The Hongkong and Shanghai Banking Corporation Limited

Interim Financial Report 2026

HSBC

Contents

Certain defined terms

This document comprises the Interim Financial Report 2026 for The Hongkong and Shanghai Banking Corporation Limited ('the Bank') and its subsidiaries (together 'the group'). References to 'HSBC', 'the Group' or 'the HSBC Group' within this document mean HSBC Holdings plc 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'. The abbreviations 'HK$m' and 'HK$bn' represent millions and billions (thousands of millions) of Hong Kong dollars respectively.

Chinese translation

A Chinese translation of the Interim Financial Report 2026 is available upon request from: Communications (Asia), Level 32, HSBC Main Building, 1 Queen's Road Central, Hong Kong. The report is also available, in English and Chinese, on the Bank's website at www.hsbc.com.hk.

本《2026年中期財務報告》備有中譯本，如有需要可向下列部門索取：香港皇后大道中1號滙豐總行大廈32樓企業傳訊部（亞太區）。本報告之中英文本亦載於本行之網站www.hsbc.com.hk。

中英文本如有歧異，概以英文本為準。

Additional information

The Banking Disclosure Statement at 30 June 2026, which is prepared in accordance with the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules made under section 19(1) of the Financial Institutions (Resolution) Ordinance, will be published on our website at www.hsbc.com.hk.

Financial highlights

- Profit before tax up 40% to HK$99,353m (HK$71,188m in the first half of 2025).
- Attributable profit up 49% to HK$81,718m (HK$54,876m in the first half of 2025).
- Net interest margin of 1.70% (1.68% in the first half of 2025).
- Annualised change in expected credit losses and other credit impairment charges ('ECL') as a percentage of average gross customer advances of 0.33% (0.39% in the first half of 2025).
- Return on average ordinary shareholders' equity of 19.3% (13.5% in the first half of 2025).
- Total assets up 9% to HK$12,788bn (HK$11,683bn as at 31 December 2025).
- Common equity tier 1 ratio of 17.0% (19.1% at the end of 2025), total capital ratio of 22.0% (23.6% at the end of 2025).
- Cost efficiency ratio of 39.2% (43.2% for the first half of 2025).

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Financial review

Consolidated income statement and balance sheet data by reportable segments[1]

	Hong Kong[2]	Corporate and Institutional Banking[2] ('CIB')	International Wealth and Premier Banking ('IWPB')	Corporate Centre[3]	Total
	HK$m	HK$m	HK$m	HK$m	HK$m
Half-year to 30 Jun 2026					
Net interest income/(expense)	48,097	29,733	11,627	(21,043)	68,414
Net fee income	12,597	6,897	9,993	328	29,815
Net income from financial instruments measured at fair value through profit or loss	2,778	19,446	49,669	20,112	92,005
Insurance finance expense	(1)	—	(45,231)	(32)	(45,264)
Insurance service result	488	—	7,212	(39)	7,661
Other operating income	1,129	1,365	882	2,216	5,592
Net operating income before change in expected credit losses and other credit impairment charges	65,088	57,441	34,152	1,542	158,223
– of which: external	42,716	87,729	29,833	(2,055)	158,223
inter-segment	22,372	(30,288)	4,319	3,597	—
Change in expected credit losses and other credit impairment charges	(4,227)	(1,621)	(388)	(6)	(6,242)
Net operating income	60,861	55,820	33,764	1,536	151,981
Operating expenses	(19,179)	(22,029)	(17,194)	(3,593)	(61,995)
Operating profit/(loss)	41,682	33,791	16,570	(2,057)	89,986
Share of profit in associates and joint ventures	—	—	66	9,301	9,367
Profit before tax	41,682	33,791	16,636	7,244	99,353
Balance sheet data at 30 Jun 2026					
Loans and advances to customers (net)	1,807,603	1,391,002	662,836	1,043	3,862,484
Customer accounts	4,209,782	2,036,052	1,164,229	16	7,410,079
Half-year to 30 Jun 2025					
Net interest income/(expense)	45,806	27,182	11,652	(21,514)	63,126
Net fee income	11,158	6,146	7,887	227	25,418
Net income from financial instruments measured at fair value through profit or loss	3,229	18,765	39,160	22,449	83,603
Insurance finance income/(expense)	4	—	(37,696)	3	(37,689)
Insurance service result	315	—	4,905	(11)	5,209
Other operating income/(expense)[4]	559	1,823	2,229	(9,261)	(4,650)
Net operating income/(expense) before change in expected credit losses and other credit impairment charges	61,071	53,916	28,137	(8,107)	135,017
– of which: external	40,104	86,783	22,104	(13,974)	135,017
inter-segment	20,967	(32,867)	6,033	5,867	—
Change in expected credit losses and other credit impairment charges	(6,691)	92	(497)	3	(7,093)
Net operating income/(expense)	54,380	54,008	27,640	(8,104)	127,924
Operating expenses	(17,947)	(21,127)	(15,203)	(3,993)	(58,270)
Operating profit/(loss)	36,433	32,881	12,437	(12,097)	69,654
Share of profit/(loss) in associates and joint ventures	—	—	(28)	9,832	9,804
Impairment of interest in associate[4]	—	—	—	(8,270)	(8,270)
Profit/(loss) before tax	36,433	32,881	12,409	(10,535)	71,188
Balance sheet data at 30 Jun 2025					
Loans and advances to customers (net)	1,765,175	1,255,219	588,076	1,004	3,609,474
Customer accounts	3,985,033	1,706,015	1,148,093	16	6,839,157

1 The financial information included in this table forms part of the Interim condensed consolidated financial statements.
2 Effective 1 January 2026, Group transferred certain clients, primarily in Hong Kong, to the CIB segment to better meet their needs. This transfer does not change the group's reportable segments. Comparative periods have been re-presented accordingly. The re-presentation has no impact on the group's consolidated financial results or financial position. Details on the reportable segments are set out in Note 11 'Segmental analysis' on the Interim condensed consolidated financial statements.
3 Includes inter-segment elimination.
4 In Corporate Centre, the amount in 1H25 'Other operating income/(expense)' included a loss of HK$8,945m inclusive of reserves recycling as a result of the dilution of our shareholding in Bank of Communications Co., Ltd. ('BoCom'). In the same period we also recognised a HK$8,270m impairment loss following an impairment test on the carrying value of the group's investment in BoCom in 'Impairment of interest in associate'.

Financial review

The commentary in this financial review compares the group's financial performance for the half-year ended 30 June 2026 with the half-year ended 30 June 2025 unless otherwise stated.

Result commentary

The group reported profit before tax of HK$99,353m, an increase of HK$28,165m, or 40%.

Net interest income increased by HK$5,288m, or 8%. Excluding the favourable foreign exchange impact, net interest income increased by HK$4,676m, or 7%, driven by deposit balance growth, lower funding costs and the benefit of reinvestment of our structural hedge at higher yields.

Net fee income increased by HK$4,397m, or 17%. Excluding the favourable foreign exchange impact, net fee income increased by HK$4,092m, or 16%, primarily from higher unit trust sales from the Hong Kong business and IWPB driven by market sentiment and higher brokerage volumes from the Hong Kong business.

Net income from financial instruments measured at fair value through profit or loss increased by HK$8,402m, or 10%.

Net income from assets and liabilities of insurance business, including related derivatives, measured at fair value through profit or loss increased by HK$10,862m, or 30%, primarily from IWPB in Hong Kong reflecting higher equity valuation gains, partly offset by lower returns on fixed income investments as a result of rising market interest rates. This favourable movement resulted in a corresponding movement in insurance finance expense, which has an offsetting impact for the related liabilities to policyholders.

Net income from financial instruments held for trading or managed on a fair value basis decreased by HK$2,460m, or 5%, reflecting lower returns on bonds and decreased US Treasury volumes compared with 1H25, together with losses on interest rate derivatives due to rate movements primarily in Hong Kong and the Chinese mainland.

Insurance finance expense increased by HK$7,575m, or 20%, offsetting gains reported on underlying assets held to support insurance contract liabilities.

Insurance service result increased by HK$2,452m, or 47%, primarily reflecting higher release of contractual service margin ('CSM') from strong new business growth, and the non-recurrence of losses from onerous contracts, primarily in the Chinese mainland.

Other operating income/(expense) increased by HK$10,242m, or 220%, driven by the non-recurrence of dilution loss on the investment in BoCom in 2025 and the gain on disposal of property in Japan, partly offset by lower gains from reinsurance contracts from IWPB in Hong Kong.

Change in expected credit losses and other credit impairment charges decreased by HK$851m, or 12%. The charge in the first half of 2026 reflected an increase in allowances for defaulted and unimpaired wholesale exposures. The ECL charge in the first half of 2025 included the non-recurring impact from model update as well as higher charge relating to Hong Kong commercial real estate sector.

