	**679**
At 31 Dec 2025	**2,805**	**6,097**	**25,360**	**2,183**	**67**	**10,733**	**3,442**
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2025	**—**	**309**	**309**	**1,320**	**(19)**	**(1,034)**	**(2,304)**
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	**—**	**309**	**—**	**1,320**	**(19)**	**—**	**(2,304)**
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**—**	**—**	**302**	**—**	**—**	**—**	**—**
– other income/(losses)	**—**	**—**	**7**	**—**	**—**	**(1,034)**	**—**

Movement in Level 3 financial instruments (continued)

	Assets				Liabilities		
	Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Trading liabilities	Designated at fair value	Derivatives
	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	2,618	4,306	19,788	2,069	478	10,928	2,569
Total gains/(losses) recognised in profit or loss	(9)	280	896	1,037	18	496	1,268
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	280	—	1,037	18	496	1,268
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	—	—	684	—	—	—	—
– other income/(losses)	(9)	—	212	—	—	—	—
Total gains/(losses) recognised in other comprehensive income ('OCI')[1]	(78)	(115)	(39)	(36)	(18)	(45)	(53)
Purchases	1,670	4,170	6,261	—	924	—	—
New issuances	—	—	—	—	—	6,521	—
Sales	(97)	(1,477)	(649)	—	(295)	—	—
Settlements	(1,011)	(967)	(6,476)	(897)	(307)	(4,750)	(568)
Transfers out	(438)	(429)	(278)	(777)	(29)	(6,048)	(1,346)
Transfers in	79	907	241	753	13	2,015	972
At 31 Dec 2024	2,734	6,675	19,744	2,149	784	9,117	2,842
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2024	—	(150)	11	(1,377)	(6)	(94)	(1,343)
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	(150)	—	(1,377)	(6)	—	(1,343)
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	—	—	(38)	—	—	—	—
– other income/(losses)	—	—	49	—	—	(94)	—

1 Included in 'financial investments: fair value gains/(losses)' in the year and 'exchange differences' in the consolidated statement of comprehensive income.
2 Purchases were predominantly due to the growth of the Insurance business over the period.
3 Includes $2.3bn of transfers in representing enhancements to the application of the levelling methodology, primarily impacting the Insurance business.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarterly reporting period. Transfers are primarily attributable to changes in price transparency and in the assessment of observability.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

Sensitivity of fair values to reasonably possible alternative assumptions

	2025				2024			
	Reflected in profit or loss		**Reflected in OCI**		Reflected in profit or loss		Reflected in OCI	
	Favourable changes	**Un-favourable changes**	**Favourable changes**	**Un-favourable changes**	Favourable changes	Un-favourable changes	Favourable changes	Un-favourable changes
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
Derivatives, trading assets and trading liabilities[1]	**483**	**(295)**	**—**	**—**	481	(313)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit or loss	**1,750**	**(1,434)**	**—**	**—**	1,434	(1,141)	—	—
Financial investments	**—**	**—**	**49**	**(49)**	21	(21)	47	(50)
At 31 Dec	**2,233**	**(1,729)**	**49**	**(49)**	1,936	(1,475)	47	(50)

1 'Derivatives, trading assets and trading liabilities' are presented as one category to reflect the manner in which these instruments are risk-managed.

The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95% confidence interval. Methodologies take account of the nature of the valuation technique employed, as well as the availability and reliability of observable proxy and historical data.

When the fair value of a financial instrument is affected by more than one unobservable assumption, the above table reflects the most favourable or the most unfavourable change from varying the assumptions individually.

Key unobservable inputs to Level 3 financial instruments

The following table lists key unobservable inputs to Level 3 financial instruments and provides the range of those inputs at 31 December 2025.

Quantitative information about significant unobservable inputs in Level 3 valuations

	Fair value				2025		2024	
	Assets $m	Liabilities $m	Key valuation techniques	Key unobservable inputs	Full range of inputs Lower	Full range of inputs Higher	Full range of inputs Lower	Full range of inputs Higher
Private equity including strategic investments[1]	**20,960**	**1**	**Price – Net asset value**	**Current Value/Cost**	**0**	**75**	0	291
Structured notes	**—**	**10,617**						
– equity-linked notes	**—**	**7,773**	**Model – Option model**	**Equity volatility**	**5%**	**132%**	6%	70%
			Model – Option model	**Equity correlation**	**10%**	**100%**	15%	100%
– Foreign exchange-linked notes	**—**	**862**	**Model – Option model**	**Foreign exchange volatility**	**3%**	**56%**	3%	35%
– other structured notes	**—**	**1,982**						
Derivatives	**2,183**	**3,442**						
– interest rate derivatives	**745**	**966**						
securitisation swaps	**98**	**358**	**Model - Discounted cash flow**	**Prepayment rate**	**5%**	**10%**	5%	10%
long-dated swaptions	**4**	**3**	**Model – Option model**	**Interest rate volatility**	**5%**	**20%**	9%	30%
other interest rate derivatives	**643**	**605**						
– Foreign exchange derivatives	**678**	**640**						
Foreign exchange options	**320**	**299**	**Model – Option model**	**Foreign exchange volatility**	**0%**	**22%**	1%	26%
other foreign exchange derivatives	**358**	**341**						
– equity derivatives	**584**	**1,315**						
long-dated single stock options	**110**	**476**	**Model – Option model**	**Equity volatility**	**5%**	**100%**	6%	118%
other equity derivatives	**474**	**839**						
– credit derivatives	**146**	**498**						
total return swaps	**56**	**345**	**Market proxy**	**Price**	**68**	**102**	0	104
other credit derivatives	**90**	**153**						
– other derivatives	**30**	**23**						
Bonds	**7,475**	**41**	**Market proxy**	**Price**	**0**	**3,342**	0	140
Loans	**3,253**	**11**	**Market proxy**	**Price**	**0**	**112**	0	103
Other portfolios[2]	**2,574**	**130**						
At 31 Dec 2025	**36,445**	**14,242**						

1 'Private equity including strategic investments' includes private equity, private credit and private equity fund, primarily held as part of our Insurance business and for strategic investments.
2 'Other portfolios' includes a range of smaller asset holdings.

The range of values above shows the highest and lowest unobservable inputs that have been used to value significant Level 3 exposures and reflects the diversity of the underlying financial instruments in scope and subsequent differentiation in pricing.

Private equity including strategic investments

The 'private equity' holdings include private equity investments and private equity funds held as limited partners. The key unobservable input is the current value of the underlying positions, determined using valuation techniques in line with the International Private Equity and Venture Capital Valuation Guidelines. The inputs represented are an appropriate range of inputs normalised across different exposure types.

Prepayment rates

Prepayment rates are a measure of the anticipated future speed at which a loan portfolio will be repaid in advance of the due date. They vary according to the nature of the loan portfolio and expectations of future market conditions, and may be estimated using a variety of evidence, such as prepayment rates implied from proxy observable security prices, current or historical prepayment rates and macroeconomic modelling.

Market proxy

Market proxy pricing may be used for an instrument when specific market pricing is not available but there is evidence from instruments with common characteristics. In some cases it might be possible to identify a specific proxy, but more generally evidence across a wider range of instruments will be used to understand the factors that influence current market pricing and the manner of that influence.

Volatility

Volatility is a measure of the anticipated future variability of a market price. It varies by underlying reference market price, and by strike and maturity of the option. Certain volatilities, typically those of a longer-dated nature, are unobservable and are estimated from observable data. The range of unobservable volatilities reflects the wide variation in volatility inputs by reference market price.

Correlation

Correlation is a measure of the inter-relationship between two market variables and is expressed as a number between minus one and one. It is used to value more complex instruments where the payout is dependent upon more than one market variable. There is a wide range of instruments for which correlation is an input, and consequently a wide range of both same-asset correlations and cross-asset correlations is used. In general, the range of same-asset correlations will be narrower than the range of cross-asset correlations.

Unobservable correlations may be estimated based upon a range of evidence, including consensus pricing services, HSBC trade prices, proxy correlations and examination of historical price relationships. The range of unobservable correlations quoted in the table reflects the wide variation in correlation inputs by market variable pair.

Inter-relationships between key unobservable inputs

Key unobservable inputs to Level 3 financial instruments may not be independent of each other. As described above, market variables may be correlated. This correlation typically reflects the manner in which different markets tend to react to macroeconomic or other events. Furthermore, the effect of changing market variables on the HSBC portfolio will depend on HSBC's net risk position in respect of each variable.

HSBC Holdings

Basis of valuing HSBC Holdings' financial assets and liabilities measured at fair value

	2025			2024		
	Level 1 $m	**Level 2 $m**	**Total $m**	Level 1 $m	Level 2 $m	Total $m
Recurring fair value measurement						
Assets at 31 Dec						
Trading assets	**—**	**—**	**—**	709	—	709
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	**—**	**67,217**	**67,217**	—	61,286	61,286
Derivatives	**—**	**1,942**	**1,942**	—	3,054	3,054
Liabilities at 31 Dec						
Financial liabilities designated at fair value	**—**	**52,907**	**52,907**	—	41,582	41,582
Derivatives	**—**	**3,451**	**3,451**	—	5,340	5,340

13 Fair values of financial instruments not carried at fair value

Fair values of financial instruments not carried at fair value and bases of valuation

		Fair value			
	Carrying amount $m	**Quoted market price Level 1 $m**	**Observable inputs Level 2 $m**	**Significant unobservable inputs Level 3 $m**	**Total $m**
At 31 Dec 2025					
Assets					
Loans and advances to banks	**108,462**	**—**	**107,906**	**546**	**108,452**
Loans and advances to customers[1]	**988,399**	**—**	**14,363**	**966,429**	**980,792**
Reverse repurchase agreements – non-trading	**298,392**	**—**	**298,545**	**—**	**298,545**
Financial investments – at amortised cost	**182,089**	**148,925**	**31,475**	**1,283**	**181,683**
Liabilities					
Deposits by banks	**97,952**	**—**	**97,981**	**—**	**97,981**
Customer accounts	**1,786,828**	**—**	**1,787,070**	**—**	**1,787,070**
Repurchase agreements – non-trading	**204,974**	**—**	**204,966**	**—**	**204,966**
Debt securities in issue	**99,675**	**—**	**99,530**	**1,490**	**101,020**
Subordinated liabilities	**28,406**	**—**	**31,617**	**—**	**31,617**
At 31 Dec 2024					
Assets					
Loans and advances to banks	102,039	—	101,007	1,048	102,055
Loans and advances to customers	930,658	—	11,435	906,208	917,643
Reverse repurchase agreements – non-trading	252,549	—	252,598	—	252,598
Financial investments – at amortised cost	153,973	120,843	29,493	724	151,060
Liabilities					
Deposits by banks	73,997	—	74,025	—	74,025
Customer accounts	1,654,955	—	1,655,151	—	1,655,151
Repurchase agreements – non-trading	180,880	—	180,873	—	180,873
Debt securities in issue	105,785	—	105,689	954	106,643
Subordinated liabilities	25,958	—	28,262	—	28,262

1 Includes loans and advances to customers with observable inputs and short maturities.

Fair values of financial instruments not carried at fair value and bases of valuation – assets and disposal groups held for sale

		Fair value			
	Carrying amount	Quoted market price Level 1	Observable inputs Level 2	Significant unobservable inputs Level 3	Total
	$m	$m	$m	$m	$m
At 31 Dec 2025					
Assets					
Loans and advances to banks	**45**	**–**	**45**	**–**	**45**
Loans and advances to customers	**3,493**	**–**	**1,303**	**2,190**	**3,493**
Reverse repurchase agreements – non-trading	**–**	**–**	**–**	**–**	**–**
Financial investments – at amortised cost	**93**	**84**	**9**	**–**	**93**
Liabilities					
Deposits by banks	**131**	**–**	**131**	**–**	**131**
Customer accounts	**16,173**	**–**	**16,173**	**–**	**16,173**
Repurchase agreements – non-trading	**–**	**–**	**–**	**–**	**–**
Debt securities in issue	**495**	**–**	**495**	**–**	**495**
Subordinated liabilities	**–**	**–**	**–**	**–**	**–**
At 31 Dec 2024					
Assets					
Loans and advances to banks	144	—	144	—	144
Loans and advances to customers	977	—	11	966	977
Reverse repurchase agreements – non-trading	—	—	—	—	—
Financial investments – at amortised cost	—	—	—	—	—
Liabilities					
Deposits by banks	—	—	—	—	—
Customer accounts	5,399	—	5,399	—	5,399
Repurchase agreements – non-trading	—	—	—	—	—
Debt securities in issue	—	—	—	—	—
Subordinated liabilities	—	—	—	—	—

Other financial instruments not carried at fair value are typically short term in nature and reprice to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. They include cash and balances at central banks, Hong Kong Government certificates of indebtedness and Hong Kong currency notes in circulation, all of which are measured at amortised cost.

Valuation

Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This may be different from the theoretical economic value attributed from an instrument's cash flows over its expected future life. Our valuation methodologies and assumptions in determining fair values for which no observable market prices are available may differ from those of other companies.

Loans and advances to banks and customers

To determine the fair value of loans and advances to banks and customers, loans are segregated into portfolios of similar characteristics. Fair values are based on observable market transactions, when available. When they are unavailable, fair values are estimated using valuation models incorporating a range of input assumptions. These assumptions may include: value estimates from third-party brokers reflecting over-the-counter trading activity; forward-looking discounted cash flow models, taking account of expected customer prepayment rates, using assumptions that HSBC believes are consistent with those that would be used by market participants in valuing such loans; recent origination pricing for similar loans; and trading inputs from other market participants including observed primary and secondary trades. From time to time, we may engage a third-party valuation specialist to measure the fair value of a pool of loans.

The fair value of loans reflects expected credit losses at the balance sheet date and estimates of market participants' expectations of credit losses over the life of the loans, and the fair value effect of repricing between origination and the balance sheet date. For credit-impaired loans, fair value is estimated by discounting the future cash flows over the time period they are expected to be recovered.

Financial investments

The fair values of listed financial investments are determined using bid market prices. The fair values of unlisted financial investments are determined using valuation techniques that incorporate the prices and future earnings streams of equivalent quoted securities.

Deposits by banks and customer accounts

The fair values of on-demand deposits are approximated by their carrying amount. For deposits with longer-term maturities, fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities.

Debt securities in issue and subordinated liabilities

Fair values in debt securities in issue and subordinated liabilities are determined using quoted market prices at the balance sheet date where available, or by reference to quoted market prices for similar instruments.

Repurchase and reverse repurchase agreements – non-trading

Carrying amounts of repurchase and reverse repurchase agreements that are held on a non-trading basis provide approximate fair values. This is due to the fact that balances are generally short dated.

HSBC Holdings

The methods used by HSBC Holdings to determine fair values of financial instruments for the purposes of measurement and disclosure are described above.

Fair values of HSBC Holdings' financial instruments not carried at fair value on the balance sheet

	2025		2024	
	Carrying amount	**Fair value[1]**	Carrying amount	Fair value[1]
	$m	**$m**	$m	$m
Assets at 31 Dec				
Loans and advances to HSBC undertakings	**40,500**	**41,288**	37,677	38,359
Financial investments – at amortised cost	**15,470**	**15,470**	10,328	10,335
Liabilities at 31 Dec				
Debt securities in issue	**69,024**	**70,533**	64,320	65,123
Subordinated liabilities	**26,114**	**29,073**	23,548	25,911

1 Fair values (other than Financial investments which are Level 1) were determined using valuation techniques with observable inputs (Level 2).

14 Financial assets designated and otherwise mandatorily measured at fair value through profit or loss

	2025			2024		
	Designated at fair value	**Mandatorily measured at fair value**	**Total**	Designated at fair value	Mandatorily measured at fair value	Total
	$m	**$m**	**$m**	$m	$m	$m
Securities	**2,820**	**119,381**	**122,201**	2,406	104,093	106,499
– treasury and other eligible bills	**778**	**212**	**990**	732	393	1,125
– debt securities	**2,042**	**68,728**	**70,770**	1,674	59,904	61,578
– equity securities	**—**	**50,441**	**50,441**	—	43,796	43,796
Loans and advances to banks and customers	**1,122**	**7,047**	**8,169**	951	6,120	7,071
Other	**—**	**2,693**	**2,693**	—	2,199	2,199
At 31 Dec	**3,942**	**129,121**	**133,063**	3,357	112,412	115,769

15 Derivatives

Notional contract amounts and fair values of derivatives by product contract type held by HSBC

	Notional contract amount		**Fair value – Assets**			**Fair value – Liabilities**		
	Trading	**Hedging**	**Trading**	**Hedging**	**Total**	**Trading**	**Hedging**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Foreign exchange	**13,639,520**	**108,585**	**111,012**	**1,233**	**112,245**	**110,786**	**662**	**111,448**
Interest rate	**17,272,408**	**423,761**	**190,296**	**4,946**	**195,242**	**182,569**	**4,565**	**187,134**
Equities	**908,649**	**—**	**15,660**	**—**	**15,660**	**21,311**	**—**	**21,311**
Credit	**164,160**	**—**	**1,294**	**—**	**1,294**	**2,212**	**—**	**2,212**
Commodity and other	**191,761**	**—**	**10,542**	**—**	**10,542**	**12,992**	**—**	**12,992**
Gross total fair values	**32,176,498**	**532,346**	**328,804**	**6,179**	**334,983**	**329,870**	**5,227**	**335,097**
Offset (Note 31)					**(97,243)**			**(97,243)**
At 31 Dec 2025	**32,176,498**	**532,346**	**328,804**	**6,179**	**237,740**	**329,870**	**5,227**	**237,854**
Foreign exchange	11,706,591	82,161	142,055	2,738	144,793	133,910	75	133,985
Interest rate	17,316,173	406,109	209,794	4,790	214,584	212,980	4,930	217,910
Equities	768,732	—	17,116	—	17,116	20,643	—	20,643
Credit	143,136	—	1,756	—	1,756	1,769	—	1,769
Commodity and other	118,180	—	3,134	—	3,134	2,887	—	2,887
Gross total fair values	30,052,812	488,270	373,855	7,528	381,383	372,189	5,005	377,194
Offset (Note 31)					(112,746)			(112,746)
At 31 Dec 2024	30,052,812	488,270	373,855	7,528	268,637	372,189	5,005	264,448

The notional contract amounts of derivatives held for trading purposes and derivatives designated in hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.

Notional contract amounts and fair values of derivatives by product contract type held by HSBC Holdings with subsidiaries

	Notional contract amount		**Assets**			**Liabilities**		
	Trading	**Hedging**	**Trading**	**Hedging**	**Total**	**Trading**	**Hedging**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Foreign exchange	**48,660**	**681**	**570**	**10**	**580**	**941**	**—**	**941**
Interest rate	**21,304**	**91,600**	**801**	**561**	**1,362**	**358**	**2,152**	**2,510**
At 31 Dec 2025	**69,964**	**92,281**	**1,371**	**571**	**1,942**	**1,299**	**2,152**	**3,451**
Foreign exchange	51,437	—	796	—	796	1,015	—	1,015
Interest rate	30,535	90,074	1,544	714	2,258	487	3,838	4,325
At 31 Dec 2024	81,972	90,074	2,340	714	3,054	1,502	3,838	5,340

Use of derivatives

For details regarding the use of derivatives, see page 169 under 'Market risk'.

Trading derivatives

Most of HSBC's derivative transactions relate to sales and trading activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities include market-making and risk management. Market-making entails quoting bid and offer prices to other market participants for the purpose of generating revenue based on spread and volume. Risk management activity is undertaken to manage the risk arising from client transactions, with the principal purpose of retaining client margin. Other derivatives classified as held for trading include non-qualifying hedging derivatives.

Substantially all of HSBC Holdings' derivatives entered into with subsidiaries are managed in conjunction with financial liabilities.

Hedge accounting derivatives

HSBC applies hedge accounting to manage the following risks: interest rate and foreign exchange risks. Further details of how these risks arise and how they are managed by the Group can be found in the 'Risk review'.

Hedged risk components

HSBC designates a portion of cash flows of a financial instrument or a group of financial instruments for a specific interest rate or foreign currency risk component in a fair value or cash flow hedge. The designated risks and portions are either contractually specified or otherwise separately identifiable components of the financial instrument that are reliably measurable. Risk-free or benchmark interest rates generally are regarded as being both separately identifiable and reliably measurable, except for the Interest Rate Benchmark Reform Phase 2 transition where HSBC designates alternative benchmark rates as the hedged risk which may not have been separately identifiable upon initial designation, provided HSBC reasonably expects it will meet the requirement within 24 months from the first designation date. The designated risk components account for a significant portion of the overall changes in fair value or cash flows of the hedged items.

HSBC uses net investment hedges to hedge the structural foreign exchange risk related to net investments in foreign operations including subsidiaries and branches whose functional currencies are different from that of the parent. When hedging with foreign exchange forward contracts, the spot rate component of the foreign exchange risk is designated for an amount of net assets as the hedged risk.

Sources of hedge ineffectiveness may arise from basis risk, including but not limited to the discount rates used for calculating the fair value of derivatives, hedges using instruments with a non-zero fair value, and notional and timing differences between the hedged items and hedging instruments.

Fair value hedges

HSBC enters into fixed-for-floating interest rate swaps to manage the exposure to changes in fair value caused by movements in market interest rates on certain fixed-rate financial instruments that are not measured at fair value through profit or loss, including debt securities held and issued.

HSBC hedging instrument by hedged risk

	Hedging instrument				
	Carrying amount				
Hedged risk	**Notional amount[1,2] $m**	**Assets $m**	**Liabilities $m**	**Balance sheet presentation**	**Change in fair value[3] $m**
Interest rate[4]	**233,741**	**3,851**	**4,283**	**Derivatives**	**(661)**
At 31 Dec 2025	**233,741**	**3,851**	**4,283**		**(661)**
Interest rate[4]	190,332	4,180	4,411	Derivatives	(449)
At 31 Dec 2024	190,332	4,180	4,411		(449)

1 The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.
2 The notional amount of non-dynamic fair value hedges is equal to $76,349m (2024: $71,916m), of which the weighted-average maturity date is April 2032 and the weighted-average swap rate is 3.15% (2024: 3.24%).
3 Used in effectiveness testing, which uses the full fair value change of the hedging instrument not excluding any component.
4 The hedged risk 'interest rate' includes inflation risk.

HSBC hedged item by hedged risk

	Hedged item						Ineffectiveness	
	Carrying amount		Accumulated fair value hedge adjustments included in carrying amount[1]			Change in fair value[2]	Recognised in profit and loss	
Hedged risk	**Assets $m**	**Liabilities $m**	**Assets $m**	**Liabilities $m**	**Balance sheet presentation**	**$m**	**$m**	**Profit and loss presentation**
Interest rate[3]	**115,156**		**(1,091)**		**Financial investments - measured at fair value through other comprehensive income**	**1,513**	**(2)**	**Net income from financial instruments held for trading or managed on a fair value basis**
	2,845		**31**		**Financial investments - measured at amortised cost**	**18**		
	26,052		**62**	**—**	**Loans and advances to customers**	**157**		
	—		**—**		**Reverse repurchase agreements – non-trading**	**—**		
		53,482		**(370)**	**Debt securities in issue**	**(586)**		
		201		**—**	**Deposits by banks**	**2**		
		2,237		**—**	**Customer accounts**	**1**		
		25,818		**(610)**	**Subordinated liabilities[4]**	**(446)**		
At 31 Dec 2025	**144,053**	**81,738**	**(998)**	**(980)**		**659**	**(2)**	
Interest rate[3]	93,055		(2,701)		Financial investments - measured at fair value through other comprehensive income	(728)	(8)	Net income from financial instruments held for trading or managed on a fair value basis
	492		11		Financial investments - measured at amortised cost	(14)		
	13,915		(104)		Loans and advances to customers	16		
	—		—		Reverse repurchase agreements – non-trading	—		
		72,576		(1,800)	Debt securities in issue	1,110		
		207		—	Customer accounts	—		
		1,205		(266)	Subordinated liabilities	57		
At 31 Dec 2024	107,462	73,988	(2,794)	(2,066)		441	(8)	

1 The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for hedged items that have ceased to be adjusted for hedging gains and losses were liabilities of $257m (2024: $311m) for FVOCI assets and assets of $733m (2024: $745m) for debt issued.
2 Used in effectiveness testing, which comprise an amount attributable to the designated hedged risk that can be a risk component.
3 The hedged risk 'interest rate' includes inflation risk.
4 From 2025, HSBC Holdings is presenting separately the carrying amount of 'Subordinated liabilities' hedged items from 'Debt securities in issue'.

HSBC Holdings hedging instrument by hedged risk

	Hedging instrument				
		Carrying amount			
Hedged risk	**Notional amount[1,2] $m**	**Assets $m**	**Liabilities $m**	**Balance sheet presentation**	**Change in fair value[3] $m**
Foreign currency	**681**	**10**	**—**	**Derivatives**	**9**
Interest rate	**91,600**	**561**	**2,152**	**Derivatives**	**1,128**
At 31 Dec 2025	**92,281**	**571**	**2,152**		**1,137**
Foreign currency	—	—	—	Derivatives	—
Interest rate	90,074	714	3,838	Derivatives	(1,103)
At 31 Dec 2024	90,074	714	3,838		(1,103)

1 The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.
2 The notional amount of non-dynamic fair value hedges is equal to $92,281m (2024: $90,074m), of which the weighted-average maturity date is July 2031 and the weighted-average swap rate is 2.76% (2024: 2.78%). The majority of these hedges are internal to the Group.
3 Used in effectiveness testing, comprising the full fair value change of the hedging instrument not excluding any component.

HSBC Holdings hedged item by hedged risk

	Hedged item						Ineffectiveness	
	Carrying amount		Accumulated fair value hedge adjustments included in carrying amount[1]			Change in fair value[2]	Recognised in profit and loss	
Hedged risk	**Assets $m**	**Liabilities $m**	**Assets $m**	**Liabilities $m**	**Balance sheet presentation**	**$m**	**$m**	**Profit and loss presentation**
Foreign currency	**666**	**—**	**(9)**	**—**	**Investment in subsidiaries**	**(9)**		
Interest rate	**—**	**55,770**	**—**	**(710)**	**Debt securities in issue**	**(870)**	**(7)**	**Net income from financial instruments held for trading or managed on a fair value basis**
	—	**24,488**	**—**	**(361)**	**Subordinated liabilities[3]**	**(447)**		
	9,225	**—**	**(39)**	**—**	**Loans and advances to banks**	**183**		
At 31 Dec 2025	**9,891**	**80,258**	**(48)**	**(1,072)**		**(1,144)**	**(7)**	
Foreign currency	—	—	—	—	Investment in subsidiaries	—		
Interest rate	—	78,402	—	(2,423)	Debt securities in issue	861	(9)	Net income from financial instruments held for trading or managed on a fair value basis
	7,769	—	(244)	—	Loans and advances to banks	233		
At 31 Dec 2024	7,769	78,402	(244)	(2,423)		1,094	(9)	

1 The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for hedged items that have ceased to be adjusted for hedging gains and losses were assets of $1,142m (2024: $1,216m) for debt issued.
2 Used in effectiveness testing, comprising amount attributable to the designated hedged risk that can be a risk component.
3 From 2025, HSBC Holdings is presenting separately the carrying amount of 'Subordinated liabilities' hedged items from 'Debt securities in issue'.

For some debt securities held, HSBC manages interest rate risk in a dynamic risk management strategy. The assets in scope of this strategy are high-quality fixed-rate debt securities, which may be sold to meet liquidity and funding requirements.

The interest rate risk of the HSBC fixed-rate debt securities issued is managed in a non-dynamic risk management strategy.

Cash flow hedges

HSBC's cash flow hedging instruments consist principally of interest rate swaps and cross-currency swaps that are used to manage the variability in future interest cash flows of non-trading financial assets and liabilities, arising due to changes in market interest rates and foreign-currency basis.

HSBC applies macro cash flow hedging for interest rate risk exposures on portfolios of replenishing current and forecasted issuances of non-trading assets and liabilities that bear interest at variable rates, including rolling such instruments. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio of financial assets and liabilities on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults. The aggregate cash flows representing both principal balances and interest cash flows across all portfolios are used to determine the effectiveness and ineffectiveness. Macro cash flow hedges are considered to be dynamic hedges.

HSBC also hedges the variability in future cash flows on foreign-denominated financial assets and liabilities arising due to changes in foreign exchange market rates with cross-currency swaps, which are considered dynamic hedges.

Hedging instrument by hedged risk

	Hedging instrument					Hedged item	Ineffectiveness	
	Carrying amount							
	Notional amount[1]	Assets	Liabilities	Balance sheet	Change in fair value[2]	Change in fair value[3]	Recognised in profit and loss	
Hedged risk	**$m**	**$m**	**$m**	**presentation**	**$m**	**$m**	**$m**	**Profit and loss presentation**
Foreign currency	**62,334**	**1,138**	**278**	**Derivatives**	**(376)**	**(376)**	**—**	**Net income from financial instruments held for trading or managed on a fair value basis**
Interest rate	**190,020**	**1,095**	**282**	**Derivatives**	**1,256**	**1,267**	**(11)**	
At 31 Dec 2025	**252,354**	**2,233**	**560**		**880**	**891**	**(11)**	
Foreign currency	47,194	2,088	68	Derivatives	2,451	2,451	—	Net income from financial instruments held for trading or managed on a fair value basis
Interest rate	215,777	619	519	Derivatives	(2,954)	(2,964)	10	
At 31 Dec 2024	262,971	2,707	587		(503)	(513)	10	

1 The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.
2 Used in effectiveness testing, comprising the full fair value change of the hedging instrument not excluding any component.
3 Used in effectiveness assessment, comprising amount attributable to the designated hedged risk that can be a risk component.

Reconciliation of equity and analysis of other comprehensive income by risk type

	Interest rate	Foreign currency
	$m	$m
Cash flow hedging reserve at 1 Jan 2025	**(1,056)**	**(23)**
Fair value gains/(losses)	**1,267**	**(376)**
Fair value (gains)/losses reclassified from the cash flow hedge reserve to the income statement in respect of:		
Hedged items that have affected profit or loss[1]	**807**	**574**
Income taxes	**(541)**	**(31)**
Others	**(49)**	**(2)**
Cash flow hedging reserve at 31 Dec 2025	**428**	**142**
Cash flow hedging reserve at 1 Jan 2024	(901)	(132)
Fair value gains/(losses)	(2,964)	2,451
Fair value (gains)/losses reclassified from the cash flow hedge reserve to the income statement in respect of:		
Hedged items that have affected profit or loss[1]	2,529	(2,430)
Income taxes	81	1
Others	199	87
Cash flow hedging reserve at 31 Dec 2024	(1,056)	(23)

1 Hedged items that have affected profit or loss are primarily recorded within interest income.

Net investment hedges

The Group applies hedge accounting in respect of certain net investments in non-US dollar functional currency foreign operations for changes in spot exchange rates only. Hedging could be undertaken for Group structural exposure to changes in the US dollar to foreign currency exchange rates using forward foreign exchange contracts or by financing with foreign currency borrowings. An economic relationship exists between the hedged net investment and hedging instrument due to the shared foreign currency risk exposure. For further details of our structural foreign exchange exposures, see page 163.

The aggregate positions at the reporting date and the performance indicators of both live and de-designated hedges are summarised below.

Hedges of net investment in foreign operations

	Carrying amount					
	Derivative assets	Derivative liabilities	Nominal amount	Amounts recognised in OCI[1]	Change in fair value[2]	Hedge ineffectiveness recognised in income statement
Description of hedged risk	$m	$m	$m	$m	$m	$m
2025						
Pound sterling-denominated structural foreign exchange	**58**	**(188)**	**17,114**	**(291)**	**(1,124)**	**—**
Swiss franc-denominated structural foreign exchange	**—**	**(7)**	**615**	**13**	**(76)**	**—**
Hong Kong dollar-denominated structural foreign exchange	**7**	**—**	**5,761**	**(29)**	**(2)**	**—**
Other structural foreign exchange[3]	**30**	**(189)**	**22,761**	**116**	**(791)**	**—**
Total	**95**	**(384)**	**46,251**	**(191)**	**(1,993)**	**—**
2024						
Pound sterling-denominated structural foreign exchange	397	(1)	15,407	833	229	—
Swiss franc-denominated structural foreign exchange	10	—	556	89	40	—
Hong Kong dollar-denominated structural foreign exchange	1	(3)	5,844	(27)	(26)	—
Other structural foreign exchange[3]	242	(3)	13,160	907	499	—
Total	650	(7)	34,967	1,803	742	—

1 Amount recognised in OCI for Swiss franc includes $110m (2024: $110m) related to de-designated hedge.
2 Used in effectiveness assessment, comprising amount attributable to the designated hedged risk that can be a risk component.
3 Other currencies include Euro, New Taiwan dollar, Singapore dollar, Polish zloty, South Korean won, UAE dirham, Indian rupee, Chinese renminbi, Kuwaiti dinar, Qatari riyal, Indonesian rupiah, Thai baht, Malaysian ringgit and Philippine peso.

