UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 2024

Commission File Number: 001-14930

HSBC Holdings plc

8 Canada Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F X Form 40-F ......

This Report on Form 6-K with respect to our interim results for the six-month period ended June 30, 2024 is hereby incorporated by reference in HSBC Holdings plc's registration statement on Form F-3 (File No. 333-277306).

Neither our website referred to herein, nor any of the information contained on our website, is incorporated by reference in the Form 6-K.

Opening up a world of opportunity

Our ambition is to be the preferred international financial partner for our clients.

Our purpose, ambition and values reflect our strategy and support our focus on execution.

Read more on our values on page 4.

Contents

A reminder
The currency we report in is US dollars.

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 pages 14 and 29.

None of the websites referred to in this Interim Report on Form 6-K for the half-year ended June 30, 2024 (the 'Form 6-K'), including where a link is provided, nor any of the information contained on such websites is incorporated by reference in the Form 6-K.

Cautionary statement regarding forward-looking statements

This Form 6-K 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 targets, commitments and ambitions 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 and the Israel-Hamas war 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 and the Israel-Hamas war, inflationary pressures, commodity price changes, and ongoing developments in the commercial real estate sector in mainland China); potential changes in HSBC's dividend policy; changes and volatility in foreign exchange rates and interest rates levels, including the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets; 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 or the Israel-Hamas war (including the continuation and escalation thereof) and the related imposition of sanctions and trade restrictions, supply chain restrictions and disruptions, sustained increases in energy prices and key commodity prices, claims of human rights violations, diplomatic tensions, including between China and the US, the UK, the EU, India and other countries, and developments in Hong Kong and Taiwan, 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 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; 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; the discontinuation of certain key Ibors and the transition of the remaining legacy Ibor contracts to near risk-free benchmark rates, which continues to expose HSBC to some financial and non-financial risks; and price competition in the market segments we serve;
- changes in government policy and regulation, including the 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 jurisdictions where the Group operates); 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, which continues to be characterised by uncertainty and political disagreement, despite the signing of the Trade and Cooperation Agreement between the UK and 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 jurisdictions 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 targets, commitments and ambitions (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 benefits of our strategic priorities; evolving regulatory requirements and the development of new technologies, including artificial intelligence, affecting how we manage model risk; model limitations or failure, including, without limitation, the impact that high inflationary pressures and rising 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, including the integration of SVB UK into our CMB business; 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 diverse and skilled personnel; 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 'Risk overview' and 'Risk – Geopolitical and macroeconomic risk' on pages 25 to 27 and 62 to 64 of this Form 6-K.

Additional detailed information concerning important factors, including but not limited to ESG-related factors, that could cause actual results to differ materially from those anticipated or implied in any forward-looking statement in this Form 6-K is available in our Annual Report and Accounts for the fiscal year ended 31 December 2023, which was filed with the SEC on Form 20-F on 22 February 2024.

This Form 6-K contains a number of images, graphics, text boxes 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, text boxes and credentials are designed to be read within the context of the Form 6-K as a whole.

Insurance manufacturing alternative performance measures

In addition to IFRS Accounting Standards based results, HSBC also discloses Insurance manufacturing value of new business ('Insurance Manufacturing VNB') as an alternative performance measure within its filings to the London Stock Exchange and Hong Kong Stock Exchange.

Insurance Manufacturing VNB provides information about value generation from new business sold during the period. It is calculated as the sum of the IFRS 17 new business contractual service margin ('CSM') and loss component adjusted for:

- a full attribution of expenses incurred within our manufacturing operations. IFRS 17 considers only directly attributable acquisition expenses within the new business CSM measurement; and
- long-term asset spreads expected to be generated over the contract term. Under IFRS 17, new business CSM is in contrast calculated on a market consistent risk neutral basis. This also necessitates changes to the underlying economic scenario models used in the valuation of policyholder guarantees to reflect this basis.

Insurance Manufacturing VNB is measured before tax and after inclusion of the impact of reinsurance.

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 subsidiary undertakings. 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.

Performance in 1H24

HSBC is one of the world's leading international banks.

We have a clear strategy to deliver revenue and profit growth, enhance customer service and improve returns to shareholders.

Financial performance indicators

Our financial performance indicators demonstrate our continued focus on the delivery of sustainable returns for our shareholders. They also provide insight into the performance that has driven the outcomes of our financial targets.

- Read more on our financial performance in 1H24 on pages 2 and 14.
- For an explanation of performance against our key Group financial targets, see page 12.
- For a reconciliation of return on average tangible equity excluding notable items to return on equity, constant currency profit before tax excluding notable items to reported profit before tax and target basis operating expenses to reported operating expenses, see page 60.

- For our financial targets we define medium term as three to four years and long term as five to six years, commencing 1 January 2024.

Return on average tangible equity (annualised)

21.4%

(1H23: 22.4%)

Return on average tangible equity excluding notable items of 17.0% (1H23: 18.5%)

Profit before tax

$21.6bn

(1H23: $21.7bn)

Constant currency profit before tax excluding notable items

$18.1bn

(1H23: $18.4bn)

Operating expenses

$16.3bn

(1H23: $15.5bn)

Target basis operating expenses up 7% to $16.1bn

Common equity tier 1 capital ratio

15.0%

(1H23: 14.7%)

Second interim dividend per share

$0.10

(2023 second interim dividend per share: $0.10)

Strategic performance indicators

Our strategy supports our ambition of being the preferred international financial partner for our clients.

We are committed to building a business for the long term, developing relationships that last.

- Read more on our strategy on pages 8 to 10.
- Read more on multi-jurisdictional client revenue on page 61.
- Read more on our approach to ESG on page 11.

Net new invested assets

$32bn

Generated in 1H24, of which $38bn were in Asia.
(1H23: $34bn generated, of which $27bn were in Asia)

Digitally active Commercial Banking customers

84%

(1H23: 82%)

Wholesale multi-jurisdictional client revenue

61%

Wholesale client revenue generated by clients banking with us across multiple markets.
(31 December 2023: 61%)

Gender diversity

34.4%

Women in senior leadership roles.
(31 December 2023: 34.1%)

Sustainable finance and investment

$339.9bn

Cumulative total provided and facilitated since January 2020.
(31 December 2023: $294.4bn)

Highlights

Financial performance was stable compared with 1H23. We are now targeting a mid-teens return on average tangible equity, excluding notable items, for both 2024 and 2025.

Financial performance in 1H24

- **Profit before tax of $21.6bn was stable compared with 1H23,** including a $0.2bn net favourable revenue impact of notable items relating to gains and losses recognised on certain strategic transactions. **Profit after tax of $17.7bn was $0.4bn or 2% lower compared with 1H23.**
- In 1H24, we completed the disposal of our banking business in Canada, recognising a gain of $4.8bn. We also recognised an impairment of $1.2bn following the classification of our business in Argentina as held for sale. Results in 1H23 included the impact of a $2.1bn reversal of an impairment relating to the sale of our retail banking operations in France and a $1.5bn gain recognised on the acquisition of Silicon Valley Bank UK Limited ('SVB UK').
- **Constant currency profit before tax excluding notable items was stable at $18.1bn compared with 1H23,** as revenue growth and lower expected credit losses and other impairment charges ('ECL') were offset by a rise in operating expenses.
- **Revenue rose by $0.4bn or 1% to $37.3bn compared with 1H23,** including the gains and losses on certain strategic transactions described above. Net interest income ('NII') fell by $1.4bn, as growth in HSBC UK and a number of other markets was more than offset by reductions due to business disposals, deposit migration, and redeployment into the trading book in HSBC Bank plc and our main entity in Hong Kong. The increase in funding costs associated with funding the trading book resulted in an increase in banking net interest income ('banking NII') of $0.3bn or 1%.
- Revenue growth also reflected the impact of higher customer activity in our Wealth products in Wealth and Personal Banking ('WPB'), and in Equities and Securities Financing in Global Banking and Markets ('GBM'). **Constant currency revenue excluding notable items rose by 2% to $33.7bn,** primarily due to growth in Wealth in WPB, in Equities and Securities Financing in GBM, as well as an increase in Global Payment Solutions ('GPS').
- **Net interest margin ('NIM') of 1.62% decreased by 8 basis points ('bps') compared with 1H23,** reflecting a rise in the funding cost of average interest-bearing liabilities.
- **ECL charges were $1.1bn, a reduction of $0.3bn compared with 1H23.** The reduction reflected a release of stage 3 allowances in GBM in HSBC Bank plc, lower ECL in Commercial Banking ('CMB') in HSBC UK, and lower charges in the commercial real estate sector in mainland China. In WPB, ECL charges were broadly stable as a release of allowances in the UK was offset by higher charges in Mexico, reflecting unemployment trends and growth in our unsecured portfolio. **Annualised ECL were 22bps of average gross loans,** including a 4bps reduction due to the inclusion of loans and advances classified as held for sale.
- **Operating expenses of $16.3bn were $0.8bn or 5% higher than in 1H23,** mainly due to higher technology spend and investment, inflationary pressures and an increase in the performance-related pay accrual. **Target basis operating expenses rose by 7% compared with 1H23.** This is measured on a constant currency basis, excluding notable items, the impact of retranslating the prior year results of hyperinflationary economies at constant currency, and the direct costs from the sales of our France retail banking operations and our banking business in Canada.
- **Customer lending balances of $938bn were stable on a reported basis,** and increased by $12bn on a constant currency basis, compared with 31 December 2023**.** Growth included higher balances in HSBC Bank plc in both CMB and GBM, and higher term lending in CMB in our entities in mainland China and India. In addition, mortgage balances increased in HSBC UK in WPB.
- **Customer accounts of $1.6tn fell by $18bn on a reported basis,** and increased by $3bn on a constant currency basis compared with 31 December 2023, notably in GBM reflecting growth in time deposit balances in Asia. The increase in GBM included a short-term deposit from a single corporate customer.
- **Common equity tier 1 ('CET1') capital ratio of 15.0% rose by 0.2 percentage points compared with 4Q23,** driven by a reduction in risk-weighted assets ('RWAs'), partly offset by a reduction in our CET1 capital.
- The Board has approved a **second interim dividend of $0.10 per share.** We also intend to initiate a **share buy-back of up to $3bn,** which we expect to complete within three months.

Financial performance in 2Q24

- **Reported profit before tax increased by $0.1bn to $8.9bn compared with 2Q23,** due to a lower ECL charge, which more than offset higher operating expenses and lower revenue. **On a constant currency basis, profit before tax increased by $0.4bn or 4%.**
- **Revenue fell by $0.2bn to $16.5bn compared with 2Q23,** notably as 2Q23 included the operating results of France and Canada for which sales completed in 1Q24. In addition, 2Q24 included a loss related to the recycling of reserves following the completion of the sale of our business in Russia. This was partly offset by growth in Securities Financing and Equities in GBM and from Wealth in WPB.
- **ECL of $0.3bn decreased by $0.6bn,** reflecting lower charges in 2Q24 in the commercial real estate sector in mainland China, compared with 2Q23, as well as a reduction in charges in HSBC UK, and the release of stage 3 allowances in GBM in HSBC Bank plc.
- **Operating expenses of $8.1bn rose by $0.3bn or 3%,** due to higher technology costs, including investment, the 2Q23 reversal of historical asset impairments, which did not recur, and inflationary impacts. This was partly offset by reductions following the completion of disposals in Canada and France.
- **Customer lending increased by $5bn compared with 1Q24 on a reported basis** and by $8bn on a constant currency basis. The growth was mainly from CMB, notably in our entities in mainland China and India, and in WPB from mortgage balance growth in HSBC UK and our entity in the US.
- **Customer accounts increased by $24bn compared with 1Q24 on a reported basis** and by $27bn on a constant currency basis. The increase was across all businesses, primarily in Asia. The increase included a short-term deposit from a single corporate customer.

Outlook

- **We will now target a return on average tangible equity ('RoTE'), excluding the impact of notable items, in the mid-teens for both 2024 and 2025.**
- Based upon our current forecasts, **we expect banking NII of around $43bn in 2024.** This guidance remains dependent on the path of interest rates globally.
- While loan growth was 1% in 1H24, revenue has continued to benefit from elevated interest rates. **Over the medium to long term, we continue to expect mid-single digit year-on-year percentage growth in customer lending.**
- **We are reiterating our cost growth guidance of approximately 5% for 2024** compared with 2023, on a target basis, and now **expect ECL charges as a percentage of average gross loans in 2024 to be within our medium-term planning range of 30bps to 40bps** (including customer lending balances transferred to held for sale).
- Our guidance reflects our current outlook for the global macroeconomic environment, including customer and financial markets activity. This includes our modelling of a number of market dependent factors, such as market-implied interest rates (as of mid-July 2024), as well as customer behaviour and activity levels.
- **We intend to manage our CET1 capital ratio within our medium-term target range of 14% to 14.5%, with a dividend payout ratio target basis of 50% for 2024,** which excludes material notable items and related impacts.
- Note: we do not reconcile our forward guidance on RoTE excluding notable items, target basis operating expenses, dividend payout ratio target basis or banking NII to their equivalent reported measures.

Reshaping the Group for growth

- **We continue to make progress on reshaping the Group.** In 1H24, we completed the sales of our retail banking operations in France, our banking business in Canada, and our business in Russia. We also completed the acquisition of SilkRoad Property Partners Group in Singapore and Citi's retail wealth management portfolio in mainland China. In addition, we announced the planned sales of our business in Argentina and our operations in Armenia.
- **In January 2024, we completed the sale of our retail banking operations in France.** The sale also included HSBC Continental Europe's 100% ownership interest in HSBC SFH (France) and its 3% ownership interest in Crédit Logement. In accordance with the terms of the sale, we retained a €7.1bn ($7.6bn) portfolio of home and other loans.
- **In March 2024, we completed the sale of HSBC Bank Canada to the Royal Bank of Canada.** The completion of the transaction resulted in a $4.8bn gain on sale, inclusive of the recycling of foreign currency translation and other reserves losses. Following completion of the sale, the Board approved a special dividend of $0.21 per share, which was paid on 21 June 2024.
- **During 2Q24, we completed the sale of our business in Russia** and recognised foreign currency translation reserve losses of approximately $0.1bn**.**
- **During 2Q24, we entered into a binding agreement to sell our business in Argentina** to Grupo Financiero Galicia. In 1Q24, our investment in HSBC Argentina was classified as held for sale, and we recognised a $1.2bn pre-tax loss. At closing, cumulative foreign currency translation reserves and other reserves will recycle to the income statement. At 30 June 2024, these reserve losses stood at $5.0bn. We are working towards completing the sale in the second half of 2024.
- We also **entered into an agreement for the sale of our operations in Armenia.** This transaction is subject to regulatory approvals and is expected to be completed in the second half of 2024.
- In January 2024, **we acquired SilkRoad Property Partners Group –** expanding our real estate investment capabilities in Asia-Pacific, aligning with our ambition of becoming a top direct real estate investment manager in the region.
- **In June 2024, we completed the acquisition of Citi's retail wealth management portfolio in mainland China.** This portfolio complements our growing set of wealth businesses and our ambition to be the leading international wealth manager for mass affluent and high net worth individuals in mainland China.

Acquisitions and disposals that are classified as material notable items form part of 'strategic transactions' and their impacts are called out separately in our financial reporting. Read more on the financial impact of our strategic transactions on pages 14 and 42.

ESG highlights

Transition to net zero

- As part of our ambition to support customers in their transition to net zero and a sustainable future, we aim to provide and facilitate $750bn to $1tn of sustainable finance and investments by 2030. In 1H24, we provided and facilitated $45.5bn of sustainable finance and investments, bringing our cumulative amount since 1 January 2020 to $339.9bn.
- In recognition of the ongoing support for our clients through sustainable finance, we have been awarded 'The World's Best Bank for Sustainable Finance', 'Asia's Best Bank for Sustainable Finance', 'Middle East's Best Bank for Sustainable Finance' and 'Best ESG Bank' in Mexico by Euromoney in the Awards for Excellence 2024.
- HSBC Asset Management continues to develop innovative products that aim to provide customers with access to markets and asset classes linked to different areas of sustainability. The HSBC Sustainable Development Bank Bond ETF, which was launched in 1H24, provides an investment opportunity in debt issued by multilateral development banks to finance environmental and socially responsible projects aimed at encouraging economic development in poorer nations.

Build inclusion and resilience

- We are committed to rewarding colleagues responsibly, recognising their success, and supporting our colleagues to grow. At a time when cost of living pressures have continued to be felt around the world, rewarding responsibly is an important part of our proposition for colleagues and we are committed to improving transparency around how we make pay decisions. To build on this in 2024, we have introduced a new variable pay structure for around 145,000 junior and middle management colleagues, providing more clarity around variable pay levels while retaining flexibility to differentiate outcomes for performance. We established Living Wage benchmarks in all markets in which we operate and have been certified by the Fair Wage Network as a global Living Wage employer in 2024.
- Developing the skills and learning opportunities for our colleagues helps them to fulfil their potential and achieve their career goals. In 2024, we have expanded our enterprise skills academies, which focus on building skills across a range of areas, including sustainability, wealth, and technology.

Who we are

HSBC is one of the largest banking and financial services organisations in the world. We aim to create long-term value for our shareholders and capture opportunity.

Our values

Our values help define who we are as an organisation, and are key to our long-term success.

We value difference
Seeking out different perspectives

We succeed together
Collaborating across boundaries

We take responsibility
Holding ourselves accountable and taking the long view

We get it done
Moving at pace and making things happen

Our strategy

Our strategy supports our ambition of being the preferred international financial partner for our clients, centred around four key areas.

Focus
- Maintain leadership in scale markets
- Double-down on international connectivity
- Diversify our revenue
- Maintain cost discipline and reshape our portfolio

Digitise
- Deliver seamless customer experiences
- Ensure resilience and security
- Embrace disruptive technologies and partner with innovators
- Automate and simplify at scale

Energise
- Inspire leaders to drive performance and delivery
- Unlock our edge to enable success
- Deliver a unique and exceptional colleague experience
- Prepare our workforce for the future

Transition
- Support our customers
- Embed net zero into the way we operate
- Partner for systemic change
- Become net zero in our own operations and supply chain by 2030, and our financed emissions by 2050

For further details on progress made in each of our strategic areas, see pages 8 to 10.

Our global businesses

We serve our customers through three global businesses.

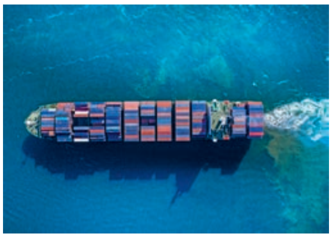
On pages 18 to 24 we provide an overview of our performance in 1H24 for each of our global businesses, as well as our Corporate Centre.

In each of our global businesses, we focus on delivering growth in areas where we have distinctive capabilities and have significant opportunities.

Each of the chief executive officers of our global businesses reports to our Group Chief Executive, who in turn reports to the Board of HSBC Holdings plc.

Wealth and Personal Banking ('WPB')
We help millions of our customers look after their day-to-day finances and manage, protect and grow their wealth.

For further details, see page 18.



Commercial Banking ('CMB')
Our global reach and expertise help domestic and international businesses around the world unlock their potential.

For further details, see page 20.

Global Banking and Markets ('GBM')
We provide a comprehensive range of financial services and products to corporates, governments and institutions.

For further details, see page 22.

Group Chief Executive's review

Noel Quinn
Group Chief Executive

Our strong first half performance is further evidence that our strategy is working and delivering sustainable, profitable growth.

Return on average tangible equity (annualised)

21.4%

(1H23: 22.4%)

Reported revenue

$37.3bn

(1H23: $36.9bn)

After achieving a record profit performance in 2023, we had a strong first half financial performance that reflected our strategy execution and revenue diversification over the past five years. We remain confident that we can deliver attractive returns, even in a lower interest rate environment, as a result of macroeconomic trends that play to our strengths, market-leading businesses connecting high-growth markets that we are continuing to invest in, and ongoing cost discipline. As a result, we are providing new guidance of a mid-teens return on average tangible equity, excluding the impact of notable items, in 2025.

Over the last 18 months, HSBC's business model has delivered our highest return on average tangible equity for more than a decade. We continued to perform well in our home markets of Hong Kong and the UK – the two pillars upon which our bank is built. The international wholesale banking business that we have built on top of these pillars is mature and differentiated, and has substantial scale. It remains our biggest competitive advantage and is supported by leading transaction banking products and services in global trade, payments and foreign exchange. Finally, we are growing and investing in our international retail and wealth business to sit alongside this, which is helping to diversify revenue.

Each of these strengths contributed to a good revenue performance in the first half of 2024, supported by higher interest rates. Our strategy is working and providing attractive returns for our shareholders. We have announced a second interim dividend of $0.10 per share, further to the first interim dividend of $0.10 per share and the special dividend of $0.21 paid in June. We are also today announcing a share buy-back of up to $3bn, further to the now completed $3bn share buy-back announced at our first quarter results. This means that we are announcing a further $4.8bn in distributions with these results, taking the amount of capital distributed in respect of the last 18 months to $34.4bn.

As we look ahead, the path of interest rates and the outcomes of elections are amongst the factors that will shape the global operating environment. The progress that has been made reducing inflation has enabled central banks to start cutting interest rates. Although we expect a cautious approach, we have reduced our sensitivity to interest rates. 2024 will also be the biggest election year on record, as more than 4 billion people have an opportunity to go to the polls. The US election result will be watched particularly closely considering the potential for policy change based on the result and the impact this could have beyond its borders. We will continue to monitor these situations.

Continued strong financial performance

The first half saw another strong profit performance, driven by growth in our scale businesses and in areas where we have been investing. There was strong revenue growth in Wealth, transaction banking revenue remained stable and wholesale lending increased again in the second quarter, on a constant currency basis, after growing in the first quarter.

"I have always been immensely proud of the heritage of this bank and the strategic role it plays in the world. My aim when I took this job was to deliver financial performance to match our standing. Working together, I believe we have done that and created a strong platform for growth."

Profit before tax for the first half was $21.6bn, which was stable compared with the first half of 2023. This included a $4.8bn gain on the sale of our banking operations in Canada, partly offset by a $1.2bn impairment related to the planned sale of our banking operations in Argentina, which was announced in the first half. The prior year also included a $2.1bn reversal of an impairment relating to the sale of our retail banking operations in France and a $1.5bn gain recognised on the acquisition of SVB UK.

Revenue increased by $0.4bn or 1% to $37.3bn, including the aforementioned acquisition and disposal impacts, driven mainly by higher banking net interest income. We achieved an annualised return on average tangible equity of 21.4%, or 17% excluding notable items.

Our three global businesses continued to perform well. In Wealth and Personal Banking, profit before tax of $6.5bn was $2.2bn lower than in 2023 on a constant currency basis, primarily due to the non-recurrence of a $2.1bn reversal last year of an impairment relating to the sale of our retail banking operations in France and $0.1bn of profit before tax in the prior period from our Canadian banking operations. Wealth revenue of $4.3bn was 12% higher than the first half of last year, driven by increases in investment distribution and Global Private Banking, as well as growth in asset management and life insurance.

In Commercial Banking, profit before tax of $6.5bn was down by $1.5bn on a constant currency basis, primarily due to the non-recurrence of a $1.6bn gain last year on the acquisition of SVB UK. Overall performance remained good, with revenue benefiting from the higher rates environment, growth in transaction banking and higher collaboration revenue.

Global Banking and Markets delivered a good performance. Revenue grew by 5% on a constant currency basis, with good growth in areas like Equities and Securities Financing, while still benefiting from the interest rate environment.

First half operating expenses of $16.3bn were around 5% higher than in 2023, mainly due to higher technology costs including investments, inflationary pressures and different phasing of the accrual of performance-related pay compared with 2023. On a target basis, operating expenses were 7% higher than the same period last year. As we expect the overall amount of performance-related pay for 2024 not to be materially different to 2023, we expect lower performance-related pay accrual in the second half. We are therefore reconfirming our cost growth guidance of approximately 5% for 2024 compared with 2023, on a target basis.

ECL and other credit impairment charges for the first half were $1.1bn, which was a $0.3bn decrease on the first half of 2023. We now expect ECLs as a percentage of average gross loans in 2024 to be back within our medium-term planning range of 30bps to 40bps. Our CET1 ratio at the end of the first half was 15.0%.

Our first half banking net interest income performance and the improved net interest income outlook mean that we are upgrading our 2024 banking net interest income guidance from at least $41bn to around $43bn.

Further opportunities to grow revenue
We also expect to deliver a return on average tangible equity in the mid-teens for 2024 and 2025, excluding the impact of notable items. Clearly there are downside risks to net interest income when interest rates fall, but we're confident that we have the levers to achieve these targets.

The first lever is leveraging our international connectivity. We have a strong international wholesale franchise. After a softer year in 2023, international trade volumes are forecast to grow more quickly this year and next. As the world's leading trade finance bank and the third-largest bank for global foreign exchange revenue since 2021, we expect to capitalise on this. To illustrate this growth potential, we grew wholesale multi-jurisdictional client revenue by 4% in the first half of 2024, on a constant currency basis and excluding HSBC Bank Canada, from $9.4bn to $9.7bn.

Increasing global mobility amongst retail customers is also driving demand for innovative cross-border banking solutions. This helped us to grow international customers within Wealth and Personal Banking by 11%, bringing the total to 7m customers. Revenue from these customers also grew by 6% in the first half. We believe that there is still significant untapped potential amongst international wholesale and retail customers.

The second lever is maintaining our leadership in our home markets. Our leading businesses in Hong Kong and the UK – two of the biggest global financial centres – both grew profits before tax in the first half, helped by their strong international connectivity with the rest of the Group. In Hong Kong, our scale and connectivity are delivering good profitability and enabling us to capture new opportunities. In the first half, 345,000 new-to-bank customers opened accounts as we continued to capitalise on the significant inflows into Hong Kong as customers seek higher yields and quality products. In the UK, we grew international customers by 8% to 2.7m, underlining the differentiated nature of our UK business compared to other UK banks. Signs of economic recovery were also underlined by growth in customer lending of 2% compared with the first half of 2023. We remain confident in our ability to grow further in these two critical markets.

Future growth levers

In the first half of 2024, we continued to build new sources of value creation.

We attracted

$32.4bn

of net new invested assets in Wealth.

We increased new-to-bank customers in Hong Kong by

77%

The third lever is investing to diversify revenue. Over the last five years, we have taken a number of actions to reduce our sensitivity to interest rates and create the bank of the future. Building our wealth business, especially in Asia, to capitalise on increasing affluence has been one of the key priorities. As a result of this, wealth revenue was up 12% in the first half, while we attracted $32.4bn of net new invested assets. Payments is another fee-based business that we are investing in to capitalise on the expected increase in global payments revenue. We are the number two bank globally by payments revenue, up from top four in 2022, with a market share of 4.8% in 2023 compared with 3.6% in the prior year. HSBC was also named 'World's Best Bank for Payments and Treasury' by Euromoney, which was one of 33 awards given to the bank in 2024 that also included 'Best Bank in Asia' and 'World's Best Bank for Sustainable Finance'.

Through HSBC Innovation Banking, we are building a global proposition that can help us to become known as the go-to bank for innovation companies. Revenue from the new proposition increased by 4% in the second quarter and we have onboarded almost 600 new-to-bank innovation companies globally since the acquisition of SVB UK.

Thank you

As I prepare to hand on the leadership of HSBC to Georges Elhedery in September, I would like to place on record what an enormous privilege it has been to lead this great institution. I never imagined when I started my career 37 years ago that I would have the honour of becoming Group Chief Executive. I have always been immensely proud of the heritage of this bank and the strategic role it plays in the world. My aim when I took this job was to deliver financial performance to match our standing. Working together, I believe we have done that and created a strong platform for growth.

The success of our transformation programme is evident in the improved returns that we have delivered. Since I became Group Chief Executive, we have returned $36bn of dividends and $18bn of share buy-backs to our shareholders, inclusive of the distributions we have announced with these results, while also successfully navigating the global pandemic.

This would not have been possible without the support and backing of the Board, my Group Executive Committee colleagues and, of course, the whole HSBC team. I have been very fortunate to work with many talented, dedicated and committed people during my career. I would like to thank them wholeheartedly for their friendship and partnership – and I wish continued success to Georges, and to all those who will write the next chapter in the story of this great bank.

Noel Quinn
Group Chief Executive
31 July 2024

Our strategy

We are implementing our strategy across the four strategic pillars aligned to our purpose, values and ambition.

Our strategy remains anchored around our four strategic pillars: 'Focus', 'Digitise', 'Energise' and 'Transition'.