Total operating expenses increased by HK$3,725m, or 6%. Excluding the unfavourable foreign exchange impact, total operating expenses increased by HK$3,085m, or 5%, driven by higher planned spend and investment in technology.

Share of profit in associates and joint ventures decreased by HK$437m, or 4%, primarily due to the reduction of the group's shareholding in BoCom during 2025, partly offset by BoCom's higher net profits.

Impairment of interest in associate was nil (HK$8,270m in 2025), reflecting a non-recurrence of the BoCom impairment in 2025.

Net interest income

	Half-year to	
	30 Jun 2026	30 Jun 2025
	HK$m	HK$m
Net interest income	**68,414**	63,126
Average interest-earning assets	**8,123,401**	7,556,828
	%	%
Net interest spread	**1.68**	1.62
Contribution from net free funds	**0.02**	0.06
Net interest margin	**1.70**	1.68

Net fee income

	Half-year to	
	30 Jun 2026	30 Jun 2025
	HK$m	HK$m
Funds under management	**4,729**	4,386
Unit trusts	**6,772**	4,538
Broking income	**3,727**	3,157
Cards	**5,471**	4,969
Global custody	**2,524**	2,171
Credit facilities	**1,592**	1,451
Imports/exports	**1,455**	1,400
Remittances	**1,761**	1,624
Account services	**1,279**	1,282
Underwriting	**710**	487
Insurance agency commission	**1,672**	1,522
Other	**5,802**	5,375
Fee income	**37,494**	32,362
Fee expense	**(7,679)**	(6,944)
Net fee income	**29,815**	25,418

Net income from financial instruments measured at fair value through profit or loss

	Half-year to	
	30 Jun 2026	30 Jun 2025
	HK$m	HK$m
Net income/(expense) arising on:		
Net trading activities	**45,525**	50,292
Other instruments managed on a fair value basis	**(728)**	(3,035)
Net income from financial instruments held for trading or managed on a fair value basis	**44,797**	47,257
Financial assets held to meet liabilities under insurance and investment contracts	**47,495**	37,823
Liabilities to customers under investment contracts	**(287)**	(1,477)
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**47,208**	36,346

Change in expected credit losses and other credit impairment charges

	Half-year to	
	30 Jun 2026	30 Jun 2025
	HK$m	HK$m
Loans and advances to banks and customers	**6,180**	6,853
– new allowances net of releases	**6,732**	7,296
– recoveries of amounts previously written off	**(552)**	(443)
Loan commitments and guarantees	**50**	181
Other financial assets	**12**	59
Change in expected credit losses and other credit impairment charges	**6,242**	7,093

The annualised change in ECL as a percentage of average gross customer advances was 0.33% for the first half of 2026 (first half of 2025: 0.39%).

Interest in associate

In relation to our investment in BoCom, at 30 June 2026 we concluded that there was no indication of further impairment (or indication that an impairment may no longer exist or may have decreased significantly) since 30 June 2025 when an impairment of HK$8,270m was recognised. As part of this assessment, the group updated the VIU calculation which supported that there was no significant change to the 30 June 2025 impairment position. As a result, no additional impairment to the carrying amount (or reversal of impairment) was recognised at 30 June 2026.

Interim condensed consolidated financial statements

Consolidated income statement

	Half-year to	
	30 Jun 2026	30 Jun 2025
	HK$m	HK$m
Net interest income	**68,414**	63,126
– interest income	**141,704**	145,830
– interest expense	**(73,290)**	(82,704)
Net fee income	**29,815**	25,418
– fee income	**37,494**	32,362
– fee expense	**(7,679)**	(6,944)
Net income from financial instruments held for trading or managed on a fair value basis	**44,797**	47,257
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**47,208**	36,346
Insurance finance expense	**(45,264)**	(37,689)
Insurance service result	**7,661**	5,209
– Insurance revenue	**12,305**	9,836
– Insurance service expense	**(4,644)**	(4,627)
Other operating income/(expense)[1]	**5,592**	(4,650)
Net operating income before change in expected credit losses and other credit impairment charges	**158,223**	135,017
Change in expected credit losses and other credit impairment charges	**(6,242)**	(7,093)
Net operating income	**151,981**	127,924
Employee compensation and benefits	**(21,470)**	(20,730)
General and administrative expenses	**(31,797)**	(29,211)
Depreciation and impairment of property, plant and equipment	**(3,566)**	(3,665)
Amortisation and impairment of intangible assets	**(5,162)**	(4,664)
Total operating expenses	**(61,995)**	(58,270)
Operating profit	**89,986**	69,654
Share of profit in associates and joint ventures	**9,367**	9,804
Impairment of interest in associate[1]	**—**	(8,270)
Profit before tax	**99,353**	71,188
Tax expense	**(17,364)**	(13,761)
Profit for the period	**81,989**	57,427
Attributable to:		
– ordinary shareholders of the parent company	**79,130**	52,326
– other equity holders	**2,588**	2,550
– non-controlling interests	**271**	2,551
Profit for the period	**81,989**	57,427

1 The amount in 1H25 'Other operating income/(expense)' included a loss of HK$8,945m inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom. In the same period we also recognised a HK$8,270m impairment loss following an impairment test on the carrying value of the group's investment in BoCom in 'Impairment of interest in associate'.

Consolidated statement of comprehensive income

	Half-year to	
	30 Jun 2026	30 Jun 2025
	HK$m	HK$m
Profit for the period	**81,989**	57,427
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	**(7,855)**	7,742
– fair value (losses)/gains	**(8,795)**	9,671
– fair value (gains)/losses transferred to the income statement	**(450)**	(275)
– expected credit losses recognised in the income statement	**(2)**	—
– income taxes	**1,392**	(1,654)
Cash flow hedges	**(4,532)**	6,660
– fair value (losses)/gains	**(1,964)**	(10,573)
– fair value (gains)/losses reclassified to the income statement	**(3,460)**	18,546
– income taxes	**892**	(1,313)
Share of other comprehensive income/(expense) of associates and joint ventures	**(405)**	(138)
– other comprehensive income/(expense) reclassified to the income statement on disposal or dilution of foreign operations	**—**	(439)
– share for the year	**(405)**	301
Exchange differences	**8,574**	17,722
– foreign exchange (gains)/losses reclassified to income statement on disposal or dilution of foreign operations	**(7)**	1,548
– other exchange differences	**8,581**	16,174
Items that will not be reclassified subsequently to profit or loss:		
Property revaluation	**1,513**	(2,273)
– fair value gains/(losses)	**1,802**	(2,742)
– income taxes	**(289)**	469
Equity instruments designated at fair value through other comprehensive income	**(1,812)**	713
– fair value (losses)/gains	**(1,855)**	672
– income taxes	**43**	41
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**823**	860
– before income taxes	**993**	1,035
– income taxes	**(170)**	(175)
Remeasurement of defined benefit asset/(liability)	**334**	(308)
– before income taxes	**398**	(359)
– income taxes	**(64)**	51
Other comprehensive income/(expense) for the period, net of tax	**(3,360)**	30,978
Total comprehensive income for the period	**78,629**	88,405
Attributable to:		
– ordinary shareholders of the parent company	**75,793**	82,062
– other equity holders	**2,588**	2,550
– non-controlling interests	**248**	3,793
Total comprehensive income for the period	**78,629**	88,405

Consolidated balance sheet

		At	
		30 Jun 2026	31 Dec 2025
	Notes	**HK$m**	HK$m
Assets			
Cash and balances at central banks		**182,835**	204,345
Hong Kong Government certificates of indebtedness		**353,064**	342,994
Trading assets		**1,373,685**	1,223,430
Derivatives	3	**509,612**	398,946
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss		**974,413**	924,722
Reverse repurchase agreements – non-trading		**925,949**	885,669
Loans and advances to banks		**562,296**	516,658
Loans and advances to customers	4	**3,862,484**	3,641,752
Financial investments	5	**2,761,723**	2,537,975
Assets held for sale[1,2]		**86,613**	—
Amounts due from Group companies		**259,836**	192,443
Interests in associates and joint ventures	6	**193,273**	178,839
Goodwill and intangible assets		**41,386**	42,638
Property, plant and equipment		**115,167**	116,262
Deferred tax assets		**22,448**	17,803
Prepayments, accrued income and other assets[1]		**562,912**	458,755
Total assets		**12,787,696**	11,683,231
Liabilities			
Hong Kong currency notes in circulation		**353,064**	342,994
Repurchase agreements – non-trading		**950,820**	622,751
Deposits by banks		**207,050**	232,930
Customer accounts	7	**7,410,079**	7,097,003
Trading liabilities		**110,661**	88,404
Derivatives		**491,044**	418,974
Financial liabilities designated at fair value		**249,929**	195,199
Debt securities in issue		**50,129**	47,020
Liabilities of disposal groups held for sale[1,3]		**96,860**	—
Retirement benefit liabilities		**803**	811
Amounts due to Group companies		**460,283**	387,744
Accruals and deferred income, other liabilities and provisions[1]		**427,679**	320,213
Insurance contract liabilities		**1,008,314**	943,838
Current tax liabilities		**20,576**	16,670
Deferred tax liabilities		**24,056**	24,509
Total liabilities		**11,861,347**	10,739,060
Equity			
Share capital		**223,803**	180,181
Other equity instruments		**100,483**	79,158
Other reserves		**140,129**	136,194
Retained earnings		**461,120**	489,040
Total shareholders' equity		**925,535**	884,573
Non-controlling interests		**814**	59,598
Total equity		**926,349**	944,171
Total liabilities and equity		**12,787,696**	11,683,231