16 Financial investments

Carrying amount of financial investments

	2025	2024
	$m	$m
Financial investments measured at fair value through other comprehensive income	**385,122**	339,193
– treasury and other eligible bills	**105,075**	112,705
– debt securities	**277,867**	224,496
– equity securities	**1,755**	1,569
– other instruments	**425**	423
Debt instruments measured at amortised cost	**182,089**	153,973
– treasury and other eligible bills	**23,445**	22,148
– debt securities	**158,644**	131,825
At 31 Dec	**567,211**	493,166

Equity instruments measured at fair value through other comprehensive income

Type of equity instruments	Fair value $m	Dividends recognised $m
Investments required by central institutions	**634**	**27**
Business facilitation	**1,045**	**28**
Others	**76**	**2**
At 31 Dec 2025	**1,755**	**57**
Investments required by central institutions	620	29
Business facilitation	886	29
Others	63	2
At 31 Dec 2024	1,569	60

Weighted average yields of investment debt securities

	Up to 1 year Yield %	1 to 5 years Yield %	5 to 10 years Yield %	Over 10 years Yield %
Debt securities measured at fair value through other comprehensive income				
US Treasury	**2.9**	**3.7**	**2.3**	**2.3**
US Government agencies	**—**	**3.0**	**4.4**	**3.5**
US Government-sponsored agencies	**1.8**	**1.6**	**4.1**	**1.8**
UK Government	**—**	**3.8**	**2.6**	**1.9**
Hong Kong Government	**1.4**	**2.5**	**2.7**	**—**
Other governments	**2.8**	**4.2**	**4.3**	**2.2**
Asset-backed securities	**—**	**4.4**	**3.9**	**3.3**
Corporate debt and other securities	**3.2**	**3.9**	**4.2**	**1.3**
Debt securities measured at amortised cost				
US Treasury	**3.2**	**3.8**	**3.7**	**2.0**
US Government agencies	**4.5**	**4.3**	**4.0**	**4.7**
US Government-sponsored agencies	**—**	**2.9**	**3.7**	**2.9**
UK Government	**—**	**3.3**	**3.0**	**—**
Hong Kong Government	**2.5**	**2.7**	**—**	**—**
Other governments	**3.2**	**3.1**	**2.5**	**8.0**
Asset-backed securities	**—**	**—**	**7.3**	**—**
Corporate debt and other securities	**3.2**	**3.4**	**3.8**	**4.8**

The maturity distributions of ABSs are presented in the above table on the basis of contractual maturity dates. The weighted average yield for each range of maturities is calculated by dividing the annualised interest income for the year ended 31 December 2025 by the book amount of debt securities at that date. The yields do not include the effect of related derivatives.

HSBC Holdings

HSBC Holdings carrying amount of financial investments

	2025 $m	2024 $m
Debt instruments measured at amortised cost		
Treasury and other eligible bills	**15,470**	9,556
Debt securities	**—**	772
At 31 Dec	**15,470**	10,328

17 Assets pledged, collateral received and assets transferred

Assets pledged[1]

Financial assets pledged as collateral

	2025 $m	2024 $m
Treasury bills and other eligible securities	**23,482**	17,713
Loans and advances to banks	**16,452**	14,880
Loans and advances to customers	**20,416**	24,524
Debt securities	**124,971**	91,975
Equity securities	**51,213**	51,642
Other	**61,594**	63,386
Assets pledged at 31 Dec	**298,128**	264,120

The value of assets pledged to secure liabilities may be greater than the book value of assets utilised as collateral. For example, in the case of securitisations and covered bonds, the amount of liabilities issued plus mandatory over-collateralisation is less than the book value of the pool of assets available for use as collateral. This is also the case where assets are placed with a custodian or a settlement agent that has a floating charge over all the assets placed to secure any liabilities under settlement accounts.

These transactions are conducted under terms that are usual and customary for collateralised transactions including, where relevant, standard securities lending and borrowing, repurchase agreements and derivative margining. HSBC places both cash and non-cash collateral in relation to derivative transactions.

Hong Kong currency notes in circulation are secured by the deposit of funds in respect of which the Hong Kong Government certificates of indebtedness are held.

Financial assets pledged as collateral which the counterparty has the right to sell or repledge

	2025	2024
	$m	$m
Trading assets	**95,938**	84,863
Financial investments	**64,163**	47,248
At 31 Dec	**160,101**	132,111

Collateral received[1]

The fair value of assets accepted as collateral relating primarily to standard securities lending, reverse repurchase agreements, swaps of securities and derivative margining that HSBC is permitted to sell or repledge in the absence of default was $647.7bn (2024: $515.3bn). The fair value of any such collateral sold or repledged was $378.8bn (2024: $293.5bn).

HSBC is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard securities lending, reverse repurchase agreements and derivative margining.

Assets transferred[1]

The assets pledged include transfers to third parties that do not qualify for derecognition, including secured borrowings such as debt securities held by counterparties as collateral under repurchase agreements and equity securities lent under securities lending agreements, as well as swaps of equity and debt securities. For secured borrowings, the transferred asset collateral continues to be recognised in full while a related liability, reflecting the Group's obligation to repurchase the assets for a fixed price at a future date, is also recognised on the balance sheet.

Where securities are swapped, the transferred asset continues to be recognised in full. There is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Group is unable to use, sell or pledge the transferred assets for the duration of the transaction, and remains exposed to interest rate risk and credit risk on these pledged assets.

Transferred financial assets not qualifying for full derecognition and associated financial liabilities

	Carrying amount of:	
	Transferred assets	**Associated liabilities**
	$m	**$m**
At 31 Dec 2025		
Repurchase agreements	**109,524**	**96,980**
Securities lending agreements	**62,679**	**2,005**
At 31 Dec 2024		
Repurchase agreements	83,585	75,625
Securities lending agreements	58,232	4,361

1 Excludes assets classified as held for sale.

18 Interests in associates and joint ventures

Carrying amount of HSBC's interests in associates and joint ventures

	2025	2024
	$m	$m
Interests in associates	**29,469**	28,777
Interests in joint ventures	**108**	132
Interests in associates and joint ventures	**29,577**	28,909

Principal associates of HSBC

	2025		2024	
	Carrying amount	**Fair value[1]**	Carrying amount	Fair value[1]
	$m	**$m**	$m	$m
Bank of Communications Co., Limited	**22,456**	**11,713**	22,367	11,631
Saudi Awwal Bank	**5,511**	**5,499**	5,027	5,705

1 Principal associates are listed on recognised stock exchanges. The fair values are based on the quoted market prices of the shares held (Level 1 in the fair value hierarchy).

Principal associates of HSBC (continued)

	At 31 Dec 2025		
	Jurisdiction of incorporation and principal place of business	**Principal activity**	**HSBC's interest[1] %**
Bank of Communications Co., Limited	**Mainland China**	**Banking services**	**16.00**
Saudi Awwal Bank	**Saudi Arabia**	**Banking services**	**31.00**

1 The Group's interest in Bank of Communications Co., Limited ('BoCom') reduced from 19.03% to 16.00% following the completion of a capital issuance by BoCom on 17 June 2025. There has been no percentage change in HSBC's shareholding interest in the Saudi Awwal Bank when compared with 2024.

Share of profit in associates and joint ventures

	2025	2024	2023
	$m	$m	$m
Bank of Communications Co., Limited	**2,132**	2,241	2,250
Saudi Awwal Bank	**665**	596	538
Other associates and joint ventures	**114**	75	19
Share of profit in associates and joint ventures	**2,911**	2,912	2,807
Less: Impairment of interest in BoCom	**(1,000)**	—	(3,000)

A list of all associates and joint ventures is set out in Note 38.

Bank of Communications Co., Limited

The results for the period ended 31 December 2025 included a $1.1bn loss from the dilution of our shareholding and a $1.0bn impairment to the carrying amount of the Group's interest in BoCom.

The Group's interest in BoCom reduced from 19.03% to 16.00% following the completion of a capital issuance by BoCom on 17 June 2025. The dilution of the Group's interest resulted in a pre-tax loss of $1.1bn, recognised in 'Other operating income/(expense)' in the Group's consolidated income statement. The loss is not deductible for tax purposes as a consequence of our shareholding in BoCom being held for long-term investment purposes.

In addition, the Group's impairment test on the carrying amount at 30 June 2025 resulted in an impairment of $1.0bn, as the recoverable amount as determined by a value-in-use calculation was lower than the carrying amount. The impairment was recognised within 'Impairment of interest in associate'. Consistent with prior periods, our value-in-use ('VIU') calculation uses both historical experience and market participant views to estimate future cash flows, relevant discount rates and associated capital assumptions. No further impairment (or reversal) was required for the period from 1 July 2025 to 31 December 2025 based on results of the quarterly impairment tests performed.

The impacts of the capital issuance have been incorporated in both the carrying amount and the VIU. The VIU assumptions incorporate updated expectations, taking into account both the impact of the capital issuance on BoCom's financial position, and the latest macroeconomic, policy and industry factors in mainland China.

We remain strategically committed to mainland China and continue our valued, strategic partnership with BoCom.

HSBC's Interest

The Group's investment in BoCom continues to be classified as an associate. Significant influence in BoCom was established with consideration of all relevant factors, including the Group's latest shareholding, representation on BoCom's Board of Directors, and participation in a resource and experience sharing agreement ('RES'). Under the RES, HSBC staff have been seconded to assist in the maintenance of BoCom's financial and operating policies. Investments in associates are recognised using the equity method of accounting in accordance with IAS 28 'Investments in Associates and Joint Ventures', whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of associate's net assets. An impairment test is required if there is any indication of impairment or reversal.

The fair value of the Group's investment in BoCom had been below its carrying amount. No impairment (or reversal) was required for the year ended 31 December 2024.

If the Group did not have significant influence in BoCom, the investment would be carried at fair value rather than the current carrying amount.

Impairment testing

The Group's impairment test at 30 June 2025 concluded that there were indications of impairment. As part of this assessment, an impairment test on the carrying amount with an updated VIU calculation was performed which resulted in an impairment of $1.0bn, as the recoverable amount as determined by the VIU calculation was lower than the carrying amount. The impairment was recognised within 'Impairment of interest in associate'. The impairment loss is not deductible for tax purposes.

At 31 December 2025, no further impairment (or reversal) was required and the investment had a carrying amount of $22.5bn (2024: $22.4bn) and a fair value of $11.7bn (2024: $11.6bn).

Basis of recoverable amount

The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36 'Impairment of Assets'. Those cash flows used estimates based on BoCom's current condition and so do not include estimated cash flows arising from uncommitted future actions that may affect the performance of the investment which will be considered at the relevant time should they arise. Significant management judgement is required in arriving at the best estimate.

The VIU may increase or decrease depending on the effect of changes to model inputs. The main model inputs are described below and are based on factors observed at period-end. The factors that could result in increases or reductions in the VIU include changes in BoCom's short-term performance, a change in regulatory capital requirements or revisions to the forecast of BoCom's future profitability.

There are two main components to the VIU calculation. The first component is management's best estimate of BoCom's earnings. Forecast earnings growth over the short to medium term continues to be lower than recent (within the last five years) actual growth, and reflects the impact of recent macroeconomic, policy and industry factors in mainland China. As a result of management's intent to continue to retain its investment for the long term, earnings beyond the short to medium term are extrapolated into perpetuity using a long-term growth rate to derive a terminal value, which comprises the majority of the VIU. The second component is the capital maintenance charge ('CMC'), which is management's forecast of the earnings that need to be withheld in order for BoCom to meet capital requirements over the forecast period, meaning that CMC is deducted when arriving at management's estimate of future earnings available to ordinary shareholders. The CMC reflects the revised capital requirements arising from revisions of the ratio of risk-weighted assets to total assets assumption. The principal inputs to the CMC calculation include estimates of asset growth, the ratio of risk-weighted assets to total assets and the expected capital requirements. An increase in the CMC as a result of a change to these principal inputs would reduce VIU. Additionally, management considers other qualitative factors, to ensure that the inputs to the VIU calculation remain appropriate.

Key assumptions in value in use calculation

We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

- Long-term profit growth rate: 3.00% (2024: 3.00%) for periods after 2029, which does not exceed forecast GDP growth in mainland China and is similar to forecasts by external analysts.
- Long-term asset growth rate: 3.25% (2024: 3.25%) for periods after 2029, which is the rate that assets are expected to grow to achieve long-term profit growth of 3.00%.
- Discount rate: 8.08% (2024: 8.53%), which is based on a capital asset pricing model ('CAPM'), using market data. The discount rate used is within the range of 7.1% to 8.7% (2024: 7.1% to 8.8%) indicated by the CAPM, and decreased primarily as a consequence of a market-driven reduction in the risk-free rate.
- Expected credit losses ('ECL') as a percentage of loans and advances to customers: ranges from 0.67% to 0.87% (2024: 0.74% to 0.93%) in the short to medium term, reflecting reported credit experience in mainland China. For periods after 2029, the ratio is 0.87% (2024: 0.97%), reflecting the anticipated continuation of BoCom's lower average ECL as a percentage of loans and advances to customers experienced in recent years.
- Risk-weighted assets as a percentage of total assets: ranges from 62.0% to 64.2% (2024: 62.0% to 62.5%) in the short to medium term, reflecting higher risk-weights in the short term followed by an expected reversion to recent historical levels. For periods after 2029, the ratio is 62.0% (2024: 62.0%), which continues to be similar to BoCom's actual results in recent years.
- Loans and advances to customers growth rate: ranges from 7.5% to 8.0% (2024: 7.5% to 9.5%) in the short to medium term, which is similar to BoCom's actual results in recent years. Decreases in the forecast growth rate of loans and advances to customers result in lower forecast ECL.
- Operating income growth rate: ranges from 0.5% to 7.4% (2024: 0.1% to 9.9%) in the short to medium term, which is similar to BoCom's actual results in recent years. The projected net interest income over the short to medium term reduced to reflect expected pressure on net interest margin compared with the prior period, which led to a net reduction in the VIU.
- Cost-income ratio: ranges from 34.8% to 40.0% (2024: 34.6% to 39.8%) in the short to medium term. These ratios are similar to BoCom's actual results in recent years.
- Long-term effective tax rate: 15.0% (2024: 15.0%) for periods after 2029, which is higher than the recent historical average, and aligned to the minimum tax rate as proposed by the OECD/Group of 20 ('G20') Inclusive Framework on Base Erosion and Profit Shifting.
- Capital requirements: capital adequacy ratio of 12.5% (2024: 12.5%) and tier 1 capital adequacy ratio of 9.5% (2024: 9.5%), based on BoCom's capital risk appetite and capital requirements respectively.

The following table illustrates the impact on the carrying amount of reasonably possible changes to key assumptions used in the VIU calculation. This reflects the sensitivity of each key assumption on its own and it is possible that more than one favourable and/or unfavourable change may occur at the same time. The selected rates of reasonably possible changes to key assumptions are based on external analysts' forecasts, statutory requirements and other relevant external data sources, which can change period to period. Unless specified, favourable and unfavourable changes are consistently applied throughout short-to-medium and long-term forecast years, based on a straight-line average of the base case assumption.

Sensitivity of the carrying amount to the key VIU assumptions

	Favourable change		**Unfavourable change**	
		Reversal of impairment/ VIU headroom		**Impairment**
	bps	**$bn**	**bps**	**$bn**
At 31 Dec 2025				
Long-term profit growth rate	**30**	**2.1**	**(104)**	**(6.0)**
Long-term asset growth rate	**(129)**	**9.1**	**5**	**(0.5)**
Discount rate	**(98)**	**4.6**	**232**	**(5.5)**
Expected credit losses as a percentage of loans and advances to customers[1]	**2025 to 2029: 64 2030 onwards: 84**	**1.8**	**2025 to 2029: 90 2030 onwards: 98**	**(4.7)**
Risk-weighted assets as a percentage of total assets	**(184)**	**0.8**	**182**	**(1.7)**
Loans and advances to customers growth rate	**(138)**	**1.8**	**455**	**(7.1)**
Operating income growth rate	**101**	**3.7**	**(100)**	**(3.8)**
Cost-income ratio	**(281)**	**0.4**	**292**	**(6.4)**
Long-term effective tax rate	**(426)**	**1.7**	**1,000**	**(4.0)**
Capital requirements – capital adequacy ratio	**—**	**—**	**363**	**(13.0)**
Capital requirements – tier 1 capital adequacy ratio	**—**	**—**	**333**	**(6.9)**
At 31 Dec 2024				
Long-term profit growth rate	55	4.0	(96)	(5.4)
Long-term asset growth rate	(121)	8.6	30	(2.8)
Discount rate	(143)	5.4	287	(6.4)
Expected credit losses as a percentage of loans and advances to customers[1]	2024 to 2028: 66 2029 onwards: 91	4.0	2024 to 2028: 108 2029 onwards: 104	(4.3)
Risk-weighted assets as a percentage of total assets	(132)	0.8	234	(1.7)
Loans and advances to customers growth rate	(217)	3.4	340	(6.1)
Operating income growth rate	76	2.7	(81)	(3.3)
Cost-income ratio	(190)	0.2	380	(7.1)
Long-term effective tax rate	(426)	1.6	1,000	(4.0)
Capital requirements – capital adequacy ratio	—	—	372	(14.3)
Capital requirements – tier 1 capital adequacy ratio	—	—	270	(6.7)

1 The expected credit losses as a percentage of loans and advances to customers reflect selected favourable and unfavourable rates.

Considering the interrelationship of the changes set out in the table above, management estimates that the reasonably possible range of VIU is $13.4bn to $31.0bn (2024: $13.5bn to $30.8bn), acknowledging that the fair value of the Group's investment has ranged from $7.5bn to $13.1bn over the last five years as at the date of the impairment tests. The possible range of VIU is based on impacts set out in the table above arising from the favourable/unfavourable change in the operating income in the short to medium term, the expected credit losses as a percentage of loans and advances to customers, and a 50bps increase/decrease in the discount rate. All other long-term assumptions, and the basis of the CMC have been kept unchanged when determining the reasonably possible range of the VIU.

Selected financial information of BoCom

The statutory accounting reference date of BoCom is 31 December. For the year ended 31 December 2025, HSBC included the associate's results on the basis of the financial statements for the 12 months ended 30 September 2025, taking into account any known changes in the subsequent period from 1 October 2025 to 31 December 2025 that would have materially affected the results.

Selected balance sheet information of BoCom

	At 30 Sep	
	2025	2024
	$m	$m
Cash and balances at central banks	**104,220**	99,663
Due from and placements with banks and other financial institutions	**123,034**	122,607
Loans and advances to customers	**1,265,800**	1,128,603
Other financial assets	**657,196**	587,721
Other assets	**66,665**	61,086
Total assets	**2,216,915**	1,999,680
Due to and placements from banks and other financial institutions	**346,808**	326,742
Deposits from customers	**1,324,734**	1,195,590
Other financial liabilities	**320,154**	282,894
Other liabilities	**40,284**	38,082
Total liabilities	**2,031,980**	1,843,308
Total equity	**184,935**	156,372

Reconciliation of BoCom's total shareholders' equity to the carrying amount in HSBC's consolidated financial statements

	At 30 Sep	
	2025	2024
	$m	$m
Equity attributable to shareholders	**183,347**	154,748
Other equity instruments	**(20,708)**	(23,946)
Equity attributable to shareholders less other equity instruments	**162,639**	130,802
The Group's share of equity[1]	**26,595**	25,284
Impairment[2]	**(4,139)**	(2,917)
Carrying amount	**22,456**	22,367

1 This balance includes goodwill originally arising on acquisition and reflects the impacts from the dilution of our shareholding in BoCom as well as BoCom's interim dividend for the six months ended 30 June 2025.
2 This balance includes the impact of foreign exchange movements.

Selected income statement information of BoCom

	For the 12 months ended 30 Sep	
	2025	2024
	$m	$m
Net interest income	**23,886**	23,180
Net fee and commission income	**5,142**	5,315
Credit and impairment losses	**(7,056)**	(7,410)
Depreciation and amortisation	**(2,772)**	(2,589)
Tax expense	**(1,402)**	(835)
Profit for the year	**13,319**	12,922
Other comprehensive income	**292**	1,361
Total comprehensive income	**13,611**	14,283
Dividends received from BoCom	**744**	745

Saudi Awwal Bank

The Group's investment in Saudi Awwal Bank ('SAB') is classified as an associate. HSBC is the largest shareholder in SAB with a shareholding of 31%. Significant influence in SAB is established via representation on the Board of Directors. Investments in associates are recognised using the equity method of accounting in accordance with IAS 28, as described previously for BoCom.

Impairment testing

The fair value of the Group's investment in SAB was marginally below the carrying amount as at 31 December 2025. An impairment test on the carrying amount with a VIU calculation was performed. The recoverable amount as determined by the VIU calculation was higher than the carrying amount using discounted cash flow projections. SAB has also had increasing profits each year. On that basis, the Group has concluded there is no indication of impairment.

The VIU calculation was based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36 'Impairment of Assets'. Those cash flows used estimates based on SAB's current condition and so do not include estimated cash flows arising from uncommitted future actions that may affect the performance of the investment, which will be considered at the relevant time should they arise.

19 Investments in subsidiaries

Main subsidiaries of HSBC Holdings[1]

	At 31 Dec 2025		
	Place of incorporation or registration	HSBC's interest %	Share class
Europe			
HSBC Bank plc	**England and Wales**	**100**	**£1 Ordinary, $0.01 Non-Cumulative Third Dollar Preference**
HSBC UK Bank plc	**England and Wales**	**100**	**£1 Ordinary**
HSBC Continental Europe	**France**	**99.99**	**€5 Actions**
Asia			
Hang Seng Bank Limited[2,3]	**Hong Kong**	**63.43**	**HK$5 Ordinary**
HSBC Bank (China) Company Limited[4]	**People's Republic of China**	**100**	**CNY1 Ordinary**
HSBC Bank Malaysia Berhad	**Malaysia**	**100**	**Ordinary no par value**
HSBC Life (International) Limited	**Bermuda**	**100**	**HK$1 Ordinary**
The Hongkong and Shanghai Banking Corporation Limited	**Hong Kong**	**100**	**Ordinary no par value**
Middle East, North Africa and Türkiye			
HSBC Bank Middle East Limited	**United Arab Emirates**	**100**	**$1 Ordinary and $1 Preference shares**
North America			
HSBC Bank USA, N.A.	**US**	**100**	**$100 Common and $0.01 Preference**
Latin America			
HSBC Mexico, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC	**Mexico**	**99.99**	**MXN2 Ordinary**

1 Main subsidiaries are either held directly or indirectly via intermediate holding companies. There has been no material percentage change in HSBC's shareholding for its existing main subsidiaries since 2024.
2 In addition to the strategic holding disclosed above, the Group held 0.07% (2024: 0.06%) shareholding as part of its trading books.
3 Based on the latest corporate substantial shareholding notice filed with Hong Kong Exchange and Clearing Limited on 21 June 2024, the Group's shareholding in Hang Seng Bank on 18 June 2024 was 63.04%. Movements in our shareholding since 18 June 2024 are reflected in the above table. Hang Seng Bank became a wholly owned subsidiary of the Group following the completion of the privatisation on 26 January 2026. See Note 37 for further details.
4 Represents a wholly foreign owned limited liability company registered under the laws of People's Republic of China.

Details of the debt, subordinated debt and preference shares issued by the main subsidiaries to parties external to the Group are included in Note 26 'Debt securities in issue' and Note 29 'Subordinated liabilities', respectively.

A list of all related undertakings is set out in Note 38. The principal countries and territories of operation are the same as the countries and territories of incorporation except for HSBC Life (International) Limited, which operates mainly in Hong Kong.

HSBC is structured as a network of regional banks and locally incorporated regulated banking entities. Each bank is separately capitalised in accordance with applicable prudential requirements and maintains a capital buffer consistent with the Group's risk appetite for the relevant country or region. HSBC's capital management process is incorporated in the financial resource plan, which is approved by the Board.

HSBC Holdings is the primary provider of equity capital to its subsidiaries and also provides them with non-equity capital where necessary. These investments are substantially funded by HSBC Holdings' issuance of equity and non-equity capital, and by profit retention.

As part of its capital management process, HSBC Holdings seeks to maintain a balance between the composition of its capital and its investment in subsidiaries. Subject to this, there is no current or foreseen impediment to HSBC Holdings' ability to provide funding for such investments. During 2025, consistent with the Group's capital plan, the Group's material subsidiaries did not experience any significant restrictions on paying dividends or repaying loans and advances. Also, there are no foreseen restrictions envisaged with regard to planned dividends or payments from material subsidiaries. However, the ability of subsidiaries to pay dividends or advance monies to HSBC Holdings depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance.

The amount of guarantees by HSBC Holdings in favour of other Group entities is set out in Note 33.

Information on structured entities consolidated by HSBC where HSBC owns less than 50% of the voting rights is included in Note 20 'Structured entities'. In each of these cases, HSBC controls and consolidates an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Impairment testing of investments in subsidiaries

At each reporting period end, HSBC Holdings reviews investments in subsidiaries for indicators of impairment. An impairment is recognised when the carrying amount exceeds the recoverable amount for that investment. The recoverable amount is the higher of the investment's fair value less costs of disposal and its VIU, in accordance with the requirements of IAS 36. The VIU is calculated by discounting management's cash flow projections for the investment. The cash flows represent the free cash flows based on the subsidiary's binding capital requirements.

We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

- Management's judgement in estimating future cash flows: The cash flow projections for each investment are based on the latest approved plans, which include forecast capital available for distribution based on the capital requirements of the subsidiary, taking into account minimum and core capital requirements and factoring in reasonably possible uncertainties. For the impairment test as at 31 December 2025, cash flow projections until the end of 2030 were considered in line with our internal planning horizon. Our cash flow projections include known and observable climate-related opportunities and costs associated with our sustainable products and operating model.
- Long-term growth rates: The long-term growth rate is used to extrapolate the free cash flows in perpetuity because of the long-term perspective of the legal entity. The growth rate reflects long-term inflation for the country or territory within which the investment operates.

– Discount rates: The rate used to discount the cash flows is based on the cost of capital assigned to each investment, which is derived using a CAPM and market implied cost of equity. CAPM depends on a number of inputs reflecting financial and economic variables, including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated as well as leverage. These variables are based on the market's assessment of the economic variables and management's judgement. The discount rates for each investment are refined to reflect the rates of inflation for the countries or territories within which the investment operates. In addition, for the purposes of testing investments for impairment, management supplements this process by comparing the discount rates derived using the internally generated CAPM, with cost of capital rates produced by external sources for businesses operating in similar markets. The impacts from climate risk are included to the extent that they are observable in discount rates and asset prices.

The carrying amount of HSBC Holdings' investments in subsidiaries was $157.7bn at 31 December 2025 (2024: $152.3bn), an increase of $5.4bn during the year, primarily reflecting additional capital contributions of $1.9bn to HSBC Asia Holdings Limited and $0.7bn to HSBC UK Bank plc, together with a $2.8bn impairment reversal relating to HSBC Overseas Holdings (UK) Limited. The impairment reversal was driven by improved business performance, revenue growth and continued cost discipline, which strengthened the outlook of its principal subsidiary HSBC North America Holdings Inc. Cumulative impairment losses recognised for HSBC Overseas Holdings (UK) Limited were $18.8bn (2024: $21.6bn), with the carrying amount increasing to $16.8bn (2024: $14bn).

Impairment test results

Investments	Recoverable amount	Discount rate	Long-term growth rate
	$m	%	%
HSBC North America Holdings Inc.			
At 31 Dec 2025	**16,016**	**10.91**	**2.30**
At 31 Dec 2024	13,264	11.00	2.25

Sensitivities of key assumptions in calculating VIU

At 31 December 2025, the recoverable amount of HSBC Overseas Holdings (UK) Limited remained sensitive to reasonably possible changes in key assumptions impacting its principal subsidiary, HSBC North America Holdings Inc.

In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the model. These include the external range of observable discount rates, historical performance against forecast, and risks attached to the key assumptions underlying cash flow.

The following table presents a summary of the key assumptions underlying the most sensitive inputs to the model for HSBC North America Holdings Inc., the key risks attached to each, and details of a reasonably possible change to assumptions where, in the opinion of management, these could result in a change in VIU.

Reasonably possible changes in key assumptions

	Input	Key assumptions	Associated risks	Reasonably possible change
Investment				
HSBC North America Holdings Inc. (subsidiary of HSBC Overseas Holdings (UK) Limited)	Free cash flows projections	– Level of interest rates and yield curves. – Competitors' positions within the market.	– Strategic actions relating to revenue and costs are not achieved.	– Free cash flow projections decrease by 10%.
	Discount rate	– Discount rate used is a reasonable estimate of a suitable market rate for the profile of the business.	– External evidence arises to suggest that the rate used is not appropriate to the business.	– Discount rate decreases by 1%.

Sensitivity of VIU to reasonably possible changes in key assumptions

In $bn (unless otherwise stated)	At 31 Dec 2025	At 31 Dec 2024
HSBC North America Holdings Inc.		
VIU	**16.0**	13.3
Impact on VIU		
100bps decrease in the discount rate – single variable[1]	**1.8**	1.5
10% decrease in forecast profitability – single variable[1]	**(1.6)**	(1.3)

1 The recoverable amount of HSBC Overseas Holdings (UK) Limited represents the aggregate of recoverable amounts of the underlying subsidiaries. Single variable sensitivity analysis on a single subsidiary may therefore not be representative of the aggregate impact of the change in the variable.

Subsidiaries with significant non-controlling interests

	2025	2024
Hang Seng Bank Limited		
Proportion of ownership interests and voting rights held by non-controlling interests (%)[1]	**36.57**	36.88
Place of business	**Hong Kong**	Hong Kong
	$m	$m
Profit attributable to non-controlling interests	**770**	905
Accumulated non-controlling interests of the subsidiary	**7,001**	6,879
Dividends paid to non-controlling interests	**627**	620
Summarised financial information:		
– total assets	**231,786**	229,069
– total liabilities	**211,124**	208,908
– net operating income before changes in expected credit losses and other credit impairment charges	**5,336**	5,249
– profit for the year	**2,097**	2,434
– total comprehensive income for the year	**2,509**	2,482

1 This includes the Group's shareholding held under trading books 0.07% (2024: 0.06%).

20 Structured entities

HSBC is mainly involved with both consolidated and unconsolidated structured entities through the securitisation of financial assets, conduits and investment funds, established either by HSBC or a third party.

Consolidated structured entities

Total assets of HSBC's consolidated structured entities, split by entity type

	Conduits	Securitisations	HSBC managed funds	Other	Total
	$bn	**$bn**	**$bn**	**$bn**	**$bn**
At 31 Dec 2025	**1.8**	**8.6**	**3.5**	**5.9**	**19.8**
At 31 Dec 2024	2.4	7.0	7.2	1.8	18.4

Conduits

HSBC has established and manages two types of conduits: securities investment conduits ('SICs') and multi-seller conduits.

Securities investment conduits

The SICs purchase highly rated ABSs to facilitate tailored investment opportunities. At 31 December 2025, HSBC's principal SIC, Solitaire, did not hold any ABSs (2024: $0.7bn). Solitaire was previously funded entirely by commercial paper ('CP') issued to HSBC. At 31 December 2025, no CP was held by HSBC (2024: $1.0bn).

Multi-seller conduit

HSBC's multi-seller conduit was established to provide access to flexible market-based sources of finance for its clients. Currently, HSBC bears risk equal to the transaction-specific facility offered to the multi-seller conduit, amounting to $6.4bn at 31 December 2025 (2024: $5.2bn). First loss protection is provided by the originator of the assets, and not by HSBC, through transaction-specific credit enhancements. A layer of loss protection is provided by HSBC in the form of a programme-wide enhancement facility.

Securitisations

HSBC uses structured entities to securitise customer loans and advances it originates in order to diversify its sources of funding for asset origination and capital efficiency purposes. The loans and advances are transferred by HSBC to the structured entities for cash or synthetically, and the structured entities issue debt securities to investors. Where synthetic securitisations are used, the credit risk associated with the loan portfolio of assets is transferred to the structured entities through loan portfolio financial guarantees.

HSBC managed funds

HSBC has established a number of money market and non-money market funds. Where it is deemed to be acting as principal rather than agent in its role as investment manager, HSBC controls these funds.

Other

HSBC has entered into a number of transactions in the normal course of business, which include asset and structured finance transactions where it has control of the structured entity. In addition, HSBC is deemed to control a number of third-party managed funds through its involvement as a principal in the funds.

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to all structured entities not controlled by HSBC. The Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and for specific investment opportunities.

Nature and risks associated with HSBC interests in unconsolidated structured entities

Total asset values of the entities ($m)	Securitisations	HSBC managed funds	Non-HSBC managed funds	Other	Total
0–500	**207**	**323**	**1,062**	**57**	**1,649**
500–2,000	**2**	**71**	**910**	**1**	**984**
2,000–5,000	**—**	**35**	**403**	**1**	**439**
5,000–25,000	**—**	**24**	**237**	**—**	**261**
25,000+	**—**	**6**	**41**	**—**	**47**
Number of entities at 31 Dec 2025	**209**	**459**	**2,653**	**59**	**3,380**
	$bn	**$bn**	**$bn**	**$bn**	**$bn**
Total assets in relation to HSBC's interests in the unconsolidated structured entities	**9.4**	**12.4**	**21.8**	**2.8**	**46.4**
– trading assets	**—**	**0.2**	**—**	**—**	**0.2**
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**—**	**7.9**	**19.5**	**—**	**27.4**
– loans and advances to customers	**9.4**	**—**	**—**	**1.5**	**10.9**
– financial investments	**—**	**—**	**0.4**	**—**	**0.4**
– assets held for sale	**—**	**4.3**	**1.9**	**—**	**6.2**
– other assets	**—**	**—**	**—**	**1.3**	**1.3**
Total liabilities in relation to HSBC's interests in the unconsolidated structured entities	**—**	**—**	**—**	**0.7**	**0.7**
– other liabilities	**—**	**—**	**—**	**0.7**	**0.7**
Other off-balance sheet commitments	**—**	**0.3**	**6.5**	**1.3**	**8.1**
HSBC's maximum exposure at 31 Dec 2025	**9.4**	**12.7**	**28.3**	**3.4**	**53.8**

Total asset values of the entities ($m)					
0–500	167	344	1,215	46	1,772
500–2,000	2	75	911	2	990
2,000–5,000	—	30	348	1	379
5,000–25,000	—	21	212	—	233
25,000+	—	2	33	—	35
Number of entities at 31 Dec 2024	169	472	2,719	49	3,409
	$bn	$bn	$bn	$bn	$bn
Total assets in relation to HSBC's interests in the unconsolidated structured entities	5.4	12.1	25.4	2.4	45.3
– trading assets	—	0.1	—	—	0.1
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	—	7.8	22.2	—	30.0
– loans and advances to customers	5.4	—	0.7	1.5	7.6
– financial investments	—	0.2	0.4	—	0.6
– assets held for sale	—	4.0	2.1	—	6.1
– other assets	—	—	—	0.9	0.9
Total liabilities in relation to HSBC's interests in the unconsolidated structured entities	—	—	—	0.4	0.4
– other liabilities	—	—	—	0.4	0.4
Other off-balance sheet commitments	—	1.0	8.1	1.3	10.4
HSBC's maximum exposure at 31 Dec 2024	5.4	13.1	33.5	3.3	55.3

The maximum exposure to loss from HSBC's interests in unconsolidated structured entities represents the maximum loss it could incur as a result of its involvement with these entities regardless of the probability of the loss being incurred.