We delivered a good set of results in 1H24, driven by our strategy that benefited from rates staying higher for longer, and the progress we made in diversifying into alternative sources of revenue.

Our reported revenue was $37.3bn, up 1% compared with 1H23, and up 3% on a constant currency basis, excluding notable items and the impact of strategic transactions. Our reported profit before tax was $21.6bn, and we achieved a RoTE of 21.4%, or 17.0% excluding notable items.

We remain committed to maintaining cost discipline, reconfirming our existing 2024 target of approximately 5% cost growth compared with 2023, on a target basis.

Focus

Capture growth from diversified revenue streams

We aim to build resilience by growing less capital intensive, fee income generating businesses such as wealth and transaction banking.

Wealth
Our strategic focus continues to centre on capturing the growing global wealth opportunity, especially in Asia. Our wealth revenue rose 12% from $3.9bn in 1H23 to $4.3bn in 1H24. In particular, the fee and other income component of revenue increased by 14% from $3.1bn to $3.5bn. Net new invested assets in Asia rose from $27bn in 1H23 to $38bn in 1H24, an increase of 43%. In addition, we saw strong growth in our private banking and insurance businesses. Private banking revenue increased by 16%, reaching $1.3bn in 1H24. Insurance new business contractual service margin was $1.3bn in 1H24, a 77% increase compared with the same period last year.

Transaction banking
We have a leading proposition in transaction banking, supported by our capabilities in payments, global trade, foreign exchange and securities services. In 1H24, we continued to invest and cement our leadership position. Transaction banking revenue remained stable, at $13.2bn in 1H24. Our Global Payments Solutions ('GPS') business expanded further. Market share by GPS revenue increased by 1.3 percentage points from 3.5% in 2022 to 4.8% in 2023, taking our ranking from a top 4 bank globally in 2022 to second globally in 2023[1]. GPS fee and other income – an important source of diversification for us – increased by 4% from 1H23 to $1.1bn in 1H24. Moreover in trade, we were ranked first globally in 2023, based on trade revenue[1]. In foreign exchange ('FX'), we were ranked third globally by revenue in 2023[1], a position we have held since 2021.

$4.3bn
Global wealth revenue, up 12% compared with 1H23

$38bn
Asia net new invested assets, up 43% since 1H23

4.8%
GPS revenue market share[1], up 1.3 percentage points between 2022 and 2023

#1
Ranking by global trade revenue[1]

1 Source: Coalition Greenwich Competitor Analytics – FY23

Focus continued

Continue driving strong profit generation in our home markets

We continue to strengthen our scale positions in our home markets: Hong Kong and the UK – two of the leading global financial centres. They provide us with deep liquidity pools, which underpin our strong balance sheet.

Hong Kong
Our strategy remains focused on driving growth from our scale position. In 1H24, profit before tax for our business in Hong Kong reached $6.1bn, an increase of 1% on a constant currency basis compared with the same period last year.

The market is seeing good inflows from customers seeking investment opportunities. Our scale and connectivity position us well to capture this customer inflow. We had 345,000 new to bank customers in 1H24, an increase of 77% compared with 1H23. As a result, we saw strong inflows into both deposits and investments. Customer deposits rose by 2% from 1H23, taking our deposit balance to $544bn. Net new invested assets also increased by 12% since 1H23 to $19bn.

UK
HSBC UK continued to cement our scale positions in WPB and CMB in the UK market. Our profit before tax was $3.7bn in 1H24, an 11% increase compared with 1H23, excluding a $1.6bn SVB UK acquisition gain recognised in 1H23. In 1H23, HSBC UK profit before tax was $4.9bn on a constant currency basis.

With the UK economy showing continued resilience with signs of growth, we are well positioned to capitalise on the opportunity. This is evident in our strong loan growth of 2% since 1H23, taking our loan balance to $270bn. Our mortgage market share[1] reached 8.1% as of May 2024, a gain of 0.3 percentage points compared with May 2023. In addition, we saw continued traction in our WPB international proposition, with international active customers reaching 2.7m in 1H24, an 8% increase compared with 1H23.

345,000

New to bank customers in Hong Kong, up 77% since 1H23

$19bn

Net new invested assets in Hong Kong, up 12% compared with 1H23

$270bn

HSBC UK's loans and advances, up 2% since 1H23

8.1%

HSBC UK's mortgage market share[1], up 0.3 percentage points from May 2023

1 Bank of England data

Double down on international connectivity

International connectivity continues to be at the heart of our business. We take advantage of our network to help enable our strong international wholesale business to capitalise on recovering global trade and capital flows, while building market-leading WPB international propositions.

International trade volumes and capital flows are expected to rebound. We have a strong wholesale international proposition to capitalise on this trend. Wholesale multi-jurisdictional client revenue[1] increased 4% from $9.4bn in 1H23 to $9.7bn in 1H24. We also continued to generate more revenue with multi-jurisdictional corporate clients, and in CMB this is approximately five times that of a domestic customer.

Within WPB, in response to the trend of growing global mobility, we continued to build propositions where we can benefit from our distinctive international capabilities. As a result of our strategy, we had 7m international customers[2] in 1H24, who generate on average three times the revenue compared to that of a domestic customer. WPB revenue from international customers increased by 6% from $5.1bn in 1H23 to $5.4bn in 1H24.

1 Growth presented on a constant currency basis, excluding HSBC Bank Canada. For further information and the basis of preparation for wholesale multi-jurisdictional client revenue, see page 61.
2 WPB international customers include multi-jurisdictional, non-resident, and resident foreigner clients, excludes Canada.

4%

Increase in wholesale client revenue from multi-jurisdictional clients compared with 1H23[1]

6%

Increase in WPB revenue from international customers compared with 1H23

Digitise

Improve customer experience while investing in innovation

In 1H24, we remained focused on our goal to become a digital-first bank. Customer adoption of our digital services continued to rise. In CMB, 83.9% of customers were digitally active as of May 2024, an increase of 1.2 percentage points since May 2023. Our net promoter score for onboarding wholesale international clients in 1H24 improved by 10 points compared with 1H23. At 55.6%, more than half of WPB customers were mobile active in 1H24, an increase of 4.1 percentage points from 1H23. Furthermore, a total of 80% of WPB's international accounts[1] were opened via digital journeys in 1H24, an increase of 34 percentage points from 1H23.

We have also continued to embrace innovative and disruptive technologies including artificial intelligence ('AI'), blockchain, and quantum computing to enhance our services, strengthen security and deliver commercial value.

HSBC has been using AI for over a decade and has over 500 AI solutions in production across the bank today. In 1H24, we continued to invest in solutions leveraging AI. AI has helped us in our fight against financial crime by reducing the processing time required to analyse billions of transactions across millions of accounts from several weeks to a few days. Adoption of our AI Markets product, a digital service that utilises natural language processing to enrich the way investors interact with global markets, has continued to increase.

We invested in HK-based AI company Fano Labs, which specialises in natural language processing of local languages like Cantonese, and are developing solutions leveraging their technology in our contact centres to reduce manual processes, more accurately analyse data and deliver personalised customer services. With generative AI we have several use cases that we are beginning to deploy across the back office, including software developer tooling and digital assistants for employees.

Earlier this year we delivered the world's largest, and first ever multi-currency, natively digital bond issuance on our HSBC Orion platform in Hong Kong[2]. More than 50 investors invested in these blockchain-based bonds, and we have seen repo trading and regular secondary liquidity. We also extended our existing institutional offering in tokenised gold, successfully implementing it for Hong Kong retail customers. In Singapore, we invested in Marketnode, a partnership to co-develop a multi-asset digital infrastructure.

We are testing quantum technology for solving complex computational problems and enhancing cyber resilience. We recently piloted our first application of quantum-secure technology for buying and selling tokenised physical gold, which successfully demonstrated the viability of deploying these advanced technologies to help protect digital assets from future quantum computing attacks.

1 Refers to pre-departure international accounts
2 Source: HKMA

Energise

Inspire a dynamic culture

We are opening up a world of opportunity for our colleagues by building an inclusive organisation that empowers and energises them. We are building a stronger performance culture, improving colleague experience and preparing our workforce for the future.

We remain focused on our ambition to create a diverse and inclusive environment across our organisation. To achieve greater diversity across our senior leadership population, we have achieved 34.4% female representation in senior leadership positions by the end of 1H24, and are on track to achieve our target of 35% by 2025[1].

In 2022, we set a Group-wide ethnicity strategy to better represent the communities we serve. We are making good progress against this, with 3.1% of senior leadership roles in the UK and US held by colleagues of Black heritage in 1H24, against a goal of 3.4% by 2025. We are also on track to double the number of Black heritage colleagues in senior leadership roles globally by 2025, having increased 65% since 2020. We remain focused on increasing representation across our global workforce, including Asian heritage representation. At the end of 1H24, 38.5% of our senior leaders have self-identified as being from an Asian heritage background.

We continue to offer development programmes to our most senior leaders who are essential to the execution of our strategy, focused on providing greater clarity and alignment with our ambitions. In 2024, our Managing Director Leadership Programme has been enhanced with greater capacity alongside new masterclass topics and the introduction of an internal business faculty.

1 Data excludes Saudi Arabia due to local data collection restrictions.

In the following 'ESG overview' section, we outline how we put our purpose and values into practice.

Transition

Support the transition to net zero

In 2020, we set out our ambition to become a net zero bank by 2050. Since then, we have taken a number of steps to execute on our ambition and manage climate risks. We published our first net zero transition plan in January 2024, and we have made progress in supporting our customers through their transition journey, embedding net zero into the way we operate and partnering for systemic change.

As part of our ambition to align our financed emissions to achieve net zero by 2050, we have set on-balance sheet or combined financed emissions targets for a number of emissions-intensive sectors.

To support our customers through the transition to net zero and to a sustainable future, in 2020 we set out an ambition to provide and facilitate $750bn to $1tn of sustainable finance and investments by 2030. We provided and facilitated $45.5bn of sustainable finance and investments in 1H24, bringing our cumulative total since January 2020 to $339.9bn.

We continued to support our clients in their transition journey. In 1H24, HSBC Innovation Banking acted as a lead arranger in a $100m credit facility for US-based Electric Hydrogen to support their manufacturing and deployment of the company's electrolyser plants. HSBC also acted as a joint bookrunner for a $1.7bn social bond that is intended to provide funding for new and existing government-led projects under Chile's sustainable bond framework seeking to address social needs in the Republic.

For further details on our climate ambition, see the following 'ESG overview' section.

ESG overview

We are committed to embedding strong environmental, social and governance principles in the way we do business.

Our approach

Our approach to ESG is shaped by our purpose and values, and a desire to create sustainable long-term value for our stakeholders. As an international bank with significant breadth and scale, we understand that we can have a significant impact in helping to tackle ESG challenges and realise opportunities. We also recognise the complexity of ESG issues. Our ESG efforts are focused on the areas that align most closely to our strategy, purpose and values, and where we can help make a significant difference: the transition to net zero, building inclusion and resilience, and acting responsibly.

Transition to net zero
We are progressing with the implementation of our net zero transition plan, which we published in January this year. Our implementation plan sets out how we are embedding net zero: into the way that we support our customers, into the way that we operate as an organisation and into how we partner externally in support of systemic change.

We continue to scale and innovate in our sustainable finance and investment products and services to support our customers' transitions.

We have established a new business, HSBC Infrastructure Finance, to focus on infrastructure financing and project finance advisory opportunities associated with the transition to a net zero global economy. The business will support our clients with project development and establish additional partnerships in both the public and private sectors.

For our small and medium-sized enterprise ('SME') customers, HSBC UK has partnered with carbon management company Greenly to support clients to measure their carbon footprint by enabling them to identify their main sources of carbon emissions and spot opportunities to reduce them. This is an important step for SMEs when developing a transition plan.

During the first half of the year, HSBC Asset Management Alternatives further enhanced its Energy Transition proposition with the launch of the Red Hexagon Energy Transition Asia Fund, which will invest in the direct equity of a targeted portfolio of businesses that own, develop and operate energy transition infrastructure assets.

Embedding net zero across our business is an ongoing process. Our bank-wide, three-year sustainability execution programme is underway to enable the delivery of our sustainability agenda, focused on our net zero ambition and regulatory requirements.

We continue to work on scaling and evolving our net zero capabilities across the bank, which includes embedding net zero into our culture.

We continue to work with the public sector, industry, civil society and peers to help shape effective policies, regulations and standards, and to help develop insights and learning.

For example, this year we collaborated with Repower, a global non-profit initiative, to publish the 'Financing the clean re-powering of coal power' white paper. The paper seeks to raise awareness of the potential to eliminate emissions from existing coal-fired power plants while supporting a just transition for communities by investing in clean energy resources on the same sites.

Build inclusion and resilience
Our inclusion strategy enables HSBC to be an organisation that values difference and encourages colleagues to embrace diverse perspectives. We remain on track against our gender and ethnicity senior leadership ambitions, with 34.4%[1] of senior leadership roles being held by women globally and 3.1% held by Black heritage colleagues in the UK and US combined at 1H24.

To better reflect the communities we serve, we have enabled 93% of colleagues to disclose their ethnicity, where legally permissible. At the end of 1H24, 65% of our colleagues have chosen to do so.

We have continued to offer colleagues the opportunity to develop their skills while ensuring we build a pipeline of talent to support our strategic priorities. The Sustainability Academy aids in upskilling colleagues for the transition to net zero, focusing on capability building across key employee groups who are supporting customers.

We have continued to encourage our colleagues to participate in external certifications to deepen their expertise. At the end of 1H24, 110 colleagues have started or completed the Imperial College Sustainability Programme, and 29 colleagues have started the Oxford University Sustainable Finance Programme.

We have continued to expand our Accelerating Wealth Programme to more internal and external applicants, to support the expansion of our services, particularly in Asia. The programme offers a skills-based development plan for colleagues who are looking to pursue a career in wealth management. Our technology transformation skills programme aims to ensure we attract, develop and retain the skilled talent we need to execute the strategy.

We drive inclusion for our customers by identifying and addressing barriers to finance and financial markets. We aim to simplify the banking experience by providing tools to help customers manage their finances more easily, as well as provide education and support to help them make the most of their money. We also offer social-linked financial products that aim to help clients improve their societal outcomes. We engage with the communities we operate within through philanthropic giving, disaster relief and volunteering.

Act responsibly
Our purpose-led 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 incorporated into the way we design, approve, market and manage products and services. It complements our purpose and values and, together with more formal policies and the tools we have to do our jobs, provides an enterprise-wide, outcome-focused conduct method.

1 Data excludes Saudi Arabia due to local data restrictions.

Financial overview

In assessing the Group's financial performance, management uses a range of financial measures that focus on the delivery of sustainable returns for our shareholders and maintaining our financial strength.

Executive summary

Financial performance in 1H24 demonstrated the execution of our strategy and strengthened platform for growth, supported by the continued higher global interest rate environment.

This section sets out our key Group financial targets and the progress we made towards these during 1H24, and – where relevant – our expectations for the rest of 2024 and beyond. We also include a more detailed table covering further key financial metrics that we consider insightful for understanding the Group's performance.

The Group financial results that follow provide more detailed insight into the performance that has driven the outcomes of our financial targets. It covers income statement performance on both a reported and constant currency basis, and the main factors impacting the strength of our balance sheet, capital and liquidity position.

Group financial targets

Return on average tangible equity excluding notable items (annualised)

17.0%

(1H23: 18.5%)

In 1H24, RoTE (annualised) was 21.4%, a decrease of 1.0 percentage point from 1H23.

For the purposes of measuring performance against our Group target, we adjust RoTE to exclude notable items. From 1 January 2024, we revised the adjustments made to RoTE from excluding only the impact of strategic transactions and the impairment of BoCom, to exclude all notable items. This was intended to improve alignment with the treatment of notable items in our other income statement disclosures. RoTE excluding notable items has been re-presented for 1H23 on the revised basis and we no longer disclose RoTE excluding strategic transactions and the impairment of BoCom.

RoTE excluding notable items (annualised) was 17.0%, a decrease of 1.5 percentage points compared with 1H23. We are now targeting a RoTE excluding notable items in the mid-teens for both 2024 and 2025.

Our guidance reflects our current outlook for the global macroeconomic environment, including customer and financial markets activity. This includes our modelling of a number of market dependent factors, such as market-implied interest rates (as of mid-July 2024).

Target basis operating expenses

$16.1bn

(1H23: $15.0bn)

In 1H24, target basis cost growth was 7% compared with 1H23. This primarily reflected higher investment spend, notably in technology, inflationary pressures and an increase in our performance-related pay accrual of $0.3bn, which reflects a change in the phasing of the performance-related pay pool relative to 1H23.

In 2024, our cost growth guidance is approximately 5% compared with 2023, on a target basis (2023: $31.0bn). This guidance reflects our current business plan for 2024, and includes an increase in staff compensation, higher technology spend and investment for growth and efficiency, in part mitigated by cost savings from actions taken during 2023.

Our target basis operating expenses for 2024 excludes the direct cost impact of the disposals in France and Canada from the 2023 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.

Capital and dividend policy CET1 ratio

15.0%

Second interim dividend per ordinary share in respect of 2024

$0.10

At 30 June 2024, our CET1 capital ratio was 15.0%, up 0.2 percentage points from 31 December 2023. This was driven by a reduction in RWAs, partly offset by a reduction in our CET1 capital. We intend to continue to manage the CET1 ratio to within our medium-term target range of 14% to 14.5%.

Alongside our 1H24 results, the Board has announced a second interim dividend of $0.10 per ordinary share. Given our returns trajectory, we continue to target a dividend payout ratio target basis of 50% for 2024. For the purposes of computing our dividend payout ratio target basis, we exclude from earnings per share material notable items and related impacts. See page 60 for our calculation of earnings per share.

Key financial metrics

Reported results	Half-year to 30 Jun 2024	30 Jun 2023
Profit before tax ($m)	**21,556**	21,657
Profit after tax ($m)	**17,665**	18,071
Cost efficiency ratio (%)	**43.7**	41.9
Net interest margin (%)	**1.62**	1.70
Basic earnings per share ($)	**0.89**	0.86
Diluted earnings per share ($)	**0.88**	0.86
Dividend per ordinary share (in respect of the period) ($)[1]	**0.20**	0.20
Alternative performance measures		
Constant currency profit before tax ($m)	**21,556**	21,472
Constant currency cost efficiency ratio (%)	**43.7**	41.8
Constant currency revenue excluding notable items ($m)	**33,721**	33,075
Constant currency profit before tax excluding notable items ($m)	**18,067**	18,117
Constant currency revenue excluding notable items and strategic transactions ($m)	**33,543**	32,462
Constant currency profit before tax excluding notable items and strategic transactions ($m)	**17,975**	17,969
Expected credit losses and other credit impairment charges (annualised) as % of average gross loans and advances to customers (%)	**0.23**	0.28
Expected credit losses and other credit impairment charges (annualised) as % of average gross loans and advances to customers, including held for sale (%)	**0.22**	0.26
Basic earnings per share excluding material notable items and related impacts ($)	**0.68**	0.70
Return on average ordinary shareholders' equity (annualised) (%)	**19.8**	20.8
Return on average tangible equity (annualised) (%)	**21.4**	22.4
Return on average tangible equity excluding notable items (annualised) (%)	**17.0**	18.5
Target basis operating expenses ($m)	**16,052**	14,983

Balance sheet	At 30 Jun 2024	31 Dec 2023
Total assets ($m)	**2,975,003**	3,038,677
Net loans and advances to customers ($m)	**938,257**	938,535
Customer accounts ($m)	**1,593,834**	1,611,647
Average interest-earning assets, year to date ($m)	**2,097,866**	2,161,746
Loans and advances to customers as % of customer accounts (%)	**58.9**	58.2
Total shareholders' equity ($m)	**183,293**	185,329
Tangible ordinary shareholders' equity ($m)	**153,109**	155,710
Net asset value per ordinary share at period end ($)	**8.97**	8.82
Tangible net asset value per ordinary share at period end ($)	**8.35**	8.19
Capital, leverage and liquidity		
Common equity tier 1 capital ratio (%)[2]	**15.0**	14.8
Risk-weighted assets ($m)[2,3]	**835,118**	854,114
Total capital ratio (%)[2,3]	**20.6**	20.0
Leverage ratio (%)[2,3]	**5.7**	5.6
High-quality liquid assets (liquidity value, average) ($m)[3,4]	**646,052**	647,505
Liquidity coverage ratio (average) (%)[3,4,5]	**137**	136
Share count		
Period end basic number of $0.50 ordinary shares outstanding (millions)	**18,330**	19,006
Period end basic number of $0.50 ordinary shares outstanding and dilutive potential ordinary shares (millions)	**18,456**	19,135
Average basic number of $0.50 ordinary shares outstanding (millions)	**18,666**	19,478

For reconciliations of our reported results to a constant currency basis, including lists of notable items, see page 40. For detail on other alternative performance measures, including definitions and calculations, see 'Reconciliation of alternative performance measures' on pages 56 to 61.

1 Dividend per ordinary share for the half year to 30 June 2024 excludes 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 Unless otherwise stated, regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. 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.
3 Regulatory numbers and ratios are as presented at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods.
4 The liquidity coverage ratio is based on the average value of the preceding 12 months.
5 We have enhanced our calculation processes during 1H24. As Group LCR is reported as a 12-month average, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.

Basis of presentation

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 global businesses. Material notable items are a subset of notable items and categorisation is dependent on the nature of each item in conjunction with the financial impact on the Group's income statement. At 1H24, strategic transactions classified as material notable items comprise the disposal of our retail banking operations in France, our banking business in Canada, the planned sale of our business in Argentina and the acquisition of SVB UK.

The impacts quoted include the gains or losses on classification to held for sale or on acquisition and all other related notable items. They also include the distorting impact between the periods of the operating income statement results related to acquisitions and disposals that affect period-on-period comparisons. It 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. We consider the monthly impacts of distorting income statement results when calculating the impact of strategic transactions. See page 42 for supplementary analysis of the impact of strategic transactions.

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.

We consider constant currency performance to provide useful information for investors by aligning internal and external reporting, and reflecting how management assesses period-on-period performance.

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. From 1H24, we now disclose 'profit before tax excluding notable items' and 'revenue excluding notable items'. We have introduced these new measures due to the significant impact of notable items on the Group's results. We consider profit before tax excluding notable items and revenue excluding notable items as useful information in understanding period-on-period performance.

From 1H24, we also adjust our constant currency revenue and profit before tax excluding notable items for the distorting income statement results when calculating the impact of strategic transactions.

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.

The tables on pages 40 to 43 and pages 52 to 55 detail the effects of notable items on each of our global business segments and legal entities during 1H24 and 1H23.

Management view of revenue on a constant currency basis
Our global business segment commentary includes tables that provide breakdowns of revenue on a constant currency basis by major product. These reflect the basis on which revenue performance of the businesses is assessed and managed.

Global Trade Solutions
During 2Q24, we renamed our Global Trade and Receivables Finance business as Global Trade Solutions ('GTS'), to better reflect our broad suite of products and the focus we place on serving our clients globally.

Reported results

1H24 compared with 1H23 – reported performance

	Half-year to		Variance		
			1H24 vs 1H23		
	30 Jun 2024	30 Jun 2023			of which strategic transactions[1]
Reported results	**$m**	$m	**$m**	**%**	**$m**
Net operating income before change in expected credit losses and other credit impairment charges ('revenue')	**37,292**	36,876	**416**	**1**	**(92)**
ECL	**(1,066)**	(1,345)	**279**	**21**	**27**
Net operating income	**36,226**	35,531	**695**	**2**	**(65)**
Total operating expenses	**(16,296)**	(15,457)	**(839)**	**(5)**	**388**
Operating profit/(loss)	**19,930**	20,074	**(144)**	**(1)**	**323**
Share of profit in associates and joint ventures	**1,626**	1,583	**43**	**3**	**—**
Profit before tax	**21,556**	21,657	**(101)**	**—**	**323**
Tax income/(expense)	**(3,891)**	(3,586)	**(305)**	**(9)**	
Profit/(loss) after tax	**17,665**	18,071	**(406)**	**(2)**	
Revenue excluding notable items	**33,721**	33,540	**181**	**1**	
Profit before tax excluding notable items	**18,067**	18,392	**(325)**	**(2)**	

1 For details, see 'Impact of strategic transactions' on page 42.

	Half-year to	
	30 Jun 2024	30 Jun 2023
Notable items	**$m**	$m
Revenue		
Disposals, acquisitions and related costs	**3,571**	3,321
Fair value movements on financial instruments[1]	**—**	15
Currency translation on revenue notable items	**—**	91
Operating expenses		
Disposals, acquisitions and related costs	**(101)**	(118)
Restructuring and other related costs	**19**	47
Currency translation on operating expenses notable items	**—**	1

1 Fair value movements on non-qualifying hedges in HSBC Holdings.

Reported results continued

Reported profit
Reported profit before tax of $21.6bn was stable compared with 1H23. The 1H24 period included a $4.8bn gain following the completion of the disposal of our banking business in Canada, inclusive of fair value gains on related hedging and recycling of related reserves, partly offset by a $1.2bn impairment recognised following the classification of our business in Argentina as held for sale. It also included the non-recurrence of a $2.1bn reversal in 1H23 of an impairment relating to the sale of our retail banking operations in France, which was subsequently reinstated in 4Q23 prior to completion, and a $1.5bn gain recognised on the acquisition of SVB UK.

Reported profit after tax of $17.7bn was $0.4bn or 2% lower compared with 1H23.

Reported revenue
Reported revenue of $37.3bn was $0.4bn or 1% higher. The increase included a $4.8bn gain in 1H24 on the disposal of our banking business in Canada, inclusive of fair value gains on related hedging and recycling of related reserves, which was broadly offset by the period-on-period impacts of a $1.2bn impairment recognised in 1H24 following the classification of our business in Argentina as held for sale, the non-recurrence of a $2.1bn reversal in 1H23 of an impairment relating to the sale of our retail banking operations in France, and a $1.5bn gain recognised in 1H23 on the acquisition of SVB UK, as described above.

The increase also reflected revenue growth in Equities and Securities Financing in GBM as market sentiment improved, as well as higher wealth revenue in WPB, with growth in all products.

Revenue also increased in Markets Treasury, driven by higher NII due to reinvestments in our portfolio at higher yields, partly offset by a fall in trading income due to lower interest rate volatility in Asia compared with 1H23. Markets Treasury revenue is allocated to our global businesses.

These factors were partly offset by a reduction in Global Foreign Exchange revenue in GBM due to lower customer activity compared with a strong 1H23. Credit and Lending revenue decreased in CMB, primarily driven by margin compression, and in GBM, reflecting an enhanced focus on returns and weaker client demand.

In Corporate Centre, there were also adverse fair value movements on financial instruments in Central Treasury and structural hedges, a loss related to the recycling of reserves following the completion of the sale of our business in Russia and an impairment following the classification of our operations in Armenia as held for sale.

Reported ECL
Reported ECL of $1.1bn were $0.3bn or 21% lower. ECL benefited from a release of stage 3 allowances in GBM in HSBC Bank plc related to a single client, while lower charges in CMB were primarily in HSBC UK due to allowance releases, and also reflected lower charges in relation to the commercial real estate sector in mainland China compared with 1H23. ECL charges in WPB were broadly stable as a release of allowances in HSBC UK was offset by higher charges in Mexico, reflecting unemployment trends and growth in our unsecured portfolio.

Reported operating expenses
Reported operating expenses of $16.3bn were $0.8bn or 5% higher, mainly due to higher technology costs of $0.3bn, including investment, the impacts of inflation, and an increase in our performance-related pay accrual of $0.3bn, which reflects a change in the phasing of the performance-related pay pool relative to 1H23. Our operating expenses also rose due to the incremental costs from HSBC Innovation Banking ('IVB') of $0.1bn, the non-recurrence of a $0.2bn impact from the reversal of historical asset impairments in 1H23, and higher bank levies in 1H24.

These factors were partly offset by the impact of disposals in Canada and France, continued cost discipline, and favourable foreign currency translation differences between the periods of $0.2bn.

Reported share of profit from associates and JVs
Reported share of profit from associates and joint ventures of $1.6bn was $43m or 3% higher. This included an increase in the share of profit from Saudi Awwal Bank ('SAB').

Tax expense
Tax in 1H24 was a charge of $3.9bn, representing an effective tax rate of 18.1%. The effective tax rate for 1H24 was reduced by the non-taxable gain on the sale of our banking business in Canada and increased by the non-deductible loss recorded on the planned sale of our business in Argentina. Excluding these items, the effective rate for 1H24 was 21.4%. Tax in 1H23 was a charge of $3.6bn, representing an effective tax rate of 16.6%. The effective tax rate for 1H23 was reduced by 1.9 percentage points by the non-taxable gain recognised on the acquisition of SVB UK and by 2.0 percentage points by the release of provisions for uncertain tax positions.