1 With effect from 2026, 'Assets held for sale' and 'Liabilities of disposal groups held for sale' are reported as separate balance sheet line items (previously included in 'Prepayments, accrued income and other assets' and 'Accruals and deferred income, other liabilities and provisions', respectively). The comparatives have not been represented.
2 This includes 'Financial assets designated and other mandatorily measured at fair value through profit or loss' HK$80.3bn, 'Loans and advances to customers' HK$1.7bn and 'other assets' HK$4.1bn.
3 This includes 'Insurance contract liabilities' HK$79.9bn, 'Customer accounts' HK$14.9bn and 'other liabilities' HK$2.1bn.

Consolidated statement of changes in equity

	Half-year to 30 Jun 2026										
				Other reserves							
	Share capital[1]	Other equity instruments	Retained earnings	Property revaluation reserve	Financial assets at FVOCI reserve	Cash flow hedge reserve	Foreign exchange reserve	Other[4]	Total share-holders' equity	Non-controlling interests	Total equity
	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
At 1 Jan 2026	**180,181**	**79,158**	**489,040**	**57,786**	**9,653**	**4,578**	**(47,744)**	**111,921**	**884,573**	**59,598**	**944,171**
Profit for the period	—	—	81,718	—	—	—	—	—	81,718	271	81,989
Other comprehensive income/(expense) (net of tax)	—	—	1,162	1,513	(9,524)	(4,473)	7,984	1	(3,337)	(23)	(3,360)
– debt instruments at fair value through other comprehensive income	—	—	—	—	(7,853)	—	—	—	(7,853)	(2)	(7,855)
– equity instruments designated at fair value through other comprehensive income	—	—	—	—	(1,812)	—	—	—	(1,812)	—	(1,812)
– cash flow hedges	—	—	—	—	—	(4,532)	—	—	(4,532)	—	(4,532)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	823	—	—	—	—	—	823	—	823
– property revaluation	—	—	—	1,513	—	—	—	—	1,513	—	1,513
– remeasurement of defined benefit asset/(liability)	—	—	334	—	—	—	—	—	334	—	334
– share of other comprehensive income/(expense) of associates and joint ventures	—	—	5	—	(463)	52	—	1	(405)	—	(405)
– foreign exchange (gains)/losses reclassified to the income statement on disposal or dilution of foreign operations	—	—	—	—	—	—	(7)	—	(7)	—	(7)
– other exchange differences	—	—	—	—	604	7	7,991	—	8,602	(21)	8,581
Total comprehensive income/(expense) for the period	—	—	82,880	1,513	(9,524)	(4,473)	7,984	1	78,381	248	78,629
Shares issued[1]	43,622	—	—	—	—	—	—	—	43,622	—	43,622
Other equity instruments issued[2]	—	21,325	—	—	—	—	—	—	21,325	—	21,325
Other equity instruments redeemed	—	—	—	—	—	—	—	—	—	—	—
Dividends to shareholders[5]	—	—	(54,285)	—	—	—	—	—	(54,285)	(6)	(54,291)
Movement in respect of share-based payment arrangements	—	—	(661)	—	—	—	—	293	(368)	—	(368)
Changes in ownership interest in subsidiaries[6]	—	—	(55,296)	5,879	1,105	515	—	233	(47,564)	(59,026)	(106,590)
Transfers and other movements[7]	—	—	(558)	(1,222)	(44)	—	—	1,675	(149)	—	(149)
At 30 Jun 2026	**223,803**	**100,483**	**461,120**	**63,956**	**1,190**	**620**	**(39,760)**	**114,123**	**925,535**	**814**	**926,349**

Consolidated statement of changes in equity (continued)

	Half-year to 30 Jun 2025										
				Other reserves							
	Share capital[1]	Other equity instruments	Retained earnings	Property revaluation reserve	Financial assets at FVOCI reserve	Cash flow hedge reserve	Foreign exchange reserve	Other[4]	Total share-holders' equity	Non-controlling interests	Total equity
	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
At 1 Jan 2025	180,181	64,677	471,198	61,204	424	710	(65,392)	106,047	819,049	58,959	878,008
Profit for the period	—	—	54,876	—	—	—	—	—	54,876	2,551	57,427
Other comprehensive income/(expense) (net of tax)	—	—	602	(2,094)	8,106	5,918	17,169	35	29,736	1,242	30,978
– debt instruments at fair value through other comprehensive income	—	—	—	—	7,524	—	—	—	7,524	218	7,742
– equity instruments designated at fair value through other comprehensive income	—	—	—	—	432	—	—	—	432	281	713
– cash flow hedges	—	—	—	—	—	5,897	—	—	5,897	763	6,660
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	860	—	—	—	—	—	860	—	860
– property revaluation	—	—	—	(2,094)	—	—	—	—	(2,094)	(179)	(2,273)
– remeasurement of defined benefit asset/(liability)	—	—	(278)	—	—	—	—	—	(278)	(30)	(308)
– share of other comprehensive income/(expense) of associates and joint ventures	—	—	20	—	246	—	—	35	301	—	301
– other comprehensive income/(expense) reclassified to the income statement on disposal or dilution of foreign operations	—	—	—	—	(439)	—	—	—	(439)	—	(439)
– foreign exchange (gains)/losses reclassified to the income statement on disposal or dilution of foreign operations	—	—	—	—	—	—	1,548	—	1,548	—	1,548
– other exchange differences	—	—	—	—	343	21	15,621	—	15,985	189	16,174
Total comprehensive income/(expense) for the period	—	—	55,478	(2,094)	8,106	5,918	17,169	35	84,612	3,793	88,405
Other equity instruments issued[2]	—	31,686	—	—	—	—	—	—	31,686	—	31,686
Other equity instruments redeemed[3]	—	(17,205)	—	—	—	—	—	—	(17,205)	—	(17,205)
Dividends to shareholders[5]	—	—	(62,550)	—	—	—	—	—	(62,550)	(3,123)	(65,673)
Movement in respect of share-based payment arrangements	—	—	(223)	—	—	—	—	33	(190)	6	(184)
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Transfers and other movements[7]	—	—	(1,478)	(1,021)	131	—	—	2,337	(31)	(239)	(270)
At 30 Jun 2025	180,181	79,158	462,425	58,089	8,661	6,628	(48,223)	108,452	855,371	59,396	914,767

Consolidated statement of changes in equity (continued)

	Half-year to 31 Dec 2025										
				Other reserves							
	Share capital[1]	Other equity instruments	Retained earnings	Property revaluation reserve	Financial assets at FVOCI reserve	Cash flow hedge reserve	Foreign exchange reserve	Other[4]	Total share-holders' equity	Non-controlling interests	Total equity
	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
At 1 Jul 2025	180,181	79,158	462,425	58,089	8,661	6,628	(48,223)	108,452	855,371	59,396	914,767
Profit for the period	—	—	63,410	—	—	—	—	—	63,410	3,280	66,690
Other comprehensive income/(expense) (net of tax)	—	—	(1,679)	452	992	(2,031)	479	(10)	(1,797)	(284)	(2,081)
– debt instruments at fair value through other comprehensive income	—	—	—	—	742	—	—	—	742	(41)	701
– equity instruments designated at fair value through other comprehensive income	—	—	—	—	65	—	—	—	65	(174)	(109)
– cash flow hedges	—	—	—	—	—	(2,022)	—	—	(2,022)	(193)	(2,215)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	(2,092)	—	—	—	—	—	(2,092)	(3)	(2,095)
– property revaluation	—	—	—	452	—	—	—	—	452	(24)	428
– remeasurement of defined benefit asset/(liability)	—	—	405	—	—	—	—	—	405	73	478
– share of other comprehensive income/(expense) of associates and joint ventures	—	—	8	—	(85)	—	—	(10)	(87)	—	(87)
– other comprehensive income/(expense) reclassified to the income statement on disposal or dilution of foreign operations	—	—	—	—	—	—	—	—	—	—	—
– foreign exchange (gains)/losses reclassified to the income statement on disposal or dilution of foreign operations	—	—	—	—	—	—	(9)	—	(9)	—	(9)
– other exchange differences	—	—	—	—	270	(9)	488	—	749	78	827
Total comprehensive income/(expense) for the period	—	—	61,731	452	992	(2,031)	479	(10)	61,613	2,996	64,609
Other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—
Other equity instruments redeemed	—	—	—	—	—	—	—	—	—	—	—
Dividends to shareholders[5]	—	—	(31,554)	—	—	—	—	—	(31,554)	(1,783)	(33,337)
Movement in respect of share-based payment arrangements	—	—	(185)	—	—	—	—	(562)	(747)	7	(740)
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	—
Transfers and other movements[7]	—	—	(3,377)	(755)	—	(19)	—	4,041	(110)	(1,018)	(1,128)
At 31 Dec 2025	180,181	79,158	489,040	57,786	9,653	4,578	(47,744)	111,921	884,573	59,598	944,171