- For commitments, guarantees and written credit default swaps, the maximum exposure to loss is the notional amount of potential future losses.
- For retained and purchased investments and loans to unconsolidated structured entities, the maximum exposure to loss is the carrying amount of these interests at the balance sheet reporting date.

The maximum exposure to loss is stated gross of the effects of hedging and collateral arrangements that HSBC has entered into in order to mitigate the Group's exposure to loss.

Securitisations

HSBC has interests in unconsolidated securitisation vehicles through holding notes issued by these entities. In addition, HSBC has investments in ABSs issued by third-party structured entities.

HSBC managed funds

HSBC establishes and manages money market funds and non-money market investment funds to provide customers with investment opportunities. Further information on funds under management is provided on page 82.

HSBC, as fund manager, may be entitled to receive management and performance fees based on the assets under management. HSBC may also retain units in these funds.

Non-HSBC managed funds

HSBC purchases and holds units of third-party managed funds in order to facilitate business and meet customer needs.

Other

HSBC has established structured entities in the normal course of business, such as structured credit transactions for customers, to provide finance to public and private sector infrastructure projects, and for asset and structured finance transactions.

In addition to the interests disclosed above, HSBC enters into derivative contracts, reverse repos and stock borrowing transactions with structured entities. These interests arise in the normal course of business for the facilitation of third-party transactions and risk management solutions.

HSBC sponsored structured entities

The amount of assets transferred to and income received from such sponsored structured entities during 2025 and 2024 was not significant.

21 Goodwill and intangible assets

	2025	2024
	$m	$m
Goodwill	**4,419**	4,118
Other intangible assets[1]	**8,688**	8,266
At 31 Dec	**13,107**	12,384

1 Included within other intangible assets is internally generated software with a net carrying amount of $7.5bn (2024: $7.1bn). During the year, capitalisation of internally generated software was $3.0bn (2024: $2.5bn), impairment was $0.4bn (2024: impairment of $67m) and amortisation was $2.4bn (2024: $2.0bn).

Movement analysis of goodwill

	2025	2024
	$m	$m
Gross amount		
At 1 Jan	**18,626**	19,560
Exchange differences	**1,438**	(962)
Reclassified to held for sale and additions[1]	**(78)**	28
At 31 Dec	**19,986**	18,626
Accumulated impairment losses		
At 1 Jan	**(14,508)**	(15,237)
Exchange differences	**(1,059)**	716
Reclassified to held for sale[1]	**—**	13
At 31 Dec	**(15,567)**	(14,508)
Net carrying amount at 31 Dec	**4,419**	4,118

1 For the year ended 31 December 2025, this includes goodwill reclassified to held for sale associated with the sale of HSBC Life (UK) Limited, the sale of HSBC Assurance Vie (France), the sale of the retail banking business of The Hongkong and Shanghai Banking Corporation Limited, Sri Lanka branch, and the sale of the custody business and private banking business in Germany. For the year ended 31 December 2024, this includes goodwill arising from the acquisition of Silkroad, offset by goodwill reclassified to held for sale associated with the sales of HSBC Bank Armenia, the private banking business in Germany, and the planned sale of HSBC Assurances Vie (France). For further details, see Note 23.

Goodwill

Impairment testing

The Group's impairment test in respect of goodwill allocated to each cash-generating unit ('CGU') is performed at 1 October each year. A review for indicators of impairment is undertaken at each subsequent quarter-end and at 31 December 2025. No indicators of impairment were identified as part of these reviews.

Basis of the recoverable amount

The recoverable amount of all CGUs to which goodwill has been allocated was equal to its value in use ('VIU') at each respective testing date. The VIU is calculated by discounting management's cash flow projections for the CGU. The key assumptions used in the VIU calculation for each individually significant CGU that is not impaired are discussed below.

Key assumptions in VIU calculation – significant CGUs at 1 October 2025[1]

	Carrying amount at 1 Oct 2025	**of which goodwill**	**Value in use at 1 Oct 2025**	**Discount rate**	**Growth rate beyond initial cash flow**	Carrying amount at 1 Oct 2024	of which goodwill	Value in use at 1 Oct 2024	Discount rate	Growth rate beyond initial cash flow projections
	$m	**$m**	**$m**	**%**	**%**	$m	$m	$m	%	%
HSBC UK Bank plc – UK	**29,022**	**2,639**	**82,529**	**9.3**	**2.1**	N/A	N/A	N/A	N/A	N/A
HSBC UK Bank plc – WPB	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	12,785	2,843	27,118	10.6	2.0

1 Following change in the Group's reportable segments effective from 1 January 2025 the Group's CGUs are the Group's reportable segments subdivided by main legal entities.

At 1 October 2025, aggregate goodwill of $1.8bn (1 October 2024: $1.5bn) had been allocated to CGUs that were not considered individually significant. The Group's CGUs do not carry on their balance sheets any significant intangible assets with indefinite useful lives, other than goodwill.

Management's judgement in estimating the cash flows of a CGU
The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of goodwill in the next financial year, but does consider this to be an area that is inherently judgemental. The cash flow projections for each CGU are based on forecast profitability plans approved by the Board and minimum capital levels required to support the business operations of a CGU. The Board challenges and endorses planning assumptions in light of internal capital allocation decisions necessary to support our strategy, current market conditions and macroeconomic outlook. For the 1 October 2025 impairment test, cash flow projections until the end of 2030 were considered, in line with our internal planning horizon. Key assumptions underlying cash flow projections reflect management's outlook on interest rates and inflation, as well as business strategy, including the scale of investment in technology and automation. Our cash flow projections include known and observable climate-related opportunities and costs associated with our sustainable products and operating model. As required by IFRS Accounting Standards, estimates of future cash flows exclude estimated cash inflows or outflows that are expected to arise from restructuring initiatives before an entity has a constructive obligation to carry out the plan, and would therefore have recognised a provision for restructuring costs.

Discount rate
The rate used to discount the cash flows is based on the cost of equity assigned to each CGU, which is derived using a capital asset pricing model ('CAPM') and market implied cost of equity. CAPM depends on a number of inputs reflecting financial and economic variables, including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement. The discount rates for each CGU are refined to reflect the rates of inflation for the countries within which the CGU operates. In addition, for the purposes of testing goodwill for impairment, management supplements this process by comparing the discount rates derived using the internally generated CAPM, with the cost of equity rates produced by external sources for businesses operating in similar markets. The impacts of climate risk are included to the extent that they are observable in discount rates and asset prices.

Long-term growth rate
The long-term growth rate is used to extrapolate the cash flows in perpetuity because of the long-term perspective within the Group of business units making up the CGUs. These growth rates reflect inflation for the countries within which the CGU operates or from which it derives revenue.

Sensitivities of key assumptions in calculating VIU

At 1 October 2025, given the extent by which VIU exceeds carrying amount, HSBC UK Bank plc CGU was not sensitive to reasonably possible adverse changes in key assumptions supporting the recoverable amount. In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the VIU calculation, such as the external range of discount rates observable, historical performance against forecast and risks attaching to the key assumptions underlying cash flow projections. None of the remaining CGUs are individually significant.

Other intangible assets

Impairment testing

Impairment of other intangible assets is assessed in accordance with our policy explained in Note 1.2(b) by comparing the net carrying amount of CGUs containing intangible assets with their recoverable amounts. Recoverable amounts are determined by calculating an estimated VIU or fair value, as appropriate, for each CGU. No significant impairment was recognised during the year.

Key assumptions in VIU calculation
The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of other intangible assets in the next financial year, but does consider this to be an area that is inherently judgemental. We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

- Management's judgement in estimating future cash flows: We considered past business performance, current market conditions and our macroeconomic outlook to estimate future earnings. As required by IFRS Accounting Standards, estimates of future cash flows exclude estimated cash inflows or outflows that are expected to arise from restructuring initiatives before an entity has a constructive obligation to carry out the plan, and would therefore have recognised a provision for restructuring costs. For some businesses, this means that the benefit of certain strategic actions may not be included in the impairment assessment, including capital releases. Our cash flow projections include known and observable climate-related opportunities and costs associated with our sustainable products and operating model.
- Long-term growth rates: The long-term growth rate is used to extrapolate the cash flows in perpetuity because of the long-term perspective of the businesses within the Group.
- Discount rates: Rates are based on a combination of CAPM and market-implied calculations considering market data for the businesses and geographies in which the Group operates. The impacts of climate risk are included to the extent that they are observable in discount rates and asset prices.

Sensitivity of estimates relating to non-financial assets
As explained in Note 1.2(b), estimates of future cash flows for CGUs are made in the review of goodwill and non-financial assets for impairment. Non-financial assets include other intangible assets shown above, and owned property, plant and equipment and right-of-use assets (see Note 22). The most significant sources of estimation uncertainty are in respect of the goodwill balances disclosed above. There are no non-financial asset balances relating to individual CGUs which involve estimation uncertainty that represents a significant risk of resulting in a material adjustment to the results and financial position of the Group within the next financial year.

Non-financial assets are widely distributed across CGUs within the legal entities of the Group, including Corporate Centre assets that cannot be allocated to CGUs and are therefore tested for impairment at consolidated level. The recoverable amounts of other intangible assets, owned property, plant and equipment, and right-of-use assets cannot be lower than individual asset fair values less costs to dispose, where relevant. At 31 December 2025 none of the CGUs were sensitive to reasonably possible adverse changes in key assumptions supporting the recoverable amount. In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the VIU calculation, such as the external range of discount rates observable, historical performance against forecast and risks attaching to the key assumptions underlying cash flow projections.

22 Prepayments, accrued income and other assets

	2025 $m	2024 $m
Prepayments and accrued income	**15,778**	13,781
Settlement accounts and items in course of collection from other banks	**29,961**	19,050
Cash collateral and margin receivables	**57,706**	59,488
Bullion	**34,917**	16,841
Endorsements and acceptances	**8,695**	8,093
Insurance contract assets (Note 4)	**118**	132
Reinsurance contract assets	**5,886**	4,798
Employee benefit assets (Note 5)	**8,246**	7,548
Right-of-use assets	**2,991**	2,205
Owned property, plant and equipment	**9,615**	9,407
Other accounts	**10,881**	11,397
At 31 Dec[1]	**184,794**	152,740

1 Prepayments, accrued income and other assets include $120.0bn (2024: $109.3bn) of financial assets, the majority of which are measured at amortised cost.

23 Assets held for sale, liabilities of disposal groups held for sale and business acquisitions

	2025 $m	2024 $m
Held for sale at 31 Dec		
Disposal groups	**9,713**	27,126
Unallocated impairment losses[1]	**(93)**	(31)
Non-current assets held for sale	**1,495**	139
Assets held for sale	**11,115**	27,234
Liabilities of disposal groups held for sale	**23,382**	29,011

1 This represents impairment losses in excess of the carrying value of the non-current assets in scope of IFRS 5 for measurement, recognised against the total assets of the disposal group.

Disposal groups

Retained portfolio of home and certain other loans in France

Following the sale of our French retail banking operations on 1 January 2024, HSBC Continental Europe retained a portfolio of home and certain other loans, with a carrying value of €7.1bn ($8.3bn) at the time of sale. On 31 October 2025, HSBC Continental Europe completed the sale of its retained portfolio to a consortium comprising Rothesay Life plc and CCF. Prior to their derecognition at completion, as at 30 September 2025, related balances stood at $6.0bn in loans. The completion of the transaction resulted in the recycling of cumulative fair value losses of $1.5bn to the income statement that were previously recognised through other comprehensive income. For the year ended 31 December 2025, we additionally recognised a $0.1bn mark-to-market gain in 'net income from financial instruments held for trading or managed on a fair value basis' arising on certain non-qualifying economic hedges that were used to hedge interest rate risk on the portfolio. These non-qualifying economic hedges were derecognised following completion of the transaction.

Other disposals

On 30 January 2026, HSBC Bank plc completed the sale of its UK life insurance entity, HSBC Life (UK) Limited, to Chesnara plc. Prior to completion, as at 31 December 2025, the balances that remained classified as held for sale were $6.6bn in assets and $6.4bn in liabilities. For the year ended 31 December 2025, we recognised a loss on disposal of $0.1bn. In the first quarter of 2026, we will recycle foreign currency translation reserves to the income statement. These stood at a cumulative $0.2bn loss as at 31 December 2025.

On 27 November 2025, HSBC Bank Middle East Limited, Bahrain branch, completed the sale of its retail banking operations in Bahrain to Bank of Bahrain and Kuwait B.S.C., recognising a pre-tax gain on disposal of $0.1bn.

On 31 October 2025, HSBC Continental Europe completed the sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle. Prior to their derecognition at completion, as at 30 September 2025, related balances stood at $28.2bn in assets and $27.2bn in liabilities. For the year ended 31 December 2025, we recognised a $0.2bn pre-tax loss inclusive of migration costs and the recycling of related reserves.

On 3 October 2025, HSBC Continental Europe completed the sale of its private banking business in Germany to BNP Paribas at which point we recognised a pre-tax gain on disposal of $0.2bn. Prior to their derecognition at completion, as at 30 September 2025, related balances stood at $1.5bn in assets and $1.5bn in liabilities.

On 24 September 2025, The Hongkong and Shanghai Banking Corporation Limited, Sri Lanka branch, entered into a binding agreement to sell its retail banking business to Nations Trust Bank PLC. Regulatory approvals for the transaction have now been received, and completion is expected in the first half 2026, at which point an estimated immaterial pre-tax gain on disposal will be recognised.

On 16 September 2025, HSBC Continental Europe signed a put option agreement with CrediaBank S.A. regarding the potential sale of its majority shareholding of 70.03% in HSBC Bank Malta plc. On 22 December 2025, pursuant to the terms of the put option agreement and following completion of HSBC Continental Europe's employee information and consultation process in France, a Sale and Purchase Agreement for the transaction was signed. The transaction, which remains subject to regulatory approvals, did not meet the criteria for held for sale in the fourth quarter of 2025, given completion is now expected in the first half of 2027. The sale is expected to generate an estimated pre-tax loss of $0.4bn, inclusive of migration costs, which we expect to recognise largely in the first half of 2026 upon classification of the disposal group as held for sale.

On 27 July 2025, HSBC Latin America Holdings (UK) Limited entered into a binding agreement to sell HSBC Bank (Uruguay) S.A. to a subsidiary of BTG Pactual Holding SA. The disposal group met the held for sale criteria and an immaterial loss on disposal was recognised in the third quarter of 2025, with balances remaining classified as held for sale at 31 December 2025 of $2.1bn in assets and $2.0bn in liabilities. The transaction, which is subject to regulatory approvals, is expected to complete in the second half of 2026.

On 11 July 2025, HSBC Continental Europe, a wholly-owned subsidiary of HSBC Bank plc, reached an agreement to sell its fund administration business, Internationale Kapitalanlagegesellschaft mbH, to BlackFin Capital Partners S.A.S. The disposal group met the held for sale criteria in the third quarter of 2025, with immaterial balances remaining classified as held for sale at 31 December 2025. This transaction, which remains subject to regulatory approval, is expected to complete in the second half of 2026, at which point an immaterial gain on disposal will be recognised.

On 27 June 2025, HSBC Continental Europe reached an agreement to sell its custody business in Germany to BNP Paribas. This transaction is anticipated to be completed in a phased manner, starting in the first quarter of 2026. While client consent and related operational requirements may extend the timing for completion of all client transfers, given the signing of a sale and purchase agreement, the disposal group met the held for sale criteria in the second quarter of 2025, with balances remaining classified as held for sale at 31 December 2025 of $0.4bn in assets and $12.5bn in liabilities. The sale is expected to generate an estimated pre-tax gain on disposal of $0.1bn, which will be recognised in line with completion of client transfers.

On 25 September 2024, HSBC Bank plc reached an agreement to transfer its business in South Africa to local lender FirstRand Bank Ltd. The disposal group met held for sale criteria in the fourth quarter of 2024, with balances remaining classified as held for sale at 31 December 2025 of $0.4bn in assets and $2.1bn in liabilities. The transaction is expected to complete in the first quarter of 2026. Upon subsequent wind-down of the entity, expected in the second half of 2026, cumulative foreign currency translation reserves and other reserves will recycle to the income statement. At 31 December 2025, foreign currency translation reserve and other reserve losses stood at $0.1bn.

At 31 December 2025, the major classes of assets and associated liabilities of disposal groups held for sale, excluding allocated impairment losses, were as follows:

	South Africa[1]	German custody business[2]	Uruguay	UK life insurance business	Sri Lanka retail banking business	Other	Total
	$m	$m	$m	$m	$m	$m	$m
Assets of disposal groups held for sale							
Cash and balances at central banks	—	—	335	—	2	—	337
Trading assets	—	—	113	—	—	—	113
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	—	—	—	6,351	—	—	6,351
Derivatives	8	—	6	—	—	—	14
Loans and advances to banks	—	16	29	—	—	—	45
Loans and advances to customers	431	323	1,314	—	101	21	2,190
Financial investments	—	—	294	—	—	—	294
Goodwill	—	—	—	—	3	—	3
Prepayments, accrued income and other assets	3	17	51	273	15	7	366
Total assets at 31 Dec 2025	442	356	2,142	6,624	121	28	9,713
Liabilities of disposal groups held for sale							
Deposits by banks	—	116	15	—	—	—	131
Customer accounts	2,056	12,316	1,369	—	430	2	16,173
Financial liabilities designated at fair value	—	—	—	1,345	—	—	1,345
Derivatives	13	—	3	—	—	—	16
Debt securities in issue	—	—	495	—	—	—	495
Insurance contract liabilities	—	—	—	4,925	—	—	4,925
Accruals, deferred income and other liabilities	13	33	77	116	40	18	297
Total liabilities at 31 Dec 2025	2,082	12,465	1,959	6,386	470	20	23,382
Expected date of completion	First quarter of 2026	First half of 2027	Second half of 2026	First quarter of 2026	First half of 2026		
Operating segment	CIB and Corporate Centre	CIB	Corporate Centre	IWPB	IWPB		

At 31 December 2024, the major classes of assets and associated liabilities of disposal groups held for sale, excluding allocated impairment losses, were as follows:

	French life insurance business $m	Germany private banking business $m	South Africa[1] $m	Other $m	Total $m
Assets of disposal groups held for sale					
Cash and balances at central banks	—	1,896	—	—	1,896
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	14,560	—	—	—	14,560
Derivatives	26	—	10	—	36
Loans and advances to banks	144	—	—	—	144
Loans and advances to customers	—	309	656	—	965
Financial investments	8,500	—	—	—	8,500
Goodwill	—	5	—	—	5
Prepayments, accrued income and other assets	992	21	7	—	1,020
Total assets at 31 Dec 2024	24,222	2,231	673	—	27,126
Liabilities of disposal groups held for sale					
Customer accounts	—	2,085	3,294	20	5,399
Financial liabilities designated at fair value	11	119	—	—	130
Derivatives	—	—	19	—	19
Insurance contract liabilities	21,811	—	—	—	21,811
Accruals, deferred income and other liabilities	1,598	22	32	—	1,652
Total liabilities at 31 Dec 2024	23,420	2,226	3,345	20	29,011

Date of completion	31 October 2025	31 October 2025	First quarter of 2026		
Operating segment	IWPB	IWPB	CIB and Corporate Centre		

1 Under the financial terms of the sale of our South Africa business, HSBC Bank plc will transfer the business with a net nil asset value at book value less any provisions. The purchase price for the asset value of $0.4bn will be satisfied by the transfer of agreed liabilities of $2.1bn. Any required increase to the net asset value of the business to achieve this will be satisfied by the inclusion of additional cash. Based upon the net liabilities of the disposal group at 31 December 2025, HSBC Bank plc would be expected to include a cash contribution of $1.7bn.
2 Under the financial terms of the sale of our German custody business, HSBC Continental Europe will transfer a nil net asset value for each client transferred, by way of inclusion of additional cash.

24 Trading liabilities

	2025 $m	2024 $m
Deposits by banks[1]	**9,353**	7,671
Customer accounts[1]	**10,089**	10,709
Other debt securities in issue (Note 26)	**40**	73
Other liabilities – net short positions in securities	**52,640**	47,529
At 31 Dec	**72,122**	65,982

1 'Deposits by banks' and 'Customer accounts' include repos, stock lending and other amounts.

25 Financial liabilities designated at fair value

HSBC

	2025 $m	2024 $m
Deposits by banks and customer accounts[1]	**27,491**	23,773
Liabilities to customers under investment contracts	**5,288**	5,931
Debt securities in issue (Note 26)	**116,502**	99,706
Subordinated liabilities (Note 29)	**9,175**	9,317
At 31 Dec	**158,456**	138,727

1 Structured deposits placed at HSBC Bank USA are insured by the Federal Deposit Insurance Corporation, a US government agency, up to $250,000 per depositor.

The carrying amount of financial liabilities designated at fair value was $2,691m less than the contractual amount at maturity (2024: $4,365m less). The cumulative amount of change in fair value attributable to changes in credit risk was a loss of $2,252m (2024: loss of $1,655m).

HSBC Holdings

	2025 $m	2024 $m
Debt securities in issue (Note 26)	**44,687**	33,268
Subordinated liabilities (Note 29)	**8,220**	8,314
At 31 Dec	**52,907**	41,582

The carrying amount of financial liabilities designated at fair value was $1,161m more than the contractual amount at maturity (2024: $17m less). The cumulative amount of change in fair value attributable to changes in credit risk was a loss of $430m (2024: $540m).

26 Debt securities in issue

HSBC

	2025 $m	2024 $m
Bonds and medium-term notes	**185,974**	163,903
Other debt securities in issue	**30,243**	41,661
Total debt securities in issue	**216,217**	205,564
Included within:		
– trading liabilities (Note 24)	**(40)**	(73)
– financial liabilities designated at fair value (Note 25)	**(116,502)**	(99,706)
At 31 Dec	**99,675**	105,785

HSBC Holdings

	2025 $m	2024 $m
Debt securities	**113,711**	97,588
Included within:		
– financial liabilities designated at fair value (Note 25)	**(44,687)**	(33,268)
At 31 Dec	**69,024**	64,320

27 Accruals, deferred income and other liabilities

	2025 $m	2024 $m
Accruals and deferred income	**16,143**	16,277
Settlement accounts and items in course of transmission to other banks	**30,246**	24,692
Cash collateral and margin payables	**60,841**	58,040
Endorsements and acceptances	**8,708**	8,102
Employee benefit liabilities (Note 5)	**1,071**	1,017
Reinsurance contract liabilities	**682**	701
Lease liabilities	**3,320**	2,459
Other liabilities	**21,112**	19,052
At 31 Dec[1]	**142,123**	130,340

1 Accruals, deferred income and other liabilities include $133.5bn (2024: $122.1bn) of financial liabilities, the majority of which are measured at amortised cost.

28 Provisions

	Restructuring costs $m	Legal proceedings and regulatory matters $m	Customer remediation $m	Other provisions $m	Total $m
Provisions (excluding contractual commitments)					
At 1 Jan 2025	199	295	85	457	1,036
Additions	**991**	**1,580**	**39**	**174**	**2,784**
Amounts utilised	**(525)**	**(194)**	**(25)**	**(64)**	**(808)**
Unused amounts reversed	**(108)**	**(47)**	**(34)**	**(68)**	**(257)**
Exchange and other movements	**21**	**28**	**4**	**(2)**	**51**
At 31 Dec 2025	**578**	**1,662**	**69**	**497**	**2,806**
Contractual commitments[1]					
At 1 Jan 2025					688
Net change in expected credit loss provision and other movements					**(53)**
At 31 Dec 2025					**635**
Total provisions					
At 31 Dec 2024					1,724
At 31 Dec 2025					**3,441**
Provisions (excluding contractual commitments)					
At 1 Jan 2024	284	380	130	420	1,214
Additions	181	205	36	203	625
Amounts utilised	(193)	(228)	(48)	(105)	(574)
Unused amounts reversed	(63)	(63)	(35)	(82)	(243)
Exchange and other movements	(10)	1	2	21	14
At 31 Dec 2024	199	295	85	457	1,036
Contractual commitments[1]					
At 1 Jan 2024					527
Net change in expected credit loss provision and other movements					161
At 31 Dec 2024					688
Total provisions					
At 31 Dec 2023					1,741
At 31 Dec 2024					1,724

1 Contractual commitments include the expected credit loss provision in relation to off-balance sheet financial guarantee contracts and commitments to which the impairment requirements in IFRS 9 are applied; and provisions for performance and other guarantee contracts.

Further details of 'Legal proceedings and regulatory matters' are set out in Note 35. Legal proceedings include civil court, arbitration or tribunal proceedings brought against HSBC companies (whether by way of claim or counterclaim); or civil disputes that may, if not settled, result in court, arbitration or tribunal proceedings. 'Regulatory matters' refers to investigations, reviews and other actions carried out by, or in response to, the actions of regulators or law enforcement agencies in connection with alleged wrongdoing by HSBC.

Customer remediation refers to HSBC's activities to compensate customers for losses or damages associated with a failure to comply with regulations or to treat customers fairly. Customer remediation is often initiated by HSBC in response to customer complaints and/or industry developments in sales practices, and is not necessarily initiated by regulatory action.

For further details of the impact of IFRS 9 on undrawn loan commitments and financial guarantees, presented in 'Contractual commitments', see Note 33. Further analysis of the movement in the expected credit loss provision is disclosed within the 'Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees' table on page 125.

Brazil PIS and COFINS tax matters

Beginning in the late 1990s, HSBC Bank Brasil S.A. – Banco Múltiplo ('HSBC Brazil') and other financial services firms brought legal proceedings in Brazil challenging the assessment of Contribution to the Social Integration Programme ('PIS') and Contribution for the Financing of Social Security ('COFINS') taxes, which are federal taxes imposed on gross revenues earned by legal entities in Brazil. The Supreme Court of Brazil selected three cases – one involving an insurer, in 2007, and two involving other banks, in 2011 – to set standards that would apply to all of these proceedings. In June 2023, the court ruled against the financial services firms in all three cases. The standards set by the court in this ruling have not yet been applied to HSBC Brazil's legacy cases, liability for which remained with HSBC after the sale of HSBC's operations in Brazil to Bradesco in 2016. In May 2025, the first instance judicial court delivered a favourable judgment in HSBC Brazil's second largest legacy PIS and COFINS case, which has been appealed by the Brazilian Tax Authority. There are many factors that may affect the range of outcomes and any resulting financial impact for HSBC. Based upon the information currently available, a provision was recognised in respect of one legacy case. The remaining additional tax liability subject to challenge on all legacy PIS and COFINS cases is up to $0.4bn. As at 31 December 2025, no provision has been booked for this amount.

Bernard L. Madoff Investment Securities LLC

In a 2009 lawsuit in Luxembourg relating to the Bernard L. Madoff Investment Securities LLC fraud, HSBC Securities Services Luxembourg ('HSSL') is defending a claim brought by Herald Fund SPC ('Herald') for restitution of securities and $521m in cash (plus interest) or, alternatively damages in the amount of $5.6bn (plus interest). On 24 October 2025, the Luxembourg Court of Cassation denied HSSL's appeal in respect of Herald's securities restitution claim, but accepted HSSL's appeal in respect of Herald's cash restitution claim. HSSL will now pursue a second appeal before the Luxembourg Court of Appeal. If HSSL is unsuccessful in that second appeal, it will contest the amount HSSL is required to pay in subsequent proceedings before the Court of Appeal. Following this development, we recognised a $1.1bn provision. Given the pendency of the second appeal and the complexities and uncertainties associated with determining the quantum of restitution, the eventual financial impact could be significantly different.

Tax-related investigations

Since 2023 the French National Financial Prosecutor ('PNF') had been investigating HSBC Continental Europe and the Paris branch of HSBC Bank plc in connection with the dividend withholding tax treatment of certain historical trading activities. During the year a provision of $0.3bn was recognised, and in January 2026 HSBC Bank plc reached an agreement with the PNF to resolve its investigation. HSBC Bank plc paid a total of €302m and the matter is now closed.

29 Subordinated liabilities

HSBC's subordinated liabilities

	2025	2024
	$m	$m
At amortised cost	**28,406**	25,958
– subordinated liabilities	**27,467**	25,080
– preferred securities	**939**	878
Designated at fair value (Note 25)	**9,175**	9,317
– subordinated liabilities	**9,175**	9,317
At 31 Dec	**37,581**	35,275
Issued by HSBC subsidiaries	**2,978**	3,144
Issued by HSBC Holdings	**34,603**	32,131

Subordinated liabilities rank behind senior obligations and generally count towards the capital base of HSBC. Capital securities may be called and redeemed by HSBC subject to prior notification to the PRA and, where relevant, the consent of the local banking regulator. If not redeemed at the first call date, coupons payable may reset or become floating rate based on relevant market rates. On subordinated liabilities other than floating rate notes, interest is payable at fixed rates of up to 8.201%.

The balance sheet amounts disclosed in the following table are presented on an IFRS basis and do not reflect the amount that the instruments contribute to regulatory capital, principally due to regulatory amortisation and regulatory eligibility limits.

HSBC's subordinated liabilities: subsidiaries

	2025	2024
	$m	$m
Additional tier 1 capital securities issued by HSBC subsidiaries	**819**	732
Tier 2 securities issued by HSBC subsidiaries		
– Tier 2 securities issued by HSBC Bank plc	**497**	715
– Tier 2 securities issued by HSBC Bank USA Inc	**224**	223
– Tier 2 securities issued by HSBC Bank USA N.A.	**1,438**	1,431
Securities issued by other HSBC subsidiaries	**—**	43
Subordinated liabilities issued by HSBC subsidiaries at 31 Dec	**2,978**	3,144

HSBC Holdings' subordinated liabilities

	2025	2024
	$m	$m
At amortised cost	**26,114**	23,548
Designated at fair value (Note 25)	**8,220**	8,314
At 31 Dec[1]	**34,334**	31,862

1 This includes Tier 2 securities.

Guaranteed by HSBC Bank plc

Capital securities guaranteed by HSBC Bank plc were issued by a Jersey limited partnership. The proceeds of these were lent to the guarantor by the limited partnership in the form of subordinated notes. These capital securities qualified as additional tier 1 capital for HSBC and HSBC Bank plc (on a solo and a consolidated basis) under CRR II until 31 December 2021 by virtue of the grandfathering provision. Since 31 December 2021, these securities have no longer qualified as regulatory capital for HSBC or HSBC Bank plc.

As at 31 December 2025 the preferred securities are intended to provide investors with rights to income and capital distributions, as well as distributions upon liquidation of the issuer that are equivalent to the rights that they would have had if they had purchased non-cumulative perpetual preference shares of the issuer. There are limitations on the payment of distributions if such payments are prohibited under UK banking regulations or other requirements, if a payment would cause a breach of HSBC Bank plc's capital adequacy requirements, or if HSBC Bank plc has insufficient distributable reserves (as defined).

HSBC Bank plc have covenanted that, if prevented under certain circumstances from paying distributions on the preferred securities in full, they will not pay dividends or other distributions in respect of their ordinary shares, or repurchase or redeem their ordinary shares, until the distribution on the preferred securities has been paid in full.

If the preferred securities are outstanding in November 2048, or if the total capital ratio of HSBC Bank plc (on a solo or consolidated basis) falls below the regulatory minimum required, or if the Directors expect it to do so in the near term, provided that proceedings have not been commenced for the liquidation, dissolution or winding up of HSBC Bank plc, the holders' interests in the preferred security will be exchanged for interests in preference shares issued by HSBC Bank plc that have economic terms which are in all material respects equivalent to the preferred security and its guarantee.

Tier 2 securities

Tier 2 capital securities are dated subordinated securities on which there is an obligation to pay coupons. These capital securities are included within HSBC's regulatory capital base as tier 2 capital under CRR II. CRR II grandfathering provisions expired on 26 June 2025 and previously grandfathered securities are now ineligible as regulatory capital for HSBC. In accordance with CRR II, the capital contribution of all tier 2 securities is amortised for regulatory purposes in their final five years before maturity.

30 Maturity analysis of assets, liabilities and off-balance sheet commitments

The table on page 335 provides an analysis of consolidated total assets, liabilities and off-balance sheet commitments by residual contractual maturity at the balance sheet date. These balances are included in the maturity analysis as follows:

- Trading assets and liabilities (including trading derivatives but excluding reverse repos, repos and debt securities in issue) are included in the 'Due not more than 1 month' time bucket because trading balances are typically held for short periods of time.
- Financial assets and liabilities with no contractual maturity (such as equity securities) are included in the 'Due over 5 years' time bucket. Undated or perpetual instruments are classified based on the contractual notice period, which the counterparty of the instrument is entitled to give. Where there is no contractual notice period, undated or perpetual contracts are included in the 'Due over 5 years' time bucket.
- Non-financial assets and liabilities with no contractual maturity are included in the 'Due over 5 years' time bucket.
- Financial instruments included within assets and liabilities of disposal groups held for sale are classified on the basis of the contractual maturity of the underlying instruments and not on the basis of the disposal transaction.
- Liabilities under insurance contracts included in 'non-financial liabilities' are irrespective of contractual maturity included in the 'Due over 5 years' time bucket in the maturity table provided below. An analysis of the present value of expected future cash flows of insurance contract liabilities and contractual service margin is provided on page 293. Liabilities under investment contracts are classified in accordance with their contractual maturity. Undated investment contracts are included in the 'Due over 5 years' time bucket, although such contracts are subject to surrender and transfer options by the policyholders.
- Loan and other credit-related commitments are classified on the basis of the earliest date they can be drawn down.