Reported profit after tax in 1H24

$17.7bn

(1H23: $18.1bn)

Reported net interest income in 1H24

$16.9bn

down 7% compared with 1H23.

Reported performance – 2Q24 vs 2Q23

Reported results	Quarter ended 30 Jun 2024 $m	30 Jun 2023 $m	31 Mar 2024 $m	Variance 2Q24 vs 2Q23 $m	%	of which strategic transactions[1] $m
Net operating income before change in expected credit losses and other credit impairment charges ('revenue')	**16,540**	16,705	20,752	**(165)**	**(1)**	**(362)**
ECL	**(346)**	(913)	(720)	**567**	**62**	**7**
Net operating income	**16,194**	15,792	20,032	**402**	**3**	**(355)**
Total operating expenses	**(8,145)**	(7,871)	(8,151)	**(274)**	**(3)**	**335**
Operating profit/(loss)	**8,049**	7,921	11,881	**128**	**2**	**(20)**
Share of profit in associates and joint ventures	**857**	850	769	**7**	**1**	**—**
Profit before tax	**8,906**	8,771	12,650	**135**	**2**	**(20)**
Tax income/(expense)	**(2,078)**	(1,726)	(1,813)	**(352)**	**(20)**	
Profit/(loss) after tax	**6,828**	7,045	10,837	**(217)**	**(3)**	

1 For details, see 'Impact of strategic transactions' on page 42.

Notable items	Quarter ended 30 Jun 2024 $m	30 Jun 2023 $m	31 Mar 2024 $m
Revenue			
Disposals, acquisitions and related costs	**(161)**	(241)	3,732
Currency translation on revenue notable items	**—**	1	—
Operating expenses			
Disposals, acquisitions and related costs	**(38)**	(57)	(63)
Restructuring and other related costs	**6**	47	13
Currency translation on operating expenses notable items	**—**	—	—

Reported profit

Reported profit before tax of $8.9bn was $0.1bn, or 2%, higher than in 2Q23, reflecting lower ECL charges, which more than offset a reduction in revenue and growth in operating expenses.

Reported profit after tax of $6.8bn was $0.2bn, or 3%, lower compared with 2Q23.

Reported revenue

Reported revenue fell by $0.2bn or 1% to $16.5bn and included an adverse impact of foreign currency translation differences of $0.4bn. In addition, the reduction reflected lower revenue following the 1Q24 completion of the disposals of our retail banking business in France and the sale of our banking business in Canada, as well as a loss related to the recycling of reserves following the completion of the sale of our business in Russia.

The reduction in revenue was partly offset by growth in Markets and Securities Services in GBM, notably from Securities Financing and Equities, and from Wealth in WPB. In addition, there was an increase in revenue due to the non-recurrence of 2Q23 fair value losses on the hedging of the proceeds from the sale of our banking business in Canada.

There was also revenue growth in Markets Treasury, mainly from higher NII due to reinvestments in our portfolio at higher yields. This revenue is allocated to our global businesses.

Reported ECL

Reported ECL in 2Q24 of $0.3bn decreased by $0.6bn reflecting lower charges in 2Q24 in the commercial real estate sector in mainland China, compared with 2Q23, as well as a reduction in ECL charges in HSBC UK, notably due to a net release of allowances in WPB and lower charges in CMB. In addition, the decrease in ECL charges reflected the release of stage 3 allowances related to a single GBM exposure in HSBC Bank plc.

Reported operating expenses

Reported operating expenses of $8.1bn were $0.3bn or 3% higher, driven by growth in technology, including investment, inflationary impacts and a higher performance-related pay accrual. It also included the non-recurrence of a $0.2bn impact from the reversal of historical asset impairments in 2Q23. These increases were partly offset by continued cost discipline, reductions following the completion of disposals in Canada and France and a favourable impact of foreign currency translation differences of $0.2bn.

Reported profit after tax in 2Q24

$6.8bn

(2Q23: $7.0bn)

Constant currency results

1H24 compared with 1H23 – constant currency basis

	Half-year to		1H24 vs 1H23		
Results – on a constant currency basis	**30 Jun 2024 $m**	30 Jun 2023 $m	**$m**	**%**	**of which strategic transactions[1] $m**
Revenue	**37,292**	36,502	**790**	**2**	**(172)**
ECL	**(1,066)**	(1,317)	**251**	**19**	**30**
Total operating expenses	**(16,296)**	(15,244)	**(1,052)**	**(7)**	**384**
Operating profit	**19,930**	19,941	**(11)**	**—**	**242**
Share of profit in associates and joint ventures	**1,626**	1,531	**95**	**6**	**—**
Profit before tax	**21,556**	21,472	**84**	**—**	**242**

1 For details, see 'Impact of strategic transactions' on page 42.

Profit before tax of $21.6bn was stable on a constant currency basis as revenue growth and lower ECL charges broadly offset growth in operating expenses. Constant currency profit before tax excluding notable items of $18.1bn was also stable compared with 1H23.

Revenue increased by $0.8bn or 2% on a constant currency basis and included a $4.8bn gain on the disposal of our banking business in Canada, inclusive of fair value gains on the hedging of the sales proceeds and recycling of related reserves. This gain was broadly offset by the period-on-period impacts of a $1.2bn impairment recognised in 1H24 following the classification of our business in Argentina as held for sale, the non-recurrence of a $2.1bn reversal in 1H23 of an impairment relating the sale of our retail banking operations in France and a $1.6bn gain recognised on the acquisition of SVB UK. The remaining increase in revenue was due to higher customer activity in our Wealth products in WPB, and in Equities and Securities Financing in GBM, partly offset by a reduction in revenue in Global Foreign Exchange in GBM. Constant currency revenue excluding notable items was $33.7bn, an increase of 2% compared with 1H23.

ECL were $0.3bn lower on a constant currency basis. ECL benefited from a release of stage 3 allowances in GBM in HSBC Bank plc related to a single client, while lower charges in CMB were primarily in HSBC UK due to allowance releases, as well as lower charges in relation to the commercial real estate sector in mainland China compared with 1H23. ECL charges in WPB were broadly stable as a release of allowances in HSBC UK was offset by higher charges in Mexico, reflecting unemployment trends and growth in our unsecured portfolio.

Operating expenses were $1.1bn higher on a constant currency basis, mainly driven by higher technology spend and investment, the impacts of inflation and a higher performance-related pay accrual. The increase also included a rise of $0.1bn due to additional costs of IVB, the non-recurrence of a $0.2bn impact from the reversal of historical asset impairments in 1H23, and higher bank levies in 1H24. These factors were partly offset by the impact of our continued cost discipline and reductions following the completion of disposals in Canada and France.

Balance sheet and capital

Balance sheet strength

Total assets of $3.0tn were $64bn lower than at 31 December 2023 on a reported basis, and included the adverse impact of foreign currency translation differences of $41bn. On a constant currency basis, total assets decreased by $23bn, reflecting lower assets held for sale following the completion of the sales of our retail banking operations in France and our banking business in Canada in 1H24. This was partly offset by higher trading asset balances and an increase in financial investments.

Reported loans and advances to customers of $0.9tn remained stable compared with 31 December 2023, and grew by $12bn on a constant currency basis. This included an increase in CMB, notably in HSBC Bank plc, mainland China and India. In addition, mortgage balances increased in HSBC UK in WPB.

Reported customer accounts of $1.6tn decreased by $18bn. On a constant currency basis, customer accounts increased by $3bn, notably in GBM, reflecting growth in time deposit balances in Asia. The increase in GBM also included a large short-term deposit from a single corporate customer.

Loans and advances to customers as a percentage of customer accounts were 59%, compared with 58% at 31 December 2023.

Distributable reserves

The distributable reserves of HSBC Holdings at 30 June 2024 were $13.7bn, compared with $30.9bn at 31 December 2023. The decrease was primarily driven by dividends on ordinary shares and additional tier 1 coupon distributions of $12.2bn and share buy-back payments of $5bn. The profits generated in HSBC Holdings of $9.7bn in 1H24 will be reflected in the distributable reserves as at 31 December 2024.

Capital position

We actively manage the Group's capital position to support our business strategy and meet our regulatory requirements at all times, including under stress, while optimising our capital efficiency. To do this, we monitor our capital position using a number of measures. These include our capital ratios and the impact on our capital ratios as a result of stress.

Our CET1 ratio at 30 June 2024 was 15.0%, up from 14.8% at 31 December 2023, driven by a reduction in RWAs, partly offset by a reduction in our CET1 Capital.

Liquidity position

We actively manage the Group's liquidity and funding to support our business strategy and meet regulatory requirements at all times, including under stress. To do this, we monitor our position using a wide set of measures, including the liquidity coverage ratio ('LCR') and the net stable funding ratio ('NSFR'). During 1H24, we enhanced our liquidity consolidation process and revised the associated provisions originally recognised to address historical limitations. As Group LCR is reported as a 12-month average, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024. The average high-quality liquid assets ('HQLA') we held was $646.1bn. This excludes HQLA in legal entities which are not transferable due to local restrictions. For further details, see page 103.

Common equity tier 1 ratio
(%)

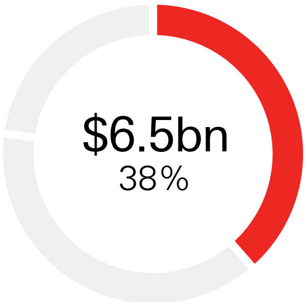
15.0%

(31 December 2023: 14.8%)

Wealth and Personal Banking

We serve around 40 million customers globally, including over 7 million who are international, from retail customers to ultra high net worth individuals and their families.

Contribution to Group profit before tax



Calculation is based on profit before tax of our global businesses excluding Corporate Centre.

To meet our customers' needs, we offer a full suite of products and services across transactional banking, lending and wealth.

WPB continued to invest in our key strategic priorities of expanding our Wealth franchise in Asia, developing our transactional banking and lending capabilities, and addressing our customers' international needs.

Performance in 1H24 reflected strong growth in Wealth, with double digit growth in Private Banking non-interest income and Retail investment distribution as well as growth in asset management and life insurance. We also saw moderate balance sheet growth, growth in our invested assets and wealth deposits. The results included a broadly stable ECL charge and growth in operating expenses.

	Half-year to		1H24 vs 1H23		
Results – on a constant currency basis	**30 Jun 2024 $m**	30 Jun 2023 $m	**$m**	**%**	**of which strategic transactions[2] $m**
Net operating income	**14,312**	16,095	**(1,783)**	**(11)**	**(2,389)**
ECL	**(476)**	(484)	**8**	**2**	**5**
Operating expenses	**(7,406)**	(7,020)	**(386)**	**(5)**	**363**
Share of profit in associates and JVs	**28**	35	**(7)**	**(20)**	**–**
Profit before tax	**6,458**	8,626	**(2,168)**	**(25)**	**(2,021)**
RoTE (annualised)[1] (%)	**30.6**	43.1			

1 RoTE (annualised) in 1H23 included a 10.5 percentage point favourable impact of the reversal of the impairment losses relating to the planned sale of our retail banking operations in France.
2 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 42.

Divisional highlights

14%

Growth in wealth non-interest income compared with 1H23.

16%

Growth in the contractual service margin in insurance since 1H23, up to $12.2bn.

Constant currency profit before tax
($bn)

$6.5bn

Half-year to

Constant currency net operating income
($bn)

$14.3bn

Half-year to

International customers are those who bank in more than one market, those whose address is different from the market we bank them in and customers whose nationality, or country of birth for non-resident Indians and overseas Chinese, is different to the market we bank them in. Customers may be counted more than once when banked in multiple countries.

Management view of revenue	Half-year to 30 Jun 2024 $m	30 Jun 2023 $m	1H24 vs 1H23 $m	%	of which strategic transactions[3] $m
Wealth	**4,336**	3,888	**448**	**12**	**(81)**
– investment distribution	**1,436**	1,273	**163**	**13**	**(63)**
– Global Private Banking	**1,327**	1,147	**180**	**16**	**—**
net interest income	**598**	585	**13**	**2**	**—**
non-interest income	**729**	562	**167**	**30**	**—**
– life insurance	**912**	851	**61**	**7**	**—**
– asset management	**661**	617	**44**	**7**	**(18)**
Personal Banking	**9,689**	10,160	**(471)**	**(5)**	**(257)**
– net interest income	**9,002**	9,508	**(506)**	**(5)**	**(216)**
– non-interest income	**687**	652	**35**	**5**	**(41)**
Other[1]	**287**	2,047	**(1,760)**	**(86)**	**(2,051)**
– of which: reversal of impairment loss relating to the planned sale of our retail banking operations in France	**54**	2,058	**(2,004)**	**>(100)**	**(2,004)**
Net operating income[2]	**14,312**	16,095	**(1,783)**	**(11)**	**(2,389)**

1 'Other' includes Markets Treasury, HSBC Holdings interest expense and hyperinflation. It also includes the distribution and manufacturing (where applicable) of retail and credit protection insurance, disposal gains and other non-product-specific income.
2 'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').
3 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 42.

Notable items	Half-year to 30 Jun 2024 $m	30 Jun 2023 $m
Revenue		
Disposals, acquisitions and related costs	**55**	2,034
Currency translation on revenue notable items	**—**	24
Operating expenses		
Disposals, acquisitions and related costs	**—**	(23)
Restructuring and other related costs	**4**	—
Currency translation on operating expenses notable items	**—**	(1)

Financial performance

Profit before tax of $6.5bn was $2.2bn lower than in 1H23 on a constant currency basis. The reduction was driven by the non-recurrence of a $2.1bn reversal in 1H23 of an impairment relating to the sale of our retail banking operations in France, although it was subsequently reinstated in 4Q23 and the sale completed on 1 January 2024. In addition, the decrease included the non-recurrence of $0.1bn of profit before tax in 1H23 from our banking business in Canada, which we sold in 1Q24. NII was stable compared with 1H23 and fee income increased 10%. The results included a broadly stable ECL charge and a 5% growth in operating expense on a constant currency basis.

Revenue of $14.3bn was $1.8bn or 11% lower on a constant currency basis. This included the impact of a reversal of an impairment relating to the planned sale of our retail banking operations in France included within 'Other'. Wealth revenue increased $0.4bn or 12% as we continue to accelerate our wealth expansion. This included double digit growth in investment distribution and in Global Private Banking, as well as revenue growth in asset management and life insurance. This was partly offset by a reduction in Personal Banking NII of $0.5bn, mainly due to the impact of the disposals in France and Canada mentioned above and margin compression, partly offset by balance sheet growth.

In Wealth, revenue of $4.3bn was $0.4bn or 12% higher.

- Global Private Banking revenue was $0.2bn or 16% higher due to a strong performance in brokerage and trading in our entities in Asia.
- Investment distribution revenue was $0.2bn or 13% higher, driven by mutual funds, structured products and bonds due to the combination of the execution of our strategy and improved market sentiment, notably in our entities in Asia.
- Life insurance revenue was $0.1bn or 7% higher. The growth reflected an increase in contractual service margin ('CSM') release of $0.1bn, largely due to growth in the CSM balances. New business CSM of $1.3bn was 77% higher, mainly in Hong Kong.
- Asset management revenue was $44m or 7% higher, driven by a 12% increase in assets under management and positive market movements. This was partly offset by a reduction in revenue due to the sale of our banking business in Canada.

In Personal Banking, revenue of $9.7bn was down $0.5bn or 5%.

- Net interest income was $0.5bn or 5% lower due to the impact of the sales in France and Canada and narrower margins. Compared with 1H23, lending balances fell due to the sale of our retail banking operations in France partly offset by growth in HSBC UK, and in our entities in Hong Kong, the US and Mexico. Mortgage lending rose in HSBC UK and in our entities in Hong Kong and the US. Compared with 1H23, unsecured lending increased, notably in HSBC UK, in our entities in Asia and in Mexico, partly offset by a reduction due to the sale of our retail banking operations in France. Deposit balances fell by $9.2bn, mainly due to the sale of our retail banking operations in France, and declines in HSBC UK balances due to competition on savings products and cost of living pressures. These were partly offset by growth in our main legal entities in mainland China, Australia, Taiwan and the Channel Islands.

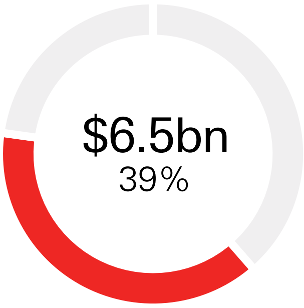
ECL of $0.5bn were broadly stable compared with 1H23 on a constant currency basis. The 1H24 ECL benefited from allowance releases in HSBC UK, as portfolio performance remained resilient, offset by higher charges in Mexico driven by unemployment trends and portfolio volume increases.

Operating expenses of $7.4bn were 5% higher on a constant currency basis, reflecting continued investment in Wealth in Asia, higher technology spend and investment, a higher performance-related pay accrual, and from the impact of inflation. These were partly offset by continued cost discipline and the impact of the disposals in France and Canada.

Commercial Banking

We operate in 50 markets, serving around 1.2[1] million customers, ranging from small enterprises to large companies operating globally, including those in the new innovation economy.

Contribution to Group profit before tax



Calculation is based on profit before tax of our global businesses excluding Corporate Centre.

We partner with businesses around the world, supporting every stage of their growth, their international ambitions and their sustainability transitions. We deliver value to our clients through our international network, financing strength, digital capabilities and our universal banking capabilities, including our industry leading global trade and payments solutions.

We have continued to strengthen our transaction banking capabilities, which are at the heart of our international proposition. We have been recognised as the World's Best Bank for Payments and Treasury (Euromoney Awards for Excellence 2024) and our multi-year investment in our payments capabilities aims to help clients operate more efficiently, navigate transformation and improve risk management.

CMB performance in 1H24 remained solid, with revenue benefiting from the higher interest rates environment, growth in transaction banking and higher collaboration revenue. The growth was offset by the non-recurrence of a gain recognised in 1H23 on the acquisition of SVB UK. The increase in operating expenses reflected our committed investment in IVB and technology.

	Half-year to		1H24 vs 1H23		
Results – on a constant currency basis	**30 Jun 2024 $m**	30 Jun 2023 $m	**$m**	**%**	**of which strategic transactions[2] $m**
Net operating income	**10,896**	12,086	**(1,190)**	**(10)**	**(1,621)**
ECL	**(573)**	(694)	**121**	**17**	**30**
Operating expenses	**(3,861)**	(3,458)	**(403)**	**(12)**	**18**
Share of profit in associates and JVs	**1**	(1)	**2**	**>100**	**–**
Profit before tax	**6,463**	7,933	**(1,470)**	**(19)**	**(1,573)**
RoTE (annualised)[1] (%)	**21.8**	28.8			

1 RoTE (annualised) in 1H23 included a 6.2 percentage point favourable impact of the gain on the acquisition of SVB UK.
2 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 42.

Divisional highlights

7%

Increase in CMB multi-jurisdictional client revenue compared with 1H23.

c.600

HSBC Innovation Banking has onboarded almost 600 new to bank customers in 1H24.

Constant currency profit before tax ($bn)

$6.5bn

Half-year to

Constant currency net operating income ($bn)

$10.9bn

Half-year to

1 The number of customers is down from 1.3 million to 1.2 million due to the sale of the Canada banking business.

Management view of revenue	Half-year to 30 Jun 2024 $m	30 Jun 2023 $m	1H24 vs 1H23 $m	%	of which strategic transactions[4] $m
Global Trade Solutions	**970**	995	**(25)**	**(3)**	**(11)**
Credit and Lending	**2,650**	2,694	**(44)**	**(2)**	**(41)**
Global Payments Solutions	**6,016**	5,857	**159**	**3**	**(32)**
GBM products, Insurance and Investments, and Other[1]	**1,260**	2,540	**(1,280)**	**(50)**	**(1,537)**
– of which: share of revenue from Markets and Securities Services and Banking products	**676**	655	**21**	**3**	
– of which: gain on the acquisition of Silicon Valley Bank UK Limited	**—**	1,572	**(1,572)**	**100**	**(1,572)**
Net operating income[2]	**10,896**	12,086	**(1,190)**	**(10)**	**(1,621)**
– of which: transaction banking[3]	**7,468**	7,342	**126**	**2**	

1 Includes a gain on the acquisition of SVB UK and CMB's share of revenue from the sale of Markets and Securities Services and Banking products to CMB customers. GBM's share of revenue from the sale of these products to CMB customers is included within the corresponding lines of the GBM management view of revenue. Also includes allocated revenue from Markets Treasury, HSBC Holdings interest expense and hyperinflation.
2 'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').
3 Transaction banking comprises Global Trade Solutions, Global Payments Solutions and CMB's share of Global Foreign Exchange (shown within 'share of revenue from Markets and Securities Services and Banking products').
4 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 42.

Notable items	Half-year to 30 Jun 2024 $m	30 Jun 2023 $m
Revenue		
Disposals, acquisitions and related costs	**—**	1,507
Currency translation on revenue notable items	**—**	65
Operating expenses		
Disposals, acquisitions and related costs	**2**	(15)
Restructuring and other related costs	**3**	29
Currency translation on operating expenses notable items	**—**	—

Financial performance

Profit before tax of $6.5bn was $1.5bn lower than in 1H23 on a constant currency basis. This was primarily due to the non-recurrence of a $1.6bn gain recognised in 1H23 on the acquisition of SVB UK, partly offset by incremental IVB revenue following the acquisition of SVB UK, and a $0.1bn increase in net interest income in Global Payments Solutions ('GPS') and lower ECL charges. The decrease also reflected growth in operating expenses.

Revenue of $10.9bn was $1.2bn or 10% lower on a constant currency basis. This was primarily due to the non-recurrence of a $1.6bn gain recognised in 1H23 on the acquisition of SVB UK.

– In GPS, revenue rose by $0.2bn, with growth in most of our legal entities, due to wider margins from interest rate rises and repricing actions, while average balances decreased following the sale of our Canada banking business. There was also a 2% increase in fee income as business initiatives drove growth in transaction banking including higher volumes, domestic and international payments, mainly in our legal entities in Europe and Asia, partly offset by the sale of our Canada banking business.
– In Global Trade Solutions ('GTS'), revenue was down 3%, driven by lower average balances reflecting the higher rates environment and the softer trade cycle, notably in our main legal entity in Asia.
– In Credit and Lending, revenue decreased by $44m or 2%, due to the sale of our Canada business, margin compression and lower balances reflecting softer demand from customers, notably in Asia.
– In GBM products, Insurance and Investments, and Other, revenue decreased by $1.3bn, largely due to the non-recurrence of a $1.6bn gain recognised in 1H23 on the acquisition of SVB UK, and the adverse impacts of hyperinflationary accounting of $0.2bn. These increases were partly offset by higher revenues from GBM collaboration, Markets Treasury income and interest income on own capital.

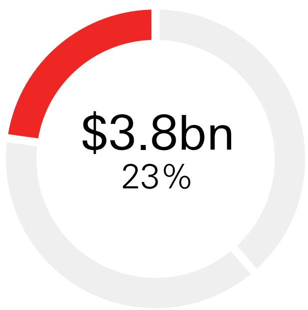
ECL of $0.6bn were $0.1bn lower compared with 1H23 on a constant currency basis. The 1H24 period included updates to credit assumptions in HSBC UK, and our legal entities in Asia and the Middle East, partly offset by new stage 3 charges in our entity in the Middle East relating to the construction sector. In addition, there were lower charges in relation to the commercial real estate sector in mainland China compared with 1H23.

Operating expenses of $3.9bn were $0.4bn higher on a constant currency basis, largely driven by the adverse impact of hyperinflationary accounting of $0.1bn, incremental costs in IVB of $0.1bn following the acquisition of SVB UK, ongoing investment in technology and inflationary impacts. These increases were partly mitigated by the impact of our continued cost discipline.

Global Banking and Markets

We support multinational corporates, financial institutions and institutional clients, as well as public sector and government bodies.

Contribution to Group profit before tax



Calculation is based on profit before tax of our global businesses excluding Corporate Centre.

We are a leader in facilitating global trade and payments, particularly into and within Asia and the Middle East, helping to enable our clients in the East and West to achieve their objectives by accessing our expertise and geographical reach. Our product specialists deliver a comprehensive range of transaction banking, financing, capital markets and advisory, and risk management services.

GBM delivered a strong performance in 1H24, achieving an annualised RoTE of 14.0%. On a constant currency basis, we grew revenue by 5%, while costs grew by 3%, even as we continued to invest in technology and people to improve operating resilience and support future revenue growth. We remain focused on areas of strategic priority across Global Banking and Markets. We also had a reduction in ECL compared with 1H23.

	Half-year to		1H24 vs 1H23		
Results – on a constant currency basis	**30 Jun 2024 $m**	30 Jun 2023 $m	**$m**	**%**	**of which strategic transactions[1] $m**
Net operating income	**8,742**	8,321	**421**	**5**	**(51)**
ECL	**(11)**	(136)	**125**	**92**	**(5)**
Operating expenses	**(4,918)**	(4,776)	**(142)**	**(3)**	**24**
Share of profit in associates and JVs	**—**	—	**—**	**—**	**—**
Profit before tax	**3,813**	3,409	**404**	**12**	**(32)**
RoTE (annualised) (%)	**14.0**	14.2			

1 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 42.

Divisional highlights

14.0%

Return on average tangible equity (annualised), down 0.2 percentage points compared with 1H23.

43%

Increase in Securities Financing revenue compared with 1H23.

Constant currency profit before tax
($bn)

$3.8bn

Half-year to

Constant currency net operating income
($bn)

$8.7bn

Half-year to

Management view of revenue	Half-year to 30 Jun 2024 $m	30 Jun 2023 $m	1H24 vs 1H23 $m	%	of which strategic transactions[6] $m
Markets and Securities Services	**4,824**	4,628	**196**	**4**	**(16)**
– Securities Services	**1,136**	1,143	**(7)**	**(1)**	**—**
– Global Debt Markets	**554**	592	**(38)**	**(6)**	**(2)**
– Global Foreign Exchange	**1,968**	2,166	**(198)**	**(9)**	**(12)**
– Equities	**446**	235	**211**	**90**	**—**
– Securities Financing	**731**	512	**219**	**43**	**(1)**
– Credit and funding valuation adjustments	**(11)**	(20)	**9**	**45**	**(1)**
Banking	**4,300**	4,230	**70**	**2**	**(39)**
– Global Trade Solutions	**347**	334	**13**	**4**	**(4)**
– Global Payments Solutions	**2,246**	2,173	**73**	**3**	**(23)**
– Credit and Lending	**888**	981	**(93)**	**(9)**	**(6)**
– Investment Banking[1]	**544**	561	**(17)**	**(3)**	**(3)**
– Other[2]	**275**	181	**94**	**52**	**(3)**
GBM Other	**(382)**	(537)	**155**	**29**	**4**
– Principal Investments	**29**	13	**16**	**>100**	**—**
– Other[3]	**(411)**	(550)	**139**	**25**	**4**
Net operating income[4]	**8,742**	8,321	**421**	**5**	**(51)**
– of which: transaction banking[5]	**5,697**	5,816	**(119)**	**(2)**	**(39)**

1 From 1 January 2024, we renamed 'Capital Markets and Advisory' as 'Investment Banking' to better reflect our purpose and offering.
2 Includes portfolio management, earnings on capital and other capital allocations on all Banking products.
3 Includes notional tax credits and Markets Treasury, HSBC Holdings interest expense and hyperinflation.
4 'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').
5 Transaction banking comprises Securities Services, Global Foreign Exchange (net of revenue shared with CMB), GTS and GPS.
6 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 42.

Notable items	Half-year to 30 Jun 2024 $m	30 Jun 2023 $m
Revenue		
Disposals, acquisitions and related costs	**(14)**	—
Currency translation on revenue notable items	**—**	—
Operating expenses		
Disposals, acquisitions and related costs	**—**	3
Restructuring and other related costs	**3**	—
Currency translation on operating expenses notable items	**—**	—

Financial performance

Profit before tax of $3.8bn was $0.4bn or 12% higher than in 1H23 on a constant currency basis. This was driven by an increase in revenue of $0.4bn or 5%, notably from strong performances in Equities and Securities Financing. In addition, ECL charges decreased compared with 1H23, while operating expenses increased by $0.1bn.

Revenue of $8.7bn was $0.4bn or 5% higher on a constant currency basis.

In Markets and Securities Services, revenue increased by $0.2bn or 4%.