1 Ordinary share capital includes preference shares which have been redeemed or bought back via payments out of distributable profits in previous years. During first half of 2026, 17,448,928,000 new ordinary shares were issued at an issue price of HK$2.5 each.
2 During the first half of 2026, additional tier 1 capital instruments amounting to US$2,750m were issued with an issuance cost of US$28m.
During the first half of 2025, additional tier 1 capital instruments amounting to US$3,500m were issued with an issuance cost of US$35m and an additional tier 1 capital instrument amounting to SG$800m was issued with an issuance cost of SG$8m.
3 During the first half of 2025, an additional tier 1 capital instrument amounting to US$2,200m was redeemed at par.
4 The other reserves mainly comprise share of associates' other reserves, purchase premium arising from transfer of business from fellow subsidiaries, property revaluation reserve relating to transfer of properties to a fellow subsidiary and the share-based payment reserve. The share-based payment reserve is used to record the amount relating to share awards and options granted to employees of the group directly by HSBC Holdings plc.
5 Including distributions paid on perpetual subordinated loans classified as equity under HKFRS.
6 Amount in 2026 relates to the privatisation of Hang Seng Bank Limited.
7 The movements between retained earnings and other reserves include the relevant transfers to other reserves according to local regulatory requirements and transfers on dilution of interest in foreign operations. The transfer from the property revaluation reserve to retained earnings represents depreciation of revalued properties.

Consolidated statement of cash flows

	Half-year to	
	30 Jun 2026	30 Jun 2025
	HK$m	HK$m
Profit before tax	**99,353**	71,188
Adjustments for non-cash items:		
Depreciation, amortisation and impairment	**8,728**	8,329
Net (gain)/loss from investing activities[1]	**(983)**	9,277
Share of profit in associates and joint ventures	**(9,367)**	(9,804)
Impairment of interest in associate[2]	**—**	8,270
Gain on disposal of business	**(410)**	—
Change in expected credit losses gross of recoveries and other credit impairment charges	**6,794**	7,536
Provisions including pensions	**1,012**	512
Share-based payment expense	**645**	598
Other non-cash items included in profit before tax	**(7,623)**	(12,541)
Change in operating assets	**(660,900)**	(181,177)
Change in operating liabilities	**981,711**	442,669
Elimination of exchange differences	**(2,568)**	(63,783)
Dividends received from associates	**52**	5,848
Contributions paid to defined benefit plans	**(92)**	(123)
Tax paid	**(15,998)**	(6,688)
Net cash from operating activities	**400,354**	280,111
Purchase of financial investments	**(1,385,289)**	(1,406,448)
Proceeds from the sale and maturity of financial investments	**1,058,076**	1,313,519
Purchase of property, plant and equipment	**(872)**	(1,142)
Proceeds from sale of property, plant and equipment and assets held for sale	**1,045**	70
Net investment in intangible assets	**(5,076)**	(5,061)
Net cash outflow from increases in interest in associate and joint venture	**—**	(155)
Net cash (outflow)/inflow from disposal of business and joint venture	**(2,127)**	143
Net cash from investing activities	**(334,243)**	(99,074)
Issue of ordinary share capital and other equity instruments	**64,947**	31,686
Redemption of other equity instruments	**—**	(17,205)
Purchase of non-controlling interest[3]	**(106,590)**	—
Subordinated loan capital issued[4]	**44,156**	36,817
Subordinated loan capital repaid[4]	**(1,732)**	(29,304)
Dividends paid to shareholders of the parent company and non-controlling interests	**(54,291)**	(65,673)
Net cash from financing activities	**(53,510)**	(43,679)
Net increase in cash and cash equivalents	**12,601**	137,358
Cash and cash equivalents at 1 Jan	**1,000,042**	823,249
Exchange differences in respect of cash and cash equivalents	**(375)**	44,622
Cash and cash equivalents at 30 Jun[5]	**1,012,268**	1,005,229

Interest received in the first half of 2026 was HK$154,879m (first half of 2025: HK$152,302m), interest paid in the first half of 2026 was HK$78,602m (first half of 2025: HK$88,471m) and dividends received in the first half of 2026 was HK$6,216m (first half of 2025: HK$5,563m).

1 Amount in 2025 included a loss of HK$8,945m inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom.
2 Amount in 2025 included a HK$8,270m impairment loss following an impairment test on the carrying value of the group's investment in BoCom.
3 Amount in 2026 relates to the privatisation of Hang Seng Bank Limited.
4 Changes in subordinated liabilities (including those issued to Group companies) during the first half of the year include amounts from issuance and repayments as presented above, and non-cash changes from foreign exchange gain of HK$710m in the first half of 2026 (first half of 2025: loss of HK$3,537m) and fair value gain after hedging of HK$3,677m in the first half of 2026 (first half of 2025: fair value loss of HK$6,552m).
5 At 30 June 2026, HK$201,003m (30 June 2025: HK$179,824m) was not available for use by the group due to a range of restrictions, including currency exchange and other restrictions.

Notes on the Interim condensed consolidated financial statements

1 Basis of preparation and material accounting policies

(a) Compliance with Hong Kong Financial Reporting Standards

The Interim condensed consolidated financial statements of the group have been prepared in accordance with HKAS 34 'Interim Financial Reporting' as issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA'). These financial statements should be read in conjunction with the Annual Report and Accounts 2025.

Standards applied during the half-year to 30 June 2026

On 1 January 2026, the group adopted amendments to HKFRS 9 'Financial Instruments' and HKFRS 7 'Financial Instruments: Disclosures'. 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. These amendments had no material effect on the group.

(b) Use of estimates and judgements

Management believes that the critical estimates and judgements applicable to the group are those that relate to the impairment of amortised cost and FVOCI debt financial assets, the valuation of financial instruments, interests in associates and insurance contract liabilities.

There were no material changes in the current period to the critical estimates and judgements applied in 2025, which are stated in Note 1 of the Annual Report and Accounts 2025.

(c) Composition of the group

There were no material changes in the composition of the group in the half-year to 30 June 2026. Following the privatisation of Hang Seng Bank, the group acquired the remaining ownership interests and the related non-controlling interests were derecognised within equity.

For details of future business acquisitions and disposals, see Note 14 'Business acquisition and disposals'.

(d) Future accounting developments

HKFRS 18 'Presentation and Disclosure in Financial Statements'

In July 2024, the HKICPA published HKFRS 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 HKAS 1 'Presentation of Financial Statements' but carries over many requirements from that HKAS 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 information.

While HKFRS 18 will not change recognition criteria or measurement bases, it might have a significant impact on the presentation of information in the financial statements, in particular the income statement. The group is currently assessing impacts and data readiness.

(e) Going concern

The Interim condensed consolidated financial statements are prepared on a going concern basis, as the Directors are satisfied that the group and the Bank 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 following disrupted supply chains, slower economic activity and ongoing geopolitical tensions. They also considered other top and emerging risks, including climate change, as well as the related impacts on profitability, capital and liquidity.

(f) Accounting policies

The accounting policies applied by the group for the Interim condensed consolidated financial statements are consistent with those described in Note 1 of the Annual Report and Accounts 2025, as are the methods of computation except for the change in standard as described above. In addition, the following accounting policy is applied.

Non-current assets and disposal groups held for sale

The group 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 HKFRS 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 HKFRS 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 HKFRS 5 for measurement is recognised against the total assets of the disposal group.

(g) Presentation of information

The following disclosure required by HKFRS has been included in the 'Financial Review' section on page 3 in this Interim Financial Report 2026:

– Consolidated income statement and balance sheet data by reportable segments.

2 Dividends

Dividends to shareholders of the parent company

	Half-year to			
	30 Jun 2026		30 Jun 2025	
	HK$ per share	**HK$m**	HK$ per share	HK$m
Dividends paid on ordinary shares				
In respect of previous year:				
– fourth interim dividend	**—**	**—**	0.41	20,400
– special dividend	**—**	**—**	0.16	7,800
In respect of current year:				
– first interim dividend	**0.42**	**28,200**	0.48	24,000
– first special dividend	**0.35**	**23,497**	0.16	7,800
Total	**0.77**	**51,697**	1.21	60,000
Total coupons on other equity instruments		**2,588**		2,550
Dividends to shareholders		**54,285**		62,550

The Directors declared a second interim dividend in respect of the half-year ended 30 June 2026 of HK$0.35 per ordinary share (HK$23,400m) (half-year ended 30 June 2025 of HK$0.42 per ordinary share (HK$21,000m)). No second special dividend declared for 2026 (2025: HK$0.16 per ordinary share (HK$7,800m)).