HSBC

Maturity analysis of assets, liabilities and off-balance sheet commitments

	Due not more than 1 month $m	Due over 1 month but not more than 3 months $m	Due over 3 months but not more than 6 months $m	Due over 6 months but not more than 9 months $m	Due over 9 months but not more than 1 year $m	Due over 1 year but not more than 2 years $m	Due over 2 years but not more than 5 years $m	Due over 5 years $m	Total $m
Financial assets									
Cash and balances at central banks	**242,859**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**242,859**
Hong Kong Government certificates of indebtedness	**44,063**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**44,063**
Trading assets	**358,864**	**4,209**	**1,551**	**646**	**349**	**534**	**—**	**—**	**366,153**
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**7,659**	**1,002**	**2,061**	**1,273**	**1,041**	**6,097**	**10,937**	**102,993**	**133,063**
Derivatives	**234,390**	**149**	**176**	**151**	**79**	**287**	**2,339**	**169**	**237,740**
Loans and advances to banks	**74,341**	**13,842**	**5,664**	**4,899**	**3,056**	**2,675**	**3,293**	**692**	**108,462**
Loans and advances to customers	**150,457**	**70,926**	**59,646**	**36,257**	**36,897**	**96,320**	**186,262**	**351,634**	**988,399**
– personal	**50,268**	**11,938**	**8,704**	**7,160**	**6,295**	**21,281**	**55,491**	**310,594**	**471,731**
– corporate and commercial	**86,383**	**50,794**	**41,517**	**19,824**	**23,073**	**54,426**	**108,282**	**32,680**	**416,979**
– financial	**13,806**	**8,194**	**9,425**	**9,273**	**7,529**	**20,613**	**22,489**	**8,360**	**99,689**
Reverse repurchase agreements – non-trading	**199,154**	**41,434**	**20,115**	**9,474**	**5,575**	**12,837**	**9,803**	**—**	**298,392**
Financial investments	**41,092**	**75,509**	**44,525**	**20,166**	**17,973**	**62,079**	**199,798**	**106,069**	**567,211**
Assets held for sale[1]	**1,279**	**559**	**418**	**246**	**737**	**365**	**904**	**6,303**	**10,811**
Accrued income and other financial assets	**103,776**	**7,104**	**4,989**	**817**	**715**	**350**	**593**	**1,664**	**120,008**
Financial assets at 31 Dec 2025	**1,457,934**	**214,734**	**139,145**	**73,929**	**66,422**	**181,544**	**413,929**	**569,524**	**3,117,161**
Non-financial assets	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**115,873**	**115,873**
Total assets at 31 Dec 2025	**1,457,934**	**214,734**	**139,145**	**73,929**	**66,422**	**181,544**	**413,929**	**685,397**	**3,233,034**
Off-balance sheet commitments received									
Loan and other credit-related commitments	**52,535**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**52,535**
Financial liabilities									
Hong Kong currency notes in circulation	**44,063**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**44,063**
Deposits by banks	**81,954**	**2,433**	**972**	**104**	**83**	**6,518**	**1,653**	**4,235**	**97,952**
Customer accounts	**1,518,208**	**162,033**	**62,389**	**19,424**	**17,348**	**5,042**	**2,249**	**135**	**1,786,828**
– personal	**697,222**	**110,013**	**47,005**	**14,460**	**12,118**	**4,128**	**2,108**	**—**	**887,054**
– corporate and commercial	**623,088**	**38,493**	**13,242**	**3,597**	**3,146**	**686**	**88**	**134**	**682,474**
– financial	**197,898**	**13,527**	**2,142**	**1,367**	**2,084**	**228**	**53**	**1**	**217,300**
Repurchase agreements – non-trading	**180,780**	**12,964**	**10,257**	**619**	**174**	**180**	**—**	**—**	**204,974**
Trading liabilities	**68,054**	**2,093**	**1,975**	**—**	**—**	**—**	**—**	**—**	**72,122**
Financial liabilities designated at fair value	**23,306**	**12,208**	**8,709**	**4,775**	**5,877**	**21,508**	**39,904**	**42,169**	**158,456**
– debt securities in issue: unsecured	**8,380**	**7,958**	**7,169**	**3,608**	**3,854**	**18,928**	**35,405**	**30,671**	**115,973**
– subordinated liabilities and preferred securities	**1**	**—**	**—**	**—**	**895**	**892**	**1,185**	**6,202**	**9,175**
– other	**14,925**	**4,250**	**1,540**	**1,167**	**1,128**	**1,688**	**3,314**	**5,296**	**33,308**
Derivatives	**235,555**	**97**	**89**	**13**	**39**	**128**	**245**	**1,688**	**237,854**
Debt securities in issue	**5,912**	**4,399**	**6,892**	**3,999**	**4,955**	**8,039**	**32,934**	**32,545**	**99,675**
– covered bonds	**—**	**—**	**—**	**—**	**—**	**670**	**1,537**	**—**	**2,207**
– otherwise secured	**507**	**43**	**62**	**58**	**338**	**201**	**691**	**2,401**	**4,301**
– unsecured	**5,405**	**4,356**	**6,830**	**3,941**	**4,617**	**7,168**	**30,706**	**30,144**	**93,167**
Liabilities of disposal groups held for sale[2]	**15,901**	**404**	**145**	**32**	**98**	**10**	**118**	**1,626**	**18,334**
Accruals and other financial liabilities	**110,867**	**11,030**	**5,050**	**1,019**	**1,037**	**820**	**2,230**	**1,470**	**133,523**
Subordinated liabilities	**—**	**—**	**—**	**—**	**—**	**2**	**906**	**27,498**	**28,406**
Total financial liabilities at 31 Dec 2025	**2,284,600**	**207,661**	**96,478**	**29,985**	**29,611**	**42,247**	**80,239**	**111,366**	**2,882,187**
Non-financial liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**145,181**	**145,181**
Total liabilities at 31 Dec 2025	**2,284,600**	**207,661**	**96,478**	**29,985**	**29,611**	**42,247**	**80,239**	**256,547**	**3,027,368**
Off-balance sheet commitments given									
Loan and other credit-related commitments	**948,261**	**67**	**20**	**30**	**43**	**10**	**190**	**16**	**948,637**
– personal	**272,532**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**272,532**
– corporate and commercial	**516,435**	**67**	**20**	**30**	**43**	**10**	**190**	**16**	**516,811**
– financial	**159,294**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**159,294**

Maturity analysis of assets, liabilities and off-balance sheet commitments (continued)

	Due not more than 1 month	Due over 1 month but not more than 3 months	Due over 3 months but not more than 6 months	Due over 6 months but not more than 9 months	Due over 9 months but not more than 1 year	Due over 1 year but not more than 2 years	Due over 2 years but not more than 5 years	Due over 5 years	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets									
Cash and balances at central banks	267,674	—	—	—	—	—	—	—	267,674
Hong Kong Government certificates of indebtedness	42,293	—	—	—	—	—	—	—	42,293
Trading assets	311,277	1,374	679	337	774	401	—	—	314,842
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	6,329	1,497	1,218	810	1,570	4,010	11,503	88,832	115,769
Derivatives	264,689	401	709	377	164	364	524	1,409	268,637
Loans and advances to banks	69,778	16,300	3,871	4,264	2,922	2,276	2,236	392	102,039
Loans and advances to customers	135,250	69,955	53,557	36,945	38,985	89,061	176,645	330,260	930,658
– personal	45,221	10,236	7,634	6,705	6,197	19,683	53,434	295,588	444,698
– corporate and commercial	78,170	52,618	38,440	22,858	25,292	54,832	102,637	29,102	403,949
– financial	11,859	7,101	7,483	7,382	7,496	14,546	20,574	5,570	82,011
Reverse repurchase agreements – non-trading	179,590	36,552	15,054	3,715	6,659	7,400	3,579	—	252,549
Financial investments	35,780	74,850	50,650	15,907	20,465	54,125	143,870	97,519	493,166
Assets held for sale[1]	2,711	170	215	401	711	513	2,465	19,170	26,356
Accrued income and other financial assets	94,803	6,831	4,127	648	579	498	346	1,504	109,336
Financial assets at 31 Dec 2024	1,410,174	207,930	130,080	63,404	72,829	158,648	341,168	539,086	2,923,319
Non-financial assets	—	—	—	—	—	—	—	93,729	93,729
Total assets at 31 Dec 2024	1,410,174	207,930	130,080	63,404	72,829	158,648	341,168	632,815	3,017,048
Off-balance sheet commitments received									
Loan and other credit-related commitments	41,875	—	—	—	—	—	—	—	41,875
Financial liabilities									
Hong Kong currency notes in circulation	42,293	—	—	—	—	—	—	—	42,293
Deposits by banks	54,714	1,595	2,227	653	3,924	507	9,919	458	73,997
Customer accounts	1,382,204	168,423	58,928	19,062	17,389	6,482	2,353	114	1,654,955
– personal	640,031	111,341	41,429	13,429	11,109	3,983	1,981	—	823,303
– corporate and commercial	564,693	45,047	14,708	3,991	4,748	1,968	332	106	635,593
– financial	177,480	12,035	2,791	1,642	1,532	531	40	8	196,059
Repurchase agreements – non-trading	168,075	10,340	1,176	450	473	171	—	195	180,880
Trading liabilities	58,069	4,933	2,873	7	100	—	—	—	65,982
Financial liabilities designated at fair value	19,037	8,732	5,890	4,765	5,600	17,013	43,274	34,416	138,727
– debt securities in issue: unsecured	8,431	4,148	3,557	2,885	4,362	14,660	38,259	22,866	99,168
– subordinated liabilities and preferred securities	—	—	—	1,011	—	886	1,871	5,548	9,316
– other	10,606	4,584	2,333	869	1,238	1,467	3,144	6,002	30,243
Derivatives	262,928	2	6	3	1	43	192	1,273	264,448
Debt securities in issue	5,761	10,915	10,330	7,332	7,239	14,724	22,311	27,173	105,785
– covered bonds	—	—	—	—	—	—	1,253	—	1,253
– otherwise secured	511	47	67	64	61	664	520	2,236	4,170
– unsecured	5,250	10,868	10,263	7,268	7,178	14,060	20,538	24,937	100,362
Liabilities of disposal groups held for sale[2]	5,356	223	42	2	107	—	—	1,448	7,178
Accruals and other financial liabilities	99,424	11,827	5,415	1,013	1,241	902	1,489	738	122,049
Subordinated liabilities	—	—	1,719	16	—	—	861	23,362	25,958
Total financial liabilities at 31 Dec 2024	2,097,861	216,990	88,606	33,303	36,074	39,842	80,399	89,177	2,682,252
Non-financial liabilities	—	—	—	—	—	—	—	142,523	142,523
Total liabilities at 31 Dec 2024	2,097,861	216,990	88,606	33,303	36,074	39,842	80,399	231,700	2,824,775
Off-balance sheet commitments given									
Loan and other credit-related commitments	861,181	74	12	85	49	6	57	114	861,578
– personal	253,522	—	—	—	—	—	—	—	253,522
– corporate and commercial	460,762	74	12	85	49	6	57	114	461,159
– financial	146,897	—	—	—	—	—	—	—	146,897

1 Unallocated impairment losses in relation to disposal groups of $0.09bn (2024: $0.03bn) and non-financial assets of $0.26bn (2024: $0.92bn) that are presented within assets held for sale on the balance sheet have been included within non-financial assets in the table above.
2 A total of $5.00bn (2024: $21.83bn) of non-financial liabilities that are presented within liabilities of disposal groups held for sale on the balance sheet have been included within non-financial liabilities in the table above.

HSBC Holdings

Maturity analysis of assets, liabilities and off-balance sheet commitments

	Due not more than 1 month $m	Due over 1 month but not more than 3 months $m	Due over 3 months but not more than 6 months $m	Due over 6 months but not more than 9 months $m	Due over 9 months but not more than 1 year $m	Due over 1 year but not more than 2 years $m	Due over 2 years but not more than 5 years $m	Due over 5 years $m	Total $m
Financial assets									
Cash at bank and in hand:									
– balances with HSBC undertakings	**5,079**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5,079**
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	**—**	**—**	**—**	**—**	**—**	**4,863**	**31,702**	**30,652**	**67,217**
Derivatives	**1,371**	**26**	**10**	**—**	**—**	**114**	**118**	**303**	**1,942**
Loans and advances to HSBC undertakings	**6,250**	**—**	**1,760**	**—**	**—**	**2,049**	**7,331**	**23,110**	**40,500**
Trading assets	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Financial investments	**11,736**	**3,734**	**—**	**—**	**—**	**—**	**—**	**—**	**15,470**
Accrued income and other financial assets	**1,864**	**803**	**404**	**209**	**5**	**—**	**—**	**—**	**3,285**
Total financial assets at 31 Dec 2025	**26,300**	**4,563**	**2,174**	**209**	**5**	**7,026**	**39,151**	**54,065**	**133,493**
Non-financial assets	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**159,527**	**159,527**
Total assets at 31 Dec 2025	**26,300**	**4,563**	**2,174**	**209**	**5**	**7,026**	**39,151**	**213,592**	**293,020**
Financial liabilities									
Amounts owed to HSBC undertakings	**—**	**89**	**—**	**—**	**—**	**—**	**—**	**—**	**89**
Financial liabilities designated at fair value	**—**	**1,760**	**—**	**—**	**895**	**8,750**	**15,138**	**26,364**	**52,907**
– debt securities in issue	**—**	**1,760**	**—**	**—**	**—**	**7,858**	**13,953**	**21,117**	**44,688**
– subordinated liabilities and preferred securities	**—**	**—**	**—**	**—**	**895**	**892**	**1,185**	**5,247**	**8,219**
Derivatives	**1,299**	**1**	**86**	**3**	**22**	**175**	**519**	**1,346**	**3,451**
Debt securities in issue	**—**	**—**	**1,535**	**408**	**—**	**2,711**	**33,550**	**30,820**	**69,024**
Accruals and other financial liabilities	**294**	**1,109**	**676**	**140**	**34**	**—**	**—**	**21**	**2,274**
Subordinated liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**901**	**25,213**	**26,114**
Total financial liabilities at 31 Dec 2025	**1,593**	**2,959**	**2,297**	**551**	**951**	**11,636**	**50,108**	**83,764**	**153,859**
Non-financial liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**12**	**12**
Total liabilities at 31 Dec 2025	**1,593**	**2,959**	**2,297**	**551**	**951**	**11,636**	**50,108**	**83,776**	**153,871**
Financial assets									
Cash at bank and in hand:									
– balances with HSBC undertakings	2,548	—	—	—	—	—	—	—	2,548
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	—	—	—	—	—	5,835	31,547	23,904	61,286
Derivatives	2,339	—	24	—	—	243	162	286	3,054
Loans and advances to HSBC undertakings	8,500	—	120	—	13	1,640	6,739	20,665	37,677
Trading assets	709	—	—	—	—	—	—	—	709
Financial investments	6,141	4,187	—	—	—	—	—	—	10,328
Accrued income and other financial assets	2,719	856	292	203	11	—	—	—	4,081
Total financial assets at 31 Dec 2024	22,956	5,043	436	203	24	7,718	38,448	44,855	119,683
Non-financial assets	—	—	—	—	—	—	—	154,574	154,574
Total assets at 31 Dec 2024	22,956	5,043	436	203	24	7,718	38,448	199,429	274,257
Financial liabilities									
Amounts owed to HSBC undertakings	—	231	—	—	—	—	—	—	231
Financial liabilities designated at fair value	—	—	—	1,012	—	3,641	16,907	20,022	41,582
– debt securities in issue	—	—	—	—	—	2,755	15,036	15,476	33,267
– subordinated liabilities and preferred securities	—	—	—	1,012	—	886	1,871	4,546	8,315
Derivatives	1,502	89	144	44	45	209	794	2,513	5,340
Debt securities in issue	—	—	—	—	—	14,897	24,395	25,028	64,320
Accruals and other financial liabilities	351	1,713	831	129	31	—	—	20	3,075
Subordinated liabilities	—	—	1,541	—	—	—	836	21,171	23,548
Total financial liabilities at 31 Dec 2024	1,853	2,033	2,516	1,185	76	18,747	42,932	68,754	138,096
Non-financial liabilities	—	—	—	—	—	—	—	22	22
Total liabilities at 31 Dec 2024	1,853	2,033	2,516	1,185	76	18,747	42,932	68,776	138,118

Contractual maturity of financial liabilities

The following table shows, on an undiscounted basis, all cash flows relating to principal and future coupon payments (except for trading liabilities and derivatives not treated as hedging derivatives). For this reason, balances in the following table do not agree directly with those in our consolidated balance sheet. Undiscounted cash flows payable in relation to hedging derivative liabilities are classified according to their contractual maturities. Trading liabilities and derivatives not treated as hedging derivatives are included in the 'Due not more than 1 month' time bucket and not by contractual maturity.

In addition, loan and other credit-related commitments and financial guarantees are generally not recognised on our balance sheet. The undiscounted cash flows potentially payable under loan and other credit-related commitments and financial guarantees are classified on the basis of the earliest date they can be called.

Cash flows payable by HSBC under financial liabilities by remaining contractual maturities

	Due not more than 1 month	Due over 1 month but not more than 3 months	Due over 3 months but not more than 1 year	Due over 1 year but not more than 5 years	Due over 5 years	Total
	$m	$m	$m	$m	$m	$m
Deposits by banks	**81,989**	**2,617**	**1,582**	**9,192**	**4,334**	**99,714**
Customer accounts	**1,518,669**	**164,800**	**100,734**	**8,079**	**135**	**1,792,417**
Repurchase agreements – non-trading	**180,768**	**13,771**	**11,169**	**180**	**—**	**205,888**
Trading liabilities	**72,122**	**—**	**—**	**—**	**—**	**72,122**
Financial liabilities designated at fair value	**23,595**	**12,871**	**21,954**	**72,552**	**52,326**	**183,298**
Derivatives	**235,317**	**246**	**395**	**1,870**	**2,885**	**240,713**
Debt securities in issue	**5,928**	**5,312**	**18,421**	**51,297**	**38,047**	**119,005**
Subordinated liabilities	**39**	**368**	**1,424**	**8,085**	**38,878**	**48,794**
Other financial liabilities[1]	**153,469**	**8,753**	**5,312**	**2,881**	**1,838**	**172,253**
	2,271,896	**208,738**	**160,991**	**154,136**	**138,443**	**2,934,204**
Loan and other credit-related commitments	**948,277**	**66**	**94**	**200**	**—**	**948,637**
Financial guarantees[2]	**17,476**	**—**	**—**	**—**	**—**	**17,476**
At 31 Dec 2025	**3,237,649**	**208,804**	**161,085**	**154,336**	**138,443**	**3,900,317**
Proportion of cash flows payable in period	**83%**	**5%**	**4%**	**4%**	**4%**	
Deposits by banks	54,819	1,759	7,381	11,242	511	75,712
Customer accounts	1,382,666	171,917	97,667	10,089	113	1,662,452
Repurchase agreements – non-trading	168,633	10,425	2,195	188	196	181,637
Trading liabilities	65,982	—	—	—	—	65,982
Financial liabilities designated at fair value	19,139	9,042	18,462	70,587	45,767	162,997
Derivatives	262,014	531	1,008	2,034	2,765	268,352
Debt securities in issue	5,780	11,309	27,103	45,725	32,129	122,046
Subordinated liabilities	39	120	2,959	7,373	35,512	46,003
Other financial liabilities[1]	138,319	9,754	5,421	2,206	608	156,308
	2,097,391	214,857	162,196	149,444	117,601	2,741,489
Loan and other credit-related commitments	861,193	78	146	63	98	861,578
Financial guarantees[2]	16,998	—	—	—	—	16,998
At 31 Dec 2024	2,975,582	214,935	162,342	149,507	117,699	3,620,065
Proportion of cash flows payable in period	83%	6%	4%	4%	3%	

1 Excludes financial liabilities of disposal groups.
2 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.

HSBC Holdings

HSBC Holdings' primary sources of liquidity are dividends received from subsidiaries, interest on and repayment of intra-Group loans and securities, and interest earned on its own liquid funds. HSBC Holdings also raises funds in the debt capital markets to meet the Group's minimum requirement for own funds and eligible liabilities and maintain an appropriate liquidity buffer. HSBC Holdings uses this liquidity to meet its obligations, including interest and principal repayments on external debt liabilities, operating expenses and collateral on derivative transactions.

HSBC Holdings is also subject to contingent liquidity risk by virtue of credit-related commitments and guarantees and similar contracts issued relating to its subsidiaries. Such commitments and guarantees are only issued after due consideration of HSBC Holdings' ability to finance the commitments and guarantees and the likelihood of the need arising.

HSBC Holdings actively manages the cash flows from its subsidiaries to optimise the amount of cash held at the holding company level. During 2025, consistent with the Group's capital plan, the Group's material subsidiaries did not experience any significant restrictions on paying dividends or repaying loans and advances. Also, there are no foreseen restrictions envisaged with regard to planned dividends or payments from material subsidiaries. However, the ability of subsidiaries to pay dividends or advance monies to HSBC Holdings depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance.

HSBC Holdings currently has sufficient liquidity to meet its present and forecast requirements.

The following table shows, on an undiscounted basis, all cash flows relating to principal and future coupon payments (except for trading liabilities and derivatives not treated as hedging derivatives). For this reason, balances in the following table do not agree directly with those in HSBC Holdings balance sheet. Undiscounted cash flows payable in relation to hedging derivative liabilities are classified according to their contractual maturities. Trading liabilities and derivatives not treated as hedging derivatives are included in the 'Due not more than 1 month' time bucket and not by contractual maturity.

In addition, loan and other credit-related commitments and financial guarantees are generally not recognised on our balance sheet. The undiscounted cash flows potentially payable under loan and other credit-related commitments and financial guarantees are classified on the basis of the earliest date they can be called.

Cash flows payable by HSBC Holdings under financial liabilities by remaining contractual maturities

	Due not more than 1 month	**Due over 1 month but not more than 3 months**	**Due over 3 months but not more than 1 year**	**Due over 1 year but not more than 5 years**	**Due over 5 years**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Amounts owed to HSBC undertakings	**—**	**89**	**—**	**—**	**—**	**89**
Financial liabilities designated at fair value	**23**	**2,230**	**2,786**	**30,944**	**32,214**	**68,197**
Derivatives	**796**	**47**	**608**	**857**	**1,614**	**3,922**
Debt securities in issue	**—**	**796**	**4,080**	**45,834**	**36,373**	**87,083**
Subordinated liabilities	**—**	**353**	**1,336**	**7,508**	**35,087**	**44,284**
Other financial liabilities	**274**	**40**	**—**	**—**	**21**	**335**
At 31 Dec 2025	**1,093**	**3,555**	**8,810**	**85,143**	**105,309**	**203,910**
Amounts owed to HSBC undertakings	—	231	—	—	—	231
Financial liabilities designated at fair value	2	133	2,254	26,335	26,788	55,512
Derivatives	669	202	1,344	2,591	1,658	6,464
Debt securities in issue	—	254	1,697	47,771	29,706	79,428
Subordinated liabilities	—	105	2,627	6,794	31,773	41,299
Other financial liabilities	351	1,735	991	—	20	3,097
At 31 Dec 2024	1,022	2,660	8,913	83,491	89,945	186,031

31 Offsetting of financial assets and financial liabilities

In the offsetting of financial assets and financial liabilities, the net amount is reported in the balance sheet when the offset criteria are met. This is achieved when there is a legally enforceable right to offset the recognised amounts and there is either an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

In the following table, the 'Amounts not set off in the balance sheet' include transactions where:

– the counterparty has an offsetting exposure with HSBC and a master netting or similar arrangement is in place with a right to set off only in the event of default, insolvency or bankruptcy, or the offset criteria are otherwise not satisfied; and
– cash and non-cash collateral (debt securities and equities) has been received/pledged for derivatives and reverse repurchase/repurchase, stock borrowing/lending and similar agreements to cover net exposure in the event of a default or other predetermined events.

The effect of over-collateralisation is excluded.

'Amounts not subject to enforceable netting agreements' include contracts executed in jurisdictions where the rights of offset may not be upheld under the local bankruptcy laws, and transactions where a legal opinion evidencing enforceability of the right of offset may not have been sought, or may have been unable to obtain.

For risk management purposes, the net amounts of loans and advances to customers are subject to limits, which are monitored and the relevant customer agreements are subject to review and updated, as necessary, to ensure the legal right to set off remains appropriate.

Offsetting of financial assets and financial liabilities

	Amounts subject to enforceable netting arrangements							
				Amounts not set off in the balance sheet				
	Gross amounts	Amounts offset	Net amounts in the balance sheet	Financial instruments, including non-cash collateral	Cash collateral	Net amount	Amounts not subject to enforceable netting arrangements[1]	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets								
Derivatives (Note 15)[2]	**330,338**	**(97,243)**	**233,095**	**(202,744)**	**(26,074)**	**4,277**	**4,645**	**237,740**
Reverse repos, stock borrowing and similar agreements classified as:[3]								
– trading assets	**31,450**	**(610)**	**30,840**	**(30,839)**	**(1)**	**—**	**2,556**	**33,396**
– non-trading assets	**504,986**	**(224,173)**	**280,813**	**(279,149)**	**(207)**	**1,457**	**17,640**	**298,453**
Loans and advances to customers[4]	**39,273**	**(18,826)**	**20,447**	**(17,395)**	**(81)**	**2,971**	**2**	**20,449**
At 31 Dec 2025	**906,047**	**(340,852)**	**565,195**	**(530,127)**	**(26,363)**	**8,705**	**24,843**	**590,038**
Derivatives (Note 15)[2]	372,699	(112,746)	259,953	(230,133)	(22,730)	7,090	8,684	268,637
Reverse repos, stock borrowing and similar agreements classified as:[3]								
– trading assets	25,077	(637)	24,440	(24,428)	(10)	2	757	25,197
– non-trading assets	386,124	(154,133)	231,991	(230,584)	(332)	1,075	20,602	252,593
Loans and advances to customers[4]	34,582	(16,540)	18,042	(15,313)	(75)	2,654	4	18,046
At 31 Dec 2024	818,482	(284,056)	534,426	(500,458)	(23,147)	10,821	30,047	564,473
Financial liabilities								
Derivatives (Note 15)[2]	**329,387**	**(97,243)**	**232,144**	**(201,311)**	**(28,038)**	**2,795**	**5,710**	**237,854**
Repos, stock lending and similar agreements classified as:[3]								
– trading liabilities	**19,691**	**(329)**	**19,362**	**(19,362)**	**—**	**—**	**1**	**19,363**
– non-trading liabilities	**375,173**	**(224,454)**	**150,719**	**(145,206)**	**(224)**	**5,289**	**54,255**	**204,974**
Customer accounts[5]	**46,444**	**(18,826)**	**27,618**	**(17,395)**	**(81)**	**10,142**	**12**	**27,630**
At 31 Dec 2025	**770,695**	**(340,852)**	**429,843**	**(383,274)**	**(28,343)**	**18,226**	**59,978**	**489,821**
Derivatives (Note 15)[2]	369,287	(112,746)	256,541	(221,232)	(30,334)	4,975	7,907	264,448
Repos, stock lending and similar agreements classified as:[3]								
– trading liabilities	18,482	(157)	18,325	(18,326)	—	(1)	6	18,331
– non-trading liabilities	287,648	(154,613)	133,035	(131,719)	(164)	1,152	47,845	180,880
Customer accounts[5]	41,409	(16,540)	24,869	(15,313)	(75)	9,481	17	24,886
At 31 Dec 2024	716,826	(284,056)	432,770	(386,590)	(30,573)	15,607	55,775	488,545

1 These exposures continue to be secured by financial collateral, but we may not have sought or been able to obtain a legal opinion evidencing enforceability of the right of offset.
2 At 31 December 2025, the amount of cash margin received that had been offset against the gross derivatives assets was $3.8bn (2024: $5.3bn). The amount of cash margin paid that had been offset against the gross derivatives liabilities was $11.5bn (2024: $5.6bn).
3 For the amount of repos, reverse repos, stock lending, stock borrowing and similar agreements recognised on the balance sheet within 'Trading assets' of $33.4bn (2024: $25.2bn) and 'Trading liabilities' of $19.4bn (2024: $18.3bn), see the 'Funding sources and uses' table on page 162.
4 At 31 December 2025, the total amount of 'Loans and advances to customers' was $988.4bn (2024: $930.7bn), of which $20.4bn (2024: $18.0bn) was subject to offsetting.
5 At 31 December 2025, the total amount of 'Customer accounts' was $1,786.8bn (2024: $1,655.0bn), of which $27.6bn (2024: $24.9bn) was subject to offsetting.

32 Called up share capital and other equity instruments

Called up share capital and share premium

HSBC Holdings ordinary shares of $0.50 each, issued and fully paid

	2025		2024	
	Number	$m	Number	$m
At 1 Jan	**17,946,950,582**	**8,973**	19,262,728,193	9,631
Shares issued under HSBC employee share plans	**9,937,366**	**5**	10,283,430	5
Less: shares repurchased and cancelled	**781,648,086**	**390**	1,326,061,041	663
At 31 Dec[1]	**17,175,239,862**	**8,588**	17,946,950,582	8,973

1 All HSBC Holdings ordinary shares in issue confer identical rights, including in respect of capital, dividends and voting.

HSBC Holdings share premium

	2025 $m	2024 $m
At 31 Dec[1]	**111**	14,810

1 On 24 June 2025, the High Court of Justice in England and Wales confirmed the cancellation of $14.8bn standing to the credit of the HSBC Holdings' share premium account and $1.8bn standing to the credit of its capital redemption reserve, following approval at HSBC Holdings' Annual General Meeting held on 2 May 2025 (the 'Capital Reduction'). The Court Order confirming the Capital Reduction was registered by the Registrar of Companies on 10 July 2025, resulting in a combined total of $16.6bn being reclassified to retained earnings with no impact on total equity.

Total called up share capital and share premium

	2025 $m	2024 $m
At 31 Dec	**8,699**	23,783

HSBC Holdings non-cumulative preference share of £0.01

The one non-cumulative sterling preference share of £0.01 ('sterling preference share') has been in issue since 29 December 2010 and is held by a subsidiary of HSBC Holdings. Dividends are paid quarterly at the sole and absolute discretion of the Board. The sterling preference share carries no rights of conversion into ordinary shares of HSBC Holdings and no right to attend or vote at shareholder meetings of HSBC Holdings. These securities can be redeemed by HSBC Holdings at any time, subject to prior approval by the PRA.

Other equity instruments

HSBC Holdings' contingent convertible securities are described below. These are accounted for as equity because HSBC does not have an obligation to transfer cash or a variable number of its own ordinary shares to holders under any circumstances outside its control.

Additional tier 1 capital – contingent convertible securities

HSBC Holdings continues to issue contingent convertible securities that are included in its capital base as fully CRR II-compliant additional tier 1 capital securities. These securities are marketed principally and subsequently allotted to corporate investors and fund managers. The net proceeds of the issuances are typically used for HSBC Holdings' general corporate purposes and to maintain or further strengthen its capital base to meet requirements under CRR II. These securities bear a fixed rate of interest until their initial reset dates (unless previously redeemed in accordance with their terms). If not redeemed, the securities will bear interest at a rate fixed on each reset date for the subsequent five-year period, equal to the sum of the applicable reference rate at the time of reset and a credit spread set at issuance. Interest on the contingent convertible securities will be due and payable only at the sole discretion of HSBC Holdings, and HSBC Holdings has sole and absolute discretion at all times to cancel for any reason (in whole or part) any interest payment that would otherwise be payable on any payment date. Distributions will not be paid if they are prohibited under UK banking regulations or if the Group has insufficient reserves or fails to meet the solvency conditions defined in the securities' terms.

The contingent convertible securities are undated and are repayable at the option of HSBC Holdings in whole typically at the initial call date or on any fifth anniversary after this date. In addition, the securities are repayable at the option of HSBC in whole for certain regulatory or tax reasons. Any repayments require the prior consent of the PRA. These securities rank pari passu with HSBC Holdings' sterling preference shares and therefore rank ahead of ordinary shares. The contingent convertible securities will be converted into fully paid ordinary shares of HSBC Holdings at a predetermined price, should HSBC's consolidated CET1 ratio fall below 7.0%. Therefore, in accordance with the terms of the securities, if HSBC's consolidated CET1 ratio breaches the 7.0% trigger, the securities will convert into ordinary shares at fixed contractual conversion prices in the currency of the relevant securities, subject to anti-dilution adjustments.