- In Securities Services, revenue was stable as strong underlying business performance was offset by an outflow of deposit balances in Argentina.
- In Global Debt Markets, revenue decreased by $38m or 6% as client demand for structured financing offset an uncertain trading environment in rates.
- In Global Foreign Exchange, revenue fell by $0.2bn or 9% compared with a strong performance in 1H23, driven by low volatility and margin compression.
- In Equities, revenue rose by $0.2bn or 90%, reflecting improved market sentiment and strong client demand for wealth products. In contrast, 1H23 reflected considerably weaker performance due to lower volume and volatility.
- In Securities Financing, revenue grew by $0.2bn or 43%, driven by US Prime client on-boarding and strong institutional financing demand.

In Banking, revenue increased by $0.1bn or 2%.

- In GPS, revenue increased by $0.1bn due to wider spreads and higher fees, reflecting continued growth in cross-border payments and pricing actions.
- Investment Banking revenue, which includes Issuer Services, decreased by $17m or 3%, from a strong 1H23 and amid lower Issuer Services balances.
- Credit and Lending revenue decreased by $0.1bn or 9%, due to continued muted client demand.

In GBM, Other revenue increased by $0.2bn, reflecting higher Markets Treasury revenue, which is allocated to the global businesses.

ECL were $11m, compared with charges of $0.1bn in 1H23 on a constant currency basis. The 1H24 period included a release related to a single client.

Operating expenses of $4.9bn increased by $0.1bn or 3% on a constant currency basis, due to the impact of higher inflation and a higher performance-related pay accrual relative to 1H23, partly offset by continued focus on cost management.

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. It also includes Central Treasury, stewardship costs and consolidation adjustments.

Corporate Centre performance in 1H24 primarily reflected the financial impact of certain acquisitions and disposals, including the gain on sale of our banking business in Canada and an impairment relating to the planned disposal of our business in Argentina.

Financial performance

Profit before tax of $4.8bn increased by $3.3bn compared with 1H23, on a constant currency basis.

Revenue of $3.3bn was $3.3bn higher on a constant currency basis, primarily due to the impact of notable items. In 1H24, these included a $4.8bn gain on the sale of our banking business in Canada, inclusive of fair value gains on related hedging and recycling of related reserves. These also included an impairment of $1.2bn recognised upon the classification of our business in Argentina as held for sale, and a loss of $0.1bn related to the recycling of reserves following the completion of the sale of our business in Russia. In 1H23, notable items included a favourable $0.1bn impact following the reversal of an impairment related to the sale of our France retail banking operations. The increase in revenue was partly offset by adverse fair value movements on financial instruments in Central Treasury and structural hedges, and an impairment following the classification of our operations in Armenia as held for sale.

Operating expenses increased by $0.1bn on a constant currency basis, including a charge in the US related to the incremental costs of the FDIC special assessment, as well as an increase in costs associated with disposals.

Share of profit from associates and joint ventures of $1.6bn rose by $0.1bn or 7% on a constant currency basis, which included an increase in share of profit from SAB.

	Half-year to		1H24 vs 1H23		
Results – on a constant currency basis	**30 Jun 2024 $m**	30 Jun 2023 $m	**$m**	**%**	**of which strategic transactions[1] $m**
Net operating income	**3,342**	—	**3,342**	**—**	**3,889**
ECL	**(6)**	(3)	**(3)**	**(100)**	**—**
Operating expenses	**(111)**	10	**(121)**	**>(100)**	**(21)**
Share of profit in associates and JVs	**1,597**	1,497	**100**	**7**	**—**
Profit before tax	**4,822**	1,504	**3,318**	**>100**	**3,868**
RoTE (annualised) (%)	**20.7**	8.0			

1 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 42.

	Half-year to		1H24 vs 1H23		
Management view of revenue	**30 Jun 2024 $m**	30 Jun 2023 $m	**$m**	**%**	**of which strategic transactions[6] $m**
Central Treasury[1]	**(26)**	81	**(107)**	**>(100)**	**—**
Legacy portfolios	**14**	(11)	**25**	**>100**	**—**
Other[2,3]	**3,354**	(70)	**3,424**	**>100**	**3,889**
– of which: gain on the sale of our banking business in Canada and associated hedges[4]	**4,795**	(288)	**5,083**	**>(100)**	**5,083**
– of which: impairment loss relating to the planned sale of our business in Argentina	**(1,191)**	—	**(1,191)**	**100**	**(1,191)**
Net operating income[5]	**3,342**	—	**3,342**	**n/a**	**3,889**

1 Central Treasury comprises valuation differences on issued long-term debt and associated swaps and fair value movements on financial instruments.
2 Other comprises gains and losses on certain planned business disposals, funding charges on property and technology assets, revaluation gains and losses on investment properties and property disposals, as well as consolidation adjustments and other revenue items not allocated to global businesses.
3 Revenue from Markets Treasury, HSBC Holdings net interest expense and hyperinflation are allocated out to the global businesses, to align them better with their revenue and expense. The total Markets Treasury revenue component of this allocation for 1H24 was $886m (1H23: $362m).
4 Includes fair value gains/(losses) on the foreign exchange hedging of the proceeds of the sale and the recycling of related reserves.
5 'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').
6 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 42.

	Half-year to	
Notable items	**30 Jun 2024 $m**	30 Jun 2023 $m
Revenue		
Disposals, acquisitions and related costs	**3,530**	(220)
Fair value movements on financial instruments	**—**	15
Currency translation on revenue notable items	**—**	2
Operating expenses		
Disposals, acquisitions and related costs	**(103)**	(83)
Restructuring and other related costs	**9**	18
Currency translation on operating expenses notable items	**—**	2

Risk overview

Active risk management helps us to achieve our strategy, serve our customers and communities and grow our business safely.

Managing risk

HSBC's operations are subject to changes in economic and financial conditions as well as geopolitical developments that could have a material impact on the Group's operations and financial risks. We continuously review these factors in all of our key markets and conduct regular reviews of economic risks and expectations.

The global economy grew more quickly than expected in the first half of 2024, with the US, China and Europe growing faster than forecast in the first quarter. Activity indicators in the second quarter of 2024 also signalled continued growth. This broad resilience in economic activity means that a slowdown in inflation has been uneven. While headline inflation has trended down, services prices have proved more persistent. As a consequence, market expectations for central bank interest rate cuts have been volatile, although the European Central Bank ('ECB') cut interest rates in June and the US Federal Reserve and Bank of England are expected to follow in the second half of 2024.

Geopolitical tensions could impact the Group's operations and its risk profile and are a source of significant uncertainty, including the ongoing Russia-Ukraine and Israel-Hamas wars, as well as the potential for further escalation within the Middle East region. The attacks on commercial shipping in the Red Sea continued to contribute to higher shipping costs. It was recently reported that these attacks have caused Egypt's Suez Canal a significant loss in revenue due to a lower number of vessels using the route.

Sanctions and trade restrictions require close monitoring owing to increased complexity and the frequency of changes associated with them. The US, the UK and the EU, as well as other countries, have imposed significant sanctions and trade restrictions against Russia, with new sanctions added during 2024. The US and UK also announced additional sanctions against Iran in the first half of 2024 in response to attacks against Israel, and further sanctions could be imposed in response to additional escalation.

As noted in the Annual Report and Accounts 2023, the new secondary sanctions regime introduced by the US in December 2023 gives the US broad discretion to impose severe sanctions on non-US banks that are knowingly, or even unknowingly, engaged in certain transactions or services involving Russia's

Key risk appetite metrics

Component	Measure	Risk appetite	1H24
Capital	CET1 ratio – end point basis	≥13.0%	15.0%
Change in expected credit losses and other credit impairment charges	Change in expected credit losses and other credit impairment charges as a % of advances: Retail (WPB)	≤0.50%	0.22%
	Change in expected credit losses and other credit impairment charges as a % of advances: Wholesale (GBM, CMB)	≤0.45%	0.38%

military-industrial base. The US expanded the scope of these secondary sanctions in June 2024. The broad scope of the discretionary powers embedded in the regime creates challenges associated with the detection or prevention of third-party activities beyond our control. Additionally, the imposition of such sanctions under the new regime against any non-US HSBC entity could result in significant adverse commercial, operational and reputational consequences for HSBC.

Strategic competition has the potential to impact the Group's operations and financial risks. The relationships between China and several other countries, including the US and the UK, remain complex. The US, the UK, the EU and other countries have imposed various sanctions and trade restrictions on Chinese individuals and companies in response to earlier measures, China has imposed its own sanctions, trade restrictions and law enforcement measures on persons and entities in other countries.

Supply chains remain vulnerable to a deterioration in these bilateral relationships and this has resulted in efforts to de-risk certain sectors, with the reshoring of manufacturing activities, but the approach of countries to strategic competition and engagement with China continues to develop. Further sanctions or counter-sanctions may adversely affect the Group, its customers and various markets.

Fiscal policy, deficits and public indebtedness also influence our risk profile. Public spending as a proportion of GDP is likely to remain high for most of our key economies with elevated spending focused on social welfare, defence and climate transition initiatives. Against a backdrop of slower economic growth and expectations for a high interest rate environment continuing for longer than previously anticipated, elevated borrowing costs could increase and adversely impact the fiscal responses of highly-indebted sovereigns.

Political changes may also have implications for policy and could consequently affect our business and its risks. 2024 is scheduled to be the biggest election year in history with more than half the world's population having the opportunity to go to the polls, including eight of the ten most populous countries in the world. This may continue to result in uncertainty in some markets in response to shifting domestic and foreign policy priorities. The recently concluded UK election has seen a change in government, whilst the French elections led to a hung parliament, with a new government to be formed in the second half of 2024. Any changes in government policies could impact the Group's business and risks. We continue to closely monitor these developments.

The real estate sector faces challenges in many of our major markets with weakness observed in both residential and commercial real estate investment prices and sentiment. The Hong Kong commercial real estate market has softened due to high vacancy rates and the prolonged higher interest rate environment, leading to a halt in commercial land sales. While mainland China GDP is tracking close to official targets, its commercial real estate sector remained subdued, without signs of a sustained recovery. We continue to closely monitor, and seek to proactively manage, the potential implications of the real estate downturn for our customers and commercial real estate portfolios.

All the above risks could have an impact on our retail customers and we continue to closely monitor the impact of inflation and the increased cost of living to offer the right support to our customers in line with regulatory, government and wider stakeholder expectations.

Managing risk continued

We engage closely with regulators to help ensure that we continue to meet their expectations regarding financial institutions' activities to support economies during times of market volatility.

Our approach to macroeconomic scenarios in relation to IFRS 9 'Financial Instruments' remained unchanged in the first half of 2024 compared with the corresponding period in 2023. Adjustments to the design and narrative of the most severe downside scenario have been made to reflect increased geopolitical risks.

In addition, management adjustments to expected credit losses and other impairment charges ('ECL') were applied to reflect ongoing uncertainty in certain sectors, driven by inflation, interest rate sensitivity and other macroeconomic risks, which were 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. While the financial performance of our operations varies by geography, our balance sheet and liquidity remained strong.

For further details of our Central and other scenarios, see 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 69.

Our risk appetite

Our risk appetite defines our desired forward-looking risk profile and informs the strategic and financial planning process. It provides an objective baseline to guide strategic decision making, helping to ensure that planned business activities provide an appropriate balance of return for the risk assumed, while remaining within acceptable risk levels. Risk appetite supports senior management in allocating capital, funding and liquidity optimally to finance growth, while monitoring exposure to non-financial risks.

At 30 June 2024, our CET1 ratio and ECL charges were within their defined risk appetite thresholds. Our CET1 capital ratio at 30 June 2024 was 15.0%, up 0.2 percentage points from 31 December 2023, reflecting a capital increase from strategic transactions, including the gain on disposal of our Canada banking business adjusted for the $0.21 per share special dividend, offset by an increase in RWAs mainly from asset size movements and model updates, excluding the reduction from our disposals in France and Canada. For further details of the key drivers of the overall CET1 ratio, see 'Own funds disclosure' on page 100. Wholesale ECL charges during the year reflect the default of several mainland China and Hong Kong commercial real estate developer clients. Wholesale and Retail ECL charges were within appetite due to relatively low overall defaults.

Stress tests

We regularly conduct stress tests to assess the resilience of our balance sheet and our capital adequacy, as well as to provide actionable insights into how key elements of our portfolios may behave during a crisis. We use the outcomes to calibrate our risk appetite and to inform our strategic and financial plans, helping to improve the quality of management's decision making. The results from the stress tests also drive recovery and resolution planning to help enhance the Group's financial stability under various macroeconomic scenarios. The selection of stress scenarios is based upon the identification and assessment of our top risks, emerging risks and our risk appetite.

The Prudential Regulation Authority ('PRA') cancelled the 2024 Annual Cyclical Stress testing exercise and instead commenced a Desk Based Stress Test exercise, which will use PRA models and in-house expertise to test the resilience of the UK banking system against more than one adverse macroeconomic scenario. HSBC has provided 2023 year-end data to support this. The results of this exercise across firms will be published in aggregate only. The PRA intends to return to a concurrent exercise in 2025, involving the submission of stressed projections and will provide further details later this year.

During the first half of 2024, the Group-wide internal stress test commenced and will be used to gauge the Group's capital adequacy alongside testing of the Group's strategy. The concluding results of the Group-wide internal stress test will provide updates to the Group Risk Committee in support of its assessment of the adequacy of HSBC Holdings' capital levels. Additionally, the underlying conclusions drawn from this exercise will also be included in the Group internal capital adequacy assessment process ('ICAAP').

Climate risk

Climate risk relates to the financial and non-financial impacts that may arise as a consequence of climate change and the move to a net zero economy. Climate risk can impact us either directly or through our relationships with clients. These include the potential risks arising as a result of our net zero ambition, which could lead to reputational concerns, and potential legal and/or regulatory action if we are perceived to have misled stakeholders on our business activities or if we fail to achieve our stated net zero targets.

We seek to manage climate risk across all our businesses in line with our Group-wide risk management framework and are incorporating climate considerations within our traditional risk types.

For further details of our approach to climate risk management, see 'Climate risk' on page 221 of our Annual Report and Accounts 2023.

For further details of our TCFD disclosures, see the 'ESG review' on pages 69 to 74 of our Annual Report and Accounts 2023.

Climate stress tests

To support the requirements for assessing the impacts of climate change, we continue to develop a set of capabilities to execute climate stress testing and scenario analysis. These are used to help improve our understanding of climate risks and opportunities in our portfolio for managing risk and business decision making.

We intend to run further internal climate scenario analyses, including short-term scenarios in the second half of 2024. The outcomes will be used to identify challenges and opportunities with regards to our net zero strategy, inform capital planning and risk appetite, as well as to respond to climate stress tests for regulators, including the Hong Kong Monetary Authority.

For further details of our approach to climate risk stress testing, see 'Insights from scenario analysis' on page 225 of our Annual Report and Accounts 2023.

Our operations

We remain committed to investing in the reliability and resilience of our IT systems and critical services, including those provided by third parties, which support all parts of our business. We do so to help protect our customers, affiliates and counterparties, and to help ensure that we minimise any disruption to services. In our approach to defending against these threats, we invest in business and technical controls to help us prevent, detect, manage and recover from issues in a timely manner within our risk appetite.

We are working to ensure that we balance the opportunity AI presents to accelerate delivery of our strategy, with the need to ensure appropriate controls are in place to mitigate the associated risks. HSBC is committed to using AI ethically and responsibly. HSBC's Principles for the Ethical Use of Data and AI are available at www.hsbc.com/who-we-are/businesses-and-customers/hsbc-and-ai. We continue to refine and embed governance and controls into our risk management processes to help meet the Group's needs and increasing regulatory expectations for when AI is both developed internally and enabled through third parties.

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

For further details of our risk management framework and risks associated with our banking and insurance manufacturing operations, see pages 137 and 145 of our Annual Report and Accounts 2023, respectively.

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 ensure management actions are in place, as required.

For further details on our top and emerging risks see pages 140 to 144 of our Annual Report and Accounts 2023.

Risk	Trend	Description
Externally driven		
Geopolitical and macroeconomic risks	▶	Our operations and portfolios are subject to risks associated with political instability, civil unrest and military conflict, which could lead to disruption of our operations, physical risk to our staff and/or physical damage to our assets. Conflict in certain regions, wider geopolitical tensions and electoral uncertainty are creating a more complicated environment for business and trade. Global economic activity nevertheless remains broadly resilient at mid-2024, despite still-high interest rates by historical standards.
Technology and cybersecurity risk	▲	There is a 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 threat landscape, including those arising from ongoing geopolitical and macroeconomic events and the impact this may have on third-party 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 owing to the pace and volume of regulatory developments globally, signs of diverging national agendas, increasing frequency of severe weather events, and due to stakeholders placing more emphasis on financial institutions' actions and investment decisions in respect of ESG matters. Failure to meet these evolving expectations may result in financial and non-financial risks, 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 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	▲	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 generative AI, can introduce risks and disruption. We seek to ensure technology developments are managed with appropriate controls and oversight.
Evolving regulatory environment risk	▶	The regulatory and compliance risk environment is set against continued geopolitical risk and regulatory focus on operational resilience (including around cyber risk), financial resilience, model risk and sound risk and financial crime management practices. Multiple jurisdictions are progressing implementation of Basel 3.1 standards, and crypto-asset and AI-related regulations are developing quickly. Making cross-border payments cheaper and more efficient is a key objective for global standard setters, and regulatory focus on ESG matters continues.
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. Due to the current macroeconomic and geopolitical climate, the risk of service disruption in our supply chain has heightened. 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 are driving material changes to the way model risk is managed across the banking industry, with a particular focus on capital models. New technologies, including AI and generative AI, are driving a need for enhanced model risk controls.
Change execution risk	▶	Delivering change effectively enables us to meet rapidly evolving customer and stakeholder needs, and helps us achieve our strategy. We understand the risks associated with change execution, and deliver complex change in line with established risk management processes, and prioritising sustainable outcomes. We continue to focus on meeting industry and regulatory expectations and fulfilling our obligations to customers and the marketplace.
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, and compliance with employment laws and regulations. Although attrition across the Group has continued to decline, failure to manage these risks may impact the delivery of our strategic objectives or lead to regulatory sanctions or legal claims.

▲ Risk heightened during the first half of 2024 ▶ Risk remained at the same level as full year 2023 ▼ Risk decreased during the first half of 2024

Financial summary

Contents

Key financial measures: basis of preparation

Return on average tangible equity excluding notable items

From 1 January 2024, we revised the adjustments made to our adjusted RoTE measure. Prior to this we adjusted RoTE for the impact of strategic transactions and the impairment of our investment in Bank of Communications Co., Limited ('BoCom'), whereas from 1 January 2024 we have excluded all notable items. This was intended to improve alignment with the treatment of notable items in our other income statement disclosures. RoTE excluding notable items has been re-presented for 1H23 on the revised basis and we no longer disclose RoTE excluding strategic transactions and the impairment of BoCom. 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. It also adjusts the 'average tangible equity' for the post-tax impact of notable items in each period, which remain as adjusting items for all relevant periods within that calendar year. For a reconciliation from return on equity to RoTE excluding notable items, see page 58. We will now target a RoTE excluding notable items in the mid-teens for both 2024 and 2025. We do not reconcile our forward RoTE guidance to the equivalent reported 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 33.

Target basis operating expenses

Target basis operating expenses is computed by excluding the direct cost impact of our France retail banking operations and Canada banking business disposals from the 2023 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. For a reconciliation from reported operating expenses to target basis operating expenses, see page 60.

In 2024, we are targeting growth of approximately 5% compared with 2023 on a target basis. This target reflects our current business plan for 2024, and includes an increase in staff compensation, higher technology spend and investment for growth and efficiency, in part mitigated by cost savings from actions taken during 2023. We do not reconcile our forward target basis operating expenses guidance to the reported operating expenses.

Dividend payout ratio target basis

Given our current returns trajectory, we are targeting a dividend payout ratio target basis of 50% for 2024. 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 are components of our income statement that management would consider as outside the normal course of business and generally non-recurring in nature, which are excluded from our dividend payout ratio calculation and our earnings per share measure, along with related impacts. Material notable items are a subset of notable items for which categorisation is dependent on the nature of each item in conjunction with the financial impact on the Group's income statement. They comprise the impacts of the sales of our banking business in Canada and our retail banking operations in France, the gain following the acquisition of SVB UK, the impacts of the planned sale of our business in Argentina and the impairment of BoCom. We also exclude HSBC Bank Canada's financial results from the 30 June 2022 net asset reference date until completion, as the gain on sale was recognised through a combination of the consolidation of HSBC Bank Canada's results in the Group's results since this date, and the remaining gain on sale was recognised at completion, inclusive of the recycling of related reserves and fair value gains on related hedges. Following the completion of the sale of our banking business in Canada, the Board approved a special dividend of $0.21 per share, which was paid in June 2024, alongside the first interim dividend.

For the planned sale of our business in Argentina, there is a mechanism by which the loss on sale will vary by changes in the net asset value of HSBC Argentina, and in the fair value of consideration including price adjustments and migration costs (see page 136 for details). There were no additional related impacts identified, and the ongoing profits from HSBC Argentina will not be excluded from our dividend payout ratio target basis.

For a reconciliation of basic earnings per share to basic earnings per share excluding material notable items and related impacts, see page 60. We do not reconcile our forward dividend payout ratio target basis guidance to the reported dividend payout ratio.

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 interim condensed consolidated financial statements starting on page 110.

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 that distort period-on-period comparisons. The 'constant currency performance' measure used in the Form 6-K is described below. Definitions and calculations of other alternative performance measures are included in our 'Reconciliation of alternative performance measures' on page 56. In addition, the insurance-specific non-GAAP measure 'Insurance equity plus CSM net of tax' is provided on page 47, together with its definition and reconciliation to GAAP measure. All alternative performance measures are reconciled to the closest reported performance measure.

The global business segmental results are presented on a constant currency basis in accordance with IFRS 8 'Operating Segments' as detailed in Note 5: 'Segmental analysis' on page 119.

Constant currency performance

Constant currency performance is computed by adjusting reported results for the effects of foreign currency translation differences, which distort period-on-period comparisons.

We consider constant currency performance to provide useful information for investors by aligning internal and external reporting, and 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 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. We exclude material notable items when computing our dividend payout ratio target basis. Material notable items currently comprise the sale of our retail operations in France banking and our business in Canada, the planned sale of our business in Argentina, the acquisition of SVB UK and the impairment of our investment in BoCom.

The tables on pages 40 to 41 and pages 52 to 55 detail the effects of notable items on each of our global business segments, legal entities and selected countries/territories in 1H24 and 1H23.

Constant currency revenue and profit before tax excluding notable items

We separately report constant currency revenue excluding notable items and profit before tax excluding notable items which exclude the impact of notable items and the impact of foreign exchange translation. We consider this measure to provide useful information to investors as it removes items which distort period-on-period comparisons. For a reconciliation of constant currency revenue excluding notable items and profit before tax excluding notable items to reported revenue and reported profit respectively, see page 58.

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 disclose constant currency revenue and profit before tax excluding notable items and the impact of strategic transactions. This measure excludes the impact of strategic transactions classified as material notable items from constant currency revenue and profit before tax excluding notable items. At 1H24, strategic transactions classified as material notable items comprise the disposal of our retail banking operations in France, our banking business in Canada, the planned sale of our business in Argentina and the acquisition of SVB UK.

The impacts quoted include the gains or losses on classification to held for sale or acquisition and all other related notable items. They also include the distorting impact between the periods of the operating income statement results related to acquisitions and disposals that affect period-on-period comparisons. It 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. We consider the monthly impacts of distorting income statement results when calculating the impact of strategic transactions.

Foreign currency translation differences

Foreign currency translation differences reflect the movements of the US dollar against most major currencies during 2024.

We exclude them to derive constant currency data, allowing 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 the half-year to 30 June 2024 are computed by retranslating into US dollars for non-US dollar branches, subsidiaries, joint ventures and associates:

- the income statement for the half-year to 30 June 2023 at the average rate of exchange for the half-year to 30 June 2024; and
- the balance sheets at 30 June 2023 and 31 December 2023 at the prevailing rates of exchange on 30 June 2024.

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 Argentina and 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 have been translated at the appropriate exchange rates applied in the current period on the basis described above.

Impact of hyperinflationary accounting

We continue to treat Argentina and Türkiye as hyperinflationary economies for accounting purposes. The impact of applying 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 both Argentina and Türkiye was a decrease in the Group's profit before tax of $646m (1H23: $396m), comprising a decrease in revenue, including loss on net monetary position, of $594m (1H23: $411m) and an increase in ECL and operating expenses of $52m (1H23: decrease of $15m). The consumer price index ('CPI') at 30 June 2024 for Argentina was 6,352, with an increase in the period of 2,776 (1H23: 562 increase). The CPI for Türkiye was 2,319 with an increase in the period of 460 (1H23: 223 increase).

Summary consolidated income statement

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Net interest income	**16,911**	18,264
Net fee income	**6,200**	6,085
Net income from financial instruments held for trading or managed on a fair value basis[1]	**10,516**	8,112
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**2,376**	4,304
Insurance finance expense	**(2,486)**	(4,234)
Insurance service result	**662**	524
Gain on acquisition[2]	**—**	1,507
Gain less impairment relating to sale of business operations[3]	**3,256**	2,130
Other operating (expense)/income	**(143)**	184
Net operating income before change in expected credit losses and other credit impairment charges[4]	**37,292**	36,876
Change in expected credit losses and other credit impairment charges	**(1,066)**	(1,345)
Net operating income	**36,226**	35,531
Total operating expenses	**(16,296)**	(15,457)
Operating profit	**19,930**	20,074
Share of profit in associates and joint ventures	**1,626**	1,583
Profit before tax	**21,556**	21,657
Tax expense	**(3,891)**	(3,586)
Profit after tax	**17,665**	18,071
Attributable to:		
– ordinary shareholders of the parent company	**16,586**	16,966
– other equity holders	**526**	542
– non-controlling interests	**553**	563
Profit after tax	**17,665**	18,071
	$	$
Basic earnings per share	**0.89**	0.86
Diluted earnings per share	**0.88**	0.86
Dividend per ordinary share (paid in the period)[5]	**0.62**	0.33
	%	%
Post-tax return on average total assets (annualised)	**1.2**	1.2
Return on average ordinary shareholders' equity (annualised)	**19.8**	20.8
Return on average tangible equity (annualised)	**21.4**	22.4

1 Includes a $255m gain (1H23: $284m loss) on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.
2 Gain recognised in respect of the acquisition of SVB UK.
3 In the first half of 2024, a gain of $4.6bn inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves recycling losses on the sale of our banking business in Canada, and an impairment loss of $1.2bn relating to the planned sale of our business in Argentina was recognised. In the first quarter of 2023, the $2.1bn reversal of the held for sale classification was recognised relating to the sale of our retail banking operations in France.
4 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
5 The $0.62 dividend paid during the period consisted of a fourth interim dividend of $0.31 per ordinary share in respect of the financial year ended 31 December 2023 paid in April 2024, a first interim dividend of $0.10 per ordinary share in respect of the financial year ending 31 December 2024 and a special dividend of $0.21 per ordinary share from the Canada sale proceeds.

Distribution of results by global business and legal entity

Distribution of results by global business

	Half year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Constant currency revenue[1]		
Wealth and Personal Banking	**14,312**	16,095
Commercial Banking	**10,896**	12,086
Global Banking and Markets	**8,742**	8,321
Corporate Centre[2]	**3,342**	—
Total	**37,292**	36,502
Constant currency profit before tax		
Wealth and Personal Banking	**6,458**	8,626
Commercial Banking	**6,463**	7,933
Global Banking and Markets	**3,813**	3,409
Corporate Centre[2]	**4,822**	1,504
Total	**21,556**	21,472

1 Constant currency net operating income before change in expected credit losses and other credit impairment charges including the effects of foreign currency translation differences, also referred to as constant currency revenue.
2 On 1 January 2024, HSBC Continental Europe completed the sale of its retail banking operations in France to CCF, a subsidiary of Promontoria MMB SAS ('My Money Group'). With effect from this date, we have prospectively reclassified the portfolio of retained loans, profit participation interest and licence agreement of the CCF brand from WPB to Corporate Centre.