Total coupons on other equity instruments

	Half-year to	
	30 Jun 2026	30 Jun 2025
	HK$m	HK$m
US$1,000m Fixed rate perpetual subordinated loan (interest rate fixed at 6.090%)[1]	**—**	474
US$1,200m Fixed rate perpetual subordinated loans (interest rate fixed at 6.172%)[1]	**—**	576
US$600m Fixed rate perpetual subordinated loan (interest rate fixed at 5.910%)	**278**	278
US$1,000m Fixed rate perpetual subordinated loan (interest rate fixed at 8.000%)	**312**	311
SG$1,500m Fixed rate perpetual subordinated loan (interest rate fixed at 5.250%)	**240**	241
US$1,350m Fixed rate perpetual subordinated loan (Interest rate fixed at 6.875%)	**363**	360
US$1,150m Fixed rate perpetual subordinated loan (Interest rate fixed at 6.950%)	**313**	310
US$1,500m Fixed rate perpetual subordinated loan (Interest rate fixed at 6.950%)[2]	**408**	—
SG$800m Fixed rate perpetual subordinated loan (Interest rate fixed at 5.000%)[2]	**122**	—
US$2,000m Fixed rate perpetual subordinated loan (Interest rate fixed at 7.050%)[2]	**552**	—
Total	**2,588**	2,550

1 These subordinated loans were early repaid in the first half of 2025 and no distributions in first half of 2026.
2 These subordinated loans were issued in 2025 and no distribution in first half of 2025.

3 Derivatives

Notional contract amounts and fair values of derivatives by product contract type

	Notional contract amount		**Fair value – Assets**			**Fair value – Liabilities**		
	Trading HK$m	**Hedging HK$m**	**Trading HK$m**	**Hedging HK$m**	**Total HK$m**	**Trading HK$m**	**Hedging HK$m**	**Total HK$m**
Foreign exchange	**32,240,832**	**552,414**	**286,325**	**7,248**	**293,573**	**261,061**	**2,898**	**263,959**
Interest rate	**41,863,472**	**524,174**	**336,444**	**11,933**	**348,377**	**340,547**	**7,907**	**348,454**
Equity	**1,392,781**	**—**	**37,127**	**—**	**37,127**	**54,447**	**—**	**54,447**
Credit	**344,415**	**—**	**1,847**	**—**	**1,847**	**3,062**	**—**	**3,062**
Commodity and other	**381,258**	**—**	**17,265**	**—**	**17,265**	**9,699**	**—**	**9,699**
Gross total	**76,222,758**	**1,076,588**	**679,008**	**19,181**	**698,189**	**668,816**	**10,805**	**679,621**
Offset					**(188,577)**			**(188,577)**
At 30 Jun 2026					**509,612**			**491,044**
Foreign exchange	26,609,273	460,853	201,201	5,414	206,615	191,924	1,959	193,883
Interest rate	40,848,633	468,803	325,935	14,016	339,951	339,032	7,340	346,372
Equity	1,118,520	—	15,887	—	15,887	28,112	—	28,112
Credit	311,854	—	1,614	—	1,614	2,779	—	2,779
Commodity and other	391,640	—	19,864	—	19,864	32,813	—	32,813
Gross total	69,279,920	929,656	564,501	19,430	583,931	594,660	9,299	603,959
Offset					(184,985)			(184,985)
At 31 Dec 2025					398,946			418,974

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.

4 Loans and advances to customers

	At	
	30 Jun 2026	31 Dec 2025
	HK$m	HK$m
Gross loans and advances to customers	**3,906,313**	3,682,120
Expected credit loss allowances	**(43,829)**	(40,368)
	3,862,484	3,641,752

The following table provides an analysis of gross loans and advances to customers by industry sector based on the Statistical Classification of economic activities in the European Community ('NACE').

Analysis of gross loans and advances to customers

	At	
	30 Jun 2026	31 Dec 2025
	HK$m	HK$m
Residential mortgages	**1,271,744**	1,242,124
Credit card advances	**103,723**	108,968
Other personal	**324,693**	278,086
Total personal	**1,700,160**	1,629,178
Real estate & Construction	**417,553**	432,823
Wholesale and retail trade	**432,445**	375,938
Manufacturing	**411,151**	378,960
Other	**547,924**	502,803
Total corporate and commercial	**1,809,073**	1,690,524
Non-bank financial institutions	**397,080**	362,418
	3,906,313	3,682,120
By geography[1]		
Hong Kong	**2,300,732**	2,160,202
Chinese mainland	**362,957**	357,437
Australia	**361,517**	350,479
Singapore	**300,586**	260,095
India	**195,313**	185,342
Taiwan	**117,173**	99,752
Malaysia	**86,626**	84,667
Indonesia	**31,196**	30,217
Others	**150,213**	153,929

1 The geographical information shown above is classified by the location of the principal operations of the subsidiary or the branch responsible for advancing the funds.

Gross loans and advances to customers increased by HK$224.2bn, or 6.1%, which included favourable foreign exchange translation effects of HK$17.7bn. Excluding this impact, the underlying increase of HK$206.5bn was mainly driven by an increase in lending to Corporate and commercial of HK$113.2bn, notably in Wholesale and retail trade, and higher Personal lending of HK$61.8bn. Growth in Personal lending was predominately from mortgages and Lombard lending.

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 significant increase in credit risk on 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 on 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 fair value through other comprehensive income ('FVOCI')) by stage distribution and ECL coverage by industry sector

	Gross carrying/nominal amount[1]					Allowance for ECL					ECL coverage %				
	Stage 1 HK$m	Stage 2 HK$m	Stage 3 HK$m	POCI HK$m	Total HK$m	Stage 1 HK$m	Stage 2 HK$m	Stage 3 HK$m	POCI HK$m	Total HK$m	Stage 1 %	Stage 2 %	Stage 3 %	POCI %	Total %
Loans and advances to customers	3,467,100	334,618	103,970	625	3,906,313	(3,083)	(7,471)	(32,970)	(305)	(43,829)	0.1	2.2	31.7	48.8	1.1
– personal	1,631,637	59,842	8,681	—	1,700,160	(1,533)	(3,280)	(1,273)	—	(6,086)	0.1	5.5	14.7	—	0.4
– corporate[2]	1,447,265	267,509	93,674	625	1,809,073	(1,310)	(4,158)	(30,701)	(305)	(36,474)	0.1	1.6	32.8	48.8	2.0
– financial institutions[3]	388,198	7,267	1,615	—	397,080	(240)	(33)	(996)	—	(1,269)	0.1	0.5	61.7	—	0.3
Loans and advances to banks	561,672	667	—	—	562,339	(42)	(1)	—	—	(43)	—	0.1	—	—	—
Other financial assets	2,637,422	8,003	478	—	2,645,903	(201)	(48)	(68)	—	(317)	—	0.6	14.2	—	—
Loan and other credit-related commitments	2,193,976	46,308	484	—	2,240,768	(398)	(251)	(12)	—	(661)	—	0.5	2.5	—	—
– personal	1,624,518	8,942	389	—	1,633,849	(35)	—	—	—	(35)	—	—	—	—	—
– corporate[2]	356,082	33,780	95	—	389,957	(324)	(242)	(12)	—	(578)	0.1	0.7	12.6	—	0.1
– financial institutions[3]	213,376	3,586	—	—	216,962	(39)	(9)	—	—	(48)	—	0.3	—	—	—
Financial guarantee	43,609	6,340	65	—	50,014	(37)	(23)	(10)	—	(70)	0.1	0.4	15.4	—	0.1
– personal	7,017	—	—	—	7,017	—	—	—	—	—	—	—	—	—	—
– corporate[2]	27,897	6,080	65	—	34,042	(33)	(22)	(10)	—	(65)	0.1	0.4	15.4	—	0.2
– financial institutions[3]	8,695	260	—	—	8,955	(4)	(1)	—	—	(5)	—	0.4	—	—	0.1
At 30 Jun 2026	**8,903,779**	**395,936**	**104,997**	**625**	**9,405,337**	**(3,761)**	**(7,794)**	**(33,060)**	**(305)**	**(44,920)**	**—**	**2.0**	**31.5**	**48.8**	**0.5**
Loans and advances to customers	3,258,971	314,007	108,548	594	3,682,120	(2,859)	(7,104)	(30,085)	(320)	(40,368)	0.1	2.3	27.7	53.9	1.1
– personal	1,570,679	49,876	8,623	—	1,629,178	(1,553)	(3,362)	(1,324)	—	(6,239)	0.1	6.7	15.4	—	0.4
– corporate[2]	1,333,324	258,102	98,504	594	1,690,524	(1,092)	(3,709)	(27,994)	(320)	(33,115)	0.1	1.4	28.4	53.9	2.0
– financial institutions[3]	354,968	6,029	1,421	—	362,418	(214)	(33)	(767)	—	(1,014)	0.1	0.5	54.0	—	0.3
Loans and advances to banks	516,236	448	—	—	516,684	(26)	—	—	—	(26)	—	—	—	—	—
Other financial assets	2,348,620	9,956	420	—	2,358,996	(232)	(40)	(184)	—	(456)	—	0.4	43.8	—	—
Loan and other credit-related commitments	2,094,666	38,648	578	—	2,133,892	(361)	(192)	(37)	—	(590)	—	0.5	6.4	—	—
– personal	1,583,325	7,967	365	—	1,591,657	(36)	—	—	—	(36)	—	—	—	—	—
– corporate[2]	363,145	28,231	213	—	391,589	(294)	(183)	(37)	—	(514)	0.1	0.6	17.4	—	0.1
– financial institutions[3]	148,196	2,450	—	—	150,646	(31)	(9)	—	—	(40)	—	0.4	—	—	—
Financial guarantee	47,768	3,762	104	—	51,634	(17)	(34)	(8)	—	(59)	—	0.9	7.7	—	0.1
– personal	6,924	—	—	—	6,924	—	—	—	—	—	—	—	—	—	—
– corporate[2]	31,940	3,730	104	—	35,774	(13)	(34)	(8)	—	(55)	—	0.9	7.7	—	0.2
– financial institutions[3]	8,904	32	—	—	8,936	(4)	—	—	—	(4)	—	—	—	—	—
At 31 Dec 2025	8,266,261	366,821	109,650	594	8,743,326	(3,495)	(7,370)	(30,314)	(320)	(41,499)	—	2.0	27.6	53.9	0.5