Original nominal amount (LCY)	Description of security	Issue Date	First call date	Reset Date	2025 $m	2024 $m
$2,450m	6.375% Perpetual Subordinated Contingent Convertible Securities[1]	Mar 2015	Mar 2025	Mar 2025	—	2,450
$3,000m	6.000% Perpetual Subordinated Contingent Convertible Securities	May 2017	May 2027	May 2027	**3,000**	3,000
€1,250m	4.750% Perpetual Subordinated Contingent Convertible Securities	Jul 2017	Jul 2029	Jul 2029	**1,421**	1,422
$1,800m	6.500% Perpetual Subordinated Contingent Convertible Securities	Mar 2018	Mar 2028	Mar 2028	**1,800**	1,800
£1,000m	5.875% Perpetual Subordinated Contingent Convertible Securities	Sep 2018	Sep 2026	Sep 2026	**1,301**	1,301
$1,500m	4.600% Perpetual Subordinated Contingent Convertible Securities	Dec 2020	Dec 2030	Jun 2031	**1,500**	1,500
$1,000m	4.000% Perpetual Subordinated Contingent Convertible Securities	Mar 2021	Mar 2026	Sep 2026	**1,000**	1,000
$1,000m	4.700% Perpetual Subordinated Contingent Convertible Securities	Mar 2021	Mar 2031	Sep 2031	**1,000**	1,000
$2,000m	8.000% Perpetual Subordinated Contingent Convertible Securities[2]	Mar 2023	Mar 2028	Sep 2028	**1,980**	1,980
SGD1,500m	5.250% Perpetual Subordinated Contingent Convertible Securities[2]	Jun 2024	Jun 2029	Dec 2029	**1,096**	1,096
$1,350m	6.875% Perpetual Subordinated Contingent Convertible Securities[2]	Sep 2024	Sep 2029	Mar 2030	**1,337**	1,337
$1,150m	6.950% Perpetual Subordinated Contingent Convertible Securities[2]	Sep 2024	Mar 2034	Sep 2034	**1,139**	1,138
$1,500m	6.950% Perpetual Subordinated Contingent Convertible Securities[2]	Feb 2025	Aug 2031	Feb 2032	**1,485**	—
SGD800m	5.000% Perpetual Subordinated Contingent Convertible Securities[2]	Mar 2025	Mar 2030	Sep 2030	**596**	—
$2,000m	7.050% Perpetual Subordinated Contingent Convertible Securities[2]	Jun 2025	Jun 2030	Dec 2030	**1,980**	—
At 31 Dec					**20,635**	19,024

1 This security was called by HSBC Holdings on 7 February 2025 and was redeemed and cancelled on 31 March 2025.
2 These securities have been accounted for net of directly attributable transaction costs.

Shares under option

For details of the options outstanding to subscribe for HSBC Holdings ordinary shares under the HSBC Holdings Savings-Related Share Option Plan (UK), see Note 5.

Aggregate options outstanding under these plans

31 Dec 2025			31 Dec 2024		
Number of HSBC Holdings ordinary shares	**Usual period of exercise**	**Exercise price**	Number of HSBC Holdings ordinary shares	Usual period of exercise	Exercise price
58,902,349	**2024 to 2031**	**£2.6270–£7.6110**	75,335,399	2023 to 2030	£2.6270–5.4490

Maximum obligation to deliver HSBC Holdings ordinary shares

At 31 December 2025, the maximum obligation to deliver HSBC Holdings ordinary shares under all of the above option arrangements and the HSBC International Employee Share Purchase Plan, together with long-term incentive awards and deferred share awards granted under the HSBC Share Plan 2011, was 178,823,734 (2024: 209,683,768). The total number of shares at 31 December 2025 held by employee benefit trusts that may be used to satisfy such obligations to deliver HSBC Holdings ordinary shares was 35,354,337 (2024: 9,305,925).

33 Contingent liabilities, contractual commitments and guarantees

	HSBC		HSBC Holdings[1]	
	2025 $m	2024 $m	**2025 $m**	2024 $m
Guarantees and other contingent liabilities:				
– financial guarantees	**17,476**	16,998	**—**	—
– performance and other guarantees	**102,684**	92,723	**6,983**	7,327
– other contingent liabilities	**164**	298	**—**	—
At 31 Dec	**120,324**	110,019	**6,983**	7,327
Commitments:[2]				
– documentary credits and short-term trade-related transactions	**6,959**	7,096	**—**	—
– forward asset purchases and forward deposits placed	**84,978**	61,017	**—**	—
– standby facilities, credit lines and other commitments to lend	**856,700**	793,465	**—**	—
At 31 Dec	**948,637**	861,578	**—**	—

1 Guarantees by HSBC Holdings are in favour of other Group entities. These include contracts that provide protection against credit risk on a specified exposure but do not meet the definition of financial guarantees.
2 Includes $690.8bn of commitments at 31 December 2025 (31 December 2024: $619.4bn), to which the impairment requirements in IFRS 9 are applied.

The preceding table discloses the nominal principal amounts of off-balance sheet liabilities and commitments for the Group, which represent the maximum amounts at risk should the contracts be fully drawn upon and the clients default. As a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the nominal principal amounts is not indicative of future liquidity requirements. The expected credit loss provision relating to guarantees and commitments under IFRS 9 is disclosed in Note 28.

The majority of the guarantees have a term of less than one year. All guarantees are subject to HSBC's annual credit review process.

Contingent liabilities arising from legal proceedings, regulatory and other matters against Group companies are excluded from this note but are disclosed in Notes 28 and 35.

Financial Services Compensation Scheme

The Financial Services Compensation Scheme ('FSCS') provides compensation, up to certain limits, to eligible customers of financial services firms that are unable, or likely to be unable, to pay claims against them. The FSCS may impose a further levy on the Group to the extent the industry levies imposed to date are not sufficient to cover the compensation due to customers in any future possible collapse. The ultimate FSCS levy to the industry as a result of a collapse cannot be estimated reliably. It is dependent on various uncertain factors including the potential recovery of assets by the FSCS, changes in the level of protected products (including deposits and investments) and the population of FSCS members at the time.

Associates

HSBC's share of associates' contingent liabilities, contractual commitments and guarantees amounted to $70.9bn at 31 December 2025 (2024: $74.5bn). No matters arose where HSBC was severally liable.

34 Finance lease receivables

HSBC leases a variety of assets to third parties under finance leases, including transport assets (such as aircraft), property and general plant and machinery. At the end of lease terms, assets may be sold to third parties or leased for further terms. Rentals are calculated to recover the cost of assets less their residual value, and earn finance income.

The table below excludes finance lease receivables reclassified on the balance sheet to 'Assets held for sale' in accordance with IFRS 5. Net investment in finance leases of $2m was reclassified to 'Assets held for sale' in 2025 as a result of the planned sale of HSBC Bank (Uruguay) S.A. There was no net investment in finance leases classified as held-for-sale at 31 December 2024.

	2025			2024		
	Total future minimum payments	**Unearned finance income**	**Present value**	Total future minimum payments	Unearned finance income	Present value
	$m	**$m**	**$m**	$m	$m	$m
Lease receivables:						
No later than one year	**2,507**	**(293)**	**2,214**	2,331	(295)	2,036
One to two years	**1,830**	**(224)**	**1,606**	1,787	(226)	1,561
Two to three years	**1,335**	**(167)**	**1,168**	1,290	(171)	1,119
Three to four years	**884**	**(127)**	**757**	839	(134)	705
Four to five years	**629**	**(102)**	**527**	766	(147)	619
Later than one year and no later than five years	**4,678**	**(620)**	**4,058**	4,682	(678)	4,004
Later than five years	**3,553**	**(578)**	**2,975**	3,518	(639)	2,879
At 31 Dec	**10,738**	**(1,491)**	**9,247**	10,531	(1,612)	8,919

35 Legal proceedings and regulatory matters

HSBC is party to legal proceedings and regulatory matters in a number of jurisdictions arising out of its normal business operations. Apart from the matters described below, HSBC considers that none of these matters are material. The recognition of provisions is determined in accordance with the accounting policies set out in Note 1. While the outcomes of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 31 December 2025 (see Note 28). Where an individual provision is material, the fact that a provision has been made is stated and quantified, except to the extent that doing so would be seriously prejudicial. Any provision recognised does not constitute an admission of wrongdoing or legal liability. It is not practicable to provide an aggregate estimate of potential liability for our legal proceedings and regulatory matters as a class of contingent liabilities.

Bernard L. Madoff Investment Securities LLC

Various HSBC companies that provided custodial, administration and similar services to a number of funds whose assets were invested with Bernard L. Madoff Investment Securities LLC ('Madoff Securities') have been named as defendants in lawsuits arising out of Madoff Securities' fraud.

Trustee litigation: The Madoff Securities trustee (the 'Trustee') has brought lawsuits in the US against various HSBC companies and others seeking recovery of alleged transfers from Madoff Securities to the HSBC companies in the amount of $508m (plus interest). In September 2025, the US Bankruptcy Court for the Southern District of New York dismissed all claims against HSBC Private Bank (Suisse) SA in the amount of $292m and certain claims against HSBC Bank USA N.A. ('HSBC Bank USA') in the amount of $32m. The Trustee has appealed. The Trustee's remaining claims, which amount to $184m, are pending.

The Trustee has filed a claim against various HSBC companies in the High Court of England and Wales seeking recovery of alleged transfers from Madoff Securities to the HSBC companies. The claim has not yet been served and the amount claimed has not been specified.

Fairfield Funds litigation: Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (each in liquidation and together, the 'Fairfield Funds') have brought lawsuits in the US against various HSBC companies and others seeking recovery of alleged transfers from the Fairfield Funds to the HSBC companies (that acted as nominees for clients) in the amount of $382m (plus interest). In August 2025, the US Court of Appeals for the Second Circuit confirmed the dismissal of Fairfield Funds' claims against all HSBC companies. Fairfield Funds may appeal.

Herald Fund SPC ('Herald') litigation: HSBC Securities Services Luxembourg ('HSSL') and HSBC Bank plc are defending an action brought by Herald (in liquidation) before the Luxembourg District Court seeking restitution of securities (the amount of which would be determined by further proceedings, if Herald is successful in its claim) and $521m in cash (plus interest) or, alternatively, damages in the amount of $5.6bn (plus interest). Herald's damages claim against HSSL and HSBC Bank plc has been stayed. In December 2024, the Luxembourg Court of Appeal determined that Herald's claims for restitution of securities and cash against HSSL were founded in principle. HSSL appealed this decision and, in October 2025, the Luxembourg Court of Cassation denied HSSL's appeal in respect of Herald's securities restitution claim, but accepted HSSL's appeal in respect of Herald's cash restitution claim, which has been returned to the Luxembourg District Court for determination. HSSL is pursuing a second appeal on the securities restitution claim before the Luxembourg Court of Appeal. Following the Court of Cassation's decision, HSSL has recognised a $1.1bn provision in connection with this matter. Given the pendency of the second appeal and the complexities and uncertainties associated with determining the quantum of restitution, the eventual financial impact could be significantly different.

Alpha Prime Fund Limited ('Alpha Prime') litigation: Various HSBC companies are defending an action brought by Alpha Prime in the Luxembourg District Court seeking restitution of securities and $1bn (plus interest) in supplementary damages or, alternatively, damages in the amount of $3.3bn (plus interest). This matter is currently pending before the Luxembourg District Court.

In November 2024, Alpha Prime served various HSBC companies with a lawsuit filed in the Bermuda Supreme Court seeking damages for unspecified amounts for alleged breach of contract and negligence. This claim is currently stayed.

Senator Fund SPC ('Senator') litigation: HSSL and the Luxembourg branch of HSBC Bank plc are defending an action brought by Senator before the Luxembourg District Court seeking restitution of securities or, alternatively, damages in the amount of $1.4bn (plus interest). This matter is currently pending before the Luxembourg District Court.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

US Anti-Terrorism Act litigation

Since November 2014, a number of lawsuits have been filed in federal courts in the US against various HSBC companies and others on behalf of plaintiffs who are, or are related to, alleged victims of terrorist attacks in the Middle East. In each case, it is alleged that the defendants aided and abetted the unlawful conduct of various sanctioned parties in violation of the US Anti-Terrorism Act, or provided banking services to customers alleged to have connections to terrorism financing. Six actions, which seek damages for unspecified amounts, remain pending. One of these actions has been dismissed but may be appealed. The other five actions remain at an early procedural stage.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

US dollar Libor litigation

Various HSBC companies are defending two individual actions which allege that the HSBC defendants violated various US federal and state laws, including antitrust laws, related to the setting of US dollar Libor, and seek damages for unspecified amounts. In September 2025, the US District Court for the Southern District of New York granted the defendants' joint motion for summary judgment and dismissed these actions. The plaintiffs have appealed.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Foreign exchange-related investigations and litigation

In December 2016, Brazil's Administrative Council of Economic Defense initiated an investigation into the onshore foreign exchange market and identified a number of banks, including HSBC, as subjects of its investigation. This investigation is ongoing. Lawsuits alleging foreign exchange-related misconduct remain pending against HSBC and other banks in courts in Brazil.

Since 2017, HSBC Bank plc, among other financial institutions, has been defending a complaint filed by the Competition Commission of South Africa before the South African Competition Tribunal for alleged anti-competitive behaviour in the South African foreign exchange market. In 2020, a revised complaint was filed which also named HSBC Bank USA as a defendant. In January 2024, the South African Competition Appeal Court dismissed HSBC Bank USA from the revised complaint but denied HSBC Bank plc's application to dismiss. Both the Competition Commission and HSBC Bank plc have appealed to the Constitutional Court of South Africa.

HSBC Bank plc and HSBC Holdings have reached a settlement with plaintiffs in Israel to resolve a class action filed in the local courts alleging foreign exchange-related misconduct. The settlement, the impact of which is not significant and is fully provisioned, remains subject to court approval.

In February 2024, HSBC Bank plc and HSBC Holdings were joined to an existing claim brought in the UK Competition Appeals Tribunal ('UK CAT') against various other banks alleging historical anti-competitive behaviour in the foreign exchange market and seeking approximately £3bn in damages from all the defendants. In December 2025, the UK Supreme Court upheld an earlier ruling of the UK CAT refusing certification as an opt-out claim. This matter remains pending before the UK CAT.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Precious metals fix-related litigation

US litigation: Various HSBC companies and other members of The London Silver Market Fixing Limited are defending a class action pending in the US District Court for the Southern District of New York alleging that, from January 2007 to December 2013, the defendants conspired to manipulate the price of silver and silver derivatives for their collective benefit in violation of US antitrust laws, the US Commodity Exchange Act and New York state law. In May 2023, this action, which seeks damages for unspecified amounts, was dismissed but remains pending on appeal. Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

Canada litigation: Various HSBC companies and other financial institutions have been defending putative class actions filed in the Ontario and Quebec Superior Courts of Justice alleging that the defendants conspired to manipulate the price of silver, gold and related derivatives in violation of the Canadian Competition Act and common law. These actions each seek CA$1bn in damages plus CA$250m in punitive damages. The HSBC defendants have reached a settlement with the plaintiffs to resolve these matters. The settlement, the impact of which is not significant and is fully provisioned, is subject to court approval.

Tax-related investigations

Since 2023, the French National Financial Prosecutor ('PNF') had been investigating HSBC Continental Europe and the Paris branch of HSBC Bank plc, in connection with alleged tax fraud related to the dividend withholding tax treatment of certain trading activities. In January 2026, HSBC Bank plc reached an agreement with the PNF to resolve its investigation. HSBC Bank plc paid a total of €302m and this matter is now closed. The investigation into HSBC Continental Europe was closed with no further action.

HSBC Bank plc and the German branch of HSBC Continental Europe continue to cooperate with investigations by the German public prosecutor into numerous financial institutions and their employees, in connection with the dividend withholding tax treatment of certain trading activities. Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

Gilts trading litigation

In June 2023, HSBC Bank plc and HSBC Securities (USA) Inc., among other banks, were named as defendants in a putative class action filed in the US District Court for the Southern District of New York by plaintiffs alleging anti-competitive conduct in the gilts market and seeking damages for unspecified amounts. Certain of the defendants, including HSBC Bank plc and HSBC Securities (USA) Inc., have reached a settlement with the plaintiffs to resolve this matter. The settlement, the impact of which is not significant and has been paid, remains subject to final court approval.

Korean short selling indictment

In March 2024, the Korean Prosecutors' Office issued a criminal indictment against The Hongkong and Shanghai Banking Corporation Limited ('HBAP') and three current and former employees for breaching short selling rules under the Financial Investment Services and Capital Markets Act in connection with trades carried out between August 2021 and December 2021. In September 2025, the Korean appellate court confirmed the acquittal of HBAP of all charges. The Korean Prosecutors' Office has further appealed to the Korean Supreme Court.

Investigations involving HSBC Private Bank (Suisse) SA

Law enforcement authorities in Switzerland and France are conducting criminal investigations into HSBC Private Bank (Suisse) SA in connection with alleged money laundering offences in respect of two historical banking relationships. These investigations are ongoing.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

First Citizens litigation

In May 2023, First-Citizens Bank & Trust Company ('First Citizens') brought a lawsuit in the US District Court for the Northern District of California against various HSBC companies and seven US-based HSBC employees who had previously worked for Silicon Valley Bank ('SVB'). The lawsuit seeks $1bn in damages and alleges, among other things, that the various HSBC companies conspired with the individual defendants to solicit employees from First Citizens and that the individual defendants took confidential information belonging to SVB and/or First Citizens. In January 2026, First Citizens amended its complaint to add claims purportedly assigned by the Federal Deposit Insurance Corporation ('FDIC'). These include claims concerning the period between SVB's entry into FDIC receivership and First Citizens' purchase of SVB's US assets. First Citizens also seeks to bring certain claims and defendants dismissed by the court in July 2024 back into the litigation. The defendants have filed a motion to dismiss the amended complaint.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

US mortgage securitisation litigation

Beginning in 2014, a number of lawsuits were filed in various state and federal courts in the US against HSBC Bank USA, as a trustee of more than 280 mortgage securitisation trusts, seeking unspecified damages for losses in collateral value allegedly sustained by the trusts. Nearly all of these lawsuits have either been settled or dismissed; one action remains pending in a New York state court.

HSBC Bank USA and certain of its affiliates are named as defendants in a mortgage loan repurchase action brought by the trustee of a mortgage securitisation trust in New York state court and seeking unspecified damages and specific performance. The plaintiff has appealed the dismissal of this action, and the appeal is pending.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Mexican government bond litigation

HSBC Mexico S.A. and other banks are named as defendants in a consolidated putative class action pending in the US District Court for the Southern District of New York alleging anti-competitive conduct related to Mexican government bond transactions between 2010 and 2014 and seeking unspecified damages. In January 2025, the court denied the defendants' motion to dismiss the plaintiffs' third amended complaint, and this action is proceeding.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

Other regulatory investigations, reviews and litigation

HSBC Holdings and/or certain of its affiliates are also subject to a number of other enquiries and examinations, requests for information, investigations and reviews by various tax authorities, regulators, competition and law enforcement authorities, as well as legal proceedings including litigation, arbitration and other contentious proceedings, in connection with various matters arising out of their businesses and operations.

At the present time, HSBC does not expect the ultimate resolution of any of these matters to be material to the Group's financial position; however, given the uncertainties involved in legal proceedings and regulatory matters, there can be no assurance regarding the eventual outcome of a particular matter or matters.

36 Related party transactions

Related parties of the Group and HSBC Holdings include subsidiaries, associates, joint ventures, fund-related entities, post-employment benefit plans for HSBC employees, Key Management Personnel ('KMP') as defined by IAS 24, close family members of KMP and entities that are controlled or jointly controlled by KMP or their close family members. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of HSBC Holdings. These individuals also constitute 'senior management' for the purposes of the Hong Kong Listing Rules. In applying IAS 24, it was determined that for this financial reporting period KMP included Directors, former Directors and senior management listed on pages 187 to 191 except for the roles of Group Chief Legal Officer, Group Head of Internal Audit, Group Chief People & Governance Officer and Group Company Secretary who do not meet the criteria for KMP as provided for in the standard.

Particulars of transactions with related parties are tabulated below. The disclosure of the year-end balance and the highest amounts outstanding during the year is considered to be the most meaningful information to represent the amount of the transactions and outstanding balances during the year.

Key Management Personnel

Details of Directors' remuneration and interests in shares are disclosed in the 'Directors' remuneration report' on pages 216 to 240. IAS 24 'Related Party Disclosures' requires the following additional information for key management compensation.

Compensation of Key Management Personnel

	2025	2024	2023
	$m	$m	$m
Short-term employee benefits	**47**	53	51
Post-employment benefits	**1**	1	1
Other long-term employee benefits	**14**	12	10
Share-based payments	**30**	29	29
Year ended 31 Dec	**92**	95	91

Shareholdings, options and other securities of Key Management Personnel

	2025	2024
	(000s)	(000s)
Number of options held over HSBC Holdings ordinary shares under employee share plans	**—**	20
Number of HSBC Holdings ordinary shares held beneficially and non-beneficially	**14,817**	17,455
Number of other HSBC securities held	**—**	228
At 31 Dec	**14,817**	17,703

Advances and credits, guarantees and deposit balances during the year with Key Management Personnel

	2025		2024	
	Balance at 31 Dec	**Highest amounts outstanding during year**	Balance at 31 Dec	Highest amounts outstanding during year
	$m	**$m**	$m	$m
Key Management Personnel				
Advances and credits[1]	**11**	**12**	9	12
Guarantees	**—**	**—**	—	—
Deposits	**67**	**144**	78	191

1 Advances and credits entered into by subsidiaries of HSBC Holdings plc during 2025 with Directors and former Directors, disclosed pursuant to section 413 of the Companies Act 2006, totalled $0.1m (2024: $1.3m) and the total value of guarantees entered into on behalf of the Directors and former Directors was nil (2024: nil).

Unless previously disclosed, there were no connected transactions during the reporting period that fell outside the exemptions provided by the Companies Act 2006, the UK Financial Conduct Authority's Listing Rules and the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited. The transactions conducted were in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with parties of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

Associates and joint ventures

The Group provides certain banking and financial services to associates and joint ventures including loans, overdrafts, interest and non-interest bearing deposits and current accounts. Details of the interests in associates and joint ventures are given in Note 18.

Transactions and balances during the year with associates and joint ventures

	2025		2024	
	Highest balance during the year	**Balance at 31 Dec**	Highest balance during the year	Balance at 31 Dec
	$m	**$m**	$m	$m
Unsubordinated amounts due from joint ventures	**253**	**229**	104	72
Unsubordinated amounts due from associates	**9,945**	**4,760**	8,097	5,011
Amounts due to associates	**2,990**	**1,344**	2,992	1,844
Amounts due to joint ventures	**212**	**153**	101	85
Fair value of derivative assets with associates	**902**	**673**	919	763
Fair value of derivative liabilities with associates	**2,660**	**1,480**	3,718	2,641
Guarantees and commitments	**992**	**777**	569	577

The above outstanding balances arose in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

Post-employment benefit plans

At 31 December 2025, $3.8bn (2024: $3.4bn) of HSBC post-employment benefit plan assets were under management by HSBC companies, earning management fees of $15m in 2025 (2024: $14m). At 31 December 2025, HSBC's post-employment benefit plans had placed deposits of $0.4bn (2024: $0.4bn) with its banking subsidiaries, earning interest payable to the schemes of $5m (2024: $2m). The above outstanding balances arose from the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

The combined HSBC Bank (UK) Pension Scheme enters into swap transactions with HSBC to manage inflation and interest rate sensitivity of its liabilities and selected assets. At 31 December 2025, the gross notional value of the swaps was $6.6bn (2024: $6.4bn). These swaps had a positive fair value to the scheme of $0.4bn (2024: $0.4bn); and HSBC had delivered collateral of $0.3bn (2024: $0.4bn) to the scheme in respect of these arrangements. All swaps were executed at prevailing market rates and within standard market bid/offer spreads.

HSBC Holdings

Details of HSBC Holdings' subsidiaries are shown in Note 38.

Transactions and balances during the year with subsidiaries

	2025		2024	
	Highest balance during the year	**Balance at 31 Dec**	Highest balance during the year	Balance at 31 Dec
	$m	**$m**	$m	$m
Assets				
Cash and balances with HSBC undertakings	**7,613**	**5,079**	9,342	2,548
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	**70,015**	**67,217**	66,030	61,286
Derivatives	**3,102**	**1,942**	3,391	3,054
Loans and advances to HSBC undertakings	**40,500**	**40,500**	37,677	37,677
Prepayments, accrued income and other assets	**6,126**	**3,416**	7,108	4,216
Investments in subsidiaries	**157,728**	**157,728**	160,805	152,337
Total related party assets at 31 Dec	**285,084**	**275,882**	284,353	261,118
Liabilities				
Amounts owed to HSBC undertakings	**192**	**89**	231	231
Derivatives	**5,412**	**3,451**	7,944	5,340
Accruals, deferred income and other liabilities	**2,184**	**53**	399	194
Subordinated liabilities	**—**	**—**	1,202	—
Total related party liabilities at 31 Dec	**7,788**	**3,593**	9,776	5,765
Guarantees and commitments	**7,318**	**6,983**	7,440	7,327

The above outstanding balances arose in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

One employee of HSBC Holdings is a member of the HSBC Bank (UK) Pension Scheme, which is sponsored by a separate Group company. HSBC Holdings incurs a charge for this employee, equal to the contributions paid into the scheme on his behalf. Disclosure in relation to the scheme is made in Note 5.

37 Events after the balance sheet date

On 8 January 2026, the proposal to privatise Hang Seng Bank Limited ('Hang Seng Bank') through a scheme of arrangement was approved by Hang Seng Bank shareholders. On approval, a financial liability was recognised in the Group's consolidated financial statements for the present value of the proposed HK$106bn ($13.7bn) purchase consideration. A corresponding adjustment to equity, net of derecognising the non-controlling interest, which stood at $7.0bn as at 31 December 2025, was also recognised. On 26 January 2026, the scheme of arrangement became effective and Hang Seng Bank was subsequently delisted from The Stock Exchange of Hong Kong Limited on 27 January 2026. To demonstrate funding availability for the proposal, securities of HK$129.3bn ($16.6bn) were segregated and reported as encumbered on the balance sheet as at 31 December 2025. These assets were designated to demonstrate that sufficient resources were available at all times to settle the acquisition consideration and to provide a buffer against potential mark-to-market movements. The transaction was settled on 4 February 2026. At that point, all payment obligations under the scheme of arrangement were met, and the segregation of assets ceased.

On 30 January 2026, HSBC Bank plc completed the sale of its UK life insurance entity, HSBC Life (UK) Limited, to Chesnara plc. Prior to completion, as at 31 December 2025, the balances that were classified as held for sale were $6.6bn in assets and $6.4bn in liabilities. For the year ended 31 December 2025, we recognised a loss on disposal of $0.1bn. In the first quarter of 2026, we will recycle foreign currency translation reserves to the income statement. These stood at a cumulative $0.2bn loss as at 31 December 2025.

A fourth interim dividend for 2025 of $0.45 per ordinary share (a distribution of approximately $7.71bn) was approved by the Directors after 31 December 2025. On 11 February 2026, HSBC Holdings called $1,000m 4.000% perpetual subordinated contingent convertible securities, which are expected to be redeemed and cancelled on 9 March 2026. The accounts were approved by the Board of Directors on 25 February 2026 and authorised for issue.

38 HSBC Holdings' subsidiaries, funds, joint ventures and associates

In accordance with section 409 of the Companies Act 2006 a list of HSBC Holdings plc subsidiaries, funds, joint ventures and associates, the registered office addresses and the effective percentages of equity owned at 31 December 2025 are disclosed below.

Unless otherwise stated, the share capital comprises ordinary or common shares that are held by Group subsidiaries. The ownership percentage is provided for each undertaking. The undertakings below are consolidated by HSBC unless otherwise indicated.

Subsidiaries

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
AI Nominees (UK) One Limited	100.00		11
AI Nominees (UK) Two Limited	100.00		11
Almacenadora Banpacifico S.A. (In Liquidation)	N/A		1, 12
Assetfinance December (F) Limited	100.00		13
Assetfinance December (H) Limited (In Liquidation)	100.00		14
Assetfinance December (P) Limited	100.00		11
Assetfinance December (R) Limited (In Liquidation)	100.00		14
Assetfinance June (A) Limited	100.00		11
Assetfinance June (D) Limited (In Liquidation)	100.00		14
Assetfinance March (B) Limited	100.00		15
Assetfinance March (D) Limited	100.00		13
Assetfinance March (F) Limited (In Liquidation)	100.00		14
Assetfinance September (F) Limited	100.00		11
Assetfinance September (G) Limited (In Liquidation)	100.00		14
B&Q Financial Services Limited (In Liquidation)	100.00		14
Banco HSBC S.A.	100.00		16
Banco Nominees (Guernsey) Limited	100.00		17
Banco Nominees 2 (Guernsey) Limited	100.00		17
Banco Nominees Limited	100.00		18
Beau Soleil Limited Partnership	N/A		1, 19
Beijing HSBC Real Estate Leasing Company Limited	N/A		1, 10, 20
Beijing Miyun HSBC Rural Bank Company Limited	N/A		1, 10, 21
BentallGreenOak China Real Estate Investments, L.P.	N/A		1, 22
Canada Square Nominees (UK) Limited	100.00		11
Capco/Cove, Inc.	100.00		23
Card-Flo #3, Inc.	100.00		24
CCF & Partners Asset Management Limited (In Liquidation)	100.00	(99.99)	14
CCF Holding (Liban) S.A.L. (In Liquidation)	74.99		2, 25
Charterhouse Administrators (D.T.) Limited	100.00	(99.99)	11
Charterhouse Management Services Limited	100.00	(99.99)	11
Charterhouse Pensions Limited	100.00		11
Chongqing Dazu HSBC Rural Bank Company Limited	N/A		1, 10, 26
Chongqing Fengdu HSBC Rural Bank Company Limited	N/A		1, 10, 27
Chongqing Rongchang HSBC Rural Bank Company Limited (In Liquidation)	N/A		1, 10, 28
COIF Nominees (UK) Two Limited	100.00		11
COIF Nominees Limited	N/A		1, 11
Corsair IV Financial Services Capital Partners - B L.P	N/A		1, 29
Dalian Pulandian HSBC Rural Bank Company Limited	N/A		1, 10, 30
Decision One Mortgage Company, LLC	N/A		1, 31
Desarrollo Turistico, S.A. de C.V. (In Liquidation)	100.00	(99.99)	12
Electronic Data Process México, S.A. de C.V.	100.00		32
Eton Corporate Services Limited	100.00		17
Flandres Contentieux S.A.	100.00	(99.99)	5, 33
Foncière Elysées	100.00	(99.99)	5, 33
Fujian Yongan HSBC Rural Bank Company Limited	N/A		1, 10, 34
Fulcher Enterprises Company Limited (In Liquidation)	100.00	(63.43)	35
Fundacion HSBC, A.C.	100.00	(99.99)	2, 8, 12
Giller Ltd.	100.00		23
Griffin International Limited (In Liquidation)	100.00		14
Grupo Financiero HSBC, S. A. de C. V.	99.99		12
Guangdong Enping HSBC Rural Bank Company Limited	N/A		1, 10, 36
Guangzhou HSBC Real Estate Company Ltd	N/A		1, 10, 37
Hang Seng (Nominee) Limited	100.00	(63.43)	38
Hang Seng Bank (China) Limited	N/A		1, 10, 39
Hang Seng Bank (Trustee) Limited	100.00	(63.43)	38
Hang Seng Bank Limited	63.43		38
Hang Seng Bullion Company Limited	100.00	(63.43)	38
Hang Seng Credit Limited (In Liquidation)	100.00	(63.43)	35
Hang Seng Data Services Limited	100.00	(63.43)	38
Hang Seng Finance Limited	100.00	(63.43)	38
Hang Seng Financial Information Limited	100.00	(63.43)	38
Hang Seng Indexes (Netherlands) B.V.	100.00	(63.43)	40
Hang Seng Indexes Company Limited	100.00	(63.43)	38
Hang Seng Insurance Company Limited	100.00	(63.43)	38
Hang Seng Investment Management Limited	100.00	(63.43)	38
Hang Seng Investment Services Limited	100.00	(63.43)	38
Hang Seng Qianhai Fund Management Company Limited	N/A		1, 10, 41
Hang Seng Real Estate Management Limited	100.00	(63.43)	38
Hang Seng Securities Limited	100.00	(63.43)	38
Hang Seng Security Management Limited	100.00	(63.43)	38
HASE Wealth Limited	100.00	(63.43)	38
Haseba Investment Company Limited	100.00	(63.43)	38
HBPH Corporation (In Liquidation)	99.99		42
HFC Bank Limited (In Liquidation)	100.00		43
High Time Investments Limited	100.00	(63.43)	38
HLF	100.00	(99.99)	5, 33
Honey Blue Enterprises Limited	100.00		19
Honey Green Enterprises Ltd.	100.00		44
Honey Grey Enterprises Limited	100.00		19
Honey Silver Enterprises Limited	100.00		19
Household International Europe Limited (In Liquidation)	100.00		43
Household Pooling Corporation	100.00		45
Housing (USA) Inc.	100.00		24
HSBC (BGF) Investments Limited	100.00		11
HSBC (Kuala Lumpur) Nominees Sdn Bhd	100.00		46
HSBC (Malaysia) Trustee Berhad	100.00		47
HSBC (Singapore) Nominees Pte Ltd	100.00		48
HSBC Agency (India) Private Limited	100.00		49
HSBC Amanah Malaysia Berhad	100.00		46
HSBC Americas Corporation (Delaware)	100.00		24
HSBC Asia Holdings B.V.	100.00		11
HSBC Asia Holdings Limited	100.00		3, 19
HSBC Asia Pacific Holdings (UK) Limited	100.00		6, 11
HSBC Asset Finance (UK) Limited	100.00		11
HSBC Asset Finance M.O.G. Holdings (UK) Limited	100.00		11
HSBC Australia Holdings Pty Limited	100.00		4, 6, 52
HSBC BANK (CHILE)	100.00		53
HSBC Bank (China) Company Limited	N/A		1, 10, 54
HSBC Bank (General Partner) Limited	100.00		55
HSBC Bank (Mauritius) Limited	100.00		56
HSBC Bank (Singapore) Limited	100.00		48
HSBC Bank (Taiwan) Limited	100.00		57
HSBC Bank (Uruguay) S.A.	100.00		58
HSBC Bank (Vietnam) Ltd.	100.00		59
HSBC Bank A.S.	100.00		60
HSBC Bank Australia Limited	100.00		52
HSBC Bank Bermuda Limited	100.00		18
HSBC Bank Capital Funding (Sterling 1) LP	N/A		1, 55
HSBC Bank Egypt S.A.E	94.54		61
HSBC Bank Malaysia Berhad	100.00		4, 46
HSBC Bank Malta p.l.c.	70.03		62
HSBC Bank Middle East Limited	100.00		4, 63
HSBC Bank Pension Trust (UK) Limited	100.00		11
HSBC Bank plc	100.00		3, 4, 11
HSBC Bank USA, National Association	100.00		4, 64
HSBC Branch Nominee (UK) Limited	100.00		13