Distribution of results by legal entity

	Half year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Reported profit/(loss) before tax		
HSBC UK Bank plc	**3,734**	4,791
HSBC Bank plc	**1,436**	3,498
The Hongkong and Shanghai Banking Corporation Limited	**10,893**	10,917
HSBC Bank Middle East Limited	**536**	673
HSBC North America Holdings Inc.	**423**	701
HSBC Bank Canada	**186**	475
Grupo Financiero HSBC, S.A. de C.V.	**466**	436
Other trading entities[1]	**1,034**	1,282
– of which: other Middle East entities (including Oman, Türkiye, Egypt and Saudi Arabia)	**411**	420
– of which: Saudi Awwal Bank	**317**	272
Holding companies, shared service centres and intra-Group eliminations[2]	**2,848**	(1,116)
Total	**21,556**	21,657
Constant currency profit/(loss) before tax		
HSBC UK Bank plc	**3,734**	4,939
HSBC Bank plc	**1,436**	3,538
The Hongkong and Shanghai Banking Corporation Limited	**10,893**	10,783
HSBC Bank Middle East Limited	**536**	674
HSBC North America Holdings Inc.	**423**	701
HSBC Bank Canada	**186**	470
Grupo Financiero HSBC, S.A. de C.V.	**466**	462
Other trading entities[1]	**1,034**	1,024
– of which: other Middle East entities (including Oman, Türkiye, Egypt and Saudi Arabia)	**411**	333
– of which: Saudi Awwal Bank	**317**	272
Holding companies, shared service centres and intra-Group eliminations[2]	**2,848**	(1,119)
Total	**21,556**	21,472

1 Other trading entities includes the results of entities located in Oman (pre merger with Sohar International Bank SAOG in August 2023), 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. Supplementary analysis is provided on page 56 for a fuller picture of the Middle East, North Africa and Türkiye ('MENAT') regional performance.
2 Includes 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 recycling losses. This is partly offset by a $1.2bn impairment recognised in relation to the planned sale of our business in Argentina.

The tables on pages 40 and 52 reconcile reported to constant currency results for each of our global business segments and legal entities.

Income statement commentary

The below tables and commentary compare Group financial performance for the half-year to 30 June 2024 with the half-year to 30 June 2023, unless otherwise stated. For further financial performance data of our global business segments, see pages 40 to 49. For further financial performance data by major legal entity, see pages 50 to 55.

Net interest income

	Half-year to		Quarter to		
	30 Jun 2024	30 Jun 2023	**30 Jun 2024**	31 Mar 2024	30 Jun 2023
	$m	$m	**$m**	$m	$m
Interest income	**55,372**	46,955	**27,107**	28,265	24,863
Interest expense	**(38,461)**	(28,691)	**(18,849)**	(19,612)	(15,558)
Net interest income	**16,911**	18,264	**8,258**	8,653	9,305
Average interest-earning assets	**2,097,866**	2,162,662	**2,055,283**	2,140,446	2,172,324
	%	%	**%**	%	%
Gross interest yield[1]	**5.31**	4.38	**5.30**	5.31	4.59
Less: gross interest payable[1]	**(4.08)**	(3.12)	**(4.05)**	(4.10)	(3.33)
Net interest spread[2]	**1.23**	1.26	**1.25**	1.21	1.26
Net interest margin[3]	**1.62**	1.70	**1.62**	1.63	1.72

1 Gross interest yield is the average annualised interest rate earned on average interest-earning assets ('AIEA'). 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 liabilities.
3 Net interest margin is net interest income expressed as an annualised percentage of AIEA.

Summary of interest income by type of asset

	Half-year to						Full-year to		
	30 Jun 2024			30 Jun 2023			31 Dec 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	**354,570**	**7,611**	**4.32**	425,103	6,961	3.30	403,674	14,770	3.66
Loans and advances to customers	**943,836**	**25,059**	**5.34**	954,171	22,747	4.81	957,717	47,673	4.98
Reverse repurchase agreements – non-trading[1]	**234,712**	**9,022**	**7.73**	239,945	6,173	5.19	240,263	14,391	5.99
Financial investments	**455,723**	**10,209**	**4.50**	382,384	7,378	3.89	407,363	16,858	4.14
Other interest-earning assets	**109,025**	**3,471**	**6.40**	161,059	3,696	4.63	152,729	7,176	4.70
Total interest-earning assets	**2,097,866**	**55,372**	**5.31**	2,162,662	46,955	4.38	2,161,746	100,868	4.67

Summary of interest expense by type of liability

	Half-year to						Full-year to		
	30 Jun 2024			30 Jun 2023			31 Dec 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]	**63,100**	**1,422**	**4.53**	61,901	1,117	3.64	60,392	2,401	3.98
Customer accounts[3]	**1,353,221**	**20,153**	**2.99**	1,317,536	14,722	2.25	1,334,803	34,162	2.56
Repurchase agreements – non-trading[1]	**187,931**	**7,872**	**8.42**	134,936	4,550	6.80	146,605	10,858	7.41
Debt securities in issue – non-trading	**195,038**	**6,378**	**6.58**	181,682	5,199	5.77	184,867	11,223	6.07
Other interest-bearing liabilities	**98,359**	**2,636**	**5.39**	157,218	3,103	3.98	146,216	6,428	4.40
Total interest-bearing liabilities	**1,897,649**	**38,461**	**4.08**	1,853,273	28,691	3.12	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 1H24 was $16.9bn, a decrease of $1.4bn or 8% compared with 1H23. as growth in HSBC UK, and a number of other markets, was more than offset by reductions due to business disposals, deposit migration, and redeployment into the trading book in HSBC Bank plc and our main entity in Hong Kong.

Excluding the unfavourable impact of foreign currency translation differences, NII decreased by $0.8bn or 5%.

NII for 2Q24 was $8.3bn, down 11% compared with 2Q23, and down 5% compared with 1Q24. The decline compared with 2Q23 was predominantly due to the impact of the disposal of our businesses in Canada and France, and higher interest expense which included the impact of deposit migration. The decline compared with 1Q24 was predominantly driven by the impact of the disposal of our Canada business.

Net interest margin ('NIM') for 1H24 of 1.62% was 8 basis points ('bps') lower compared with 1H23, reflecting a rise in the funding cost of average interest-bearing liabilities.

The decrease in NIM in 1H24 included the unfavourable impact of foreign currency translation differences. Excluding this, NIM still would have declined by 8bps.

NIM for 2Q24 was 1.62%, 10bps lower year-on-year, and down 1bp compared with the previous quarter. The year-on-year decline was predominantly driven by a rise in the funding cost of average interest-bearing liabilities including the impact of deposit migration.

Interest income for 1H24 of $55.4bn increased by $8.4bn, compared with 1H23. This was primarily due to higher asset yields, partly offset by the impact of the disposal of our Canada business.

The change in interest income included $1bn from the adverse effect of foreign currency translation differences. Excluding this, interest income increased by $9.4bn.

Interest income of $27.1bn in 2Q24 was up $2.2bn compared with 2Q23, and $1.2bn lower compared with 1Q24. The increase compared with 2Q23 was predominantly driven by the impact of higher asset yields, partly offset by a reduction in term lending and the impact of the disposal of our Canada business. The decrease compared with 1Q24 was predominantly driven by the impact of the disposal of our Canada business.

Interest expense for 1H24 of $38.5bn increased by $9.8bn or 34% compared with 1H23. This was primarily driven by a rise in the funding cost of average interest-bearing liabilities which included the impact of deposit migration notably in our main entities in Asia and Europe.

The rise in interest expense included the favourable effects of foreign currency translation differences of $0.4bn. Excluding this, interest expense increased by $10.2bn.

Interest expense of $18.8bn in 2Q24 was up $3.2bn compared with 2Q23, and $0.8bn lower compared with 1Q24. The increase compared with 2Q23 was predominantly driven by a rise in the funding cost of average interest-bearing liabilities which included the impact of deposit migration notably in our main entities in Asia and Europe. The decline compared with 1Q24 was predominantly driven by the impact of the disposal of our Canada business.

Banking net interest income

Banking net interest income

	Half-year to		Quarter to		
	30 Jun 2024	30 Jun 2023	**30 Jun 2024**	31 Mar 2024	30 Jun 2023
	$bn	$bn	**$bn**	$bn	$bn
Net interest income	**16.9**	18.3	**8.2**	8.7	9.3
Banking book funding costs used to generate 'net income from financial instruments held for trading or managed on a fair value basis'	**5.5**	3.8	**2.8**	2.7	2.4
Third-party net interest income from insurance	**(0.2)**	(0.2)	**(0.1)**	(0.1)	(0.1)
Banking net interest income	**22.2**	21.9	**10.9**	11.3	11.6
– of which:					
Hongkong and Shanghai Banking Corporation Limited	**10.8**	10.6	**5.3**	5.4	5.5
HSBC UK Bank plc	**5.1**	4.8	**2.5**	2.5	2.5
HSBC Bank plc	**2.3**	2.2	**1.2**	1.1	1.3

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. 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 cost 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 GBM 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 net interest income 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 net interest income.

Banking NII was $22.2bn in 1H24. The funding costs associated with generating trading and fair value income were $5.5bn, an increase of $1.7bn compared with 1H23, primarily reflecting growth in net trading and fair value assets. Banking NII also deducts third-party NII related to our insurance business, which was $0.2bn, broadly stable compared with 1H23. In HSBC UK, banking NII increased in part due to the acquisition of SVB UK in 1Q23, which resulted in a $0.1bn increase. The movement in banking NII also included a reduction of $0.2bn relating to a reclassification, from 1 January 2024, of cash flow hedge revenue between NII and non-NII.

The internally allocated funding to generate trading and fair value income was approximately $207bn at 30 June 2024, a rise of approximately $77bn since 30 June 2023. This relates to trading, fair value and associated net asset balances predominantly in GBM.

To supplement banking NII, we also provide banking NII sensitivity to demonstrate our revenue sensitivity to interest rate movements. Management uses these measures to determine the deployment of our surplus funding, and to help optimise our structural hedging and risk management actions.

For further details on banking NII sensitivity, see page 105.

Net fee income of $6.2bn was $0.1bn higher than in 1H23, and included a $0.1bn adverse impact from foreign currency translation differences, as well as a reduction of $0.2bn due to the impact of the disposal of our banking business in Canada. On a constant currency basis, net fee income was $0.2bn higher, as an increase in WPB was partly offset by reductions in GBM and CMB.

In WPB, fee income grew, primarily from higher income from unit trusts and funds under management, notably in Hong Kong. This reflected stronger equity markets and improved customer sentiment, supported by business initiatives. Cards income grew, notably in our main entity in Hong Kong and also in Mexico, as customer spending increased. The growth in cards activity resulted in a corresponding rise in fee expense.

In GBM, fee income grew in broking income in our main entity in Europe, although this was largely offset by a rise in associated fee expense. In addition, there was higher fee expense relating to broking and custody, as well as intercompany fee expenses incurred on behalf of other global businesses.

In CMB, fee income from credit facilities reduced, notably due to disposal of our banking operations in Canada. This reduction was partly offset by an increase in fee income from GBM products sold to CMB customers.

Net income from financial instruments held for trading or managed on a fair value basis of $10.5bn was $2.4bn higher compared with 1H23. This reflected a rise in income of $1.7bn, primarily relating to trading activities in GBM, for which the associated funding costs are reported in net interest income, notably in our main legal entities in Hong Kong and Europe.

Trading income increased in Corporate Centre reflecting favourable fair value movements of $0.5bn on the foreign exchange hedging of the proceeds of the sale of our banking business in Canada until the completion of the sale.

In WPB, trading income rose by $0.2bn due to gains on hedges in our insurance business.

Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss of $2.4bn was $1.9bn lower than in 1H23. This decrease was mainly in Hong Kong, reflecting adverse fair value movements on debt securities due to movements in interest rates.

This unfavourable 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 $2.5bn was $1.7bn lower than in 1H23, 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 $0.7bn increased by $0.1bn compared with 1H23, primarily due to an increase in the release of the contractual service margin ('CSM') of $0.1bn. This primarily reflected a higher CSM balance from higher new business written.

Gain on acquisitions fell by $1.5bn, reflecting the non-recurrence of a gain recognised in respect of the acquisition of SVB UK in 1Q23.

Gains less impairment relating to sale of business operations was $3.3bn compared with $2.1bn in 1H23. In 1H24, there was a gain of $4.6bn inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves recycling losses on the sale of our banking business in Canada. This was partly offset by an impairment loss of $1.2bn relating to the planned sale of our business in Argentina. In 1H23, we recognised a $2.1bn reversal of an impairment relating to the sale of our retail banking operations in France, as the sale became less certain. In the second half of 2023, this impairment was reinstated as we reclassified these operations as held for sale. The sale completed on 1 January 2024.

Other operating expense of $0.1bn was $0.3bn lower than the income of $0.2bn in 1H23. The net expense in 1H24 included a loss of $0.1bn related to the recycling of reserves following the completion of the sale of our business in Russia, and an impairment loss related to the planned disposal of our operations in Armenia.

Change in expected credit losses and other credit impairment charges ('ECL') of $1.1bn was $0.3bn lower than in 1H23. ECL benefited from a release of stage 3 allowances in GBM in HSBC Bank plc related to a single client, while lower charges in CMB were primarily in HSBC UK due to allowance releases, as well as lower charges in relation to the commercial real estate sector in mainland China compared with 1H23. ECL charges in WPB were broadly stable as a release of allowances in HSBC UK were offset by higher charges in Mexico, reflecting unemployment trends and growth in our unsecured portfolio.

For further details on the calculation of ECL, including the measurement uncertainties and significant judgements applied to such calculations, the impact of economic scenarios and management judgemental adjustments, see pages 69 to 81.

Operating expenses

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Gross employee compensation and benefits	**9,935**	9,433
Capitalised wages and salaries	**(743)**	(479)
Property and equipment	**2,299**	2,047
Amortisation and impairment of intangible assets	**1,102**	809
Legal proceedings and regulatory matters	**53**	56
Other operating expenses[1]	**3,650**	3,591
Reported operating expenses	**16,296**	15,457
Currency translation		(213)
Constant currency operating expenses	**16,296**	15,244

1 Other operating expenses includes professional fees, contractor costs, transaction taxes, marketing and travel. The increase was primarily driven by the Bank of England levy and FDIC special assessment. This was partly offset by favourable currency translation differences.

Staff numbers (full-time equivalents)[1]

	At		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
Global businesses			
Wealth and Personal Banking	**121,501**	129,188	128,399
Commercial Banking	**45,639**	46,006	45,884
Global Banking and Markets	**46,474**	46,247	46,241
Corporate Centre	**364**	323	337
Total staff numbers	**213,978**	221,764	220,861

1 Represents the number of full-time equivalent people with contracts of service with the Group who are being paid at the reporting date.

Operating expenses of $16.3bn were $0.8bn or 5% higher than in 1H23, mainly due to higher technology costs of $0.3bn, including investment, the impacts of inflation, and an increase in our performance-related pay accrual of $0.3bn, which reflects a change in the expected quarterly phasing of the performance-related pay pool relative to 1H23. Our operating expenses also rose due to the incremental costs from IVB of $0.1bn, and the non-recurrence of a $0.2bn impact from the reversal of historical asset impairments in 1H23.

These factors were partly offset by the impact of disposals in Canada and France, continued cost discipline and favourable foreign currency translation differences between the periods of $0.2bn.

The number of employees expressed in full-time equivalent staff ('FTE') at 30 June 2024 was 213,978, a decrease of 6,883 from 31 December 2023, primarily reflecting the completion of the sales of our banking business in Canada and our retail banking operations in France. Additionally, the number of contractors at 30 June 2024 was 4,364, a decrease of 312 from 31 December 2023.

Share of profit in associates and joint ventures of $1.6bn was $43m or 3% higher, including an increase in the share of profit from Saudi Awwal Bank ('SAB').

In relation to BoCom, at 30 June 2024 we concluded there is no indication of further significant impairment (or indication that an impairment may no longer exist or may have decreased significantly) since 31 December 2023.

For further details of our impairment review process, see Note 10 on the interim condensed consolidated financial statements.

Tax expense

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Tax (charge)/credit		
Reported	**(3,891)**	(3,586)
Currency translation	**—**	72
Constant currency tax (charge)/credit	**(3,891)**	(3,514)

Notable items

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Tax		
Tax (charge)/credit on notable items	**14**	(500)
Recognition of losses	**—**	—
Uncertain tax positions	**—**	427

Tax in 1H24 was a charge of $3.9bn, representing an effective tax rate of 18.1%. The effective tax rate for 1H24 was reduced by the non-taxable gain on the sale of our banking business in Canada and increased by the non-deductible loss recorded on the planned sale of our business in Argentina. Excluding these items, the effective rate for 1H24 was 21.4%.

Tax in 1H23 was a charge of $3.6bn, representing an effective tax rate of 16.6%. The effective tax rate for 1H23 was reduced by 1.9 percentage points by the non-taxable gain recognised on the acquisition of SVB UK and by 2.1 percentage points by the release of provisions for uncertain tax positions.

Supplementary table for planned disposals

The income statements and selected balance sheet metrics for the half-year to 30 June 2024 of our banking business in Argentina are presented below.

The asset and liability balances relating to these planned disposals are reported on the Group balance sheet within 'Assets held for sale' and 'Liabilities of disposal groups held for sale', respectively, as at 30 June 2024.

Income statement and selected balance sheet metrics of disposal groups held for sale

	Half-year to
	30 Jun 2024
	Argentina
	$bn
Revenue	**0.5**
ECL	**0.0**
Operating expenses	**(0.3)**
Profit before tax	**0.2**

	At
	30 Jun 2024
	$bn
Loans and advances to customers	**1.6**
Customer accounts	**3.1**
RWAs[1]	**7.8**
Foreign currency translation and other reserves losses	**(5.0)**

1 RWAs quoted exclude operational risk RWAs.

For further details on the impact of strategic transactions on the Group and our global business segments, see page 42.

Summary consolidated balance sheet

	At	
	30 Jun 2024	31 Dec 2023
	$m	$m
Assets		
Cash and balances at central banks	**277,112**	285,868
Trading assets	**331,307**	289,159
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**117,014**	110,643
Derivatives	**219,269**	229,714
Loans and advances to banks	**102,057**	112,902
Loans and advances to customers	**938,257**	938,535
Reverse repurchase agreements – non-trading	**230,189**	252,217
Financial investments	**467,356**	442,763
Assets held for sale	**5,821**	114,134
Other assets	**286,621**	262,742
Total assets	**2,975,003**	3,038,677
Liabilities		
Deposits by banks	**82,435**	73,163
Customer accounts	**1,593,834**	1,611,647
Repurchase agreements – non-trading	**202,770**	172,100
Trading liabilities	**77,455**	73,150
Financial liabilities designated at fair value	**140,800**	141,426
Derivatives	**217,096**	234,772
Debt securities in issue	**98,158**	93,917
Insurance contract liabilities	**125,252**	120,851
Liabilities of disposal groups held for sale	**5,041**	108,406
Other liabilities	**241,748**	216,635
Total liabilities	**2,784,589**	2,846,067
Equity		
Total shareholders' equity	**183,293**	185,329
Non-controlling interests	**7,121**	7,281
Total equity	**190,414**	192,610
Total liabilities and equity	**2,975,003**	3,038,677

Selected financial information

	30 Jun 2024	31 Dec 2023
	$m	$m
Called up share capital	**9,310**	9,631
Capital resources[1]	**172,084**	171,204
Undated subordinated loan capital	**17**	18
Preferred securities and dated subordinated loan capital[2]	**35,877**	36,413
Risk-weighted assets	**835,118**	854,114
Total shareholders' equity	**183,293**	185,329
Less: preference shares and other equity instruments	**(18,825)**	(17,719)
Total ordinary shareholders' equity	**164,468**	167,610
Less: goodwill and intangible assets (net of tax)	**(11,359)**	(11,900)
Tangible ordinary shareholders' equity	**153,109**	155,710
Financial statistics		
Loans and advances to customers as a percentage of customer accounts (%)	**58.9**	58.2
Average total shareholders' equity to average total assets (%)	**6.15**	6.01
Net asset value per ordinary share at period end ($)[3]	**8.97**	8.82
Tangible net asset value per ordinary share at period end ($)[3]	**8.35**	8.19
Tangible net asset value per fully diluted ordinary share at period end ($)	**8.30**	8.14
Number of $0.50 ordinary shares in issue (millions)	**18,621**	19,263
Basic number of $0.50 ordinary shares outstanding (millions)	**18,330**	19,006
Basic number of $0.50 ordinary shares outstanding and dilutive potential ordinary shares (millions)	**18,456**	19,135
Closing foreign exchange translation rates to $:		
$1: £	**0.791**	0.784
$1: €	**0.934**	0.903

1 Capital resources are total regulatory capital, the calculation of which is set out on page 99.
2 Including perpetual preferred securities.
3 For the definition, see page 57.

A more detailed consolidated balance sheet is contained in the interim condensed consolidated financial statements on page 112.

Combined view of customer lending and customer deposits

	At	
	30 June 2024	31 Dec 2023
	$m	$m
Loans and advances to customers	**938,257**	938,535
Loans and advances to customers of disposal groups reported in 'Assets held for sale'	**2,253**	73,285
– banking business in Canada	**—**	56,129
– retail banking operations in France	**—**	16,902
– business in Argentina	**1,559**	—
– operations in Armenia	**478**	—
– other	**216**	254
Non-current assets held for sale	**161**	92
Combined customer lending	**940,670**	1,011,912
Currency translation	**—**	(15,403)
Combined customer lending at constant currency	**940,670**	996,508
Customer accounts	**1,593,834**	1,611,647
Customer accounts reported in 'Liabilities of disposal groups held for sale'	**4,037**	85,950
– banking business in Canada	**—**	63,001
– retail banking operations in France	**—**	22,307
– business in Argentina	**3,077**	—
– operations in Armenia	**457**	—
– other	**503**	642
Combined customer deposits	**1,597,871**	1,697,597
Currency translation	**—**	(24,244)
Combined customer deposits at constant currency	**1,597,871**	1,673,353

Balance sheet commentary compared with 31 December 2023

At 30 June 2024, total assets of $3.0tn were $64bn or 2% lower on a reported basis, and decreased $23bn or 1% on a constant currency basis.

Our asset base included lower assets held for sale following the completion of the sales of our retail banking operations in France and our banking business in Canada during 1H24. This was partly offset by a rise in trading assets, notably in our main legal entities in Hong Kong and Europe, and higher financial investments as we increased our holdings of treasury bills and debt securities.

Reported loans and advances to customers as a percentage of customer accounts was 58.9% compared with 58.2% at 31 December 2023.

Assets

Cash and balances at central banks decreased by $9bn or 3%, primarily due to the adverse impact from foreign currency translation differences of $7bn. The reduction was mainly in HSBC UK, reflecting an increase in the deployment of our cash surplus into financial investments and a fall in customer account balances. This was partly offset by increases in HSBC Bank plc and our main legal entity in the US.

Trading assets rose by $42bn or 15%, reflecting an increase in client activity in equity and debt securities, particularly in our legal entity in Hong Kong and in HSBC Bank plc.

Derivative assets decreased by $10bn or 5%, reflecting a reduction in foreign exchange contracts, mainly in HSBC Bank plc, as a result of reduced volatility in foreign exchange rate movements. The decrease in derivative assets was broadly consistent with the fall in derivative liabilities, as the underlying risk is broadly matched.

Loans and advances to banks of $102bn were $11bn lower, reflecting lower central bank placements, notably in our main legal entities in Singapore and mainland China, as well as a decrease in central bank loans, notably in HSBC UK.

Loans and advances to customers of $938bn were stable on a reported basis. This included an adverse impact from foreign currency translation differences of $13bn.

On a constant currency basis, customer lending balances were $12bn or 1% higher, reflecting the following movements.

Customer lending balances increased in CMB by $6bn, primarily in HSBC Bank plc (up $3bn) as well as in our main legal entities in mainland China (up $2bn) and India (up $1bn) due to an increase in term lending balances. These increases were partly offset by a decrease in term lending in our main legal entity in Hong Kong (down $2bn) from lower market-wide loan demand.

In GBM, customer lending balances were $3bn higher, mainly in our main legal entity in Singapore (up $2bn) from an increase in term lending, and in HSBC Bank plc (up $1bn) reflecting higher overdraft balances. Lending also grew in our main legal entities in India and Australia. These increases were partly offset by a reduction in term lending in our main legal entity in Hong Kong (down $3bn).

In WPB, customer lending balances decreased by $3bn. This primarily reflected the $7.6bn transfer to Corporate Centre of a portfolio of home and certain other loans retained following the sale of our retail banking operations in France. This was partly offset by increases in HSBC UK (up $3bn) and the US (up $1bn) primarily from growth in mortgage lending balances.

In Corporate Centre, the increase in customer lending balances of $7.6bn reflected the transfer of balances from WPB, mentioned above.

Reverse repurchase agreements - non-trading decreased by $22bn or 9%, primarily in our main legal entities in Asia and in HSBC Bank plc reflecting reduced client demand.

Financial investments increased by $25bn or 6%, mainly as we increased our holdings of treasury bills and debt securities, notably in HSBC Bank plc and the HSBC UK. This was partly offset by decreases in our main legal entities in Hong Kong and mainland China.

Assets held for sale decreased by $108bn or 95% following the completion of the sales of our retail banking operations in France and our banking operations in Canada during 1H24.

Other assets grew by $24bn or 9%, primarily due to an increase of $19bn in settlement accounts, notably in HSBC Bank plc and the US, from higher trading activity, compared with the seasonal reduction in December 2023.

Liabilities

Customer accounts of $1.6tn decreased by $18bn or 1% on a reported basis. This included an adverse impact from foreign currency translation differences of $21bn.

On a constant currency basis, customer accounts were $3bn higher, reflecting the following movements:

In GBM, customer accounts increased $7bn, reflecting higher balances in HSBC Bank plc due to a short-term deposit by a single customer, and an increase in time deposits in our legal entity in Hong Kong. Deposit balances also grew in our main legal entities in India and the Middle East. These increases were partly offset by lower balances in our entities in the US and Singapore due to the impact of repricing actions.

Customer accounts decreased in WPB by $2bn, primarily driven by a reduction in our main legal entity in Hong Kong of $5bn, which included outflows into Wealth products due to an improvement in market sentiment as well as a reduction in money-market term deposits. These reductions were partly offset by growth in a number of other markets, notably in our main legal entities in Singapore and mainland China.

In CMB, customer accounts decreased by $2bn, primarily with outflows in the US and in our main legal entity in Singapore due to seasonality and attrition, and in HSBC UK due to seasonality and market-wide tightening of liquidity. These reductions were partly offset by higher deposits, notably in HSBC Bank plc and in our main legal entity in Mexico.

Deposits by banks increased by $9bn or 13%, reflecting an increase in client inflows, notably in HSBC Bank plc, as well as growth in money-market term deposits, notably in our main legal entities in the Middle East, Singapore and HSBC Bank plc.

Repurchase agreements – non-trading increased by $31bn or 18%, primarily in our main legal entities in Hong Kong reflecting higher client funding needs and in the US for funding in our Global Markets business.

Derivative liabilities decreased by $18bn or 8%, which is consistent with the reduction in derivative assets, since the underlying risk is broadly matched.

Liabilities of disposal groups held for sale decreased by $103bn or 95%, following the completion of the sales of our retail banking operations in France and our banking operations in Canada during 1H24.

Other liabilities increased by $25bn or 12%, notably from a rise of $20bn in settlement accounts in our main legal entities in Europe, the US, mainland China and Hong Kong from an increase in trading activity, compared with the seasonal reduction in December 2023.

Equity

Total shareholders' equity, including non-controlling interests, decreased by $2bn or 1% compared with 31 December 2023.

Profits generated of $18bn were more than offset by dividends paid of $13bn and the impact of share buy-backs of $5bn, as well as net losses through other comprehensive income ('OCI') of $2bn.

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 30 June 2024, we had recognised a pre-tax cumulative unrealised loss reserve through other comprehensive income of $4.2bn related to these hold-to-collect-and-sell positions. This reflected a $0.3bn pre-tax loss in 1H24, inclusive of movements on related fair value hedges. Overall, the Group is positively exposed to rising interest rates through net interest income, although there is an adverse impact on our capital base in the early stages of a rising interest rate environment due to the fair value of hold-to-collect-and-sell instruments. Over time, these adverse movements will unwind as the instruments reach maturity, although not all will necessarily be held to maturity.

We also hold a portfolio of financial investments measured at amortised cost, which are classified as hold-to-collect. At 30 June 2024, there was a cumulative unrecognised loss of $3.0bn. Within this, $2.2bn related to debt instruments held to manage our interest rate exposure, representing a $1.2bn deterioration during 1H24.