The above tables do not include balances due from Group companies.

1 Represents the maximum amount at risk should the contracts be fully drawn upon and client default.
2 Includes corporate and commercial customers.
3 Includes non-bank financial institutions.

5 Financial investments

Carrying amounts of financial investments

	At	
	30 Jun 2026	31 Dec 2025
	HK$m	HK$m
Financial investments measured at fair value through other comprehensive income	**1,930,651**	1,902,299
– treasury and other eligible bills	**742,734**	710,976
– debt securities	**1,181,784**	1,183,501
– equity securities	**6,133**	7,822
Debt instruments measured at amortised cost	**831,072**	635,676
– treasury and other eligible bills	**5,969**	23,101
– debt securities	**825,103**	612,575
	2,761,723	2,537,975

6 Interests in associates and joint ventures

Bank of Communications Co., Ltd.

HSBC's Interest

The group maintains a 16.00% interest in Bank of Communications Co., Limited ('BoCom'). The group's investment in BoCom is classified as an associate. Significant influence in BoCom was established with consideration of all relevant factors, including the group's 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 HKAS 28, 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. At 31 December 2025, the group retained an impairment of HK$8.3bn recognised during the year when the recoverable amount as determined by a value in use ('VIU') calculation was lower than the carrying value.

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

At 30 June 2026, the carrying amount of the investment was HK$189.3bn (31 December 2025: HK$174.8bn) with a fair value of HK$95.3bn (31 December 2025: HK$91.2bn). The group concluded that there was no indication of further significant impairment (or indication that an impairment may no longer exist or may have decreased significantly) since 31 December 2025. As part of this assessment the group updated the VIU calculation, which supported the case that there was no significant change from the 31 December 2025 position. As a result, no additional impairment to the carrying amount (or reversal of impairment) was made at 30 June 2026.

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 HKAS 36. 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 the Chinese mainland. 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 HKAS 36:

- Long-term profit growth rate: 3.00% (31 December 2025: 3.00%) for periods after 2029, which does not exceed forecast GDP growth in the Chinese mainland and is similar to forecasts by external analysts.
- Long-term asset growth rate: 3.25% (31 December 2025: 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: 7.83% (31 December 2025: 8.08%), 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 8.8% (31 December 2025: 7.1% to 8.7%) indicated by the CAPM, and decreased primarily as a consequence of lower beta and partly offset by a higher risk free rate, with both movements driven by market conditions.
- Expected credit losses ('ECL') as a percentage of loans and advances to customers: ranges from 0.65% to 0.77% (31 December 2025: 0.67% to 0.87%) in the short to medium term, reflecting reported credit experience in the Chinese mainland. For periods after 2029, the ratio is 0.83% (31 December 2025: 0.87%), reflecting the anticipated continuation of BoCom's lower average ECL as a percentage of loans and advances to customers experienced in recent years and reductions in external analysts' forecasts.
- Risk-weighted assets as a percentage of total assets: 63.0% (31 December 2025: 62.0% to 64.2%) in the short to medium term, reflecting a stable trajectory similar to forecasts by external analysts. For periods after 2029, the ratio is 63.0% (31 December 2025: 62.0%), in line with the increase in BoCom's actual results in recent years.
- Loans and advances to customers growth rate: ranges from 7.0% to 7.5% (31 December 2025: 7.5% to 8.0%) in the short to medium term, reflecting the decrease in 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 2.8% to 7.0% (31 December 2025: 0.5% to 7.4%) in the short to medium term, which is within the range of BoCom's actual results in recent years.
- Cost-income ratio: ranges from 36.5% to 39.3% (31 December 2025: 34.8% to 40.0%) in the short to medium term. These ratios are similar to BoCom's actual results in recent years and forecasts disclosed by external analysts.
- Long-term effective tax rate: 15.0% (31 December 2025: 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% (31 December 2025: 12.5%) and tier 1 capital adequacy ratio of 9.5% (31 December 2025: 9.5%), based on BoCom's capital risk appetite and capital requirements respectively.

The VIU is highly sensitive to the assumptions above. To indicate the scale of that sensitivity, we also disclose the reasonably possible range of VIU based changes to these assumptions. This is based on impacts 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. At 30 June 2026, we estimate that the reasonably possible range of VIU is HK$116.1bn to HK$255.3bn (31 December 2025: HK$103.9bn to HK$241.3bn), acknowledging that the fair value of the group's investment has ranged from HK$58.5bn to HK$103.2bn over the last five years as at the date of the impairment test. All other long-term assumptions, and the basis of the CMC, have been kept unchanged when determining the reasonably possible range of the VIU.

7 Customer accounts

Customer accounts by country/territory

	At	
	30 Jun 2026	31 Dec 2025
	HK$m	HK$m
Hong Kong	**5,065,467**	4,818,611
Singapore	**626,010**	636,280
Chinese mainland	**590,740**	540,785
Australia	**273,187**	265,993
India	**208,962**	223,601
Taiwan	**170,910**	146,113
Malaysia	**152,957**	157,592
Indonesia	**28,305**	44,967
Other	**293,541**	263,061
	7,410,079	7,097,003

8 Fair values of financial instruments carried at fair value

The accounting policies, control framework and hierarchy used to determine fair values at 30 June 2026 are consistent with those applied for the Annual Report and Accounts 2025.

The following table provides an analysis of financial instruments carried at fair value and bases of valuation.

Financial instruments carried at fair value and bases of valuation[3]

	At 30 Jun 2026						At 31 Dec 2025					
	Fair value hierarchy						Fair value hierarchy					
	Level 1	**Level 2**	**Level 3**	**Third-party total**	**Inter-company[2]**	**Total**	Level 1	Level 2	Level 3	Third-party total	Inter-company[2]	Total
	HK$m	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
Assets												
Trading assets[1]	**1,033,400**	**314,306**	**25,979**	**1,373,685**	**—**	**1,373,685**	871,827	333,420	18,183	1,223,430	—	1,223,430
Derivatives	**2,321**	**341,433**	**3,033**	**346,787**	**162,825**	**509,612**	1,963	271,043	2,391	275,397	123,549	398,946
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**364,026**	**436,429**	**173,958**	**974,413**	**—**	**974,413**	324,423	426,897	173,402	924,722	—	924,722
Financial investments	**1,540,238**	**388,086**	**2,327**	**1,930,651**	**—**	**1,930,651**	1,479,276	419,880	3,143	1,902,299	—	1,902,299
Liabilities												
Trading liabilities[1]	**54,195**	**56,460**	**6**	**110,661**	**—**	**110,661**	61,601	26,798	5	88,404	—	88,404
Derivatives	**963**	**315,478**	**2,328**	**318,769**	**172,275**	**491,044**	452	262,358	1,863	264,673	154,301	418,974
Financial liabilities designated at fair value[1]	**—**	**216,591**	**33,338**	**249,929**	**—**	**249,929**	—	174,279	20,920	195,199	—	195,199

There were no material transfers between Level 1 and Level 2 during the reporting period.