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Brasil Holding S.A.	100.00		16
HSBC Broking Forex (Asia) Limited	100.00		19
HSBC Broking Futures (Asia) Limited	100.00		19
HSBC Broking Futures (Hong Kong) Limited	100.00		19
HSBC Broking Securities (Asia) Limited	100.00		19
HSBC Broking Securities (Hong Kong) Limited	100.00		19
HSBC Broking Services (Asia) Limited	100.00		19
HSBC Capital (USA), Inc.	100.00		24
HSBC Card Services Inc.	100.00		24
HSBC Casa de Bolsa, S.A. de C.V., Grupo Financiero HSBC	100.00	(99.99)	12
HSBC Cayman Limited (In Liquidation)	100.00		65
HSBC Cayman Services Limited	100.00		65
HSBC Client Holdings Nominee (UK) Limited	100.00		11
HSBC Client Nominee (Jersey) Limited	100.00		2, 66
HSBC Continental Europe	99.99		5, 33
HSBC Corporate Advisory (Malaysia) Sdn Bhd	100.00		46
HSBC Corporate Finance (Hong Kong) Limited	100.00		19
HSBC Corporate Secretary (UK) Limited	100.00		3, 11
HSBC Corporate Services (Shanghai) Co., Ltd.	N/A		1, 10, 67
HSBC Corporate Trustee Company (UK) Limited	100.00		11
HSBC Custody Nominees (Australia) Limited	100.00		52
HSBC Custody Services (Guernsey) Limited	100.00		17
HSBC Electronic Data Processing (Guangdong) Limited	N/A		1, 10, 69
HSBC Electronic Data Processing (Malaysia) Sdn Bhd	100.00		70
HSBC Electronic Data Processing (Philippines), Inc.	99.99		71
HSBC Electronic Data Processing India Private Limited	100.00		72
HSBC Electronic Data Processing Lanka (Private) Limited	100.00		73
HSBC Electronic Data Service Delivery (Egypt) S.A.E	100.00		74
HSBC Equipment Finance (UK) Limited	100.00		13
HSBC Equity (UK) Limited (In Liquidation)	100.00		14
HSBC Europe B.V.	100.00		11
HSBC Express Finance Data Services Limited	100.00		19
HSBC Factoring (France)	100.00	(99.99)	5, 33
HSBC Finance (Netherlands)	100.00		3, 11
HSBC Finance Corporation	100.00		24
HSBC Finance Limited (In Liquidation)	100.00		14
HSBC Finance Transformation (UK) Limited	100.00		11
HSBC Financial Advisors Singapore Pte. Ltd.	100.00		2, 48
HSBC Financial Services (Lebanon) S.A.L (In Liquidation)	99.83		75
HSBC FinTech Services (Shanghai) Company Limited	N/A		1, 10, 76
HSBC Global Custody Nominee (UK) Limited	100.00		11
HSBC Global Custody Proprietary Nominee (UK) Limited	100.00		11
HSBC Global Services (Canada) Limited	100.00		85
HSBC Global Services (China) Holdings Limited	100.00		11
HSBC Global Services (Hong Kong) Limited	100.00		19
HSBC Global Services (UK) Limited	100.00		11
HSBC Global Services Limited	100.00		3, 11
HSBC Group Management Services Limited	100.00		11
HSBC Group Nominees UK Limited	100.00		3, 11
HSBC Holdings B.V.	100.00		11
HSBC Innovation Bank Limited	100.00		87
HSBC Institutional Trust Services (Asia) Limited	100.00		19
HSBC Institutional Trust Services (Bermuda) Limited	100.00		18
HSBC Institutional Trust Services (Mauritius) Limited	100.00		88
HSBC Institutional Trust Services (Singapore) Limited	100.00		48

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Insurance (Asia) Limited	100.00		89
HSBC Insurance (Asia-Pacific) Holdings Limited	100.00		79
HSBC Insurance (Bermuda) Limited	100.00		18
HSBC Insurance Agency (USA) Inc.	100.00		90
HSBC Insurance Brokerage Company Limited	N/A		1, 10, 91
HSBC Insurance Brokers Greater China Limited	100.00		79
HSBC Insurance SAC 1 (Bermuda) Limited	100.00		18
HSBC Insurance SAC 2 (Bermuda) Limited	100.00		18
HSBC International Finance Corporation (Delaware)	100.00		92
HSBC International Trustee (BVI) Limited	100.00		9, 93
HSBC International Trustee (Holdings) Pte. Limited	100.00		48
HSBC International Trustee Limited	100.00		94
HSBC Inversiones S.A.	100.00		53
HSBC InvestDirect (India) Private Limited	99.99		50
HSBC InvestDirect Financial Services (India) Limited	99.99		50
HSBC InvestDirect Sales & Marketing (India) Private Limited	98.99	(98.98)	49
HSBC InvestDirect Securities (India) Private Limited	99.99		50
HSBC Investment and Insurance Brokerage, Philippines Inc.	99.99		95
HSBC Investment Bank Holdings B.V.	100.00		11
HSBC Investment Bank Holdings Limited	100.00		11
HSBC Investment Company Limited	100.00		3, 11
HSBC Invoice Finance (UK) Limited	100.00		13
HSBC Issuer Services Common Depositary Nominee (UK) Limited	100.00		11
HSBC Latin America B.V.	100.00		11
HSBC Latin America Holdings (UK) Limited	100.00		3, 11
HSBC Leasing (Asia) Limited	100.00		19
HSBC Life (Bermuda) Limited	100.00		18
HSBC Life (Cornell Centre) Limited	100.00		89
HSBC Life (Edwick Centre) Limited	100.00		89
HSBC Life (International) Limited	100.00		18
HSBC Life (Property) Limited	100.00		89
HSBC Life (Singapore) Pte. Ltd.	100.00		48
HSBC Life (Tsing Yi Industrial) Limited	100.00		89
HSBC Life (UK) Limited	100.00		11
HSBC Life (Workshop) Limited	100.00		89
HSBC Life Assurance (Malta) Ltd.	100.00	(70.03)	80
HSBC Life Insurance Company Limited	N/A		1, 10, 97
HSBC LU Nominees Limited	100.00		11
HSBC Markets (USA) Inc.	100.00		24
HSBC Marking Name Nominee (UK) Limited	100.00		11
HSBC Master Trust Trustee Limited (In Liquidation)	100.00		14
HSBC Mexico, S.A., Institucion de Banca Multiple, Grupo Financiero HSBC	99.99		12
HSBC Middle East Asset CO. LLC	100.00		100
HSBC Middle East Holdings B.V.	100.00		3, 4, 63
HSBC Middle East Leasing Partnership	N/A		1, 101
HSBC Middle East Securities L.L.C (In Liquidation)	100.00		102
HSBC Mortgage Corporation (USA)	100.00		24
HSBC Nominees (Asing) Sdn Bhd	100.00		46
HSBC Nominees (Hong Kong) Limited	100.00		19
HSBC Nominees (New Zealand) Limited	100.00		103
HSBC Nominees (Tempatan) Sdn Bhd	100.00		46
HSBC North America Holdings Inc.	100.00		4, 24
HSBC Overseas Holdings (UK) Limited	100.00		3, 11
HSBC Overseas Investments Corporation (New York)	100.00		104
HSBC Overseas Nominee (UK) Limited	100.00		11
HSBC PB Corporate Services 1 Limited	100.00		105
HSBC PB Services (Suisse) SA	100.00		106

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Pension Trust (Ireland) DAC (In Liquidation)	100.00		107
HSBC Pensiones, S.A. (In Liquidation)	100.00	(99.99)	12
HSBC PI Holdings (Mauritius) Limited	100.00		88
HSBC Preferential LP (UK)	100.00		11
HSBC Private Bank (Luxembourg) S.A.	100.00	(99.99)	96
HSBC Private Bank (Suisse) SA	100.00		106
HSBC Private Bank (UK) Limited	100.00		11
HSBC Private Banking Holdings (Suisse) SA	100.00		106
HSBC Private Banking Nominee 3 (Jersey) Limited	100.00		105
HSBC Private Equity Investments (UK) Limited	100.00		11
HSBC Private Markets Management SARL	N/A		1, 2, 108
HSBC Private Trustee (Hong Kong) Limited	100.00		19
HSBC Professional Services (India) Private Limited	100.00		109
HSBC Property (UK) Limited	100.00		11
HSBC Property Funds (Holding) Limited	100.00		11
HSBC Provident Fund Trustee (Hong Kong) Limited	100.00		19
HSBC Qianhai Securities Limited	N/A		1, 10, 110
HSBC Real Estate Leasing (France)	100.00	(99.99)	5, 33
HSBC REGIO Fund General Partner S.à r.l.	100.00		86
HSBC Retirement Benefits Trustee (UK) Limited	100.00		3, 11
HSBC Retirement Services Limited (In Liquidation)	100.00		2, 14
HSBC Saudi Arabia, Closed Joint Stock Company	100.00	(66.19)	111
HSBC Securities (Egypt) S.A.E. (In Liquidation)	100.00	(94.65)	112
HSBC Securities (Japan) Co., Ltd.	100.00		51
HSBC Securities (Singapore) Pte Limited	100.00		48
HSBC Securities (South Africa) (Pty) Limited	100.00		113
HSBC Securities (Taiwan) Corporation Limited	100.00		57
HSBC Securities (USA) Inc.	100.00		24
HSBC Securities and Capital Markets (India) Private Limited	99.99		6, 49
HSBC Securities Brokers (Asia) Limited	100.00		19
HSBC Securities Investments (Asia) Limited	100.00		19
HSBC Securities Services (Bermuda) Limited	100.00		18
HSBC Securities Services (Guernsey) Limited	100.00		17
HSBC Securities Services (Ireland) DAC	100.00		107
HSBC Securities Services (Luxembourg) S.A.	100.00		96
HSBC Securities Services Holdings (Ireland) DAC	100.00		107
HSBC Securities Services Nominees Limited	100.00		19
HSBC Seguros, S.A de C.V., Grupo Financiero HSBC	100.00	(99.99)	12
HSBC Semfi Limited	75.00		11
HSBC Service Company Germany GmbH	100.00	(99.99)	7, 77
HSBC Service Delivery (Polska) Sp. z o.o.	100.00		114
HSBC Services (France)	100.00	(99.99)	5, 33
HSBC Services Japan Limited	100.00		84
HSBC Services USA Inc.	100.00		115
HSBC Servicios Financieros, S.A. de C.V	100.00	(99.99)	12
HSBC Servicios, S.A. DE C.V., Grupo Financiero HSBC	100.00	(99.99)	12
HSBC SFT (C.I.) Limited	100.00		17
HSBC Software Development (Guangdong) Limited	N/A		1, 10, 116
HSBC Software Development (India) Private Limited	100.00		117
HSBC Software Development (Malaysia) Sdn Bhd	100.00		70
HSBC Specialist Investments Limited	100.00		11
HSBC Technology & Services (USA) Inc.	100.00		24
HSBC Transaction Services GmbH	100.00	(99.99)	7, 77
HSBC Trinkaus & Burkhardt (International) S.A.	100.00	(99.99)	96
HSBC Trinkaus & Burkhardt Gesellschaft fur Bankbeteiligungen mbH	100.00	(99.99)	7, 77
HSBC Trinkaus & Burkhardt GmbH	100.00	(99.99)	7, 77
HSBC Trinkaus Real Estate GmbH	100.00	(99.99)	7, 77
HSBC Trust Company (Delaware), National Association	100.00		92
HSBC Trustee (C.I.) Limited	100.00		105
HSBC Trustee (Cayman) Limited	100.00		65
HSBC Trustee (Guernsey) Limited	100.00		17
HSBC Trustee (Hong Kong) Limited	100.00		19
HSBC Trustee (Singapore) Limited	100.00		48
HSBC UK Bank plc	100.00		3, 13
HSBC UK Client Nominee Limited	100.00		13
HSBC UK Covered Bonds LLP	N/A		1, 13
HSBC UK Societal Projects Limited (In Dissolution)	N/A		1, 13
HSBC USA Inc.	100.00		4, 104
HSBC Ventures USA Inc.	100.00		24
HSBC Violet Investments (Mauritius) Limited	100.00		118
HSBC Wealth Client Nominee Limited	100.00		13
HSBC Yatirim Menkul Degerler A.S.	100.00		60
HSI Asset Securitization Corporation	100.00		24
HSI International Limited	100.00	(63.43)	38
HSIL Investments Limited	100.00		11
Hubei Macheng HSBC Rural Bank Company Limited	N/A		1, 10, 119
Hubei Suizhou Cengdu HSBC Rural Bank Company Limited	N/A		1, 10, 120
Hubei Tianmen HSBC Rural Bank Company Limited	N/A		1, 10, 121
Hunan Pingjiang HSBC Rural Bank Company Limited	N/A		1, 10, 122
Imenson Limited	100.00	(63.43)	38
Inmobiliaria Bisa, S.A. de C.V.	99.99	(99.98)	12
Inmobiliaria Grufin, S.A. de C.V.	100.00	(99.99)	12
Inmobiliaria Guatusi, S.A. de C.V.	100.00	(99.99)	12
Internationale Kapitalanlagegesellschaft mit beschränkter Haftung	100.00	(99.99)	7, 77
James Capel (Nominees) Limited	100.00		11
James Capel (Taiwan) Nominees Limited	100.00		11
Keyser Ullmann Limited	100.00	(99.99)	11
Lion Corporate Services Limited	100.00		19
Lion International Corporate Services Limited	100.00		94
Lion International Management Limited	100.00		94
Lion Management (Hong Kong) Limited	100.00		19
Lyndholme Limited	100.00		19
Marks and Spencer Financial Services plc	100.00		123
Marks and Spencer Unit Trust Management Limited	100.00		123
Midcorp Limited (In Liquidation)	100.00		14
Midland Bank (Branch Nominees) Limited	100.00		13
Midland Nominees Limited	100.00		13
MP Payments Group Limited	100.00		11
MP Payments Middle East AE L.L.C. (In Liquidation)	100.00		124
MP Payments Operations Limited	100.00		11
MP Payments Singapore Pte. Ltd. (In Liquidation)	100.00		48
MP Payments UK Limited	100.00		11
Prudential Client HSBC GIS Nominee (UK) Limited	100.00		11
PT Bank HSBC Indonesia	98.94		125
PT HSBC Sekuritas Indonesia	99.00		126
R/CLIP Corp.	100.00		24
Real Estate Collateral Management Company	100.00		24
Republic Nominees Limited	100.00		17
RLUKREF Nominees (UK) One Limited	100.00		11
RLUKREF Nominees (UK) Two Limited	100.00		11
S.A.P.C. - Ufipro Recouvrement	99.99		8, 33
Saf Baiyun	100.00	(99.99)	5, 33
Saf Guangzhou	100.00	(99.99)	5, 33

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
SFM	100.00	(99.99)	5, 33
SFSS Nominees (Pty) Limited	100.00		113
Shandong Rongcheng HSBC Rural Bank Company Limited	N/A		1, 10, 127
Shenzhen HSBC Development Company Ltd	N/A		1, 10, 128
Sico Limited	100.00		129
SNC Les Oliviers D'Antibes	60.00	(59.99)	8, 78
SNCB/M6-2007 A	100.00	(99.99)	2, 5, 33
SNCB/M6-2007 B	100.00	(99.99)	2, 5, 33
SNCB/M6-2008 A	100.00	(99.99)	2, 5, 33
Société Française et Suisse	100.00	(99.99)	5, 33
Somers Dublin DAC	100.00	(99.99)	107
Somers Nominees (Far East) Limited	100.00		18
Sopingest	100.00	(99.99)	2, 5, 33
St Cross Trustees Limited	100.00		13
Sun Hung Kai Development (Lujiazui III) Limited	N/A		1, 10, 134
The Hongkong and Shanghai Banking Corporation Limited	100.00		19
Tooley Street View Limited	100.00		3, 11
Trinkaus Europa Immobilien-Fonds Nr.3 Objekt Utrecht Verwaltungs-GmbH	100.00	(99.99)	7, 77
Trinkaus Immobilien-Fonds Geschaeftsfuehrungs-GmbH	100.00	(99.99)	7, 77
Trinkaus Immobilien-Fonds Verwaltungs-GmbH	100.00	(99.99)	7, 77
Trinkaus Private Equity Management GmbH	100.00	(99.99)	7, 77
Trinkaus Private Equity Verwaltungs GmbH	100.00	(99.99)	7, 77
Turnsonic (Nominees) Limited	100.00		13
Valeurs Mobilières Elysées	100.00	(99.99)	5, 33
WARDLEY LIMITED	100.00		19
Wayfoong (Asia) Limited	100.00		79
Wayfoong Nominees Limited	100.00		19
Westminster House, LLC	N/A		1, 24
Woodex Limited	100.00		18
Yan Nin Development Company Limited	100.00	(63.43)	38

Funds

The undertakings below are part of our fund management structure.

Funds	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
Amber 2022 Direct Lending Fund SCA SICAV-RAIF	N/A		1, 175
AMGB International Long-Term Equity Strategy Mandate	N/A		1, 11
Blackthorn Diversified Credit 2024 LP	N/A		1, 186
CI 10 LP Inc	N/A		1, 98
Cinnabar 2021 Direct Lending Cell 1 PC	N/A		1, 176
Copper Direct Lending L.P.	N/A		1, 177
D9 LP Inc	N/A		1, 98
Deerpath Capital VII (Cayman), LP	N/A		1, 187
Diversified Loan Fund – Direct Lending A S.a.r.l	100.00	(48.00)	68
Diversified Loan Fund – Direct Lending B S.a.r.l	100.00	(48.00)	68
Diversified Loan Fund – Syndicated Loan A S.a.r.l	100.00	(48.00)	68
Diversified Loan Fund – Syndicated Loan C S.a.r.l	100.00	(48.00)	68
DRC European Real Estate Debt Fund IV (EUR) L.P.	N/A		1, 178
Elysées Grand Large	N/A		1, 78
ESDLF 2023 Carry L.P	N/A		1, 98
GTIDF Fund Carry L.P.	N/A		1, 98
H.I.G. Heliodor 2021 PC	N/A		1, 179
H5 LP Inc	N/A		1, 98
H8 LP Inc	N/A		1, 98
H9 LP Inc	N/A		1, 98
Hayfin Garnet Feeder Fund S.C.A. SICAV-RAIF	N/A		1, 180
Hayfin Garnet II Feeder Fund S.C.A. SICAV-RAIF	N/A		1, 180
HSBC (Guernsey) Aggregator PCC Limited	100.00		98
HSBC (Guernsey) Focus PCC Limited	100.00		98
HSBC (Guernsey) GP PCC Limited	100.00		17
HSBC Alternative Investments Limited	100.00		11
HSBC ASIA LIVING REAL ESTATE GP S.À R.L.	100.00		164
HSBC Asset Management (Fund Services UK) Limited	100.00		11
HSBC Asset Management (India) Private Limited	99.99		50
HSBC Asset Management (Japan) Limited	100.00		51
HSBC Climate Growth Partners Fund SCSp	N/A		1, 165
HSBC Climate Growth Partners GP S.à r.l.	100.00		165
HSBC Climate Growth Partners VC Carry L.P.	N/A		1, 98
HSBC Diversified Loan Fund – Master S.a.r.l.	100.00	(48.00)	68
HSBC Diversified Loan Fund General Partner S.à r.l.	100.00		68
HSBC Diversified Loan Fund SCSp-RAIF	N/A		1, 68
HSBC Equity Partners USA, LP	N/A		1, 83
HSBC European Senior Direct Lending 2023 HoldCo S.à r.l.	100.00	(99.60)	86
HSBC EUROPEAN SENIOR DIRECT LENDING AIF OFS	N/A		1, 165
HSBC European Senior Direct Lending Fund 2023 RAIF SICAV-S.A.	99.60		86
HSBC Financial Technology Venture Capital Fund SCSp	N/A		1, 165
HSBC Financial Technology Venture Capital GP S.à r.l.	100.00		165
HSBC Fintech VC Carry L.P.	N/A		1, 98
HSBC GH Luxembourg Fund	N/A		1, 165
HSBC Global Asset Management (Bermuda) Limited	100.00		4, 18
HSBC Global Asset Management (Deutschland) GmbH	100.00	(99.99)	7, 77
HSBC Global Asset Management (France)	100.00	(99.99)	5, 78
HSBC Global Asset Management (Hong Kong) Limited	100.00		79
HSBC Global Asset Management (Malta) Limited	100.00	(70.03)	80
HSBC Global Asset Management (México), S.A. de C.V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero HSBC	100.00	(99.99)	12
HSBC Global Asset Management (Singapore) Limited	100.00		48
HSBC Global Asset Management (Switzerland) AG	100.00		5, 81
HSBC Global Asset Management (Taiwan) Limited	100.00		82
HSBC Global Asset Management (UK) Limited	100.00		11
HSBC Global Asset Management (USA) Inc.	100.00		83
HSBC Global Asset Management Holdings (Bahamas) Limited	100.00		84
HSBC Global Asset Management Limited	100.00		3, 11
HSBC Global Infrastucture Debt Fund SCSp	N/A		1, 86
HSBC Global Transition Infrastructure Debt Fund RAIF SICAV-S.A.	N/A		1, 86
HSBC Infrastructure Debt GP 1 S.à r.l.	N/A		1, 86
HSBC Infrastructure Debt GP 2 S.à r.l.	N/A		1, 86
HSBC Investment Funds (Hong Kong) Limited	100.00		79
HSBC Investment Funds (Luxembourg) SA	100.00		96
HSBC Latin America Coinvestments Partners, LP	N/A		1, 83

Funds	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Management (Guernsey) Limited	100.00		98
HSBC Management Consultancy (Shanghai) Company Limited	N/A		1, 10, 99
HSBC Portfoy Yonetimi A.S.	100.00		60
HSBC Private Markets GP S.à r.l.	100.00		165
HSBC RCF HoldCo S.à r.l.	100.00		86
HSBC RCF Partnership Fund RAIF SICAV-S.A.	N/A		1, 86
HSBC RCF SPV S.à r.l.	100.00		86
HSBC REIM (France)	100.00	(99.99)	5, 78
HSBC SDL UK 2020 HoldCo S.à r.l	100.00	(32.60)	96
HSBC SDL UK 2020 LendCo S.à r.l.B137	100.00	(32.60)	96
HSBC SDL UK II HoldCo S.à r.l.	100.00	(48.90)	86
HSBC SDLF II Carry L.P.	N/A		1, 98
HSBC Senior UK Direct Lending 2020 RAIF SICAV-S.A.	N/A		1, 96
HSBC Senior UK Direct Lending Fund II RAIF SICAV-S.A.	N/A		1, 86
HSBC Trustees (India) Private Limited	99.99		49
HSBC USD Senior Direct Lending Carry L.P.	N/A		1, 98
HSBC USD Senior Direct Lending GP S.à.r.l	100.00		86
HVDF US LLC	N/A		1, 24
HVDF US, L.P.	N/A		1, 2, 24
I3 LP Inc	N/A		1, 98
ICG Credit Strategies S.C.A SICAV-RAIF - ICG Mandate 2023 Direct Lending Fund	N/A		1, 181
ICG Credit Strategies S.C.A. SICAV-RAIF - ICG Mandate 2020 Direct Lending Fund	N/A		1, 181
Idinvest Growth Secondary Feeder SCA SICAV-RAIF	N/A		1, 182
INHK IE LP Inc	N/A		1, 98
INHK Orca Carry L.P.	N/A		1, 98
INHK PC LP Inc	N/A		1, 98
INHK PE LP Inc	N/A		1, 98
J6 LP Inc	N/A		1, 98
KKR-LON Credit Strategies SCA SICAV-RAIF	N/A		1, 183
Korea Nova Solar 1 Inc	100.00	(66.70)	166
Korea Nova Solar 2 Inc	100.00	(66.70)	166
L1 LP Inc	N/A		1, 98
Lohas ECE Brown KK	N/A		1, 167
NAV Financing Partnership Fund Carry L.P.	N/A		1, 98
Nova Solar 1 GK	N/A		1, 168
Nova Solar 2 GK	N/A		1, 168
Nova Solar 3 GK	N/A		1, 168
Nova Solar 4 GK	N/A		1, 168
P2 LP Inc	N/A		1, 98
PE Opps II Carry L.P	N/A		1, 98
PE Opps III Carry L.P	N/A		1, 98
PPDP Peridot 2022 Feeder SCA SICAV-RAIF	N/A		1, 180
RCF Partnership Fund Carry L.P.	N/A		1, 98
Red Hexagon Energy Transition Asia Carry L.P.	N/A		1, 98
Red Hexagon Energy Transition Asia Fund SCSp	N/A		1, 86
Red Hexagon Energy Transition Asia GP S.à r.l.	100.00		86
Red Hexagon ETA Master HoldCo Limited	100.00		169
Red Hexagon ETA Tekoma Japan Limited	100.00	(66.70)	169
Red Hexagon ETA Tekoma Operation Limited	100.00	(66.70)	169
Red Hexagon ETA Tekoma Taiwan Limited	100.00	(66.70)	169
SilkRoad Fund Management S.à.r.l	100.00		130
Silkroad GP II Limited	100.00		2, 131
Silkroad GP II S.a.r.l.	100.00		130
Silkroad GP Limited	100.00		65
Silkroad GP SC S.a r.l	100.00		132
Silkroad Property Partners PTE. LTD.	100.00		133
Solar Field 13 GK	N/A		1, 168
SSOF IV Overage SMA H, L.P.	N/A		1, 184
Sunpower Americas Co-Invest I SCS	N/A		1, 185
Taiwan Nova Solar 1 Limited	100.00	(66.70)	170
Tekoma Energy Group Holdings Limited	66.70		169
Tekoma Energy Holdings Limited	100.00	(66.70)	170
Tekoma Energy Inc	100.00	(66.70)	171
Tekoma Energy KK	100.00	(66.70)	1, 168
Tekoma Energy Korea Inc	100.00	(66.70)	172
Tekoma Korea Holdings Limited	100.00	(66.70)	166
Tekoma Korea Limited	100.00	(66.70)	169
Vision 2023 Carry L.P	N/A		1, 98
Vision 2024 Carry L.P.	N/A		1, 98
Vision 2025 Carry L.P.	N/A		1, 98
Vision Apex 2025 Carry L.P.	N/A		1, 98
Vision Impact Carry L.P.	N/A		1, 98
Vision Infrastructure Carry L.P.	N/A		1, 98
W4 LP Inc	N/A		1, 98

Joint ventures

The undertakings below are joint ventures and equity accounted.

Joint ventures	% of share class held by immediate parent company (or by the Group where this varies)	Footnotes
Climate Asset Management Limited	40.00	135
MK HoldCo Limited	50.32	2, 136
Pentagreen Capital Pte. Ltd	50.00	137
ProServe Bermuda Limited	50.00	138
The London Silver Market Fixing Limited	N/A	1, 2, 139
Vaultex UK Limited	50.00	2, 140

Non-Profit Foundation

The undertakings below are Non-Profit Foundation.

Non-Profit Foundation	% of share class held by immediate parent company (or by the Group where this varies)	Footnotes
HSBC Philanthropy Foundation Beijing	N/A	1, 163

Associates

The undertakings below are associates and equity accounted.

Associates	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
Aiera, Inc.	2.90		4, 173
Bank of Communications Co., Ltd.	16.00		2, 141
Barrowgate Limited	24.64	(15.63)	142
BGF Group plc	24.62		143
Bud Financial Limited	6.20		4, 144
CANARA HSBC LIFE INSURANCE COMPANY LIMITED	25.50		145
Dowsure Inc.	10.12		2, 4, 147
Episode Six Inc.	5.68		4, 148
EPS Company (Hong Kong) Limited	42.03	(38.65)	19
Future Forward Holdings LLC	N/A		1, 24
HQLAX S.à r.l.	6.09		4, 149
HSBC Jintrust Fund Management Company Limited	N/A		1, 2, 10, 150
HSBC UK Covered Bonds (LM) Limited	20.00		2, 151
Intelligent Processing Solution Limited	10.00		2, 174
Lightico Ltd	3.19		4, 152
LiquidityMatch LLC	N/A		1, 153
London Precious Metals Clearing Limited	30.00		2, 154
Marketnode PTE. Ltd.	12.64		4, 155
MENA Infrastructure Fund (GP) Ltd	33.33		156
Quantexa Limited	8.92		4, 157

Radiant Global Investors LLC	N/A	1, 2, 158
Saudi Awwal Bank	31.00	159
The London Gold Market Fixing Limited	N/A	1, 139
Threadneedle Software Holdings Limited	7.80	4, 160
Topaz Consultation LLC	N/A	1, 24
Trade Information Network Limited (In Liquidation)	12.76	161
Trinkaus Europa Immobilien-Fonds Nr. 7 Frankfurt Mertonviertel KG	N/A	1, 77
We Trade Innovation Designated Activity Company (In Liquidation)	9.88	2, 162

Footnotes for Note 38

Description of shares

1	Where an entity is governed by voting rights, HSBC consolidates when it holds – directly or indirectly – the necessary voting rights to pass resolutions by the governing body. In all other cases, the assessment of control is more complex and requires judgement of other factors, including having exposure to variability of returns, power to direct relevant activities, and whether power is held as an agent or principal. HSBC's consolidation policy is described in Note 1.2(a).
2	Management has determined that these undertakings are excluded from consolidation in the Group accounts as these entities do not meet the definition of subsidiaries in accordance with IFRS. HSBC's consolidation policy is described in Note 1.2(a).
3	Directly held by HSBC Holdings plc
4	Preference Shares
5	Actions
6	Redeemable Preference Shares
7	GmbH Anteil
8	Parts
9	Non-Participating Voting
10	Registered Capital Shares

Registered offices

11	8 Canada Square, London, United Kingdom, E14 5HQ
12	347 Paseo de la Reforma, Col. Cuauhtémoc, Mexico, 06500
13	1 Centenary Square, Birmingham, United Kingdom, B1 1HQ
14	c/o Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, United Kingdom, B4 6AT
15	5 Donegal Square South, Northern Ireland, Belfast, United Kingdom, BT1 5JP
16	1909 Avenida Presidente Juscelino Kubitschek, 19° andar, Torre Norte, São Paulo Corporate Towers, São Paulo, Brazil, 04551-903
17	Arnold House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3NF
18	37 Front Street, Harbourview Centre, Ground Floor, Hamilton, Pembroke, Bermuda, HM 11
19	1 Queen's Road Central, Hong Kong
20	Units 2401-55, Floor 24, Tower 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, China, 100020
21	First Floor, Xinhua Bookstore Xindong Road (SE of roundabout), Miyun District, Beijing, China
22	Oak House Hirzel Street, St Peter Port, Guernsey, GY1 2NP
23	239 Van Rensselaer Street, Buffalo, New York, United States of America, 14210
24	c/o The Corporation Trust Company 1209 Orange Street, Wilmington, Delaware, United States of America, 19801
25	Solidere - Rue Saad Zaghloul Immeuble - 170 Marfaa, P.O. Box 17 5476 Mar Michael, Beyrouth, Lebanon, 11042040
26	No 1, Bei Huan East Road Dazu County, Chongqing, China
27	No 107 Ping Du Avenue (E), Sanhe Town, Fengdu County, Chongqing, China
28	No. 3, 5, 7, Haitang Erzhi Road Changyuan, Rongchang, Chongqing, China, 402460
29	c/o Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands, KY1-9005
30	First & Second Floor No.3 Nanshan Road, Pulandian, Dalian, Liaoning, China
31	160 Mine Lake CT, Ste 200, Raleigh, North Carolina, United States of America, 27615-6417
32	Avenida de las Granjas 972, Building A, Floor 2, Colonia Santa Bárbara, Alcaldía Azcapotzalco, Mexico City, Mexico, 02230
33	38 avenue Kléber, Paris, France, 75116