Customer accounts by country/territory

	At	
	30 Jun 2024	31 Dec 2023
	$m	$m
Hong Kong	**543,776**	543,504
UK	**505,118**	508,181
US	**93,060**	99,607
Singapore	**71,191**	73,547
Mainland China	**57,452**	56,006
France	**40,237**	42,666
Australia	**30,450**	32,071
Germany	**25,272**	30,641
Mexico	**28,997**	29,423
UAE	**26,341**	24,882
India	**27,806**	24,377
Taiwan	**16,193**	16,949
Malaysia	**16,025**	15,983
Switzerland	**3,260**	8,047
Egypt	**4,183**	5,858
Indonesia	**5,383**	5,599
Türkiye	**3,021**	3,510
Other	**96,069**	90,796
At end of period	**1,593,834**	1,611,647

Risk-weighted assets

Risk-weighted assets ('RWAs') reduced by $19.0bn during the first half of 2024. Excluding a decrease of $12.8bn from foreign currency translation differences, RWAs fell by $6.2bn, largely as a result of the following:

– a $36.3bn decrease primarily due to the disposal of our banking business in Canada and the sale of our retail banking operations in France.

These were partly offset by:

– a $21.2bn increase, mainly driven by higher value at risk and incremental risk charge in market risk. Further increases were due to corporate lending, notably in SAB, HSBC UK Bank plc and HSBC Bank plc, and higher sovereign exposures, mainly in Argentina;

– a $7.0bn increase mainly follows a revision to the definition of default in our probability of default ('PD') models for exposures to financial institutions; and

– a $2.1bn increase due to methodology changes and risk parameter refinements notably in Argentina, HBSC UK Bank plc and HSBC Bank plc, offset by Asia.

Global businesses

Contents

Summary

The Group Chief Executive, supported by the rest of the Group Executive Committee ('GEC'), reviews operating activity on a number of bases, including by global business and legal entities. Our global businesses – Wealth and Personal Banking, Commercial Banking, and Global Banking and Markets – along with Corporate Centre are our reportable segments under IFRS 8 'Operating Segments', and are presented below and in Note 5: 'Segmental analysis' on page 119.

Descriptions of the global businesses are provided in the Overview section on pages 18 to 24.

Basis of preparation

The Group Chief Executive, supported by the rest of the GEC, is considered the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Group's reportable segments. Global business results are assessed by the CODM on the basis of constant currency performance. 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. Constant currency performance information for 1H23 is presented as described on page 29.

As required by IFRS 8, reconciliations of the total constant currency global business results to the Group's reported results are presented on page 120.

Supplementary reconciliations from reported to constant currency results by global business are presented on pages 40 to 43 for information purposes.

Global business performance is also assessed using return on tangible equity ('RoTE'). A reconciliation of global business RoTE to the Group's RoTE is provided on page 58.

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 functions to the extent that they can be meaningfully attributed to global businesses and legal entities. 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 global businesses 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 the global businesses are presented in Corporate Centre.

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 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.

The results of legal entities are presented on a reported basis on page 50 and a constant currency basis on page 52.

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

Constant currency results[1]

	Half-year to 30 Jun 2024				
	Wealth and Personal Banking[2]	Commercial Banking	Global Banking and Markets	Corporate Centre[2]	Total
	$m	$m	$m	$m	$m
Revenue[3]	**14,312**	**10,896**	**8,742**	**3,342**	**37,292**
ECL	**(476)**	**(573)**	**(11)**	**(6)**	**(1,066)**
Operating expenses	**(7,406)**	**(3,861)**	**(4,918)**	**(111)**	**(16,296)**
Share of profit in associates and joint ventures	**28**	**1**	**—**	**1,597**	**1,626**
Profit before tax	**6,458**	**6,463**	**3,813**	**4,822**	**21,556**
Loans and advances to customers (net)	**445,882**	**310,356**	**174,376**	**7,643**	**938,257**
Customer accounts	**794,807**	**467,362**	**331,269**	**396**	**1,593,834**

1 In the current period, constant currency results are equal to reported as there is no currency translation.
2 With effect from 1 January 2024, following the sale of our retail banking business in France, we have prospectively reclassified the portfolio of retained loans, profit participation interest and licence agreement of the CCF brand from WPB to Corporate Centre.
3 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Notable items

	Half-year to 30 Jun 2024				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Revenue					
Disposals, acquisitions and related costs[1]	**55**	**—**	**(14)**	**3,530**	**3,571**
Operating expenses					
Disposals, acquisitions and related costs	**—**	**2**	**—**	**(103)**	**(101)**
Restructuring and other related costs[2]	**4**	**3**	**3**	**9**	**19**

1 Includes 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 recycling losses. This is partly offset by a $1.2bn impairment recognised in relation to the planned sale of our business in Argentina.
2 Relates to reversals of restructuring provisions recognised during 2022.

Reconciliation of reported results to constant currency results – global businesses

	Half-year to 30 Jun 2023				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Revenue[1]					
Reported	16,200	12,216	8,501	(41)	36,876
Currency translation	(105)	(130)	(180)	41	(374)
Constant currency	16,095	12,086	8,321	—	36,502
ECL					
Reported	(502)	(704)	(136)	(3)	(1,345)
Currency translation	18	10	—	—	28
Constant currency	(484)	(694)	(136)	(3)	(1,317)
Operating expenses					
Reported	(7,141)	(3,572)	(4,785)	41	(15,457)
Currency translation	121	114	9	(31)	213
Constant currency	(7,020)	(3,458)	(4,776)	10	(15,244)
Share of profit in associates and joint ventures					
Reported	35	(1)	—	1,549	1,583
Currency translation	—	—	—	(52)	(52)
Constant currency	35	(1)	—	1,497	1,531
Profit/(loss) before tax					
Reported	8,592	7,939	3,580	1,546	21,657
Currency translation	34	(6)	(171)	(42)	(185)
Constant currency	8,626	7,933	3,409	1,504	21,472
Loans and advances to customers (net)					
Reported	463,836	319,246	176,182	294	959,558
Currency translation	(3,441)	(3,975)	(1,127)	(1)	(8,544)
Constant currency	460,395	315,271	175,055	293	951,014
Customer accounts					
Reported	809,864	472,146	313,126	633	1,595,769
Currency translation	(5,902)	(5,844)	(3,600)	(5)	(15,351)
Constant currency	803,962	466,302	309,526	628	1,580,418

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Notable items (continued)

	Half-year to 30 Jun 2023				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Revenue					
Disposals, acquisitions and related costs[1,2]	2,034	1,507	—	(220)	3,321
Fair value movements on financial instruments[3]	—	—	—	15	15
Operating expenses					
Disposals, acquisitions and related costs	(23)	(15)	3	(83)	(118)
Restructuring and other related costs[4]	—	29	—	18	47

1 Includes the reversal of a $2.1bn impairment loss relating to the sale of our retail banking operations in France.
2 Includes the gain of $1.5bn recognised in respect of the acquisition of SVB UK.
3 Fair value movements on non-qualifying hedges in HSBC Holdings.
4 Relates to reversals of restructuring provisions recognised during 2022.

Strategic transactions supplementary analysis

The following table presents the selected impacts of strategic transactions to the Group and our global business segments. These comprise the strategic transactions where the financial impacts of the acquisition or disposal have qualified for material notable item treatment in our results. Material notable items are a subset of notable items and categorisation is dependent on the financial impact on the Group's income statement. At 1H24, strategic transactions classified as material notable items comprise the disposal of our retail banking operations in France, our banking business in Canada, the planned sale of our business in Argentina and the acquisition of SVB UK.

The impacts quoted include the gains or losses on classification to held for sale or acquisition and all other related notable items. They also include the distorting impact between the periods of the operating income statement results related to acquisitions and disposals that affect period-on-period comparisons. It 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. We consider the monthly impacts of distorting income statement results when calculating the impact of strategic transactions.

Constant currency results

	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Half year to 30 Jun 2024					
Revenue	**54**	**179**	**—**	**3,680**	**3,912**
ECL	**—**	**(3)**	**—**	**—**	**(3)**
Operating expenses	**(7)**	**(76)**	**—**	**(103)**	**(186)**
Share of profit in associates and joint ventures	**—**	**—**	**—**	**—**	**—**
Profit before tax	**47**	**100**	**—**	**3,577**	**3,724**
– HSBC Innovation Banking[1]		**100**		**—**	**100**
– Retail banking operations in France	**47**			**(4)**	**43**
– Banking business in Canada	**—**			**4,773**	**4,773**
– Business in Argentina				**(1,192)**	**(1,192)**
Of which: notable items					
Revenue	**55**	**—**	**—**	**3,680**	**3,735**
Profit before tax	**55**	**—**	**—**	**3,577**	**3,632**
Of which: distorting impact of operating results between periods					
Revenue	**(1)**	**179**	**—**	**—**	**178**
Profit before tax	**(8)**	**100**	**—**	**—**	**92**
Half year to 30 Jun 2023					
Revenue	2,443	1,800	51	(210)	4,085
ECL	(5)	(33)	5	—	(33)
Operating expenses	(370)	(94)	(24)	(82)	(570)
Share of profit in associates and joint ventures	—	—	—	—	—
Profit/(loss) before tax	2,068	1,673	32	(292)	3,481
– HSBC Innovation Banking[1]		1,530		—	1,530
– Retail banking operations in France	1,980			54	2,034
– Banking business in Canada	88	143	32	(345)	(82)
– Business in Argentina				—	—
Of which: notable items					
Revenue	2,058	1,572	—	(210)	3,420
Profit before tax	2,034	1,560	—	(292)	3,302
Of which: distorting impact of operating results between periods					
Revenue	385	228	—	—	613
Profit before tax	34	113	—	—	147

1 Includes the impact of our acquisition of SVB UK, which in June 2023 changed its legal entity name to HSBC Innovation Bank Limited.

Constant currency results (continued)

	Quarter ended 30 Jun 2024				
	Wealth and Personal Banking	**Commercial Banking**	**Global Banking and Markets**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
Revenue	**3**	**—**	**—**	**(6)**	**(3)**
ECL	**—**	**—**	**—**	**—**	**—**
Operating expenses	**(1)**	**3**	**—**	**(42)**	**(39)**
Share of profit in associates and joint ventures	**—**	**—**	**—**	**—**	**—**
Profit/(loss) before tax	**2**	**3**	**—**	**(48)**	**(43)**
– HSBC Innovation Banking[1]		**3**		**—**	**3**
– Retail banking operations in France	**2**			**(3)**	**(1)**
– Banking business in Canada				**10**	**10**
– Business in Argentina				**(55)**	**(55)**
Of which: notable items					
Revenue	**2**	**—**	**—**	**(6)**	**(4)**
Profit before tax	**3**	**3**	**—**	**(48)**	**(42)**
Of which: distorting impact of operating results between periods					
Revenue	**1**	**—**	**—**	**—**	**1**
Profit before tax	**(1)**	**—**	**—**	**—**	**(1)**
	Quarter ended 30 Jun 2023				
Revenue	318	224	51	(244)	349
ECL	(5)	(6)	5	—	(6)
Operating expenses	(220)	(86)	(24)	(39)	(369)
Share of profit in associates and joint ventures	—	—	—	—	—
Profit/(loss) before tax	93	132	32	(283)	(26)
– HSBC Innovation Banking[1]		(11)		8	(3)
– Retail banking operations in France	5			(30)	(25)
– Banking business in Canada	88	143	32	(260)	3
– Business in Argentina				—	—
Of which: notable items					
Revenue	14	(4)	—	(244)	(234)
Profit before tax	11	(19)	—	(283)	(291)
Of which: distorting impact of operating results between periods					
Revenue	304	228	—	—	532
Profit before tax	82	151	—	—	233

1 Includes the impact of our acquisition of SVB UK, which in June 2023 changed its legal entity name to HSBC Innovation Bank Limited.

Reconciliation of reported risk-weighted assets to constant currency risk-weighted assets

	At 30 Jun 2024				
	Wealth and Personal Banking	**Commercial Banking**	**Global Banking and Markets**	**Corporate Centre**	**Total**
	$bn	**$bn**	**$bn**	**$bn**	**$bn**
Risk-weighted assets					
Reported	**182.5**	**335.7**	**225.1**	**91.8**	**835.1**
Constant currency	**182.5**	**335.7**	**225.1**	**91.8**	**835.1**
	At 30 Jun 2023				
Risk-weighted assets					
Reported	186.6	353.8	227.0	92.1	859.5
Currency translation	(5.1)	(8.7)	(2.8)	(0.6)	(17.2)
Constant currency	181.5	345.1	224.2	91.5	842.3
	At 31 Dec 2023				
Risk-weighted assets					
Reported	192.9	354.5	218.5	88.2	854.1
Currency translation	(4.1)	(7.3)	(3.4)	(0.8)	(15.6)
Constant currency	188.8	347.2	215.1	87.4	838.5

Supplementary tables for WPB

WPB performance by business unit (constant currency)

A breakdown of WPB by business unit is presented below to reflect the basis of how the revenue performance of the business units is assessed and managed.

WPB – summary (constant currency basis)

		Consists of			
	Total WPB	Banking operations[2]	Life insurance	Global Private Banking	Asset management
	$m	$m	$m	$m	$m
Half-year to 30 Jun 2024					
Net operating income before change in expected credit losses and other credit impairment charges[1]	**14,312**	**11,411**	**912**	**1,327**	**662**
– net interest income	**10,231**	**9,469**	**158**	**598**	**6**
– net fee income	**2,941**	**1,726**	**84**	**500**	**631**
– other income	**1,140**	**216**	**670**	**229**	**25**
ECL	**(476)**	**(479)**	**—**	**3**	**—**
Net operating income	**13,836**	**10,932**	**912**	**1,330**	**662**
Total operating expenses	**(7,406)**	**(5,740)**	**(334)**	**(842)**	**(490)**
Operating profit	**6,430**	**5,192**	**578**	**488**	**172**
Share of profit in associates and joint ventures	**28**	**7**	**21**	**—**	**—**
Profit before tax	**6,458**	**5,199**	**599**	**488**	**172**
Half-year to 30 Jun 2023					
Net operating income before change in expected credit losses and other credit impairment charges[1]	16,095	13,480	851	1,147	617
– net interest income	10,130	9,412	138	585	(5)
– net fee income	2,675	1,624	75	396	580
– other income	3,290	2,444	638	166	42
ECL	(484)	(484)	(3)	3	—
Net operating income	15,611	12,996	848	1,150	617
Total operating expenses	(7,020)	(5,433)	(349)	(783)	(455)
Operating profit	8,591	7,563	499	367	162
Share of profit in associates and joint ventures	35	7	28	—	—
Profit before tax	8,626	7,570	527	367	162

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 Includes investment distribution.

Life insurance business performance

The following table provides an analysis of the performance of our life insurance business for the period. It comprises income earned by our insurance manufacturing operations within our WPB business, as well as income earned and costs incurred within our Wealth insurance distribution channels and consolidation and inter-company elimination entries.

Results of WPB's life insurance business unit (constant currency basis)

	Half-year to 30 Jun 2024		
	Insurance manufacturing operations	**Wealth insurance and other[1]**	**Life insurance**
	$m	**$m**	**$m**
Net interest income	**158**	**—**	**158**
Net fee income/(expense)	**(7)**	**91**	**84**
Other income	**654**	**16**	**670**
– insurance service results	**701**	**(9)**	**692**
– net investment returns (excluding net interest income)	**(59)**	**(6)**	**(65)**
– other operating income	**12**	**31**	**43**
Net operating income before change in expected credit losses and other credit impairment charges[2]	**805**	**107**	**912**
ECL	**—**	**—**	**—**
Net operating income	**805**	**107**	**912**
Total operating expenses	**(283)**	**(51)**	**(334)**
Operating profit	**522**	**56**	**578**
Share of profit in associates and joint ventures	**21**	**—**	**21**
Profit before tax	**543**	**56**	**599**

	Half-year to 30 Jun 2023		
Net interest income	138	—	138
Net fee income/(expense)	(25)	100	75
Other income	646	(8)	638
– insurance service results	557	(22)	535
– net investment returns (excluding net interest income)	(19)	3	(16)
– other operating income	108	11	119
Net operating income before change in expected credit losses and other credit impairment charges[2]	759	92	851
ECL	(3)	—	(3)
Net operating income	756	92	848
Total operating expenses	(265)	(84)	(349)
Operating profit	491	8	499
Share of profit in associates and joint ventures	28	—	28
Profit before tax	519	8	527

1 'Wealth insurance and other' includes fee income earned and operating expenses incurred within our Wealth distribution channels. It also includes the IFRS 17 consolidation entries arising from transactions between our insurance manufacturing operations and Wealth distribution channels and with the wider Group, as well as allocations of central costs benefiting life insurance.
2 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

WPB insurance manufacturing (constant currency basis)

The following table shows the results of our insurance manufacturing operations for our WPB business and for all global business segments in aggregate.

Results of insurance manufacturing operations[1,2]

	Half-year to			
	30 Jun 2024		30 Jun 2023	
	WPB	**All global businesses**	WPB	All global businesses
	$m	**$m**	$m	$m
Net interest income [3]	**158**	**177**	138	155
Net fee expense	**(7)**	**(12)**	(25)	(18)
Other income	**654**	**657**	646	639
Insurance service result	**701**	**701**	557	557
– release of contractual service margin	**629**	**629**	522	522
– risk adjustment release	**35**	**35**	20	20
– experience variance and other	**30**	**30**	4	4
– loss from onerous contracts	**7**	**7**	11	11
Net investment returns (excluding net interest income)[3]	**(59)**	**(55)**	(19)	(23)
– insurance finance expense	**(2,489)**	**(2,489)**	(4,191)	(4,190)
– other investment income	**2,430**	**2,434**	4,172	4,167
Other operating income	**12**	**11**	108	105
Net operating income before change in expected credit losses and other credit impairment charges[4]	**805**	**822**	759	776
Change in expected credit losses and other credit impairment charges	**—**	**—**	(3)	(3)
Net operating income	**805**	**822**	756	773
Total operating expenses	**(283)**	**(284)**	(265)	(268)
Operating profit	**522**	**538**	491	505
Share of profit in associates and joint ventures	**21**	**21**	28	28
Profit before tax of insurance business operations[5]	**543**	**559**	519	533
Additional information				
Insurance manufacturing new business contractual service margin (reported basis)	**1,324**	**1,324**	747	747
Consolidated Group new business contractual service margin (reported basis)	**1,437**	**1,437**	811	811
Annualised new business premiums of insurance manufacturing operations	**2,792**	**2,792**	1,888	1,888

1 Constant currency results are derived by adjusting for period-on-period effects of foreign currency translation differences. The impact of foreign currency translation differences on 'All global businesses' profit before tax was $2m unfavourable for 1H23 (reported: $535m).
2 The results presented for insurance manufacturing operations are shown before elimination of inter-company transactions with HSBC non-insurance operations. The 'All global businesses' result consists primarily of WPB business, as well as a small proportion of CMB business.
3 Net investment return for all global businesses for the half-year to 30 June 2024 was $122m (30 June 2023: $132m), which consisted of net interest income, net income on assets held at fair value through profit or loss, and insurance finance expense.
4 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
5 The effect on insurance manufacturing operations of applying hyperinflation accounting in Argentina resulted in a decrease in 'All global businesses' profit before tax in 1H24 of $41m (1H23: decrease of $6m).

Insurance manufacturing

The following commentary, unless otherwise stated, relates to the constant currency results for 'All global businesses'.

Profit before tax of $0.6bn reported in 1H24 reflected the following:

– Insurance service result of $0.7bn in 1H24 increased by $0.1bn compared with 1H23 reflecting an increase to the release of CSM of $0.1bn. This was driven by a higher closing CSM balance primarily from the effect of new business written and favourable market experience.

– Net investment return (excluding net interest income) of $0.1bn loss was marginally lower than 1H23, with returns on investments before net interest income largely offset by insurance finance expense.

– Other operating income reduced by $0.1bn primarily from losses on reinsurance arrangements in Hong Kong.

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 in 1H24 increased by 48% compared with 1H23, primarily from strong new business sales in Hong Kong and a shift in product mix from single to multi-premium products.

Insurance equity plus CSM net of tax

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 30 June 2024, insurance equity plus CSM net of tax on a reported basis was $17,572m (31 December 2023: $16,583m; 30 June 2023: $16,310m).

At 30 June 2024, insurance equity plus CSM net of tax was calculated as insurance manufacturing operations equity of $7,531m plus CSM of $12,218m less tax of $2,177m. At 31 December 2023, it was calculated as insurance manufacturing operations equity of $7,731m plus CSM of $10,786m less tax of $1,934m. At 30 June 2023, it was calculated as insurance manufacturing operations equity of $7,661m plus CSM of $10,571m less tax of $1,922m.

WPB: Wealth balances

The following table shows the 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.

WPB – reported wealth balances[1]

	At		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
Global Private Banking invested assets	**390**	341	363
– managed by Global Asset Management	**62**	64	61
– external managers, direct securities and other	**328**	277	302
Retail invested assets	**412**	372	383
– managed by Global Asset Management	**172**	207	178
– external managers, direct securities and other	**240**	165	205
Asset Management third-party distribution	**469**	384	445
Reported invested assets[1]	**1,271**	1,097	1,191
Wealth deposits (Premier, Jade and Global Private Banking)[2]	**530**	533	536
Total reported wealth balances	**1,801**	1,630	1,727

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 Premier, Jade and Global Private Banking deposits, which include Prestige deposits in Hang Seng Bank, form part of the total WPB customer accounts balance of $795bn (30 June 2023: $810bn; 31 December 2023: $805bn) on page 40.

Asset Management: Funds under management

The following table shows the funds under management of our Asset Management business. Funds under management represents assets managed, either actively or passively, on behalf of our customers.

Asset Management – reported funds under management[1]

	Half-year to		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
Opening balance	**684**	595	628
Net new invested assets	**3**	9	45
Net market movements	**24**	15	8
Foreign exchange and others	**(8)**	9	3
Closing balance	**703**	628	684

Asset Management – reported funds under management by legal entities

	At		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
HSBC Bank plc	**164**	141	162
The Hongkong and Shanghai Banking Corporation Limited	**212**	188	198
HSBC North America Holdings Inc.	**54**	55	71
Grupo Financiero HSBC, S.A. de C.V.	**15**	11	15
Other trading entities[2]	**258**	233	238
Closing balance	**703**	628	684

1 Funds under management 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 Funds under management of $193bn (30 June 2023: $164bn; 31 December 2023: $177bn) related to our Asset Management entity in the UK are reported under 'other trading entities' in the table above.

At 30 June 2024, Asset Management funds under management were $703bn, an increase of $19bn or 3% compared with 31 December 2023. The increase was driven by favourable market performances and net new invested assets, notably in the UK and Hong Kong.

Net new invested assets of $3bn reflected inflows into long-term products, primarily passive investment products, developed market fixed income and private equity investment products. These inflows were largely offset by redemptions from money market instruments in the US.

Global Private Banking client balances[1]

The following table shows the client balances of our Global Private Banking business.

Global Private Banking – reported client balances[2]

	Half-year to		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
Opening balance	**447**	383	419
Net new invested assets	**16**	17	—
Increase/(decrease) in deposits	**1**	3	6
Net market movements	**13**	14	5
Foreign exchange and others	**2**	2	17
Closing balance	**479**	419	447

Global Private Banking – reported client balances by legal entities

	At		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
HSBC UK Bank plc	**33**	29	32
HSBC Bank plc	**141**	62	54
The Hongkong and Shanghai Banking Corporation Limited	**234**	187	209
HSBC Bank Middle East Limited[3]	**3**	—	—
HSBC North America Holdings Inc.	**66**	65	64
Grupo Financiero HSBC, S.A. de C.V.	**2**	2	3
Other trading entities[4]	**—**	74	85
Closing balance	**479**	419	447

1 Client balances are translated at the rates of exchange applicable for their respective period-ends, with the effects of currency translation reported separately.
2 Client balances 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. Customer deposits included in these client assets are recorded on our balance sheet.
3 In 1H24, there was a transfer of $3bn from Retail invested assets to GPB client balances to align with the management of these balances.
4 In 1H24, there was a transfer of $77bn from HSBC Private Bank (Suisse) SA to HSBC Bank plc.

Retail invested assets

The following table shows the invested assets of our retail customers. These 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. Retail 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.

Retail invested assets

	Half-year to		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
Opening balance	**383**	363	372
Net new invested assets[1]	**21**	14	12
Net market movements	**4**	6	1
Foreign exchange and others	**4**	(11)	(2)
Closing balance	**412**	372	383

Retail invested assets by legal entities

	At		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
HSBC UK Bank plc	**31**	29	29
HSBC Bank plc	**32**	36	31
The Hongkong and Shanghai Banking Corporation Limited	**318**	280	292
HSBC Bank Middle East Limited	**3**	3	3
HSBC North America Holdings Inc.	**15**	13	14
Grupo Financiero HSBC, S.A. de C.V.	**9**	8	9
Other trading entities	**4**	3	5
Closing balance	**412**	372	383

1 'Retail net new invested assets' covers 13 markets, comprising Hong Kong including Hang Seng Bank (Hong Kong), mainland China, Malaysia, Singapore, India, Indonesia, Taiwan, HSBC UK, Channel Islands, UAE, the US and Mexico. The 'net new invested assets' related to all other geographies is reported in 'Foreign exchange and other'.

WPB invested assets

'Net new invested assets' represents the net customer inflows from retail invested assets, Asset Management third-party distribution and Global Private Banking invested assets. It excludes all customer deposits. The 'net new invested assets' in the table below is non-additive from the tables above, as net new invested assets managed by Asset Management that are generated by retail clients or Global Private Banking will be recorded in both businesses.

WPB: Invested assets

	Half-year to		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
Opening balance	**1,191**	1,015	1,097
Net new invested assets	**32**	34	50
Net market movements	**36**	29	14
Foreign exchange and others	**12**	19	30
Closing balance	**1,271**	1,097	1,191

WPB: Net new invested assets by legal entities

	Half-year to		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
HSBC UK Bank plc	**1**	—	1
HSBC Bank plc	**5**	1	2
The Hongkong and Shanghai Banking Corporation Limited	**38**	27	20
HSBC Bank Middle East Limited	**0**	—	1
HSBC North America Holdings Inc.[1]	**(22)**	(7)	14
Grupo Financiero HSBC, S.A. de C.V.	**1**	1	4
Other trading entities	**9**	12	8
Total	**32**	34	50

1 Net new invested assets in the half-year to 30 June 2024 primarily reflected outflows from liquidity products in Asset Management.