1 These balances exclude HK$21,786m Level 2 assets (2025: HK$6,340m) and HK$287,671m Level 2 liabilities (2025: HK$249,441m) held with HSBC Group entities.
2 Derivatives balances with HSBC Group entities are largely under 'Level 2'.
3 Financial assets designated or otherwise mandatorily measured at fair value through profit or loss of HKD52bn (Level 1), HKD21bn (Level 2) and HKD7bn (Level 3), together with other immaterial balances in respect of derivative assets, derivative liabilities and financial liabilities designated at fair value, represent assets held for sale and liabilities of disposal groups classified as held for sale in accordance with HKFRS 5; balances at 31 December 2025 were immaterial.

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**
	HK$m	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**	**HK$m**
Private equity and related investments	**2,327**	**6**	**144,379**	**—**	**146,712**	**—**	**—**	**—**	**—**
Structured notes	**—**	**—**	**—**	**—**	**—**	**—**	**33,338**	**—**	**33,338**
Bonds	**—**	**19,964**	**14,020**	**—**	**33,984**	**—**	**—**	**—**	**—**
Others	**—**	**6,009**	**15,559**	**3,033**	**24,601**	**6**	**—**	**2,328**	**2,334**
At 30 Jun 2026	**2,327**	**25,979**	**173,958**	**3,033**	**205,297**	**6**	**33,338**	**2,328**	**35,672**
Private equity and related investments	3,143	—	145,772	—	148,915	—	—	—	—
Structured notes	—	—	—	—	—	—	20,920	—	20,920
Bonds	—	11,048	15,480	—	26,528	3	—	—	3
Others	—	7,135	12,150	2,391	21,676	2	—	1,863	1,865
At 31 Dec 2025	3,143	18,183	173,402	2,391	197,119	5	20,920	1,863	22,788

The basis for determining the fair value of the financial instruments in the table above is explained on pages 117 to 118 of the Annual Report and Accounts 2025.

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[1]	Derivatives
	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
At 1 Jan 2026	**3,143**	**18,183**	**173,402**	**2,391**	**5**	**20,920**	**1,863**
Total gains or losses recognised in profit or loss	**—**	**(3,093)**	**1,662**	**1,123**	**(1)**	**283**	**232**
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	**—**	**(3,093)**	**—**	**1,123**	**(1)**	**283**	**232**
– net income/(losses) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**—**	**—**	**1,861**	**—**	**—**	**—**	**—**
– other income/(losses)	**—**	**—**	**(199)**	**—**	**—**	**—**	**—**
Total gains or losses recognised in other comprehensive income ('OCI')	**(821)**	**449**	**211**	**16**	**—**	**376**	**1**
Purchases	**5**	**15,927**	**18,888**	**—**	**—**	**—**	**—**
New issuances	**—**	**—**	**1,013**	**—**	**—**	**5,015**	**—**
Sales	**—**	**(2,855)**	**(572)**	**—**	**—**	**—**	**—**
Settlements	**—**	**(1,332)**	**(22,932)**	**(104)**	**(4)**	**5,000**	**704**
Transfers out	**—**	**(1,743)**	**(2,058)**	**(462)**	**—**	**(1,866)**	**(608)**
Transfers in	**—**	**443**	**4,344**	**69**	**6**	**3,610**	**136**
At 30 Jun 2026	**2,327**	**25,979**	**173,958**	**3,033**	**6**	**33,338**	**2,328**
Unrealised gains or losses recognised in profit or loss relating to assets and liabilities held at 30 Jun 2026	**—**	**3**	**952**	**981**	**—**	**(541)**	**(655)**
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	**—**	**3**	**—**	**981**	**—**	**—**	**(655)**
– net income/(losses) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**—**	**—**	**944**	**—**	**—**	**—**	**—**
– other income/(losses)	**—**	**—**	**8**	**—**	**—**	**(541)**	**—**
At 1 Jan 2025	3,017	13,552	142,658	1,254	5	22,960	1,216
Total gains or losses recognised in profit or loss	—	35	6,829	1,339	3	148	2,063
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	35	—	1,339	3	148	2,063
– net income/(losses) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	—	—	6,761	—	—	—	—
– other income/(losses)	—	—	68	—	—	—	—
Total gains or losses recognised in other comprehensive income ('OCI')	133	294	455	25	—	278	34
Purchases	—	4,397	14,915	—	—	—	—
New issuances	—	8	—	—	—	3,590	—
Sales	—	(1,370)	(100)	—	—	—	—
Settlements	—	(1,689)	(9,738)	36	(8)	(6,307)	(256)
Transfers out	—	(5,470)	(1,292)	(475)	—	(2,806)	(186)
Transfers in	—	1,783	17,232	126	3	1,175	189
At 30 Jun 2025	3,150	11,540	170,959	2,305	3	19,038	3,060
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2025	—	328	832	984	(15)	(115)	(1,661)
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	328	—	984	(15)	—	(1,661)
– net income/(losses) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	—	—	740	—	—	—	—
– other income/(losses)	—	—	92	—	—	(115)	—

1 Includes structured deposits where the settlement balance represents the net of matured and new deposits.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarter. Transfers into and out of levels of the fair value hierarchy are primarily attributable to observability of valuation inputs and price transparency.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

The following table shows the sensitivity of Level 3 fair values to reasonably possible alternative assumptions:

Sensitivity of fair values to reasonably possible alternative assumptions

	At 30 Jun 2026				At 31 Dec 2025			
	Reflected in profit or loss		Reflected in OCI		Reflected in profit or loss		Reflected in OCI	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
Derivatives, trading assets and trading liabilities[1]	787	(727)	—	—	484	(563)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit or loss	9,425	(9,026)	—	—	9,005	(8,815)	—	—
Financial investments	—	—	349	(224)	—	—	162	(162)
Total	10,212	(9,753)	349	(224)	9,489	(9,378)	162	(162)

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 30 June 2026.

There has been no change to the key unobservable inputs to Level 3 financial instruments and inter-relationships therein, which are detailed on page 120 of the Annual Report and Accounts 2025.

Quantitative information about significant unobservable inputs in Level 3 valuations

	Fair value				30 Jun 2026		31 Dec 2025	
	Assets	Liabilities	Key valuation techniques	Key unobservable inputs	Full range of inputs		Full range of inputs	
	HK$m	HK$m			Lower	Higher	Lower	Higher
Private equity and related investments[1]	146,712	—	Price – Net asset value	Current Value/Cost	0	34	0	75
Structured notes	—	33,338						
– equity-linked notes	—	10,114	Model – Option model	Equity volatility	5%	121%	5%	89%
			Model – Option model	Equity correlation	10%	100%	10%	93%
– FX-linked notes	—	4,282	Model – Option model	FX volatility	4%	51%	3%	56%
– other	—	18,942						
Other Portfolios	58,585	2,334						
– bonds	33,984	—	Market proxy	Price[3]	0	105	0	109
– other[2]	24,601	2,334						
At 30 Jun 2026	205,297	35,672						

1 'Private equity and related investments' includes private equity, private credit and private equity fund, primarily held as part of our Insurance business and for strategic investments.
2 'Others' includes a range of smaller holdings.
3 Price higher and lower range are reported in US$.

9 Fair values of financial instruments not carried at fair value

	At			
	30 Jun 2026		31 Dec 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
	HK$m	HK$m	HK$m	HK$m
Assets[1]				
Reverse repurchase agreements – non-trading	925,949	924,760	885,669	886,607
Loans and advances to banks	562,296	562,148	516,658	516,562
Loans and advances to customers	3,862,484	3,816,237	3,641,752	3,587,267
Financial investments – at amortised cost	831,072	823,383	635,676	634,896
Liabilities[1]				
Repurchase agreements – non-trading	950,820	950,890	622,751	622,692
Deposits by banks	207,050	207,054	232,930	232,923
Customer accounts	7,410,079	7,409,776	7,097,003	7,097,640
Debt securities in issue	50,129	50,432	47,020	47,390

1 Amounts with HSBC Group entities are not included here.

The fair values above are stated at a specific date and may be significantly different from the amounts which will actually be paid on the maturity or settlement dates of the instruments. In many cases, it would not be possible to realise immediately the estimated fair values given the size of the portfolios measured. Accordingly, these fair values do not represent the value of these financial instruments to the group as a going concern. Other financial instruments not carried at fair value are typically short term in nature or re-priced 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, Hong Kong currency notes in circulation, other financial assets and other financial liabilities, all of which are measured at amortised cost.