Registered offices

34	No. 1 1211 Yanjiang Zhong Road, Yongan, Fujian, China
35	8/F, Prince's Building, 10 Chater Road, Central, Hong Kong
36	No. 44 Xin Ping Road Central, Encheng, Enping, Guangdong, China, 529400
37	Rooms 101, 201-205, 301-305, No. 2 Yong Jin Yi Street, Huangge Town, Nansha District, Guangzhou, China
38	83 Des Voeux Road Central, Hong Kong
39	34/F, 36/F and 46/F, Hang Seng Bank Tower 1000 Lujiazui Ring Road, Pilot Free Trade Zone, Shanghai, China, 200120
40	Gustav Mahlerplein 2 1082 MA, Amsterdam, Netherlands
41	1001, T2 Office Building, Qianhai Kerry Business Center, Qianhai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, China
42	Unit 1 GF The Commerical Complex Madrigal Avenue, Ayala Alabang Village, Muntinlupa City, Philippines, 1780
43	C/O Teneo Financial Advisory Limited The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, United Kingdom, B4 6AT
44	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110
45	The Corporation Trust Company of Nevada 311 S. Division Street, Carson City, Nevada, United States of America, 89703
46	Level 21 Menara IQ, Lingkaran TRX, Tun Razak Exchange, Kuala Lumpur, Malaysia, 55188
47	Level 19 Menara IQ, Lingkaran TRX, Tun Razak Exchange, Kuala Lumpur, Malaysia, 55188
48	10 Marina Boulevard #48-01 Marina Bay Financial Centre, Singapore, 018983
49	52/60 M G Road Fort, Mumbai, India, 400 001
50	9-11 Floors, NESCO IT Park Building No. 3 Western Express Highway, Goregaon (East), Mumbai, India, 400063
51	HSBC Building 11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan, 103-0027
52	Level 36, Tower 1, International Towers Sydney, 100 Barangaroo Avenue, Sydney, New South Wales, Australia, 2000
53	Isidora Goyenechea 2800 23rd floor, Las Condes, Santiago, Chile, 7550647
54	HSBC Building Shanghai ifc, 8 Century Avenue, Pudong, Shanghai, China, 200120
55	HSBC House, Esplanade, St. Helier, Jersey, JE4 8UB
56	IconEbene, Level 5 Office 1 (West Wing), Rue de L'institut, Ebene, Mauritius
57	54F, 7 Xinyi Road Sec. 5 Xinyi district, Taipei, Taiwan
58	1266 Dr Luis Bonativa 1266 Piso 30 (Torre IV WTC), Montevideo, Uruguay, CP 11.000
59	Metropolitan Building, 235 Dong Khoi, Sai Gon Ward, Ho Chi Minh City, Viet Nam
60	Esentepe Mah. Büyükdere Caddesi No.128 Şişli, Istanbul, Turkiye, 34394
61	306 Corniche El Nil Street, Maadi, Cairo, Egypt
62	116 Archbishop Street, Valletta, Malta, VLT1444
63	Unit 401, Level 4 Gate Precinct Building 2, Dubai International Financial Centre, P. O. Box 30444, Dubai, United Arab Emirates
64	1800 Tysons Boulevard Suite 50, Tysons, Virginia, United States of America, 22102
65	P.O. Box 309 Ugland House, Grand Cayman, Cayman Islands, KY1-1104
66	HSBC House, Esplanade, St. Helier, Jersey, JE1 1HS
67	Room 2703, 27F, Tower A, No.8 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 200120
68	49 avenue J.F. Kennedy, Luxembourg, Luxembourg, 1855
69	4-17/F, Office Tower 2 TaiKoo Hui Development, No. 381 Tian He Road, Guangzhou, Guangdong, China
70	Suite 1005, 10th Floor, Wisma Hamzah Kwong, Hing No. 1, Leboh Ampang, Kuala Lumpur, Malaysia, 50100
71	Building C-1 UP Ayala Technohub, Commonwealth Avenue, Diliman, Quezon City, Metro Manila, Philippines
72	HSBC House Plot No.8 Survey No.64 (Part), Hitec City Layout Madhapur, Hyderabad, India, 500081
73	Mireka City 324/9 Havelock Road, Colombo 05, Sri Lanka, 00500
74	Smart Village 28th Km Cairo- Alexandria Desert Road Building, Cairo, Egypt
75	Centre Ville 1341 Building - 4th Floor Patriarche Howayek Street, PO Box Riad El Solh, Lebanon, 9597

Registered offices

76	Room 405 Odd House Number of 859-863, Huanhu West 1st Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 201306
77	Hansaallee 3, Düsseldorf, Germany, 40549
78	Immeuble Cœur Défense 110 esplanade du Général de Gaulle, Courbevoie, France, 92400
79	HSBC Main Building 1 Queen's Road Central, Hong Kong
80	80 Mill Street, Qormi, Malta, QRM 3101
81	26 Gartenstrasse, Zurich, Switzerland, 8002
82	36F., No. 68 Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City, Taiwan, 110419
83	66 Hudson Boulevard E, New York, New York, United States of America, 10001
84	Mareva House 4 George Street, Nassau, Bahamas
85	150 King Street West, Suite 200, Toronto, Ontario, Canada, M5H 1J9
86	4, rue Peternelchen, Howald, Grand Duchy of Luxembourg, Luxembourg, L-2370
87	Alphabeta 14-18 Finsbury Square, London, United Kingdom, EC2A 1BR
88	5th Floor, IconEbene 1 Building, Lot 441, Rue de L'Institut, Ebene, Mauritius, 1704-01
89	18th Floor Tower 1, HSBC Centre 1 Sham Mong Road, Kowloon, Hong Kong
90	CT Corporation System 28 Liberty Street, New York, New York, United States of America, 10005
91	Unit 201, Floor 2, Building 3 No. 12, Anxiang Street, Shunyi District, Beijing, Beijing, China
92	300 Delaware Avenue Suite 1401, Wilmington, Delaware, United States of America, 19801
93	Woodbourne Hall, Road Town, Tortola, British Virgin Islands, P.O. Box 916
94	Craigmuir Chambers, Road Town, Tortola, British Virgin Islands, VG1110
95	5/F HSBC Centre 3058 Fifth Ave West, Bonifacio Global City, Taguig City, Philippines
96	18 Boulevard de Kockelscheuer, Luxembourg, Luxembourg, 1821
97	29/F HSBC Building 8 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 200120
98	Arnold House St Julians Avenue, St Peter Port, Guernsey, GY1 1WA
99	Unit 2017, Floor 20, Tower 1 No.288, Shimen 1st Road, Jing An District, Shanghai, China, 200041
100	HSBC Tower, Downtown Dubai, P O Box 66, Dubai, United Arab Emirates
101	Unit 401, Level 4, Gate Precinct Building 2, Dubai International Financial Centre, P. O. Box 506553, Dubai, United Arab Emirates
102	Level 16, HSBC Tower, Downtown Dubai, P.O. Box 66, Dubai, United Arab Emirates
103	HSBC Tower, Level 21, 188 Quay Street, Auckland, New Zealand, 1010
104	The Corporation Trust Incorporated, 2405 York Road, Suite 201, Lutherville Timonium, Maryland, United States of America, 21093
105	HSBC House, Esplanade, St. Helier, Jersey, JE1 1GT
106	9-17 Quai des Bergues, Geneva, Switzerland, 1201
107	1 Grand Canal Square Grand Canal Harbour, Dublin 2, Ireland, D02 P820
108	5 rue Heienhaff, Senningerberg, Luxembourg, L-1736
109	52/60 M G Road, Fort, Mumbai, India, 400 001
110	Unit 2201, 22/F, Qianhai Chow Tai Fook Finance Tower (Phase I) No. 66 Shu Niu Avenue, Nanshan Subdistrict, the Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, the PRC, Shenzhen, China, 518054
111	HSBC Building 7267 Olaya - Al Murrooj, Riyadh, Saudi Arabia, 12283 - 2255
112	306 Corniche El Nil, HSBC Building, Maadi, Cairo, Egypt
113	1 Mutual Place, 107 Rivonia Road, Sandton, Gauteng, South Africa, 2196
114	Kapelanka 42A, Krakow, Poland, 30-347
115	C T Corporation System 820 Bear Tavern Road, West Trenton, New Jersey, United States of America, 08628
116	22/F, Tower 2, Taikoo Hui Building, No. 381 Tianhe Road, Tianhe District, Guangzhou, China
117	Business Bay, Wing 2 Tower B, Survey no 103, Hissa no. 2, Airport road, Yerwada, Pune, India, 411006
118	c/o Rogers Capital St. Louis Business Centre, Cnr Desroches & St Louis Streets, Port Louis, Mauritius

Registered offices

119	No. 56 Yu Rong Street, Macheng, China, 438300
120	No. 205 Lie Shan Road Suizhou, Hubei, China
121	Building 3, Yin Zuo Di Jing Wan Tianmen New City, Tianmen, Hubei Province, China
122	RM101, 102 & 106 Sunshine Fairview, Sunshine Garden, Pedestrian Walkway, Pingjiang, China
123	Kings Meadow Chester Business Park, Chester, United Kingdom, CH99 9FB
124	Level 15 HSBC Tower, Downtown Dubai, Dubai, United Arab Emirates, PO Box 66
125	World Trade Center 3, 9th Floor, Jalan Jendral Sudirman Kaveling 29-31, Karet, Setiabudi, South Jakarta, DKI Jakarta, Indonesia, 12920
126	5th Floor, World Trade Center 1, Jl. Jend. Sudirman Kav. 29-31, Jakarta, Indonesia, 12920
127	No.198-2 Chengshan Avenue (E), Rongcheng, China, 264300
128	Room 601, 6/F Phase 1 Qianhai Chow Tai Fook Finance Tower, 66 Shuniu Avenue, Nanshan Community, Qianhai Shenzhen-Hong Kong Corporation Zone, Shenzhen, Guangdong, China
129	Woodbourne Hall, Road Town, Tortola, British Virgin Islands, P.O. Box 3162
130	1A Heienhaff, Senningerberg, Luxembourg, 1736
131	P.O. Box 3119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, Cayman Islands, KY1 – 1205
132	17 Boulevard F.W Raiffeisen, Luxembourg, 2411
133	10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore, Singapore, 049315
134	RM 2112, HSBC Building, Shanghai ifc No. 8 Century Road, Pudong, Shanghai, China, 200120
135	43 Whitfield Street, London, United Kingdom, W1T 4HD
136	35 Ballards Lane, London, United Kingdom, N3 1XW
137	38 Beach Road #19-11 South Beach Tower, Singapore, Singapore, 189767
138	c/o Mayfair Corporate Services Ltd., 26 Burnaby Street, Hamilton, Bermuda, HM11
139	27 Old Gloucester Street, London, United Kingdom, WC1N 3AX
140	All Saints Triangle Caledonian Road, London, United Kingdom, N19UT
141	188 Yin Cheng Zhong Lu (Shanghai) Pilot Free Trade Zone, China
142	50/F Lee Garden One, 33 Hysan Avenue, Hong Kong
143	13-15 York Buildings, London, United Kingdom, WC2N 6JU
144	167-169 Great Portland Street, 5th Floor, London, United Kingdom, W1W 5PF
145	8th Floor Unit No. 808-814, Ambadeep Building, Plot No. 14, Kasturba Gandhi Marg, New Delhi, India, 110001
146	c/o Interpath Ltd, 10 Fleet Place, London, United Kingdom, EC4M 7RB
147	ICS Corporate Services (Cayman) Limited, 3-212 Governors Square 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman, Cayman Islands, KY1-1203
148	251 Little Falls Drive, New Castle, Wilmington, United States of America, 19808
149	9 rue du Laboratoire, Grand Duchy of Luxembourg, Luxembourg, L-1911
150	17F, HSBC Building, Shanghai ifc 8 Century Avenue, Pudong, Shanghai, China
151	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
152	121 HaHashmonaim St., Tel Aviv, Israel, 6713328
153	111 Town Square Place, Suite 840, Jersey City, New Jersey, United States of America, 07310
154	7th Floor, 62 Threadneedle Street, London, United Kingdom, EC2R 8HP
155	1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore, 098632
156	Unit 306,307, 308, Gate Village Building 05, Dubai International Financial Centre, Dubai, United Arab Emirates
157	c/o Company Secretarial Department, 280 Bishopsgate, London, United Kingdom, EC2M 4AG
158	4482 Deer Ridge Road, Danville, CA, Delaware, United States of America, 94506
159	7383 King Fahad Branch Rd, 2338 - Al Yasmeen Dist., Riyadh, Saudi Arabia, 13325
160	2nd Floor, Regis House, 45 King William Street, London, United Kingdom, EC4R 9AN
161	45 Gresham Street, C/O Restructuring & Recovery Services (RRS) S&W Partners LLP, London, United Kingdom, EC2V 7BG
162	10 Earlsfort Terrace, Dublin, Ireland, D02 T380

Registered offices

163	Meeting Room 18.R005, 18/F Fortune Financial Center No. 5 Dongsanhuan Zhong Road, Chaoyang District, Beijing, China, 100020
164	20, rue de la Poste, L-2346, Luxembourg, Grand Duchy of Luxembourg
165	3, rue Jean Piret, L-2350 Luxembourg Grand Duchy of Luxembourg R.C.S. Luxembourg: B253299
166	9F, Unit B, Seowang Building, 14-8 Teheran-ro 70-gil, Gangnam-gu, Seoul, South Korea (Walk Forest LS8)
167	6190-2 Fukushima, Kisomachi, Kiso-gun, Nagano 397-0001 Japan
168	2-1-4, Tsukiji, Chuo-ku, Tokyo 104-0045 JAPAN
169	89 Nexus Way, Camana Bay, George Town, Grand Cayman, KY1-1205, Cayman Islands
170	11F, No. 122, Songjiang Rd, Zhongshan Dist., Taipei City
171	10F., No. 156, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City
172	3F and 8F, 136, Sejong-daero, Jung-gu, Seoul
173	800 North State Street, Suite 304, Dover, Delaware, United States of America, DE 19901
174	Enigma, Wavendon Business Park, England, United Kingdom, MK17 8LX
175	11-13, Boulevard de la Foire, L-1528 Luxembourg
176	2nd Floor, Sir Walter Raleigh House, 48-50 Esplanade, St. Helier, Jersey JE2 3QB
177	375 Park Avenue New York, NY 10152
178	4th Floor, Ensign House, 29 Seaton Place, St Helier, Jersey JE2 3QL
179	3rd Floor, 37 Esplanade, St. Helier JE1 1AD, Jersey
180	15, Boulevard F.W Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
181	60, Avenue J.F. Kennedy, L-1855 Luxembourg
182	5, Allée Scheffer, L 2520 Luxembourg, Grand Duchy of Luxembourg
183	2, rue Edward Steichen, Luxembourg, L-2540, Luxembourg
184	450, Lexington Avenue, 31st Floor, New York 10017
185	26A, Boulevard Royal L-2449 Luxembourg
186	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
187	405 Lexington Avenue, 53rd Floor, New York, New York 10174, USA

Shareholder information

This section gives important information for our shareholders, including contact information. It also includes an overview of key abbreviations and terminology used throughout this Annual Report and Accounts.

▶ A glossary of terms used in the Annual Report and Accounts can be found in the Investors section of www.hsbc.com.

Fourth interim dividend for 2025

The Directors have approved a fourth interim dividend for 2025 of $0.45 per ordinary share. Information on the currencies in which shareholders may elect to have the cash dividend paid can be viewed at www.hsbc.com/investors. The interim dividend will be paid in cash. The timetable for the interim dividend is:

Announcement	**25 February 2026**
Shares quoted ex-dividend in London, Hong Kong and Bermuda	**12 March 2026**
American Depositary Shares ('ADS') quoted ex-dividend in New York	**13 March 2026**
Record date – London, Hong Kong, New York, Bermuda[1]	**13 March 2026**
Mailing of Annual Report and Accounts 2025 and/or Strategic Report 2025	**27 March 2026**
Final date for dividend election changes including Investor Centre electronic instructions and revocations of standing instructions for dividend elections	**15 April 2026**
Exchange rate determined for payment of dividends in pounds sterling and Hong Kong dollars	**20 April 2026**
Payment date	**30 April 2026**

1 Removals to and from the Overseas Branch register of shareholders in Hong Kong or Bermuda will not be permitted on this date.

Interim dividends for 2026

We maintain our dividend policy of a target payout ratio of 50% earnings per ordinary share ('EPS') for each of 2026, 2027 and 2028, subject to meeting capital requirements. EPS for this purpose will continue to exclude material notable items and related impacts.

For the financial year 2025, dividends were paid in accordance with our dividend policy. We achieved a dividend payout ratio of 50% of EPS, excluding material notable items and related impacts. Material notable items in 2025 primarily related to the income statement impacts associated with actions to exit or wind down non-strategic businesses. They also include a dilution loss and the recognition of an impairment of our investment in BoCom, a legal provision relating to the Bernard L. Madoff Investment Securities LLC fraud, as well as the impacts of transactions completed in previous periods, including the sale of our retail banking operations in France, the sale of our banking business in Canada and the disposal of our business in Argentina.

The Board has adopted a dividend policy designed to provide sustainable cash dividends, while retaining the flexibility to invest and grow the business in the future, supplemented by additional shareholder distributions, if appropriate.

Dividends are approved in US dollars and, at the election of the shareholder, paid in cash in one of, or in a combination of, US dollars, pounds sterling and Hong Kong dollars.

Other equity instruments

Additional tier 1 capital – contingent convertible securities

HSBC continues to issue contingent convertible securities that are included in its capital base as fully CRR II-compliant additional tier 1 capital securities. For further details on these securities, see Note 32 on the financial statements.

HSBC Holdings issued $1,500m 6.950% perpetual subordinated contingent convertible securities on 27 February 2025, SGD800m 5.000% perpetual subordinated contingent convertible securities on 24 March 2025 and $2,000m 7.050% perpetual subordinated contingent convertible securities on 5 June 2025.

2025 Annual General Meeting

With the exception of the shareholder requisitioned Resolution 20, which the Board recommended that shareholders vote against, all resolutions considered at the 2025 AGM held at 10:00am on 2 May 2025 at InterContinental London O2, 1 Waterview Drive, London SE10 0TW, United Kingdom, were passed on a poll.

Earnings releases and interim results

First and third quarter results for 2026 will be released on 5 May 2026 and 27 October 2026, respectively. The interim results for the six months to 30 June 2026 will be issued on 4 August 2026.

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 your shareholding is not recorded directly on the share register, 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. This is the case even if you have elected to receive information rights directly from HSBC Holdings. Any changes or queries relating to your personal details and holding (including any administration of it) should 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 the 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 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 the Annual Report and Accounts 2025 will be available upon request after 27 March 2026 from the Registrars (contact details above). Please also contact the Registrars if you wish to receive Chinese translations of future documents, or if you have received a Chinese translation of this document and do not wish to receive them in future.

《2025 年報及賬目》備有中譯本，各界人士可於2026年3月27日之後，向上列股份登記處索閱。

閣下如欲於日後收取相關文件的中譯本，或已收到本文件的中譯本但不希望繼續收取有關譯本，均請聯絡股份登記處。

Stock symbols

HSBC Holdings ordinary shares trade under the following stock symbols:

London Stock Exchange	HSBA*	New York Stock Exchange (ADS)	HSBC
Hong Kong Stock Exchange	5	Bermuda Stock Exchange	HSBC.BH

* HSBC's Primary market

Investor relations

Enquiries relating to HSBC's strategy or operations may be directed to:

Alastair Ryan, Global Head of Investor Relations
HSBC Holdings plc
8 Canada Square
London E14 5HQ
United Kingdom
Telephone: +44 (0) 7468 703 010
Email: investorrelations@hsbc.com

Yafei Tian, Head of Investor Relations, Asia-Pacific
The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong
Telephone: +852 2899 8909
Email: investorrelations@hsbc.com.hk

Where more information about HSBC is available

The Annual Report and Accounts 2025 and other information on HSBC may be downloaded from HSBC's website: www.hsbc.com.

Reports, statements and information that HSBC Holdings files with the Securities and Exchange Commission are available at www.sec.gov. Investors can also request hard copies of these documents upon payment of a duplicating fee by writing to the SEC at the Office of Investor Education and Advocacy, 100 F Street N.E., Washington, DC 20549-0213 or by emailing PublicInfo@sec.gov. Investors should call the Commission at (1) 202 551 8090 if they require further assistance. Investors may also obtain the reports and other information that HSBC Holdings files at www.nyse.com (telephone number (1) 212 656 3000).

HM Treasury has transposed the requirements set out under CRD IV and issued the Capital Requirements Country-by-Country Reporting Regulations 2013. The legislation requires HSBC Holdings to publish additional information in respect of the year ended 31 December 2025 by 31 December 2026. This information will be available on HSBC's website: www.hsbc.com/tax.

Taxation of shares and dividends

Taxation – UK residents

The following is a summary, under current law (unless otherwise noted) and the current published practice of HM Revenue and Customs ('HMRC'), of certain UK tax considerations that are likely to be material to the ownership and disposition of HSBC Holdings ordinary shares. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a holder of shares. In particular, the summary deals with shareholders who are resident solely in the UK for UK tax purposes and only with holders who hold the shares as investments and who are the beneficial owners of the shares, and does not address the tax treatment of certain classes of holders such as dealers in securities. Holders and prospective purchasers should consult their own advisers regarding the tax consequences of an investment in shares in light of their particular circumstances, including the effect of any national, state or local laws.

Taxation of dividends

Currently, no tax is withheld from dividends paid by HSBC Holdings.

UK resident individuals

UK resident individuals are generally entitled to a tax-free annual allowance in respect of dividends received. The amount of the allowance for the tax year beginning 6 April 2025 is £500. To the extent that dividend income received by an individual in the relevant tax year does not exceed the allowance, a nil tax rate will apply. Dividend income in excess of this allowance will be taxed at 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers.

UK resident companies

Shareholders that are within the charge to UK corporation tax should generally be entitled to an exemption from UK corporation tax on any dividends received from HSBC Holdings. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or a shareholder within the charge to UK corporation tax elects for an otherwise exempt dividend to be taxable, the shareholder will be subject to UK corporation tax on dividends received from HSBC Holdings at the rate of corporation tax applicable to that shareholder.

Taxation of capital gains

The computation of the capital gains tax liability arising on disposals of shares in HSBC Holdings by shareholders subject to UK tax on capital gains can be complex, partly depending on whether, for example, the shares were purchased since April 1991, acquired in 1991 in exchange for shares in The Hongkong and Shanghai Banking Corporation Limited, or acquired subsequent to 1991 in exchange for shares in other companies.

For capital gains tax purposes, the acquisition cost for ordinary shares is adjusted to take account of subsequent rights and capitalisation issues. Any capital gain arising on a disposal of shares in HSBC Holdings by a UK company may also be adjusted to take account of indexation allowance if the shares were acquired before 1 January 2018, although the level of indexation allowance that is given in calculating the gain would be frozen at the value that would have been applied to a disposal of those shares in December 2017. If in doubt, shareholders are recommended to consult their professional advisers.

Stamp duty and stamp duty reserve tax

Transfers of shares by a written instrument of transfer generally will be subject to UK stamp duty at the rate of 0.5% of the consideration paid for the transfer (rounded up to the next £5), and such stamp duty is generally payable by the transferee. An agreement to transfer shares, or any interest therein, normally will give rise to a charge to stamp duty reserve tax at the rate of 0.5% of the consideration. However, provided an instrument of transfer of the shares is executed pursuant to the agreement and duly stamped before the date on which the stamp duty reserve tax becomes payable, under the current published practice of HMRC it will not be necessary to pay the stamp duty reserve tax, nor to apply for such tax to be cancelled. Stamp duty reserve tax is generally payable by the transferee.

Paperless transfers of shares within CREST, the UK's paperless share transfer system, are liable to stamp duty reserve tax at the rate of 0.5% of the consideration. In CREST transactions, the tax is calculated and payment made automatically. Deposits of shares into CREST generally will not be subject to stamp duty reserve tax, unless the transfer into CREST is itself for consideration.

Taxation – US residents

The following is a summary, under current law, of the principal UK tax and US federal income tax considerations that are likely to be material to the ownership and disposition of shares or American Depositary Shares ('ADSs') by a holder that is a US holder, as defined below, and who is not resident in the UK for UK tax purposes.

The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a holder of shares or ADSs. In particular, the summary deals only with US holders that hold shares or ADSs as capital assets, and does not address the tax treatment of holders that are subject to special tax rules. These include banks, tax-exempt entities, insurance companies, dealers in securities or currencies, persons that hold shares or ADSs as part of an integrated investment (including a 'straddle' or 'hedge') comprised of a share or ADS and one or more other positions, and persons that own directly or indirectly 10% or more (by vote or value) of the stock of HSBC Holdings. This discussion is based on laws, treaties, judicial decisions and regulatory interpretations in effect on the date hereof, all of which are subject to change.

For the purposes of this discussion, a 'US holder' is a beneficial holder that is a citizen or resident of the United States, a US domestic corporation or otherwise is subject to US federal income taxes on a net income basis in respect thereof.

Holders and prospective purchasers should consult their own advisers regarding the tax consequences of an investment in shares or ADSs in light of their particular circumstances, including the effect of any national, state or local laws.

Any US federal tax advice included in the Annual Report and Accounts 2025 is for informational purposes only. It was not intended or written to be used, and cannot be used, for the purpose of avoiding US federal tax penalties.

Taxation of dividends

Currently, no tax is withheld from dividends paid by HSBC Holdings. For US tax purposes, a US holder must include cash dividends paid on the shares or ADSs in ordinary income on the date that such holder or the ADS depositary receives them, translating dividends paid in UK pounds sterling into US dollars using the exchange rate in effect on the date of receipt. A US holder that elects to receive shares in lieu of a cash dividend must include in ordinary income the fair market value of such shares on the dividend payment date, and the tax basis of those shares will equal such fair market value.

Subject to certain exceptions for positions that are held for less than 61 days, and subject to a foreign corporation being considered a 'qualified foreign corporation' (which includes not being classified for US federal income tax purposes as a passive foreign investment company), certain dividends ('qualified dividends') received by an individual US holder generally will be subject to US taxation at preferential rates.

Based on the company's audited financial statements and relevant market and shareholder data, HSBC Holdings does not believe that it was a passive investment company for its 2025 taxable year and does not anticipate becoming a passive foreign investment company in 2026 or the foreseeable future. Accordingly, dividends paid on the shares or ADSs generally should be eligible for qualified dividends treatment.

Taxation of capital gains

Gains realised by a US holder on the sale or other disposition of shares or ADSs normally will not be subject to UK taxation unless at the time of the sale or other disposition the holder carries on a trade, profession or vocation in the UK through a branch or agency or permanent establishment and the shares or ADSs are or have been used, held or acquired for the purposes of such trade, profession, vocation, branch or agency or permanent establishment. Such gains will be included in income for US tax purposes, and will be long-term capital gains if the shares or ADSs were held for more than one year. A long-term capital gain realised by an individual US holder generally will be subject to US tax at preferential rates.

Inheritance tax

Shares or ADSs held by an individual whose domicile is determined to be the US for the purposes of the United States–United Kingdom Double Taxation Convention relating to estate and gift taxes (the 'Estate Tax Treaty') and who is not for such purposes a national of the UK will not, provided any US federal estate or gift tax chargeable has been paid, be subject to UK inheritance tax on the individual's death or on a lifetime transfer of shares or ADSs except in certain cases where the shares or ADSs (i) are comprised in a settlement (unless, at the time of the settlement, the settlor was domiciled in the US and was not a national of the UK), (ii) are part of the business property of a UK permanent establishment of an enterprise, or (iii) pertain to a UK fixed base of an individual used for the performance of independent personal services. In such cases, the Estate Tax Treaty generally provides a credit against US federal tax liability for the amount of any tax paid in the UK in a case where the shares or ADSs are subject to both UK inheritance tax and to US federal estate or gift tax.

Stamp duty and stamp duty reserve tax – ADSs

If shares are transferred to a clearance service or American Depositary Receipt ('ADR') issuer (which will include a transfer of shares to the depositary) UK stamp duty and/or stamp duty reserve tax will be payable unless the transfer is, or is treated as being, in the course of a capital raising arrangement. The stamp duty or stamp duty reserve tax is generally payable on the consideration for the transfer (or, if there is no consideration in money or money's worth, the value of the shares being transferred) and is payable at the aggregate rate of 1.5%.

The amount of stamp duty reserve tax payable on such a transfer will be reduced by any stamp duty paid in connection with the same transfer.

No stamp duty will be payable on the transfer of, or agreement to transfer, an ADS, provided that the ADR and any separate instrument of transfer or written agreement to transfer remain at all times outside the UK, and provided further that any such transfer or written agreement to transfer is not executed in the UK. No stamp duty reserve tax will be payable on a transfer of, or agreement to transfer, an ADS effected by the transfer of an ADR.

US information reporting and backup withholding tax

Distributions made on shares or ADSs and proceeds from the sale of shares or ADSs that are paid within the US, or through certain financial intermediaries to US holders, are subject to US information reporting and may be subject to a US 'backup' withholding tax. General exceptions to this rule happen when the US holder: establishes that it is a corporation (other than an S corporation) or other exempt holder; or provides a correct taxpayer identification number, certifies that no loss of exemption from backup withholding has occurred and otherwise complies with the applicable requirements of the backup withholding rules. Holders that are not US persons (as defined in the US Internal Revenue Code of 1986, as amended) generally are not subject to US information reporting or backup withholding tax, but may be required to comply with applicable certification procedures to establish that they are not US persons in order to avoid the application of such US information reporting requirements or backup withholding tax to payments received within the US or through certain financial intermediaries.

Approach to ESG reporting

The information set out in the ESG review on pages 33 to 64, taken together with other information relating to ESG issues included in this report, aims to provide key ESG information and data for the year ended 31 December 2025. The data is compiled for the financial year 1 January to 31 December 2025 unless otherwise specified. Measurement techniques and calculations are explained next to data tables where necessary. Where we have changes in scope, boundary or measurement we call these out where relevant in our disclosures. Additionally, a rationale is provided for any restatement of information or data that has been previously published.

How we decide what to measure

We listen to our stakeholders in a number of different ways and we use the information they provide us to identify the issues that are most important to them and consequently also matter to our own business. Our relevant governance bodies discuss the new and existing themes and issues that matter to our stakeholders. Our management team then uses this insight, alongside the framework of the ESG Code (which refers to our obligations under the Hong Kong Listing Rules Appendix C2 ESG Reporting Code Parts C and D) and the UKLR 6.6.6R(8) of the Financial Conduct Authority's ('FCA') Listing Rules, Sections 414CA and 414CB of the UK Companies Act 2006, and other applicable laws and regulations to choose what we measure and publicly report in our ESG review. We will continue to develop and refine our reporting and disclosures on ESG matters in line with feedback received from our investors and other stakeholders, and in view of our obligations under the ESG Code and the FCA's Listing Rules.

Under the ESG Code, 'materiality' is considered to be the threshold at which ESG issues become sufficiently important to our investors and other stakeholders that they should be publicly reported. Our approach to materiality also considers disclosure standards and other applicable rules and regulations as part of our materiality assessment for specific ESG topics and relevant disclosures.

Given ongoing developments in the ESG regulatory environment across various jurisdictions in which we operate, combined with the relative immaturity of processes, systems, data quality and controls, our focus remains on supporting a globally consistent set of mandatory sustainability standards. We aim to continue to evolve our reporting to recognise market developments, such as the International Sustainability Standards Board ('ISSB'), and support the efforts to harmonise the disclosures. We report against the Hong Kong Exchange ('HKEx') ESG Code metrics, and will continue to review our approach as the regulatory landscape evolves.

Consistent with the scope of financial information presented in this report, the ESG review covers the operations of HSBC Holdings plc and its subsidiaries, unless otherwise specified. Given the relative immaturity of ESG-related data and methodologies in general, we are on a journey towards improving completeness and robustness.

- For further details on how we listen to our stakeholders, see page 28.
- For further details, see 'Engaging with our stakeholders and our material ESG topics' on page 35.

Our reporting around ESG

We report on ESG matters throughout this report, including the 'ESG overview' section of the Strategic Report (pages 25 to 26), ESG review (pages 33 to 64), and the 'Climate risk' sections of the Risk review (pages 170 to 179). In addition, we have other supplementary materials, including our ESG Data Pack, which provides a more granular breakdown of ESG information.

Detailed data	Additional reports
ESG Data Pack 2025, including HKEx ESG Code Index	2025 UK Pay Gap Disclosures Modern Slavery and Human Trafficking Statement 2025 Green Bonds Report 2025 HSBC UN Sustainable Development - Goals Bond Report 2025

▶ For further details of our supplementary materials, see our ESG reporting centre at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Assurance relating to ESG metrics

ESG metrics subject to stand-alone independent limited third-party assurance as referred to on page 35 are as follows:

- our use of proceeds from Green Bond issuances 2025 (published in December 2025);
- our cumulative sustainable finance and investment provided and facilitated from 1 January 2020 to 31 December 2025 (see page 36);
- our on-balance sheet financed and facilitated emissions including re-baselined and restated emissions for selected sectors for 2024, 2023, 2020 and 2019 (see pages 46 and 47 and ESG Data Pack page 9);
- our thermal coal financing drawn balance exposures for 2023 and 2024 and re-baseline for 2020 (see page 51);
- our own operations' scope 1, 2 and 3 (business travel) greenhouse gas emissions data (see page 49), as well as supply chain emissions (purchased goods and services, and capital goods) data; and
- our scope 1 and 2 financed emission intensity achieved by 31 December 2024 for our HSBC asset management business (see page 47).

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

The table below summarises the TCFD requirements and cross-references to where further information can be found within our Annual Report and Accounts 2025. We also include cross-references to our ESG Data Pack where relevant.

TCFD Pillar		CA 2006 requirement	Theme	Disclosure location
Governance	a)	Sections 414CA and 414CB 2A (a)	HSBC Board's oversight of climate-related risks and opportunities	▶ Pages 58, 171, 195
	b)	Sections 414CA and 414CB 2A (a)	HSBC management's role in assessing and managing climate-related risks and opportunities	▶ Pages 58, 171
Strategy	a)	Sections 414CA and 414CB 2A (d)	Climate-related risks and opportunities HSBC has identified over the short, medium and long term	▶ Pages 36 - 39, 170 - 173, 173 - 179
	b)	Sections 414CA and 414CB 2A (e)	Impact of climate-related risks and opportunities on HSBC's businesses, strategy and financial planning	▶ Pages 36 - 39, 48 - 49, 170, 172, 173 - 179
	c)	Sections 414CA and 414CB 2A (f)	Resilience of HSBC's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	▶ Pages 173 - 179 ▶ ESG Data Pack
Risk Management	a)	Sections 414CA and 414CB 2A (b)	HSBC's processes for identifying and assessing climate-related risks	▶ Pages 50, 170 - 173, 176, 179
	b)	Sections 414CA and 414CB 2A (b)	HSBC's processes for managing climate-related risks	▶ Pages 170 - 173
	c)	Sections 414CA and 414CB 2A (c)	HSBC's processes for integration of climate-related risks into overall risk management framework	▶ Pages 170 - 171
Metric & Targets	a)	Sections 414CA and 414CB 2A (h)	Metrics used by HSBC to assess climate-related risk and opportunities in line with its strategy and risk management process	▶ Pages 36 - 39, 42 - 49, 51, 170 - 179 ▶ ESG Data Pack
	b)	Sections 414CA and 414CB 2A (h)	Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions and the related risks	▶ Pages 40 - 50 ▶ ESG Data Pack
	c)	Sections 414CA and 414CB 2A (g)	Targets used by HSBC to manage climate-related risks and opportunities and performance against targets	▶ Pages 40 - 47 ▶ ESG Data Pack

Explanatory statements

HKEx and TCFD Explanatory Statements

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 Appendix C2 ESG Reporting Code Parts C and D.