Legal entities

Contents

Analysis of reported results by legal entities

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

	Half-year to 30 Jun 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	5,063	832	7,454	804	730	300	1,187	1,618	(1,077)	16,911
Net fee income	810	827	2,689	260	674	129	328	530	(47)	6,200
Net income from financial instruments held for trading or managed on a fair value basis	276	2,786	5,996	167	492	33	265	182	319	10,516
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit and loss	—	545	1,722	—	—	—	30	84	(5)	2,376
Insurance finance income/(expense)	—	(678)	(1,708)	—	—	—	(40)	(68)	8	(2,486)
Insurance service result	—	130	524	—	—	—	41	(9)	(24)	662
Other income/(expense)[1]	81	51	288	25	239	—	31	(602)	3,000	3,113
Net operating income before change in expected credit losses and other credit impairment charges[2]	6,230	4,493	16,965	1,256	2,135	462	1,842	1,735	2,174	37,292
Change in expected credit losses and other credit impairment charges	(62)	66	(455)	(102)	(33)	(40)	(386)	(59)	5	(1,066)
Net operating income	6,168	4,559	16,510	1,154	2,102	422	1,456	1,676	2,179	36,226
Total operating expenses	(2,427)	(3,142)	(6,873)	(618)	(1,677)	(236)	(998)	(950)	671	(16,250)
Impairment of goodwill and other intangible assets	(7)	(1)	(24)	—	(2)	—	—	(11)	(1)	(46)
Operating profit	3,734	1,416	9,613	536	423	186	458	715	2,849	19,930
Share of profit/(loss) in associates and joint ventures	—	20	1,280	—	—	—	8	319	(1)	1,626
Profit before tax	3,734	1,436	10,893	536	423	186	466	1,034	2,848	21,556
	%	%	%	%	%	%	%	%	%	%
Share of HSBC's profit before tax	17.3	6.7	50.5	2.5	2.0	0.9	2.2	4.7	13.2	100.0
Cost efficiency ratio	39.1	70.0	40.7	49.2	78.6	51.1	54.2	55.4	(30.8)	43.7
Balance sheet data	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	270,262	107,957	453,642	20,506	55,809	—	25,449	4,632	—	938,257
Total assets	416,096	902,722	1,353,949	57,320	267,310	—	47,289	31,385	(101,068)	2,975,003
Customer accounts	334,566	295,557	799,086	32,934	93,060	—	28,997	9,532	102	1,593,834
Risk-weighted assets[3,4,5]	131,472	137,075	401,244	26,082	76,755	—	31,286	54,982	4,866	835,118

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

	Half-year to 30 Jun 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
Net interest income	4,779	1,407	8,398	764	933	663	998	1,424	(1,102)	18,264
Net fee income	801	832	2,555	243	624	284	274	565	(93)	6,085
Net income from financial instruments held for trading or managed on a fair value basis	235	2,053	4,740	212	380	50	226	494	(278)	8,112
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit and loss	—	782	3,446	—	—	—	3	83	(10)	4,304
Insurance finance income	—	(780)	(3,402)	—	—	—	—	(64)	12	(4,234)
Insurance service result	—	91	399	—	—	—	41	4	(11)	524
Other income/(expense)[1]	1,574	2,318	397	(21)	205	11	32	(289)	(406)	3,821
Net operating income before change in expected credit losses and other credit impairment charges[2]	7,389	6,703	16,533	1,198	2,142	1,008	1,574	2,217	(1,888)	36,876
Change in expected credit losses and other credit impairment charges	(418)	(73)	(456)	—	(62)	(11)	(264)	(71)	10	(1,345)
Net operating income	6,971	6,630	16,077	1,198	2,080	997	1,310	2,146	(1,878)	35,531
Total operating expenses	(2,171)	(3,189)	(6,495)	(524)	(1,603)	(522)	(877)	(1,136)	764	(15,753)
Impairment of goodwill and other intangible assets	(9)	100	(12)	(1)	224	—	(3)	(3)	—	296
Operating profit	4,791	3,541	9,570	673	701	475	430	1,007	(1,114)	20,074
Share of profit in associates and joint ventures	—	(43)	1,347	—	—	—	6	275	(2)	1,583
Profit before tax	4,791	3,498	10,917	673	701	475	436	1,282	(1,116)	21,657
	%	%	%	%	%	%	%	%	%	%
Share of HSBC's profit before tax	22.1	16.2	50.4	3.1	3.2	2.2	2.0	6.0	(5.2)	100.0
Cost efficiency ratio	29.5	46.1	39.4	43.8	64.4	51.8	55.9	51.4	40.6	41.9
Balance sheet data	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	266,694	112,408	464,546	18,804	53,410	—	24,507	19,189	—	959,558
Total assets	425,833	920,578	1,318,640	51,664	251,755	91,646	46,382	66,548	(131,570)	3,041,476
Customer accounts	345,835	282,041	775,430	31,262	99,303	—	28,402	33,313	183	1,595,769
Risk-weighted assets[3,4]	125,782	127,402	391,470	24,187	73,140	31,382	30,657	66,317	11,285	859,545

1 Other income/(expense) in this context comprises gain on acquisitions, impairment gain/(loss) relating to the sale of our retail banking operations in France, and other operating income/(expense).
2 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
3 Risk-weighted assets are non-additive across the principal entities due to market risk diversification effects within the Group.
4 Balances are on a third-party Group consolidated basis.
5 Holding companies, shared service centres and intra-Group eliminations' balance includes HSBC Bank Canada operational risk RWAs, due to the averaging calculation and will roll off over future reporting cycles.

Summary information – legal entities and selected countries

Legal entity reported and constant currency results[1]

	Half-year to 30 Jun 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[2]	Holding companies, shared service centres and intra-Group eliminations	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue[3]	6,230	4,493	16,965	1,256	2,135	462	1,842	1,735	2,174	37,292
ECL	(62)	66	(455)	(102)	(33)	(40)	(386)	(59)	5	(1,066)
Operating expenses	(2,434)	(3,143)	(6,897)	(618)	(1,679)	(236)	(998)	(961)	670	(16,296)
Share of profit in associates and joint ventures	—	20	1,280	—	—	—	8	319	(1)	1,626
Profit/(loss) before tax	**3,734**	**1,436**	**10,893**	**536**	**423**	**186**	**466**	**1,034**	**2,848**	**21,556**
Loans and advances to customers (net)	270,262	107,957	453,642	20,506	55,809	—	25,449	4,632	—	938,257
Customer accounts	334,566	295,557	799,086	32,934	93,060	—	28,997	9,532	102	1,593,834

1 In the current period, constant currency results are equal to reported, as there is no currency translation.
2 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 $728m. Supplementary analysis is provided on page 56 to provide a fuller picture of the MENAT regional performance.
3 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Legal entity results: notable items

	Half-year to 30 Jun 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]	—	(131)	—	—	—	—	—	—	3,702	3,571
Operating expenses										
Disposals, acquisitions and related costs	3	(5)	—	—	(15)	(36)	—	(1)	(47)	(101)
Restructuring and other related costs[2]	4	11	—	—	—	—	—	—	4	19

1 Includes 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 recycling losses. This is partly offset by a $1.2bn impairment recognised in relation to the planned sale of our business in Argentina.
2 Relate to reversals of restructuring provisions recognised during 2022.

Country results[1]

	Half-year to 30 Jun 2024				
	UK[2]	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue[3]	10,570	10,898	2,060	2,122	1,842
ECL	15	(386)	(30)	(33)	(386)
Operating expenses	(6,499)	(4,305)	(1,376)	(1,679)	(998)
Share of profit/(loss) in associates and joint ventures	22	9	1,256	—	8
Profit before tax	**4,108**	**6,216**	**1,910**	**410**	**466**
Loans and advances to customers (net)	311,486	274,806	44,821	55,809	25,449
Customer accounts	505,118	543,776	57,452	93,060	28,997

1 In the current period, constant currency results are equal to reported, as there is no currency translation.
2 UK includes HSBC UK Bank plc (ring-fenced bank) and HSBC Bank plc (non-ring-fenced bank).
3 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Country results: notable items

	Half-year to 30 Jun 2024				
	UK[1]	**Hong Kong**	**Mainland China**	**US**	**Mexico**
	$m	**$m**	**$m**	**$m**	**$m**
Revenue					
Disposals, acquisitions and related costs	**205**	**—**	**—**	**—**	**—**
Operating expenses					
Disposals, acquisitions and related costs	**(28)**	**(1)**	**(5)**	**(15)**	**—**
Restructuring and other related costs	**9**	**—**	**—**	**—**	**—**

1 UK includes HSBC UK Bank plc (ring-fenced bank) and HSBC Bank plc (non-ring-fenced bank).

Legal entity reported and constant currency results (continued)

	Half-year to 30 Jun 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[2]										
Reported	7,389	6,703	16,533	1,198	2,142	1,008	1,574	2,217	(1,888)	36,876
Currency translation	208	82	(147)	1	—	(9)	92	(633)	32	(374)
Constant currency	7,597	6,785	16,386	1,199	2,142	999	1,666	1,584	(1,856)	36,502
ECL										
Reported	(418)	(73)	(456)	—	(62)	(11)	(264)	(71)	10	(1,345)
Currency translation	(9)	(1)	2	—	—	—	(16)	53	(1)	28
Constant currency	(427)	(74)	(454)	—	(62)	(11)	(280)	(18)	9	(1,317)
Operating expenses										
Reported	(2,180)	(3,089)	(6,507)	(525)	(1,379)	(522)	(880)	(1,139)	764	(15,457)
Currency translation	(51)	(40)	62	—	—	4	(50)	322	(34)	213
Constant currency	(2,231)	(3,129)	(6,445)	(525)	(1,379)	(518)	(930)	(817)	730	(15,244)
Share of profit/(loss) in associates and joint ventures										
Reported	—	(43)	1,347	—	—	—	6	275	(2)	1,583
Currency translation	—	(1)	(51)	—	—	—	—	—	—	(52)
Constant currency	—	(44)	1,296	—	—	—	6	275	(2)	1,531
Profit/(loss) before tax										
Reported	4,791	3,498	10,917	673	701	475	436	1,282	(1,116)	21,657
Currency translation	148	40	(134)	1	—	(5)	26	(258)	(3)	(185)
Constant currency	4,939	3,538	10,783	674	701	470	462	1,024	(1,119)	21,472
Loans and advances to customers (net)										
Reported	266,694	112,408	464,546	18,804	53,410	—	24,507	19,189	—	959,558
Currency translation	(1,907)	(1,714)	(991)	1	—	—	(1,611)	(2,322)	—	(8,544)
Constant currency	264,787	110,694	463,555	18,805	53,410	—	22,896	16,867	—	951,014
Customer accounts										
Reported	345,835	282,041	775,430	31,262	99,303	—	28,402	33,313	183	1,595,769
Currency translation	(2,473)	(3,433)	(1,517)	7	—	—	(1,867)	(6,068)	—	(15,351)
Constant currency	343,362	278,608	773,913	31,269	99,303	—	26,535	27,245	183	1,580,418

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 $692m and constant currency profit before tax of $605m. Supplementary analysis is provided on page 56 to provide a fuller picture of the MENAT regional performance.
2 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Legal entity results: notable items (continued)

	Half-year to 30 Jun 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]	1,507	2,101	—	—	—	—	—	—	(287)	3,321
Fair value movements on financial instruments[3]	—	—	—	—	—	—	—	—	15	15
Operating expenses										
Disposals, acquisitions and related costs	(15)	(45)	—	—	(2)	(54)	—	—	(2)	(118)
Restructuring and other related costs[4]	—	—	—	—	—	—	—	—	47	47

1 Includes the reversal of a $2.1bn impairment loss relating to the sale of our retail banking operations in France.
2 Includes the gain of $1.5bn recognised in respect of the acquisition of SVB UK.
3 Fair value movements on non-qualifying hedges in HSBC Holdings.
4 Relates to reversals of restructuring provisions recognised during 2022.

Country results (continued)

	Half-year to 30 Jun 2023				
	UK[1]	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue[2]					
Reported	10,478	10,574	2,030	2,090	1,574
Currency translation	320	26	(79)	—	92
Constant currency	10,798	10,600	1,951	2,090	1,666
ECL					
Reported	(484)	(489)	24	(62)	(264)
Currency translation	(10)	(1)	(1)	—	(16)
Constant currency	(494)	(490)	23	(62)	(280)
Operating expenses					
Reported	(5,851)	(3,964)	(1,314)	(1,379)	(880)
Currency translation	(141)	(9)	52	—	(50)
Constant currency	(5,992)	(3,973)	(1,262)	(1,379)	(930)
Share of profit/(loss) in associates and joint ventures					
Reported	(44)	16	1,318	—	6
Currency translation	(1)	—	(51)	—	—
Constant currency	(45)	16	1,267	—	6
Profit before tax					
Reported	4,099	6,137	2,058	649	436
Currency translation	168	16	(79)	—	26
Constant currency	4,267	6,153	1,979	649	462
Loans and advances to customers (net)					
Reported	305,923	288,917	45,694	53,410	24,507
Currency translation	(2,188)	977	(36)	—	(1,611)
Constant currency	303,735	289,894	45,658	53,410	22,896
Customer accounts					
Reported	508,052	529,574	53,835	99,303	28,402
Currency translation	(3,633)	1,790	(43)	—	(1,867)
Constant currency	504,419	531,364	53,792	99,303	26,535

1 UK includes HSBC UK Bank plc (ring-fenced bank) and HSBC Bank plc (non-ring-fenced bank).
2 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Country results: notable items (continued)

	Half-year to 30 Jun 2023				
	UK[1]	Hong Kong	Mainland China	US	Mexico
	$m	$m	$m	$m	$m
Revenue					
Disposals, acquisitions and related costs[2]	1,220	—	—	—	—
Fair value movements on financial instruments[3]	15	—	—	—	—
Operating expenses					
Disposals, acquisitions and related costs	(12)	—	—	(2)	—

1 UK includes HSBC UK Bank plc (ring-fenced bank) and HSBC Bank plc (non-ring-fenced bank).
2 Includes the gain of $1.5bn recognised in respect of the acquisition of SVB UK.
3 Fair value movements on non-qualifying hedges in HSBC Holdings.

Analysis by country/territory

Profit/(loss) before tax by country/territory within global businesses

	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
UK[1]	**1,284**	**1,843**	**158**	**823**	**4,108**
– of which: HSBC UK Bank plc (ring-fenced bank)	**1,391**	**2,237**	**72**	**34**	**3,734**
– of which: HSBC Bank plc (non-ring-fenced bank)	**219**	**129**	**479**	**(131)**	**696**
– of which: Holdings and other	**(326)**	**(523)**	**(393)**	**920**	**(322)**
France	**28**	**92**	**40**	**(171)**	**(11)**
Germany	**19**	**77**	**92**	**3**	**191**
Switzerland	**16**	**15**	**—**	**10**	**41**
Hong Kong	**3,708**	**1,799**	**912**	**(203)**	**6,216**
Australia	**88**	**184**	**45**	**(8)**	**309**
India	**47**	**224**	**436**	**91**	**798**
Indonesia	**13**	**77**	**28**	**—**	**118**
Mainland China	**(46)**	**171**	**387**	**1,398**	**1,910**
Malaysia	**77**	**78**	**104**	**(5)**	**254**
Singapore	**328**	**190**	**225**	**(11)**	**732**
Taiwan	**65**	**37**	**113**	**(4)**	**211**
Egypt	**63**	**73**	**196**	**(15)**	**317**
UAE	**208**	**58**	**158**	**(34)**	**390**
Saudi Arabia[2]	**—**	**—**	**63**	**317**	**380**
US	**74**	**299**	**148**	**(111)**	**410**
Canada[3]	**71**	**126**	**26**	**4,491**	**4,714**
Mexico	**149**	**309**	**3**	**5**	**466**
Other[4]	**266**	**811**	**679**	**(1,754)**	**2**
Half-year to 30 Jun 2024	**6,458**	**6,463**	**3,813**	**4,822**	**21,556**
UK[1]	1,341	2,789	(115)	84	4,099
France[5]	2,019	192	41	51	2,303
Germany	20	77	65	(2)	160
Switzerland	28	15	—	8	51
Hong Kong	3,567	1,816	881	(127)	6,137
Australia	102	157	40	(18)	281
India	35	209	408	114	766
Indonesia	16	57	39	(2)	110
Mainland China	(12)	245	374	1,451	2,058
Malaysia	55	74	109	(6)	232
Singapore	255	233	248	(17)	719
Taiwan	61	39	98	(5)	193
Egypt	65	44	121	(16)	214
UAE	175	135	208	(49)	469
Saudi Arabia[2]	—	—	53	273	326
US	259	347	153	(110)	649
Canada	167	299	68	(54)	480
Mexico	196	263	11	(34)	436
Other	243	948	778	5	1,974
Half-year to 30 Jun 2023	8,592	7,939	3,580	1,546	21,657

1 UK includes results from the ultimate holding company, HSBC Holdings plc, and the separately incorporated group of service companies ('ServCo Group').
2 Includes the results of HSBC Saudi Arabia and our share of the profits of our associate, Saudi Awwal Bank.
3 Corporate Centre includes a gain of $4.8bn on the sale of our banking business in Canada.
4 Corporate Centre includes the profit and loss impact of inter-company debt eliminations of $(450)m and an impairment loss of $1.2bn relating to the planned sale of our business in Argentina.
5 Wealth and Personal Banking includes $2.1bn reversal of the held for sale classification that was recognised relating to the sale of our retail banking operations in France.

Middle East, North Africa and Türkiye supplementary information

The following tables show the results of our Middle East, North Africa and Türkiye business operations on a regional basis (including results of all the legal entities operating in the region and our share of the results of Saudi Awwal Bank). They also show the profit before tax of each of the global businesses.

Middle East, North Africa and Türkiye regional performance

	Half year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Revenue[1]	**1,931**	1,854
Change in expected credit losses and other credit impairment charges	**(121)**	(4)
Operating expenses	**(866)**	(773)
Share of profit in associates and joint ventures	**316**	272
Profit before tax	**1,260**	1,349
Loans and advances to customers (net)	**23,237**	21,901
Customer accounts	**40,138**	40,480

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Profit before tax by global business

	Half year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Wealth and Personal Banking	**324**	301
Commercial Banking	**121**	276
Global Banking and Markets	**552**	571
Corporate Centre	**263**	201
Total	**1,260**	1,349

Reconciliation of alternative performance measures

Contents

Use of alternative performance measures

Our reported results are prepared in accordance with IFRS Accounting Standards as detailed in our interim condensed consolidated financial statements starting on page 110.

As described on page 29, we use a combination of reported and alternative performance measures, including those derived from our reported results that eliminate factors that distort period-on-period comparisons. These are considered alternative performance measures (non-GAAP financial measures).

The following information details the adjustments made to the reported results and the calculation of other alternative performance measures. All alternative performance measures are reconciled to the closest reported performance measure.

In addition to the alternative performance measures set out in this section, a further alternative performance measure in relation to the Group's insurance manufacturing operations is set out on page 47.

Alternative performance measure definitions

Alternative performance measure	Definition
Constant currency revenue excluding notable items[1,]	Reported revenue excluding notable items and the impact of foreign exchange translation[2]
Constant currency profit before tax excluding notable items[1]	Reported profit before tax excluding notable items and the impact of foreign exchange translation[2]
Constant currency revenue excluding notable items and strategic transactions[1]	Reported revenue excluding notable items, strategic transactions and the impact of foreign exchange translation[3]
Constant currency profit before tax excluding notable items and strategic transactions[1]	Reported profit before tax excluding notable items, strategic transactions and the impact of foreign exchange translation[3]
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[2] ——— Average ordinary shareholders' equity adjusted for goodwill and intangibles and notable items[2]
Net asset value per ordinary share	Total ordinary shareholders' equity[4] ——— Basic number of ordinary shares in issue excluding treasury shares
Tangible net asset value per ordinary share	Tangible ordinary shareholders' equity[5] ——— Basic number of ordinary shares in issue excluding treasury shares
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
Expected credit losses and other credit impairment charges ('ECL') as % of average gross loans and advances to customers	Annualised constant currency ECL[6] ——— Constant currency average gross loans and advances to customers[6]
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[6] ——— Constant currency average gross loans and advances to customers, including held for sale[6]
Target basis operating expenses	Reported operating expenses excluding notable items, foreign exchange translation and other excluded items[7]
Basic earnings per share excluding material notable items and related impacts	Profit attributable to ordinary shareholders excluding material notable items and related impacts[8] ——— Weighted average number of ordinary shares outstanding, excluding 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 Constant currency performance is computed by adjusting reported results for the effects of foreign currency translation differences, which distort period-on-period comparisons.
2 For details of notable items, please refer to Supplementary financial information on page 40.
3 For details of strategic transactions, please refer to page 42.
4 Total ordinary shareholders' equity is total shareholders' equity less non-cumulative preference shares and capital securities.
5 Tangible ordinary shareholders' equity is total ordinary shareholders' equity excluding goodwill and other intangible assets (net of deferred tax).
6 The constant currency numbers are derived by adjusting reported ECL and average loans and advances to customers for the effects of foreign currency translation differences.
7 Other excluded items includes the impact of re-translating comparative period financial information at the latest rates of foreign exchange in hyperinflationary economies, which we consider to be outside of our control, and the impact of the sale of our retail banking operations in France and banking business in Canada.
8 For details of material notable items and related impacts, please refer to page 60.

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

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Revenue		
Reported	**37,292**	36,876
Notable items	**3,571**	3,336
Reported revenue excluding notable items	**33,721**	33,540
Currency translation[1]		(465)
Constant currency revenue excluding notable items	**33,721**	33,075
Constant currency impact of strategic transactions (distorting impact of operating results between periods)[2]	**178**	613
Constant currency revenue excluding notable items and strategic transactions	**33,543**	32,462
Profit before tax		
Reported	**21,556**	21,657
Notable items	**3,489**	3,265
Reported profit before tax excluding notable items	**18,067**	18,392
Currency translation[1]		(275)
Constant currency profit before tax excluding notable items	**18,067**	18,117
Constant currency impact of strategic transactions (distorting impact of operating results between periods)[2]	**92**	147
Constant currency profit before tax excluding notable items and strategic transactions	**17,975**	17,969

1 Currency translation on the reported balance excluding currency translation on notable items.
2 For more details of strategic transactions, please refer to page 42.

To aid the understanding of our results, we disclose constant currency revenue and profit before tax excluding notable items and the impact of strategic transactions. The impacts of strategic transactions quoted include the distorting impact between the periods of the operating income statement results related to acquisitions and disposals that affect period-on-period comparisons. It 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. We consider the monthly impacts of distorting income statement results when calculating the impact of strategic transactions.

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

	Half-year ended	
	30 Jun 2024	30 Jun 2023
	$m	$m
Profit after tax		
Profit attributable to the ordinary shareholders of the parent company	**16,586**	16,966
Impairment of goodwill and other intangible assets (net of tax)	**123**	29
Profit attributable to ordinary shareholders, excluding goodwill and other intangible assets impairment	**16,709**	16,995
Impact of notable items[1]	**(3,625)**	(3,220)
Profit attributable to the ordinary shareholders, excluding goodwill, other intangible assets impairment and notable items	**13,084**	13,775
Equity		
Average total shareholders' equity	**186,603**	184,033
Effect of average preference shares and other equity instruments	**(18,088)**	(19,510)
Average ordinary shareholders' equity	**168,515**	164,523
Effect of goodwill and other intangibles (net of deferred tax)	**(11,573)**	(11,316)
Average tangible equity	**156,942**	153,207
Average impact of notable items	**(2,605)**	(3,309)
Average tangible equity excluding notable items	**154,337**	149,898
Ratio	**%**	%
Return on average ordinary shareholders' equity (annualised)	**19.8**	20.8
Return on average tangible equity (annualised)	**21.4**	22.4
Return on average tangible equity excluding notable items (annualised)	**17.0**	18.5

1 For details of notable items please refer to Supplementary financial information on page 40.

From 1 January 2024, we have revised the adjustments made to return on average tangible equity ('RoTE'). Prior to this, we adjusted RoTE for the impact of strategic transactions and the impairment of our investment in Bank of Communications Co., Limited ('BoCom'), whereas from 1 January 2024 we have excluded all notable items. This was intended to improve alignment with the treatment of notable items in our other income statement disclosures. Comparatives have been re-presented on the revised basis and we no longer disclose RoTE excluding strategic transactions and the impairment of BoCom. On this basis, we will now target a RoTE in the mid-teens for both 2024 and 2025.

Return on average tangible equity by global business

	Half-year ended 30 Jun 2024				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Profit before tax	**6,458**	**6,463**	**3,813**	**4,822**	**21,556**
Tax expense	**(1,277)**	**(1,552)**	**(908)**	**(154)**	**(3,891)**
Profit after tax	**5,181**	**4,911**	**2,905**	**4,668**	**17,665**
Less attributable to: preference shareholders, other equity holders, non-controlling interests	**(392)**	**(276)**	**(248)**	**(163)**	**(1,079)**
Profit attributable to ordinary shareholders of the parent company	**4,789**	**4,635**	**2,657**	**4,505**	**16,586**
Other adjustments	**(85)**	**138**	**(104)**	**174**	**123**
Profit attributable to ordinary shareholders	**4,704**	**4,773**	**2,553**	**4,679**	**16,709**
Average tangible shareholders' equity	**30,890**	**43,982**	**36,557**	**45,512**	**156,942**
RoTE (%) (annualised)	**30.6**	**21.8**	**14.0**	**20.7**	**21.4**

	Half-year ended 30 Jun 2023				
Profit before tax	8,592	7,939	3,580	1,546	21,657
Tax expense	(1,740)	(1,532)	(683)	369	(3,586)
Profit after tax	6,852	6,407	2,897	1,915	18,071
Less attributable to: preference shareholders, other equity holders, non-controlling interests	(428)	(293)	(275)	(109)	(1,105)
Profit attributable to ordinary shareholders of the parent company	6,424	6,114	2,622	1,806	16,966
Other adjustments	(91)	206	112	(198)	29
Profit attributable to ordinary shareholders	6,333	6,320	2,734	1,608	16,995
Average tangible shareholders' equity	29,646	44,224	38,824	40,513	153,207
RoTE (%) (annualised)	43.1	28.8	14.2	8.0	22.4

Net asset value and tangible net asset value per ordinary share

	At	
	30 Jun 2024	31 Dec 2023
	$m	$m
Total shareholders' equity	**183,293**	185,329
Preference shares and other equity instruments	**(18,825)**	(17,719)
Total ordinary shareholders' equity	**164,468**	167,610
Goodwill and intangible assets (net of deferred tax)	**(11,359)**	(11,900)
Tangible ordinary shareholders' equity	**153,109**	155,710
Basic number of $0.50 ordinary shares outstanding	**18,330**	19,006
Value per share	**$**	$
Net asset value per ordinary share	**8.97**	8.82
Tangible net asset value per ordinary share	**8.35**	8.19

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

	Half-year ended	
	30 Jun 2024	30 Jun 2023
	$m	$m
Profit after tax	**17,665**	18,071
Average total shareholders' equity	**186,603**	184,033
Average total assets	**3,031,753**	3,116,401
Ratio	**%**	%
Post-tax return on average total assets (annualised)	**1.2**	1.2
Average total shareholders' equity to average total assets	**6.2**	5.9

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

	Half-year ended	
	30 Jun 2024	30 Jun 2023
	$m	$m
Expected credit losses and other credit impairment charges ('ECL')	**(1,066)**	(1,345)
Currency translation		28
Constant currency	**(1,066)**	(1,317)
Average gross loans and advances to customers	**947,479**	960,452
Currency translation	**(5,283)**	(2,037)
Constant currency	**942,196**	958,415
Average gross loans and advances to customers, including held for sale	**973,409**	1,026,201
Currency translation	**(6,199)**	(3,105)
Constant currency	**967,210**	1,023,096
Ratios	**%**	%
Expected credit losses and other credit impairment charges (annualised) as % of average gross loans and advances to customers	**0.23**	0.28
Expected credit losses and other credit impairment charges (annualised) as % of average gross loans and advances to customers, including held for sale	**0.22**	0.26

Target basis operating expenses

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Reported operating expenses	**16,296**	15,457
Notable items	**(82)**	(71)
– disposals, acquisitions and related costs	**(101)**	(118)
– restructuring and other related costs[1]	**19**	47
Excluding the impact of the sale of our retail banking operations in France and banking business in Canada[2]	**(162)**	(494)
Currency translation[3]		(211)
Excluding the impact of retranslating prior year costs of hyperinflationary economies at a constant currency foreign exchange rate		302
Target basis operating expenses	**16,052**	14,983

1 Relate to reversals of restructuring provisions recognised during 2022.
2 This represents the business as usual costs which are not classified as notable items relating to our retail banking operations in France and banking business in Canada. This does not include the disposal costs which relate to these transactions.
3 Currency translation on reported operating expenses, excluding currency translation on notable items.

Target basis operating expenses for 2024 and for the 2023 comparative periods differ from what we disclosed in our 2023 results, when we were comparing against 2022 operating expenses. The 2023 target basis excluded the impact of incremental costs associated with the acquisition of SVB UK, and the related investments, whereas the 2024 target basis excludes the costs associated with our retail banking operations in France and our banking business in Canada. The exclusion of notable items and the impact of retranslating prior year results of hyperinflationary economies at constant currency are excluded in 2024, which is consistent with the 2023 basis of preparation. 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.

Basic earnings per share excluding material notable items and related impacts

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Profit attributable to shareholders of company	**17,112**	17,508
Coupon payable on capital securities classified as equity	**(526)**	(542)
Profit attributable to ordinary shareholders of company	**16,586**	16,966
Impact of acquisition of SVB UK	**(2)**	(1,507)
Impact of the sale of our retail banking operations in France (net of tax)	**(53)**	(1,629)
Impact of the sale of our banking business in Canada[1]	**(4,949)**	(54)
Impairment loss relating to the planned sale of our business in Argentina	**1,192**	—
Profit attributable to ordinary shareholders of company excluding material notable items and related impacts	**12,774**	13,776
Number of shares		
Weighted average basic number of ordinary shares (millions)	**18,666**	19,693
Basic earnings per share ($)	**0.89**	0.86
Basic earnings per share excluding material notable items and related impacts ($)	**0.68**	0.70

1 Represents gain on sale of 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.

Material notable items are a subset of notable items. Material notable items are components of our income statement that management would consider as outside the normal course of business and generally non-recurring in nature, which are excluded from our dividend payout ratio calculation and our earnings per share measure, along with related impacts. 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.

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 calculation.