10 Contingent liabilities, contractual commitments and guarantees

	At	
	30 Jun 2026	31 Dec 2025
	HK$m	HK$m
Guarantees and contingent liabilities[1]	**488,519**	469,109
Commitments[2]	**3,804,533**	3,682,681
	4,293,052	4,151,790

1 With effect from 2026, contingent liabilities arising from legal proceedings, regulatory and other matters are excluded from this note but are disclosed in Note 13. Comparatives have not been represented.
2 Includes HK$2,240,768m of commitments at 30 June 2026 (31 December 2025: HK$2,133,892m) to which the impairment requirements in HKFRS 9 are applied.

The above table discloses the nominal principal amounts of commitments (excluding capital commitments), guarantees and other contingent liabilities, which represents the amounts at risk should contracts be fully drawn upon and 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.

11 Segmental analysis

The group Operating Committee is considered the Chief Operating Decision Maker ('CODM') for the purpose of identifying the group's reportable segments. Business segments results are assessed by the CODM for performance evaluation and capital resources allocation, and the segmental analysis is presented based on segments as assessed under HKFRS 8 'Operating Segments'.

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 necessarily involve a 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. 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 and geographical information

The group's reportable segments under HKFRS 8 comprise three businesses along with Corporate Centre.

- The Hong Kong business comprises Retail Banking and Wealth and Commercial Banking of HSBC Hong Kong and Hang Seng Bank.
- CIB is formed from the integration of our Commercial Banking business outside Hong Kong with our Global Banking and Markets business.
- IWPB comprises Premier banking outside Hong Kong, our Private Bank, and our wealth manufacturing businesses of Asset Management, and Insurance.

Financial performance by reportable segments is presented in the 'Financial Review' on page 3, which forms part of the Interim condensed consolidated financial statements.

Geographical regions

	Hong Kong[1]	Rest of Asia-Pacific	Intra-segment elimination	Total
	HK$m	HK$m	HK$m	HK$m
Half-year to 30 Jun 2026				
Net operating income before change in expected credit losses and other credit impairment charges	**100,300**	**58,426**	**(503)**	**158,223**
Profit before tax	**59,811**	**39,542**	**—**	**99,353**
At 30 Jun 2026				
Total assets	**9,159,939**	**4,400,186**	**(772,429)**	**12,787,696**
Total liabilities	**8,730,663**	**3,903,113**	**(772,429)**	**11,861,347**
Credit commitments and contingent liabilities (contract amounts)	**2,178,854**	**2,114,198**	**—**	**4,293,052**
Half-year to 30 Jun 2025				
Net operating income before change in expected credit losses and other credit impairment charges	92,288	43,034	(305)	135,017
Profit before tax	52,179	19,009	—	71,188
At 30 Jun 2025				
Total assets	8,112,906	4,200,432	(822,192)	11,491,146
Total liabilities	7,666,314	3,732,257	(822,192)	10,576,379
Credit commitments and contingent liabilities (contract amounts)	2,017,334	2,064,747	—	4,082,081

1 This represents Hong Kong as a geographical region and is different from Hong Kong business defined for the group's segmental analysis.

12 Related party transactions

There were no changes in the related party transactions as described in the Annual Report and Accounts 2025 that have had a material effect on the financial position or performance of the group in the half-year to 30 June 2026. Majority of the related party transactions that took place in the half-year to 30 June 2026 were similar in nature to those described in the Annual Report and Accounts 2025.

13 Legal proceedings and regulatory matters

The group 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, the group considers that none of these matters are material. The recognition of provisions is determined in accordance with the accounting policies set out in Note 1.2(o) of the Annual Report and Accounts 2025. 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 30 June 2026. 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.

Korean short selling indictment

In March 2024, the Korean Prosecutors' Office issued a criminal indictment against the Bank 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 the Bank of all charges. The Korean Prosecutors' Office has further appealed to the Korean Supreme Court.

Other regulatory investigations, reviews and litigation

The Bank and/or certain of its affiliates are subject to a number of 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, the Bank 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.

14 Business acquisition and disposals

On 31 July 2026, HSBC Bank Australia Limited ('HSBC Australia'), an indirect wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to sell its portfolio of home and personal loans to Virgo BidCo Pty Ltd, an entity wholly-owned by funds managed by affiliates of Blackstone Inc. The disposal group, comprising HK$198bn in assets at 30 June 2026, is expected to be classified as held for sale in the third quarter of 2026. The transaction, which remains subject to regulatory and competition approvals, is expected to complete in the first half of 2027, and to generate an immaterial loss, inclusive of related costs and write-offs. The remainder of HSBC Australia's retail banking business will be wound down in a phased manner over the next 18 months. HSBC Australia's CIB, Asset Management and Private Banking businesses will be consolidated into The Hongkong and Shanghai Banking Corporation Limited Sydney Branch, subject to regulatory approval, simplifying HSBC's entity footprint. We expect to incur HK$2.4bn in associated restructuring costs and write-offs. Following disposal and wind-down actions, including the transfer of certain mortgage securitisation-related roles held by HSBC Australia, cumulative foreign currency translation reserves are expected to be recycled to the income statement. As at 30 June 2026, foreign currency translation reserve losses stood at HK$1.9bn.

On 24 July 2026, HSBC Insurance (Asia Pacific) Holdings Limited, a direct wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to sell its Singapore insurance business, HSBC Life (Singapore) Pte. Ltd, to Allianz Asia Holdings Pte. Ltd. At 30 June 2026, given the advanced stage of agreement on deal terms and that completion was expected within 12 months, the disposal group met the criteria for classification as held for sale. As a result, total assets of HK$84.1bn and total liabilities of HK$81.8bn, including insurance manufacturing CSM of HK$10.6bn, were classified as held for sale. The transaction, which remains subject to regulatory approval, is expected to generate an estimated pre-tax gain on disposal of HK$13.7bn, inclusive of related transaction and migration costs, goodwill write-off and recycling of foreign currency translation reserves, which will be recognised largely upon completion, expected in the first half of 2027.

On 4 May 2026, PT Bank HSBC Indonesia, an indirect subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into a binding agreement to sell its retail banking business to PT Bank OCBC NISP Tbk. The disposal group met the held for sale criteria and HK$1.9bn in assets and HK$15.0bn in liabilities were classified as held for sale at 30 June 2026. The transaction, which is subject to regulatory approval, is expected to complete in the first half of 2027, at which point, subject to variable consideration terms, an estimated pre-tax gain of up to HK$3.1bn will be recognised.

On 30 April 2026, The Hongkong and Shanghai Banking Corporation Limited completed the sale of its retail banking business in Sri Lanka to Nations Trust Bank PLC. An immaterial pre-tax gain on disposal was recognised following completion.

15 Events after the balance sheet date

On 24 July 2026, HSBC Insurance (Asia Pacific) Holdings Limited, a direct wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to sell its Singapore insurance business, HSBC Life (Singapore) Pte. Ltd, to Allianz Asia Holdings Pte. Ltd. The transaction, which remains subject to regulatory approval, is expected to generate an estimated pre-tax gain on disposal of HK$13.7bn, inclusive of related transaction and migration costs, goodwill write-off and recycling of foreign currency translation reserves, which will be recognised largely upon completion, expected in the first half of 2027.

On 31 July 2026, HSBC Australia, an indirect wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to sell its portfolio of home and personal loans to Virgo BidCo Pty Ltd, an entity wholly-owned by funds managed by affiliates of Blackstone Inc. The disposal group, comprising HK$198bn in assets at 30 June 2026, is expected to be classified as held for sale in the third quarter of 2026. The transaction, which remains subject to regulatory and competition approvals, is expected to complete in the first half of

2027, and to generate an immaterial loss, inclusive of related costs and write-offs. The remainder of HSBC Australia's retail banking business will be wound down in a phased manner over the next 18 months. HSBC Australia's CIB, Asset Management and Private Banking businesses will be consolidated into The Hongkong and Shanghai Banking Corporation Limited Sydney Branch, subject to regulatory approval, simplifying HSBC's entity footprint. We expect to incur HK$2.4bn in associated restructuring costs and write-offs. Following disposal and wind-down actions, including the transfer of certain mortgage securitisation-related roles held by HSBC Australia, cumulative foreign currency translation reserves are expected to be recycled to the income statement. As at 30 June 2026, foreign currency translation reserve losses stood at HK$1.9bn.

16 Interim Financial Report 2026 and statutory accounts

The information in this Interim Financial Report 2026 is unaudited and does not constitute statutory accounts. The Interim Financial Report 2026 was approved for release on 4 August 2026. The Bank's statutory annual consolidated accounts for the year ended 31 December 2025 have been delivered to the Hong Kong Monetary Authority and the Registrar of Companies according to section 662 of the Companies Ordinance (Cap. 622). The auditor has reported on those financial statements in their report dated 25 February 2026. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

17 Ultimate holding company

The Hongkong and Shanghai Banking Corporation Limited is an indirectly-held, wholly-owned subsidiary of HSBC Holdings plc, which is incorporated in England.

The Hongkong and Shanghai Banking Corporation Limited

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