The Group has prepared its climate-related disclosures in accordance with the ESG Reporting Code under Appendix C2 of the Rules Governing the Listing of Securities on Hong Kong Exchanges and Clearing Limited. While IFRS S1 principles have been considered to support the quality and consistency of disclosures, the Group has not adopted IFRS Sustainability Disclosure Standards as a reporting framework for the purposes of these disclosures.

We comply with mandatory requirements, including Part B and disclosure of scope 1 and 2 GHG emissions within the HKEx ESG Code. We have set out in the HKLR index where these and other relevant disclosures may be found. We confirm that we have made disclosures consistent with TCFD Recommendations and Recommended Disclosures, including its annexes and supplemental guidance, as well as the HKEx ESG Code, save for certain items as set out below. Our reporting approach will continue to evolve over time to reflect regulatory requirements.

▶ Our detailed HKLR Index, including HKLR Part D can be found in our ESG Data Pack at www.hsbc.com/esg

HKEx A1(b) related to relevant laws/regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, and on emissions: taking into account the nature of our business, we do not believe that there are relevant laws and regulations in these areas that have significant impacts on our operations. Nevertheless, we are fully compliant with our publication of information regarding scope 1 and 2 greenhouse gas emissions, while we only partially publish information on scope 3 emissions, as the data required for that publication is not yet fully available.

HKEx A1.3 related to total hazardous waste produced and HKEx A1.4 related to total non-hazardous waste produced: taking into account the nature of our business, we do not consider hazardous waste to be a material issue for our stakeholders. As such, we report only on total waste produced, which includes hazardous and non-hazardous waste.

HKEx A1.6 related to handling hazardous and non-hazardous waste: taking into account the nature of our business, we do not consider this to be a material issue for our stakeholders. Notwithstanding this, we continue to focus on the reduction and recycling of all waste. Building on the success of our 'reduce, replace, remove' environmental approach, we are continuing to seek to identify key opportunities where we can lessen our wider environmental impact, including waste management. For further details, please see our ESG review on page 48.

HKEx A2.4 related to sourcing water issue and water efficiency target: taking into account the nature of our business, we do not consider this to be a material issue for our stakeholders. Notwithstanding this, we have implemented measures to further reduce water consumption through the installation of water efficient taps, flow restrictors, and continue to track our water consumption.

HKEx A2.5 related to packaging material, HKEx B6(b) related to issues about health and safety, advertising and labelling relating to products and services provided, HKEx B6.1 related to percentage of total products sold or shipped subject to recalls for safety and health reasons, HKEx B6.4 in recall procedures: taking into account the nature of our business, we do not consider these to be material issues for our stakeholders.

Understanding our climate-related risks and opportunities

HKEx Para 20(a) related to understanding our climate-related risks and opportunities: we currently do not fully describe climate-related risks and opportunities that could reasonably be expected to affect our cash flows, access to finance, or cost of capital over the short, medium and long term. Our 2025 climate risk assessment utilises internal risk management processes, external data sources, and industry guidance. We focus our disclosures on risks and opportunities that are most relevant to our business model and strategy. We recognise that the identification of such items is an evolving process and as our capabilities and data availability mature, we will continue to review and refine our approach in medium term.

Target-setting and review

TCFD requirements related to metrics and targets (c) on short-term targets: 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.

TCFD requirements related to metrics and targets (c) on climate-related opportunities: we currently have not set targets for climate-related opportunities. However, we report progress towards our ambition to provide and facilitate $750bn–$1tn in sustainable finance and investment by 2030.

Financial position, financial performance and cash flows

HKEx Para 24(a), 25(b) on financial effects of climate-related opportunities and TCFD requirements related to metrics and targets (a) on climate-related opportunities: we currently do not fully disclose the qualitative or quantitative information about how climate-related opportunities have affected our financial position (e.g. proportion of assets), financial performance (e.g. proportion of revenue) or cash flows or other aligned business activities for the reporting period, as well as the relevant anticipated financial effects. Therefore we have not disclosed how such information is reflected in our financial statements. The relevant metrics are not individually identifiable. It may also involve disclosing commercially sensitive non-public information. We do however assess the effect of climate credit risk on IFRS9 ECL. The output of this assessment is included on page 178. We also disclose our conclusion that no incremental adjustments were needed to capture climate impacts in our financial statements on page 35. We have also disclosed the progress against our ambition of providing and facilitating $750bn–$1tn of sustainable finance and investment by 2030. We are exploring ways to enhance our methodologies and data capabilities to improve granularity of these disclosures in the medium term.

Capital deployment

HKEx Para 33 related to expenditure for climate-related risks and opportunities: we currently do not disclose the amount of capital expenditure, financing or investment specifically allocated to climate-related risks and opportunities. We integrate climate-risk considerations into our broader capital planning process. Climate risk is therefore not individually identifiable. Climate risk considerations are incorporated across a wide range of initiatives, including investing in resources to meet forward-looking regulatory requirements, enhancements to data and modelling capabilities, power purchase arrangements and engagements with suitable data vendors. The relevant metrics are therefore not individually identifiable. As part of enhancing our disclosures for upcoming regulatory requirements we plan to reassess our approach to these requirements in the medium term.

Internal carbon prices

HKEx Para 34 and TCFD requirements related to metrics and targets (a) on internal carbon prices: we do not currently use an internal carbon price, and are still developing the relevant implementation strategy. We aim to provide further disclosures in the medium term. For details on the external carbon prices used in our climate scenario analysis, please refer to page 174.

Financial planning and performance

TCFD requirements related to Strategy (b) and (c) on financial planning and performance: we have used climate scenario analysis to inform our organisation's business, strategy and financial planning. In 2025, we continued to incorporate certain aspects of sustainable finance within our financial planning process. Also, we used climate scenario analysis to assess the impacts of climate-related risks on financial performance and our financial position, which is largely focused on how expected credit losses will be impacted under different climate scenarios. We do not fully disclose impacts from climate-related opportunities on financial planning and performance, including on revenue, costs and the balance sheet, detailed climate risk exposures for all sectors and geographies, or physical risk metrics. This is due to transitional challenges in relation to data limitations, although nascent work is ongoing in these areas. However, we have disclosed the progress against our ambition of providing and facilitating $750bn–$1tn of sustainable finance and investment by 2030. We expect these data limitations to be addressed in the medium term as more reliable data becomes available and technology solutions are implemented.

Transition plan

TCFD requirements related to Strategy (b) on transition plan: in 2020, we set an ambition to become a net zero bank by 2050. Since then, we have made good progress and published our updated transition plan incorporating revised interim 2030 financed emission targets in November 2025, which reflects the realities of an evolving transition playing out very differently across the global economy. We currently do not disclose the planned sources of funding to implement our climate strategy. Our planned sources of funding take into consideration our overall bank strategy. Our climate strategy is part of this, and the specific climate-related sources of funding are not separately identifiable. The relevant access to capital is therefore not individually identifiable. We currently partially test achievability of our transition plan and associated targets by performing feasibility analysis of our financed emissions targets considering multiple climate-related scenarios. As part of enhancing our disclosures for upcoming regulatory requirements, we plan to reassess our approach to these requirements in the medium term. The reference pathways we consider are global and we do not currently set GHG targets for individual countries or entities, unless required by regulation.

Impacts of transition and physical risk

HKEx Para 30 and 31, TCFD requirements related to metrics and targets (a) on detailed climate-related risk exposure metrics for physical and transition risks: we do not fully disclose the amount and percentage of assets or business activities vulnerable to climate-related physical and transition risks, or the metrics used to assess the impact of climate-related physical (chronic) and transition (policy and legal, technology and market) risks on parts of wholesale, retail lending and other financial intermediary business activities (specifically credit exposure, equity and debt holdings, or trading positions, broken down by industry, geography, credit quality and average tenor). We are aiming to develop the appropriate systems, data and processes to provide these disclosures in future years. We do, however, disclose the

exposure to six, high-transition risk wholesale sectors and the flood risk exposure and Energy Performance Certificate ('EPC') breakdown for the UK retail mortgage portfolio.

Scope 3 emissions disclosure

HKEx Para 28(c), 29(d) and TCFD requirements related to metrics and targets (a) and (b) on scope 3 emissions metrics: we currently partially disclose scope 3 GHG emissions, and related risks. We currently focus on disclosing only four out of 15 categories of scope 3 GHG emissions, including business travel, supply chain and financed emissions, following our internal materiality assessment. Further details on reasons for exclusion can be found in our GHG reporting guidance 2025. To calculate supply chain emissions, as detailed in the GHG reporting guidance, we use spend data for the 12-month period to 30 September, and the latest data available as at end of 2024 for suppliers' emissions and revenue. In relation to financed emissions, we partially comply with scope 3 category 15 – albeit on a lagged basis. We publish on-balance sheet financed emissions for our in-scope target-sectors, where the total lending exposures included were approximately 3.5% of our loans and advances to customers at 31 December 2024, as detailed on page 47. We also publish facilitated emissions for the oil and gas, and power and utilities sectors. In relation to related risks, we currently disclose the exposure to six, high-transition risk wholesale sectors, please refer to page 171. Data quality of future disclosures on financed emissions and related risks are reliant on our customers publicly disclosing their GHG emissions, targets and plans, and related risks, and the accuracy and completeness of these in third-party data. We are working to enhance the appropriate systems, data and processes to enhance our disclosures to align with HKEx requirements where possible in future years. We recognise the need to provide early transparency on climate disclosures but balance this with the recognition that existing data and reporting processes continue to evolve.

Anticipated financial effects

HKEx Para 25(a)(i) related to investment and disposal plans: due to the nature of our business, we consider a wide range of factors, including climate change, in our M&A activities. Our current processes to manage climate and sustainability-related targets, net zero transition plans and climate strategy include impact assessments of HSBC mergers and acquisitions activity. While we perform this assessment for each planned transaction, the anticipated financial effects of the transaction as a result of the climate and sustainability impacts, are not separately identifiable and are a secondary impact of the transaction as opposed to the primary objective.

HKEx Para 25(a)(ii) related to planned sources of funding to implement its strategy and TCFD requirements related to Strategy (b) on access to capital: we do not disclose the changes in financial position over the short, medium and long term with respect to planned sources of funding to implement our climate strategy. We have, however, considered how the implementation of our climate strategy may impact our businesses, strategy and financial planning. Our access to capital may be impacted by reputational concerns as a result of climate action or inaction. In addition, if we are perceived to mislead stakeholders on our business activities or if we fail to achieve our stated net zero ambitions, we could potentially face reputational damage, impacting our revenue-generating ability and our access to capital markets. To manage these risks, we have integrated climate risk into our existing risk taxonomy, and incorporated it within the risk management framework through the policies and controls for the existing risks where appropriate. The relevant access to capital is therefore not individually identifiable. As part of enhancing our disclosures for upcoming regulatory requirements, we plan to reassess our approach to these requirements in the medium term.

Climate-related opportunities

HKEx Para 32 and TCFD requirements related to metrics and targets (a) on amount and percentage of assets or business activities, or capital deployment: we currently do not disclose the proportion of revenue, amount and percentage of assets or capital deployment aligned with climate-related opportunities, including revenue from low-carbon products and forward-looking metrics. This is due to transitional data and system limitations, and the absence of standardised methodologies. As part of enhancing our disclosures for upcoming regulatory requirements, we plan to reassess our approach to these requirements in the medium term.

Applicability of cross-industry metrics and industry-based metrics

HKEx Para 36 and 41 requirements are related to applicability of cross-industry metrics and industry-based metrics: our current disclosures focus primarily on cross-industry metrics, as our approach, internal processes and data availability for industry-based metrics are still under development. We will continue to review and refine our approach to industry-based metrics in the medium term as our capabilities and data mature.

Cautionary statement regarding forward-looking statements

This Annual Report and Accounts 2025 contains certain forward-looking statements with respect to HSBC's financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and ESG ambitions, targets and commitments described herein.

Statements that are not historical facts, including statements about HSBC's beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations thereon or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. HSBC makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements. Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by HSBC's directors, officers or employees to third parties, including financial analysts. Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. These include, but are not limited to:

– changes in general economic conditions in the markets in which we operate, such as new, continuing or deepening recessions, prolonged inflationary pressures and fluctuations in employment levels and the creditworthiness of customers beyond those factored into consensus forecasts; the Russia-Ukraine war, further conflict or military action in the Middle East or elsewhere and their impact on global economies and the markets where HSBC operates, which could have a material adverse effect on (among other things) our financial condition, results of operations, prospects, liquidity, capital position and credit ratings; deviations from the market and economic assumptions that form the basis for our ECL measurements (including, without limitation, as a result of the Russia-Ukraine war, further conflict or military action in the Middle East or elsewhere, inflationary pressures, commodity price changes, and ongoing developments in the commercial real estate sector in mainland China and Hong Kong); potential changes in HSBC's dividend policy; changes and volatility in foreign exchange rates and interest rates levels, including fluctuations in HIBOR and the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets and the risk of disruptive correction stemming from high company valuations; lack of liquidity in wholesale funding or capital markets, which may affect our ability to meet our obligations under financing facilities or to fund new loans, investments and businesses; geopolitical tensions or diplomatic developments producing social instability or legal uncertainty, such as the Russia-Ukraine war, conflict in the Middle East, the US military operation in Venezuela and any potential military action or conflict elsewhere, and the related imposition of sanctions, export-control, trade and investment restrictions, supply chain restrictions and disruptions, sustained increases in energy prices and key commodity prices, claims of human rights violations, diplomatic tensions between China and the US, which may extend to and involve other countries and territories,

and developments in Hong Kong and Taiwan and the surrounding maritime region, alongside other potential areas of tension, which may adversely affect HSBC by creating regulatory, reputational and market risks; the efficacy of government, customer, and HSBC's actions in managing and mitigating ESG-related risks, in particular climate risk, nature-related risks and human rights risks, and in supporting the global transition to net zero carbon emissions, each of which can impact HSBC both directly and indirectly through our customers and which may result in potential financial and non-financial impacts; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; the significant depreciation of the US dollar through 2025, with volatility expected to persist; societal shifts in customer financing and investment needs, including consumer perception as to the continuing availability of credit; exposure to counterparty risk, including third parties using us as a conduit for illegal activities without our knowledge; and price competition in the market segments we serve;

– changes in government policy and regulation, as well as monetary, interest rate and other policies of central banks and other regulatory authorities in the principal markets in which we operate and the consequences thereof (including, without limitation, actions taken as a result of changes in government following national elections in the markets where the Group operates); continued volatility in trade and tariff policies, changes in tariff rates, including sector-specific levies imposed by various nations, including the US, which could further disrupt supply chains and reduce global trade growth; initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks, which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; changes to tax laws and tax rates applicable to HSBC, including the imposition of levies or taxes designed to change business mix and risk appetite; the practices, pricing or responsibilities of financial institutions serving their consumer markets; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; the UK's relationship with the EU, particularly with respect to the potential divergence of UK and EU law on the regulation of financial services; changes in government approach and regulatory treatment in relation to ESG disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to ESG across all sectors and markets; changes in UK macroeconomic and fiscal policy, which may result in fluctuations in the value of the pound sterling; general changes in government policy (including, without limitation, actions taken as a result of changes in government following national elections in the markets where the Group operates) that may significantly influence investor decisions; the costs, effects and outcomes of regulatory reviews, actions or litigation, including any additional compliance requirements; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies; and
– factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques); our ability to achieve our financial, investment, capital and ESG ambitions, targets and commitments (including the positions set forth in our thermal coal phase-out policy and our energy policy and our targets to reduce our on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors), which may result in our failure to achieve any of the expected outcomes of our strategic priorities and may result in reputational risks; evolving regulatory requirements and the development of new technologies, including artificial intelligence, affecting how we manage risk, including model risk; model limitations or failure, including, without limitation, the impact that high inflationary pressures and interest rates have had on the performance and usage of financial models, which may require us to hold additional capital, incur losses and/or use compensating controls, such as judgemental post-model adjustments, to address model limitations; changes to the judgements, estimates and assumptions we base our financial statements on; changes in our ability to meet the requirements of regulatory stress tests; a reduction in the credit ratings assigned to us or any of our subsidiaries, which could increase the cost or decrease the availability of our funding and affect our liquidity position and net interest margin; changes to the reliability and security of our data management, data privacy, information and technology infrastructure, including threats from cyber-attacks, which may impact our ability to service clients and may result in financial loss, business disruption and/or loss of customer services and data; the accuracy and effective use of data, including internal management information that may not have been independently verified; changes in insurance customer behaviour and insurance claim rates; our dependence on loan payments and dividends from subsidiaries to meet our obligations; changes in our reporting frameworks and accounting standards, which have had and may continue to have a material impact on the way we prepare our financial statements; our ability to successfully execute planned strategic acquisitions and disposals; our success in adequately integrating acquired businesses into our business; our ability to successfully execute and implement the announced strategic reorganisation of the Group; changes in our ability to manage third-party, fraud, financial crime and reputational risks inherent in our operations; employee misconduct, which may result in regulatory sanctions and/or reputational or financial harm; changes in skill requirements, ways of working and talent shortages, which may affect our ability to recruit and retain senior management and an inclusive and skilled workforce; and changes in our ability to develop sustainable finance and ESG-related products consistent with the evolving expectations of our regulators, and our capacity to measure the environmental and social impacts from our financing activity (including as a result of data limitations and changes in methodologies), which may affect our ability to achieve our ESG ambitions, targets and commitments, including our net zero ambition, our targets to reduce on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors and the positions set forth in our thermal coal phase-out policy and our energy policy, and increase the risk of greenwashing. Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; our success in addressing operational, legal and regulatory, and litigation challenges; and other risks and uncertainties we identify in 'Top and emerging risks' on pages 100 to 104.

This Annual Report and Accounts 2025 contains a number of images, graphics, infographics, text boxes and illustrative case studies and credentials which aim to give a high-level overview of certain elements of our disclosures and to improve accessibility for readers. These images, graphics, infographics, text boxes and illustrative case studies and credentials are designed to be read within the context of the Annual Report and Accounts 2025 as a whole.

The information, statements and opinions set out in this Annual Report and Accounts 2025 do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

Additional cautionary statement regarding ESG data, metrics and forward-looking statements

The Annual Report and Accounts 2025 contains a number of forward-looking statements (as defined above) with respect to HSBC's ESG-related ambitions, targets and commitments, climate-related pathways, processes and plans, and the methodologies and scenarios we use, or intend to use, to assess our progress in relation to these ('ESG-related forward-looking statements').

In preparing the ESG-related information contained in the Annual Report and Accounts 2025, HSBC has made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. We have used ESG (including climate) data, models and methodologies that we consider, as of the date on which they were used, to be appropriate and suitable to understand and assess climate change risk and its impact, to analyse financed emissions and operational and supply chain emissions, to set ESG-related ambitions, targets and commitments and to evaluate the classification of sustainable finance and investments. However, these data, models and methodologies are often new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and we expect industry guidance, market practice, and regulations in this field to continue to change. We also face challenges in relation to our ability to access data on a timely basis, lack of consistency and comparability between data that is available and our ability to collect and process relevant data. Consequently, the ESG-related forward-looking statements and ESG metrics disclosed in the Annual Report and Accounts 2025 carry an additional degree of inherent risk and uncertainty.

Due to the unpredictable evolution of climate change and its future impact and the uncertainty of future policy and market response to ESG-related issues and the effectiveness of any such response, HSBC may have to re-evaluate its progress towards its ESG-related ambitions, targets and commitments in the future, update the methodologies it uses or alter its approach to ESG (including climate) analysis and may be required to amend, update and recalculate its ESG-related disclosures and assessments in the future, as market practice and data quality and availability develop.

No assurance can be given by or on behalf of HSBC as to the likelihood of the achievement or reasonableness of any projections, estimates, forecasts, ambitions, targets, commitments, prospects or returns contained herein. Readers are cautioned that a number of factors, both external and those specific to HSBC, could cause actual achievements, results, performance or other future events or conditions to differ, in some cases materially, from those stated, implied and/or reflected in any ESG-related forward-looking statement or metric due to a variety of risks, uncertainties and other factors (including without limitation those referred to below):

- Climate change projection risk: this includes, for example, the evolution of climate change and its impacts, changes in the scientific assessment of climate change impacts, transition pathways and future risk exposure and limitations of climate scenario forecasts;
- ESG projection risk: ESG-related metrics are complex and are still subject to development. In addition, the scenarios employed in relation to them, and the models that analyse them, have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty, and cannot fully capture all of the potential effects of climate, policy and technology-driven outcomes;
- Changes in the ESG regulatory landscape: this involves changes in government approach and regulatory treatment in relation to ESG disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to ESG across all sectors and markets;
- Variation in reporting standards: ESG reporting standards are still developing and are not standardised or comparable across all sectors and markets, and new reporting standards in relation to different ESG metrics are still emerging;
- Data availability, accuracy, verifiability and data gaps: our disclosures are limited by the availability of high quality data in some areas and our own ability to timely collect and process such data as required. Where data is not available for all sectors or consistently year on year, there may be an impact to our data quality scores. We may not be able to fully mitigate financial reporting risks related to our climate and ESG disclosures due to the limited quantity and consistency of available data. The accuracy and reliability of data is also impacted by the diverse range of internal and external data sources and data structures needed for climate-related reporting. While we expect our data quality scores to improve over time, as companies continue to expand their disclosures to meet growing regulatory and stakeholder expectations, there may be unexpected fluctuations within sectors year on year, and/or differences between the data quality scores between sectors. Any such changes in the availability and quality of data over time, or our ability to collect and process such data, could result in revisions to reported data going forward, including on financed emissions, meaning that such data may not be reconcilable or comparable year-on year;
- Developing methodologies and scenarios: the methodologies and scenarios HSBC uses to assess financed emissions and set ESG-related ambitions, targets and commitments may develop over time in line with market practice, industry standards, regulation and/or developments in science, where applicable. Such developments could result in revisions to reported data, including on financed emissions or the classification of sustainable finance and investments, meaning that data outputs may not be reconcilable or comparable year-on year. Consequently, we might need to reassess our progress towards ESG-related ambitions, targets and commitments in the future; and
- Risk management capabilities: global actions, including HSBC's own actions, may not be effective in transitioning to net zero and in managing relevant ESG risks, including in particular climate, nature-related and human rights risks, each of which can impact HSBC both directly and indirectly through our customers, and which may result in potential financial and non-financial impacts to HSBC. In particular:
  - we may not be able to achieve our ESG-related ambitions, targets and commitments (including with respect to the positions set forth in our thermal coal phase-out policy and our energy policy, and our targets to reduce our on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors), which may result in our failure to achieve some or all of the expected outcomes of our strategic priorities and raise reputational concerns; and
  - we may not be able to develop sustainable finance and ESG-related products consistent with the evolving expectations of our regulators, and our capacity to measure the environmental and social impacts from our financing activity may diminish (including as a result of data and model limitations and changes in methodologies), which may affect our ability to achieve our ESG-related ambitions, targets and commitments, including our net zero ambition, our targets to reduce our on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors and the positions set forth in our thermal coal phase-out policy and energy policy, and increase the risk of greenwashing. We may face additional risks if we knowingly or unknowingly make inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to our stakeholders.

Any forward-looking statements made by or on behalf of HSBC speak only as of the date they are made. HSBC expressly disclaims any obligation to revise or update these ESG forward-looking statements, other than as expressly required by applicable law.

Written and/or oral ESG-related forward-looking statements may also be made in our periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, proxy statements, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by HSBC's Directors, officers or employees to third parties, including financial analysts.

Our data dictionaries and methodologies for preparing the above ESG-related metrics and third-party limited assurance reports can be found on: www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

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.

Abbreviations

Currencies

AUD	Australian dollar
£	British pound sterling
CA$	Canadian dollar
€	Euro
HK$	Hong Kong dollar
MXN	Mexican peso
RMB	Chinese renminbi
SGD	Singapore dollar
$	United States dollar

Abbreviations

1H25	First half of 2025
1Q25	First quarter of 2025
2Q25	Second quarter of 2025
3Q25	Third quarter of 2025
4Q25	Fourth quarter of 2025
A	
ABS[1]	Asset-backed security
ADR	American Depositary Receipt
ADS	American Depositary Share
AGM	Annual General Meeting
AI	Artificial intelligence
AIBL	Average interest-bearing liabilities
AIEA	Average interest-earning assets
ALCO	Asset and Liability Management Committee
AML	Anti-money laundering
ANP	Annualised new business premium
ASEAN	Association of Southeast Asian Nations
AT1	Additional tier 1
AUM	Assets under management
B	
Banking NII	Banking net interest income
Basel Committee	Basel Committee on Banking Supervision
Basel II[1]	2006 Basel Capital Accord
Basel III[1]	Basel Committee's reforms to strengthen global capital and liquidity rules
Basel 3.1	Outstanding measures to be implemented from the Basel III reforms
BCST	Bank capital stress test
BEPS	Base Erosion and Profit Shifting
BGF	Business Growth Fund, an investment firm that provides growth capital for small and mid-sized businesses in the UK and Ireland
BoCom	Bank of Communications Co., Limited, one of China's largest banks
BoE	Bank of England
Bps[1]	Basis points. One basis point is equal to one-hundredth of a percentage point
BVI	British Virgin Islands
C	
CAPM	Capital asset pricing model
CDS[1]	Credit default swap
CET1[1]	Common equity tier 1
CGUs	Cash-generating units
CIB	Corporate and Institutional Banking, a business segment
CISO	Chief Information Security Officer
CMB	Commercial Banking
CMC	Capital maintenance charge
CODM	Chief Operating Decision Maker
COSO	2013 Committee of Sponsoring Organizations of the Treadway Commission (US)
Corporate Centre	Corporate Centre comprises Central Treasury, our legacy businesses, interests in our associates and joint ventures, central stewardship costs and consolidation adjustments
CP[1]	Commercial paper
CRD IV[1]	Capital Requirements Regulation and Directive
CRE	Commercial real estate
CRR[1]	Customer risk rating
CRR II[1]	The regulatory requirements of the Capital Requirements Regulation and Directive, the CRR II regulation and the PRA Rulebook
CSA	Credit support annex
CSM	Contractual service margin
CVA[1]	Credit valuation adjustment
D	
DCF	Discounted cash flow
DECL	Disclosures about Expected Credit Losses
Deferred shares	Awards of deferred shares define the number of HSBC Holdings ordinary shares to which the employee will become entitled, generally between one and seven years from the date of the award, and normally subject to the individual remaining in employment
DPD	Days past due
DPF	Discretionary participation feature of insurance and investment contracts
E	
EAD[1]	Exposure at default
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
ECL	Expected credit losses. In the income statement, ECL is recorded as a change in expected credit losses and other credit impairment charges. In the balance sheet, ECL is recorded as an allowance for financial instruments to which only the impairment requirements in IFRS 9 are applied
ECM	Equity capital markets
EEA	European Economic Area
EPC	Energy performance certificate
EPS	Earnings per ordinary share
ERG	Employee Resource Group
ESG	Environmental, social and governance
EU	European Union
EV	Electric vehicles
EVE	Economic value of equity
F	
FCA	Financial Conduct Authority (UK)
FDIC	Federal Deposit Insurance Corporation
FPA	Fixed pay allowance
FRB	Federal Reserve Board (US)
FRC	Financial Reporting Council
FSCS	Financial Services Compensation Scheme
FTE	Full-time equivalent staff
FTSE	Financial Times Stock Exchange index
FVOCI[1]	Fair value through other comprehensive income
FX	Foreign exchange
G	
GAAP	Generally accepted accounting principles
GAC	Group Audit Committee
Galicia	Grupo Financiero Galicia
GBM	Global Banking and Markets, a former global business
GDP	Gross domestic product
GenAI	Generative AI
GHG	Greenhouse Gas
GPS	Global Payments Solutions, the business formerly known as Global Liquidity and Cash Management
GRC	Group Risk Committee
Group	HSBC Holdings together with its subsidiary undertakings
Group OpCo	Group Operating Committee
GTC	Global Technology and Operations Committee
GTS	Global Trade Solutions, the business formerly known as Global Trade and Receivables Finance
H	
Hang Seng Bank	Hang Seng Bank Limited, one of Hong Kong's largest banks
Herald	Herald Fund SPC
HIBOR	Hong Kong interbank offered rate
HKEx	The Stock Exchange of Hong Kong Limited
HKMA	Hong Kong Monetary Authority
HMRC	HM Revenue and Customs
Holdings ALCO	HSBC Holdings Asset and Liability Management Committee
HKLR	Hong Kong Listing Rules
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
HQLA	High-quality liquid assets

HSBC	HSBC Holdings together with its subsidiary undertakings
HSBC Bank plc	HSBC Bank plc, also known as the non-ring-fenced bank
HSBC Bank USA	HSBC Bank USA, N.A., HSBC's retail bank in the US
HSBC Canada	The sub-group, HSBC Bank Canada, HSBC Trust Company Canada, HSBC Mortgage Corporation Canada and HSBC Securities Canada, consolidated for liquidity purposes
HSBC Finance	HSBC Finance Corporation, the US consumer finance company (formerly Household International, Inc.)
HSBC Holdings	HSBC Holdings plc, the parent company of HSBC
HSBC Private Bank (Suisse)	HSBC Private Bank (Suisse) SA, HSBC's private bank in Switzerland
HSBC UK	HSBC UK Bank plc, also known as the ring-fenced bank
HSBC USA	The sub-group, HSBC USA Inc (the holding company of HSBC Bank USA) and HSBC Bank USA, consolidated for liquidity purposes
HSI	HSBC Securities (USA) Inc.
HSSL	HSBC Securities Services (Luxembourg)
I	
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBE	Independent Board Evaluation
Ibor	Interbank offered rate
ICAAP	Internal capital adequacy assessment process
IEA	International Energy Agency
IFRS Accounting Standards	International Financial Reporting Standards as issued by the International Accounting Standards Board
ILAAP	Internal liquidity adequacy assessment process
IMA	Internal model approach
IMM	Internal model method
IRB[1]	Internal ratings-based
IRRA	Interest rate risk assessment
IRRBB	Interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
ISSB	International Sustainability Standard Board
IWPB	International Wealth and Premier Banking, a business segment
J	
JV	Joint venture
K	
KMP	Key Management Personnel
L	
LCR	Liquidity coverage ratio
LGBTQ+	Lesbian, gay, bisexual, transgender and queer. The plus sign denotes other non-mainstream groups on the spectrums of sexual orientation and gender identity
LGD[1]	Loss given default
Libor	London interbank offered rate
Long term	For our financial targets, we define long term as five to six years, commencing 1 January 2026
LTI	Long-term incentive
LTV[1]	Loan to value
M	
M&A	Mergers and acquisitions
Mainland China	People's Republic of China excluding Hong Kong and Macau
Medium term	For our financial targets, we define medium term as three to five years, commencing 1 January 2026
MENAT	Middle East, North Africa and Türkiye
MREL	Minimum requirement for own funds and eligible liabilities
MRT[1]	Material Risk Taker
MRM	Model risk management
MSS	Markets and Securities Services, HSBC's capital markets and securities services businesses in Global Banking and Markets
N	
NAV	Net asset value
NED	Non-executive Director
Net operating income	Net operating income before change in expected credit losses and other credit impairment charges
NGO	Non-governmental organisation
NII	Net interest income
NIM	Net interest margin
NNM	Net new money
NPS	Net promoter score
NSFR	Net stable funding ratio
NYSE	New York Stock Exchange
O	
OCI	Other comprehensive income
OECD	Organisation of Economic Co-operation and Development
OTC[1]	Over-the-counter
P	
PBT	Profit before tax
PCAF	Partnership for Carbon Accounting Financials
PD[1]	Probability of default
Performance shares[1]	Awards of HSBC Holdings ordinary shares under employee share plans that are subject to corporate performance conditions
Ping An	Ping An Insurance (Group) Company of China, Ltd, the second-largest life insurer in the PRC
POCI	Purchased or originated credit-impaired financial assets
PRA	Prudential Regulation Authority (UK)
PRC	People's Republic of China
Principal plan	HSBC Bank (UK) Pension Scheme
PwC	The member firms of the PwC network, including PricewaterhouseCoopers LLP
R	
RAS	Risk appetite statement
RBW	Retail Banking and Wealth
Repo[1]	Sale and repurchase transaction
RES	Resource and experience sharing agreement
Revenue	Net operating income before ECL
Reverse repo	Security purchased under commitments to sell
RMF	Risk management framework
RNIV	Risk not in VaR
RoE	Return on average ordinary shareholders' equity
RoTE	Return on average tangible equity
RWA[1]	Risk-weighted asset
S	
SAB	Saudi Awwal Bank
SAPS	Self-administered pension scheme
SASB	Sustainability Accounting Standards Board
SEC	Securities and Exchange Commission (US)
ServCo Group	Separately incorporated group of service companies established in response to UK ring-fencing requirements
SIC	Securities investment conduit
SME	Small and medium-sized enterprise
Solitaire	Solitaire Funding Limited, a special purpose entity managed by HSBC
SVaR	Stressed value at risk
SVB UK	Silicon Valley Bank UK Limited, now HSBC Innovation Bank Limited
T	
TCFD[1]	Task Force on Climate-related Financial Disclosures
TEQ	Transition engagement questionnaire
TSR[1]	Total shareholder return
U	
UAE	United Arab Emirates
UK	United Kingdom
UNGPs	UN Guiding Principles on Business and Human Rights
UKLR	UK Listing Rules
UN	United Nations
US	United States of America
V	
VaR[1]	Value at risk
VFA	Variable fee approach
VIU	Value in use
W	
WEF	World Economic Forum

1 A full definition is included in the glossary to the Annual Report and Accounts 2025 which is available at www.hsbc.com/investors.

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