Material notable items in 2Q24 and in 2023 included the planned sale of our business in Argentina, the sale of our retail banking operations in France, the sale of our banking business in Canada, the gain following the acquisition of SVB UK and the impairment of our investment in BoCom. In determining this measure, we also excluded HSBC Bank Canada's financial results from the 30 June 2022 net asset reference date until completion of the sale, as the gain on sale was recognised through a combination of the consolidation of HSBC Bank Canada's results in the Group's results since this date, and the remaining gain on sale was recognised at completion. For the planned sale of our business in Argentina, between signing and closing, the loss on sale will vary by changes in the net asset value of the disposed business and associated hyperinflation and foreign currency translation, and the fair value of consideration including price adjustments and migration costs.

There were no additional related impacts, and the ongoing profits from HSBC Argentina will not be excluded from our basic earnings per share excluding material notable items and related impacts.

Multi-jurisdictional revenue

Multi-jurisdictional 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 mastergroup (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 CMB and GBM reported revenue the revenue we generate from client facilitation in fixed income and equities, as well as other non-client revenue.

In WPB, we identify a customer as multi-jurisdictional if they bank with us in more than one of our 11 key markets. It is derived by excluding from WPB reported revenue the revenue from Canada and our retail business in France, as well as other non-customer income.

Wholesale multi-jurisdictional client revenue

	Half-year to 30 Jun 2024 $bn
CMB and GBM revenue	**19.6**
Allocated revenue and other[1]	**(1.1)**
Client facilitation in Fixed Income and Equities	**(2.7)**
Wholesale client revenue	**15.8**
– clients banked in multiple jurisdictions ('multi-jurisdictional')	**9.7**
– domestic only clients	**6.1**

WPB multi-jurisdictional customer revenue

	Half-year to 30 Jun 2024 $bn
WPB revenue	**14.3**
Allocated revenue and other[1]	**(0.7)**
France retail and Canada	**(0.2)**
WPB customer revenue	**13.5**
– international customer revenue	**5.4**
of which: customers banked in multiple jurisdictions ('multi-jurisdictional')	**2.7**
of which: non-resident and resident foreigner	**2.7**
– domestic only customers	**8.1**

1 Including allocations of Market Treasury revenue, HSBC Holdings interest expense and hyperinflationary accounting adjustments, and interest earned on capital held in the global businesses.

Risk

Contents

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.

All our people are responsible for the management of risk, with the ultimate accountability residing with the Board. Our Group Risk and Compliance function, led by the Group Chief Risk and Compliance Officer, plays an important role in reinforcing our culture and values. We are focused on creating an environment that encourages our people to speak up and do the right thing.

Group Risk and Compliance is independent from the global businesses, including our sales and trading functions, to provide challenge, oversight and appropriate balance in risk/reward decisions.

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, including the key principles and practices that we employ in managing material risks, both financial and non-financial. The framework fosters continuous monitoring, promotes risk awareness, and encourages sound operational and strategic decision making. It also supports a consistent approach to identifying, assessing, managing and reporting the risks we accept and incur in our activities. We continue to actively review and develop our risk management framework and enhance our approach to managing risk through our activities with regard to: people and capabilities; governance; reporting and management information; credit risk management models; and data.

A summary of our current policies and practices regarding the management of risk is set out in the 'Risk management' section on pages 136 to 139 of the Annual Report and Accounts 2023.

Key developments in the first half of 2024

In 2024, we have continued to manage risks related to macroeconomic and geopolitical uncertainties and develop risk management capabilities through the continued enhancement of the risk management framework. We also retained our focus on risk transformation and financial crime and continued to assess the Group's operational resilience capability whilst prioritising the most significant enterprise risks. We made progress with and continue to develop capabilities to address key risks described in our Annual Report and Accounts 2023. More specifically, we sought to enhance our risk management in the following areas:

- We made progress on our comprehensive regulatory reporting programme, which seeks to strengthen our global processes, enhance consistency and improve controls across regulatory reports. This programme remains a top priority and continues to enhance data, transform the reporting systems and uplift the control environment over the report production process.
- We continue to maintain a focus on our technology and cybersecurity controls to improve the resilience and security of our technology services in response to the heightened external threat environment.
- We have improved the quality of our strategic change investment cases and control monitoring, and are transitioning to value streams and an integrated future state architecture to enhance our delivery of complex transformation portfolios and initiatives.
- We continue to enhance our model risk framework in response to changes in regulation and external factors. AI and machine learning models remain a key focus. Progress has been made in enhancing governance activity in this area with particular focus on generative AI due to the pace of technological change and regulatory and wider interest in adoption and usage.
- We enhanced our processes, framework and capabilities to seek to improve the control and oversight of our material third parties to manage our operational resilience and meet new and evolving regulatory requirements. We will continue to actively assess and manage our operational resilience.
- Through our climate risk programme, we made progress on embedding climate considerations throughout the organisation, including through risk policy updates. We also developed risk metrics to monitor and manage exposures, and further enhanced our internal climate scenario analysis. We will continue with our climate risk programme to complete our annual materiality assessment and make changes to our policies, processes and capabilities to better embed climate considerations throughout the organisation.
- We deployed industry-leading technology and advanced 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.

Geopolitical and macroeconomic risk

A busy election year in 2024 could imply uncertainty in some markets in response to shifting domestic and foreign policy priorities. Of our main markets, the United Kingdom, France and Mexico have already gone to the polls in 2024, with the United States set to follow in the second half of the year. The outcome of the United States elections in particular will be monitored closely given the potential for changes to economic and foreign policy that may have broader geographical implications.

The Israel-Hamas war continues but regional economic consequences have remained limited throughout the first half of 2024. Ceasefire negotiations have yet to achieve a resolution and conflict escalation remains a risk, illustrated by the strikes exchanged by Iran and Israel during the second quarter of 2024 and the increasing hostilities between Israel and Hezbollah. The US and UK announced additional sanctions against Iran in the first half of 2024 in response to attacks against Israel, and there remains a possibility that additional sanctions may be imposed on Iran for its reported role during the conflict, which could increase the risk within our operations. The US has also enacted legislation that, in part, provides authority to impose sanctions on persons owning ports, vessels, or refineries identified as engaging in certain transactions involving Iranian petroleum products.

The Russia-Ukraine war continues, but the economic effects have reduced as supply chains and economies have adjusted. Changes to the balance of the conflict remained limited during the first half of 2024, despite the approval of a new funding round for Ukrainian armaments by the US Congress. Escalation of the conflict and ongoing geopolitical instability could have implications for the Group and its customers. HSBC actively monitors and responds to financial sanctions and trade restrictions that have been adopted in response to the conflict. These sanctions and trade restrictions are complex and evolving. In particular, the US, the UK and the EU, as well as other countries, have imposed significant sanctions and trade restrictions against Russia, including further sanctions during 2024. Such sanctions and restrictions target certain Russian government officials, politically exposed persons, business people, Russian oil imports, energy products, financial institutions and other major Russian companies and sanctions evasion networks. These countries have also enacted more generally applicable investment, export and import bans and restrictions.

The secondary sanctions regime introduced by the US in December 2023 gives the US broad discretion to impose severe sanctions on non-US banks that are knowingly, or even unknowingly, engaged in certain transactions or services involving Russia's military-industrial base. The US expanded the scope of these secondary sanctions in June 2024 to apply to Russian and non-Russian persons designated under the primary legal authority for Russian sanctions. The broad scope of the discretionary powers embedded in the regime creates challenges associated with the detection or prevention of third-party activities beyond our control. The imposition of such sanctions against any non-US HSBC entity could result in significant adverse commercial, operational and reputational consequences for HSBC, including the restriction or termination of the non-US HSBC entity's ability to access the US financial system and the freezing of the entity's assets that are subject to US jurisdiction. In response to such sanctions and trade restrictions, as well as asset flight, Russia has implemented certain countermeasures, including the expropriation of foreign assets.

Following a strategic review in 2022, HSBC Europe BV (a wholly-owned subsidiary of HSBC Bank plc) entered into an agreement to sell its wholly-owned subsidiary HSBC Bank Russia (RR) (Limited Liability Company), which was completed in May 2024. The name of the entity changed to Khvoya Bank in July 2024.

Key economic risks are monitored closely. During the second quarter, expectations for GDP growth improved across most of our major markets. Performance in the first half of 2024 was characterised by better-than-expected economic performance in the first quarter, and activity and survey indicators through the second quarter remain consistent with those updated forecasts. The strength of growth is reflected in the persistence of wage growth and inflationary pressure in the services sector in Europe and the US. This has prompted markets to reduce the amount by which they expect major central banks to ease monetary policy this year.

The European Central Bank ('ECB') was the first major central bank to cut interest rates, by 25bps in June 2024. The Bank of England and the Federal Reserve are expected to follow in the second half of 2024, but these expectations remain subject to a further weakening of service sector price pressures. Over the next 12 months, interest rate futures suggest that major central banks will cut interest rates by around 75bps. In mainland China, the People's Bank of China has kept its policy on hold through the second quarter of 2024 after enacting a rate cut and changes to required reserves during the first quarter of 2024.

China's economic performance was supported by a resilient state sector, although weak private sector confidence and persistent falls in commercial and residential real estate prices and transactions remain significant risk factors. Central government support measures will be key to a recovery in impacted sectors but there remains a risk that the scale and breadth of the support may be insufficient to correct structural imbalances in the economy. Real estate companies are expected to face challenges in the near future, including funding pressures. We closely monitor the sector, notably the risk of further credit migration and idiosyncratic defaults.

Hong Kong's economic growth remains steady, however high vacancy rates in the commercial real estate sector and the prolonged higher interest rate environment have added pressure to the commercial real estate market. This has prompted a halt in commercial land sales. Whilst some defaults have been observed we continue to closely monitor the risk of credit deterioration and defaults.

Global tensions over trade and technology are manifesting themselves in divergent regulatory standards and compliance regimes, presenting long-term strategic challenges for multinational businesses. The relationships between China and several other countries, including the US and the UK, remain complex. During the first half of 2024, both the US and EU raised the rate at which they level tariffs on a range of Chinese imports, including electric vehicles. These have been imposed on the basis of unfair competition, where the Chinese government is accused of providing unfair subsidies to industry. These tariff actions risk reciprocation by China.

There is a continued risk of additional sanctions and trade restrictions being imposed by the US and other governments in relation to human rights, advanced technology, and other issues with China, and this could create a more complex operating environment for the Group and its customers.

In response to earlier measures, China has in turn imposed its own sanctions, trade restrictions and law enforcement measures on persons and entities in other countries.

These and any future measures and countermeasures that may be taken by the US, China and other countries may affect the Group, its customers and the markets in which the Group operates.

As the geopolitical landscape evolves, compliance by multinational corporations with their legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another, creating additional compliance, 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.

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, particularly in Hong Kong.

The Group's policy is to comply with all applicable laws and regulations in all jurisdictions in which it operates. Geopolitical tensions and potential ambiguities in the Group's compliance obligations will continue to present challenges and risks for the Group. These could have a material adverse impact on the Group's business, financial condition, results of operations, prospects and strategy, as well as on the Group's customers.

More stringent 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.

Fiscal risks are also monitored closely, given the high levels of indebtedness and demands on government budgets from rising social welfare costs, defence and climate transition. Against a backdrop of slower growth and expectations for a high interest rate environment continuing for longer than previously anticipated, debt sustainability remains a concern, as does the capacity and willingness of markets to continue financing high deficits. The outcome of elections this year and the policy changes that may follow from that remain an area of current focus. We are monitoring the economic policy implications from elections in France, the upcoming budget and spending review being undertaken by the incoming government in the UK and uncertainty relating to the outcome of the US election in November.

The persistence of above-target inflation and high interest rates has had an impact on ECL during the first half of 2024. The combined pressure of higher inflation and interest rates may impact the ability of our customers to repay their debt in certain markets. For retail portfolios where models do not sufficiently capture the interest rate and inflation risks, affordability pressure as a result of interest rate and inflation risks continues to be assessed through both models and management judgemental adjustments.

ECL calculations are made with reference to forward economic guidance, using multiple economic scenarios. The Central scenario, which has the highest probability weighting in our IFRS 9 'Financial Instruments' calculations of ECL, assumes low growth, a gradual increase in unemployment and persistently higher interest rates across many of our key markets.

The Central scenario has been assigned a standard weighting that is aligned to its calibrated probability across all of our major markets. The standard weighting reflects the further narrowing of forecast dispersion, reduced market volatility, and the view that forecasts sufficiently capture the current conjuncture and outlook.

There remains uncertainty with respect to the relationship between the economic drivers and the historical loss experience, which has required adjustments to modelled allowance for ECL in cases where we determined that our models were unable to capture the material underlying risks.

For further details of our Central and other scenarios, see 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 69.

Credit risk

Overview

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from direct lending, trade finance and leasing business, but also from other products, such as guarantees and credit derivatives or from holding assets in the form of debt securities.

Credit risk in the first half of 2024

There were no material changes to credit risk policy in the first half of 2024.

A summary of our current policies and practices for the management of credit risk is set out in 'Credit risk management' on page 147 of the Annual Report and Accounts 2023.

At 30 June 2024, gross loans and advances to customers and banks of $1,051bn decreased by $11.7bn on a reported basis, compared with 31 December 2023. This included adverse foreign exchange movements of $16.4bn.

On a constant currency basis, the increase of $4.7bn was driven by a $7.6bn rise in wholesale loans and advances to customers and a $4.5bn rise in personal loans and advances to customers. These were partly offset by a $7.4bn decrease in loans and advances to banks.

On a constant currency basis, the rise in wholesale loans and advances to customers was driven by higher balances with non-bank financial institutions (up $5.7bn), mainly in HSBC Bank plc (up $4.7bn) and HSBC Bank Middle East Limited (up $0.8bn). It also comprised an increase in corporate and commercial lending (up $1.9bn), mainly in Singapore (up $1.8bn). This was partly offset by a decrease in Argentina (down $0.5bn) due to the reclassification of our business in the country into 'assets held for sale'.

On a constant currency basis, the rise in personal loans and advances to customers was mainly driven by increases in HSBC UK (up $2.6bn) and our main entities in the US (up $1.1bn), Hong Kong (up $0.6bn) and Mexico (up $0.4bn) mainly due to mortgage growth. This was partly offset by a decrease in Argentina (down $0.3bn) due to the reclassification of our business in the country into 'assets held for sale'.

The decrease in loans and advances to banks was driven by lower central bank balances and money market lending balances in Singapore (down $4.8bn) and in the UK (down $2.4bn).

At 30 June 2024, the allowance for ECL of $11.1bn decreased by $0.9bn compared with 31 December 2023, including favourable foreign exchange movements of $0.3bn. The $11.1bn allowance comprised $10.6bn in respect of assets held at amortised cost, $0.4bn in respect of loan commitments and financial guarantees, and $0.1bn in respect of debt instruments measured at fair value through other comprehensive income ('FVOCI').

On a constant currency basis, the allowance for ECL in relation to loans and advances to customers decreased by $0.3bn from 31 December 2023. This comprised:

- a $0.3bn decrease in personal loans and advances to customers, observed in stages 1 and 2; and
- broadly unchanged allowances for ECL in wholesale loans and advances to customers, which included a $0.2bn increase driven by stage 3, offset by a $0.2bn decrease driven by stages 1 and 2.

In personal lending, the decrease in the allowance for ECL was mainly driven by lower allowances for unsecured lending portfolios in the UK, as performance remained resilient.

The Group ECL charge for the first six months of 2024 was $1.1bn, inclusive of recoveries. It comprised: $0.6bn in respect of wholesale lending, of which the stage 3 charge was $0.3bn; and $0.4bn in respect of personal lending, of which the stage 3 charge was $0.5bn.

Wholesale lending charges were recognised mainly in Hong Kong ($0.3bn). While the mainland China commercial real estate sector remained subdued, without signs of a sustained recovery, there has been limited new migration to the credit impaired category. As a result the impact on the stage 3 ECL charge was not significant during the period. Although the level of defaults increased in other commercial real estate exposures booked in Hong Kong during the period, there was no significant impact on ECL charges due to high collateralisation, with room for depreciation.

Personal lending charges reflected releases of allowances for ECL, mainly in the UK unsecured portfolio, partly offset by higher charges in Mexico associated with the evolution of unemployment trends and portfolio volume increases.

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.

The following tables analyse loans by industry sector and represent the concentration of exposures on which credit risk is managed. The allowance for ECL decreased from $12.0bn at 31 December 2023 to $11.1bn at 30 June 2024.

Summary of financial instruments to which the impairment requirements in IFRS 9 are applied

	At 30 Jun 2024		At 31 Dec 2023	
	Gross carrying/ nominal amount	**Allowance for ECL[1]**	Gross carrying/ nominal amount	Allowance for ECL[1]
	$m	**$m**	$m	$m
Loans and advances to customers at amortised cost	**948,767**	**(10,510)**	949,609	(11,074)
Loans and advances to banks at amortised cost	**102,070**	**(13)**	112,917	(15)
Other financial assets measured at amortised cost	**850,367**	**(158)**	960,271	(422)
– cash and balances at central banks	**277,112**	**—**	285,868	—
– items in the course of collection from other banks	**9,977**	**—**	6,342	—
– Hong Kong Government certificates of indebtedness	**43,026**	**—**	42,024	—
– reverse repurchase agreements – non-trading	**230,189**	**—**	252,217	—
– financial investments	**149,350**	**(12)**	148,346	(20)
– assets held for sale[2]	**3,907**	**(53)**	103,186	(324)
– prepayments, accrued income and other assets[3]	**136,806**	**(93)**	122,288	(78)
Total gross carrying amount on-balance sheet	**1,901,204**	**(10,681)**	2,022,797	(11,511)
Loans and other credit-related commitments	**638,635**	**(335)**	661,015	(367)
Financial guarantees	**16,343**	**(37)**	17,009	(39)
Total nominal amount off-balance sheet[4]	**654,978**	**(372)**	678,024	(406)
	2,556,182	**(11,053)**	2,700,821	(11,917)

	Fair value	**Memorandum allowance for ECL[5]**	Fair value	Memorandum allowance for ECL[5]
	$m	**$m**	$m	$m
Debt instruments measured at fair value through other comprehensive income ('FVOCI')	**318,238**	**(96)**	302,348	(97)

1 Total ECL is recognised in the loss allowance for the financial asset unless total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognised as a provision.
2 For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 68. At 30 June 2024, the gross carrying amount comprised $2,932m of loans and advances to customers and banks (31 December 2023: $84,075m) and $975m of other financial assets at amortised cost (31 December 2023: $19,111m). The corresponding allowance for ECL comprised $48m of loans and advances to customers and banks (31 December 2023: $303m) and $5m of other financial assets at amortised cost (31 December 2023: $21m). The significant reduction is due to the completion of the sales of our banking business in Canada in March 2024 and our retail banking operations in France in January 2024.
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 112, includes both financial and non-financial assets.
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 for expected credit losses and other credit impairment charges' in the income statement.

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 at 30 June 2024

	Gross carrying/nominal amount[1]					Allowance for ECL					ECL coverage %				
	Stage 1	Stage 2	Stage 3	POCI[2]	Total	Stage 1	Stage 2	Stage 3	POCI[2]	Total	Stage 1	Stage 2	Stage 3	POCI[2]	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%	%	%	%	%
Loans and advances to customers at amortised cost	817,943	108,080	22,662	82	948,767	(1,112)	(2,399)	(6,964)	(35)	(10,510)	0.1	2.2	30.7	42.7	1.1
– personal	395,653	47,199	3,602	—	446,454	(551)	(1,119)	(820)	—	(2,490)	0.1	2.4	22.8	—	0.6
– corporate and commercial	346,248	58,178	18,556	82	423,064	(509)	(1,245)	(5,968)	(35)	(7,757)	0.1	2.1	32.2	42.7	1.8
– non-bank financial institutions	76,042	2,703	504	—	79,249	(52)	(35)	(176)	—	(263)	0.1	1.3	34.9	—	0.3
Loans and advances to banks at amortised cost	101,231	837	2	—	102,070	(9)	(2)	(2)	—	(13)	—	0.2	100.0	—	—
Other financial assets measured at amortised cost	847,374	2,553	440	—	850,367	(96)	(26)	(36)	—	(158)	—	1.0	8.2	—	—
Loans and other credit-related commitments	612,493	25,181	958	3	638,635	(149)	(123)	(63)	—	(335)	—	0.5	6.6	—	0.1
– personal	253,611	3,454	275	—	257,340	(33)	—	(2)	—	(35)	—	—	0.7	—	—
– corporate and commercial	224,261	16,916	667	3	241,847	(106)	(115)	(59)	—	(280)	—	0.7	8.8	—	0.1
– financial	134,621	4,811	16	—	139,448	(10)	(8)	(2)	—	(20)	—	0.2	12.5	—	—
Financial guarantees	14,523	1,526	294	—	16,343	(7)	(12)	(18)	—	(37)	—	0.8	6.1	—	0.2
– personal	1,241	11	—	—	1,252	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	9,509	1,215	241	—	10,965	(6)	(12)	(17)	—	(35)	0.1	1.0	7.1	—	0.3
– financial	3,773	300	53	—	4,126	(1)	—	(1)	—	(2)	—	—	1.9	—	—
At 30 Jun 2024	**2,393,564**	**138,177**	**24,356**	**85**	**2,556,182**	**(1,373)**	**(2,562)**	**(7,083)**	**(35)**	**(11,053)**	**0.1**	**1.9**	**29.1**	**41.2**	**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 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 at 30 June 2024

	Gross carrying amount				Allowance for ECL				ECL coverage %			
	Stage 2	Up-to-date	1 to 29 DPD[1]	30 and > DPD[1]	Stage 2	Up-to-date	1 to 29 DPD[1]	30 and > DPD[1]	Stage 2	Up-to-date	1 to 29 DPD[1]	30 and > DPD[1]
	$m	$m	$m	$m	$m	$m	$m	$m	%	%	%	%
Loans and advances to customers at amortised cost	108,080	103,970	2,406	1,704	(2,399)	(1,966)	(189)	(244)	2.2	1.9	7.9	14.3
– personal	47,199	44,543	1,682	974	(1,119)	(741)	(170)	(208)	2.4	1.7	10.1	21.4
– corporate and commercial	58,178	56,783	701	694	(1,245)	(1,191)	(18)	(36)	2.1	2.1	2.6	5.2
– non-bank financial institutions	2,703	2,644	23	36	(35)	(34)	(1)	—	1.3	1.3	2.7	—
Loans and advances to banks at amortised cost	837	837	—	—	(2)	(2)	—	—	0.2	0.2	—	—
Other financial assets measured at amortised cost	2,553	2,377	25	151	(26)	(17)	(5)	(4)	1.0	0.7	20.0	2.6

1 The days past due amounts presented above are on a contractual basis.

Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector at 31 December 2023

	Gross carrying/nominal amount[1]					Allowance for ECL					ECL coverage %				
	Stage 1	Stage 2	Stage 3	POCI[2]	Total	Stage 1	Stage 2	Stage 3	POCI[2]	Total	Stage 1	Stage 2	Stage 3	POCI[2]	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%	%	%	%	%
Loans and advances to customers at amortised cost	809,384	120,871	19,273	81	949,609	(1,130)	(2,964)	(6,950)	(30)	(11,074)	0.1	2.5	36.1	37.0	1.2
– personal	396,534	47,483	3,505	—	447,522	(579)	(1,434)	(854)	—	(2,867)	0.1	3.0	24.4	—	0.6
– corporate and commercial	342,878	69,738	14,958	81	427,655	(499)	(1,500)	(5,774)	(30)	(7,803)	0.1	2.2	38.6	37.0	1.8
– non-bank financial institutions	69,972	3,650	810	—	74,432	(52)	(30)	(322)	—	(404)	0.1	0.8	39.8	—	0.5
Loans and advances to banks at amortised cost	111,479	1,436	2	—	112,917	(10)	(3)	(2)	—	(15)	—	0.2	100.0	—	—
Other financial assets measured at amortised cost	946,873	12,734	664	—	960,271	(109)	(132)	(181)	—	(422)	—	1.0	27.3	—	—
Loans and other credit-related commitments	630,949	28,922	1,140	4	661,015	(153)	(128)	(86)	—	(367)	—	0.4	7.5	—	0.1
– personal	253,183	3,459	355	—	256,997	(23)	—	(2)	—	(25)	—	—	0.6	—	—
– corporate and commercial	246,210	20,928	736	4	267,878	(120)	(119)	(83)	—	(322)	—	0.6	11.3	—	0.1
– financial	131,556	4,535	49	—	136,140	(10)	(9)	(1)	—	(20)	—	0.2	2.0	—	—
Financial guarantees	14,746	1,879	384	—	17,009	(7)	(7)	(25)	—	(39)	—	0.4	6.5	—	0.2
– personal	1,106	13	—	—	1,119	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	10,157	1,290	330	—	11,777	(6)	(6)	(24)	—	(36)	0.1	0.5	7.3	—	0.3
– financial	3,483	576	54	—	4,113	(1)	(1)	(1)	—	(3)	—	0.2	1.9	—	0.1
At 31 Dec 2023	2,513,431	165,842	21,463	85	2,700,821	(1,409)	(3,234)	(7,244)	(30)	(11,917)	0.1	2.0	33.8	35.3	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').

Stage 2 days past due analysis at 31 December 2023

	Gross carrying amount				Allowance for ECL				ECL coverage %			
	Stage 2	Up-to-date	1 to 29 DPD[1]	30 and > DPD[1]	Stage 2	Up-to-date	1 to 29 DPD[1]	30 and > DPD[1]	Stage 2	Up-to-date	1 to 29 DPD[1]	30 and > DPD[1]
	$m	$m	$m	$m	$m	$m	$m	$m	%	%	%	%
Loans and advances to customers at amortised cost	120,871	116,320	2,571	1,980	(2,964)	(2,458)	(245)	(261)	2.5	2.1	9.5	13.2
– personal	47,483	44,634	1,785	1,064	(1,434)	(974)	(214)	(246)	3.0	2.2	12.0	23.1
– corporate and commercial	69,738	68,446	697	595	(1,500)	(1,454)	(31)	(15)	2.2	2.1	4.4	2.5
– non-bank financial institutions	3,650	3,240	89	321	(30)	(30)	—	—	0.8	0.9	—	—
Loans and advances to banks at amortised cost	1,436	1,424	—	12	(3)	(3)	—	—	0.2	0.2	—	—
Other financial assets measured at amortised cost	12,734	12,417	171	146	(132)	(113)	(9)	(10)	1.0	0.9	5.3	6.8

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 30 June 2024.

The quantitative classification shows gross carrying values and allowances for ECL for which the applicable reporting date probability of default ('PD') measure exceeds defined quantitative thresholds for retail and wholesale exposures, as set out in Note 1.2 'Summary of material accounting policies', on page 348 of the Annual Report and Accounts 2023.

The qualitative classification primarily accounts for customer risk rating ('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 348 of the Annual Report and Accounts 2023.

Loans and advances to customers and banks[1]

	At 30 Jun 2024				
	Loans and advances to customers			Loans and advances to banks at amortised cost	Total stage 2
	Personal	Corporate and commercial	Non-bank financial institutions		
	$m	$m	$m	$m	$m
Quantitative	39,918	43,152	2,008	667	85,745
Qualitative	7,208	14,593	695	170	22,666
30 DPD backstop[2]	73	433	—	—	506
Total gross carrying amount	47,199	58,178	2,703	837	108,917
Quantitative	(982)	(1,034)	(31)	(1)	(2,048)
Qualitative	(131)	(206)	(4)	(1)	(342)
30 DPD backstop[2]	(6)	(5)	—	—	(11)
Total allowance for ECL	(1,119)	(1,245)	(35)	(2)	(2,401)
ECL coverage %	2.4	2.1	1.3	0.2	2.2

	At 31 Dec 2023				
Quantitative	35,742	53,034	2,955	781	92,512
Qualitative	11,678	16,241	653	642	29,214
30 DPD backstop[2]	63	463	42	13	581
Total gross carrying amount	47,483	69,738	3,650	1,436	122,307
Quantitative	(1,103)	(1,225)	(24)	(1)	(2,353)
Qualitative	(324)	(270)	(6)	(2)	(602)
30 DPD backstop[2]	(7)	(5)	—	—	(12)
Total allowance for ECL	(1,434)	(1,500)	(30)	(3)	(2,967)
ECL coverage %	3.0	2.2	0.8	0.2	2.4

1 Where balances satisfy more than one of the above three criteria for determining a significant increase in credit risk, the corresponding gross exposure and ECL have been assigned in order of categories presented.
2 Days past due ('DPD').

Assets held for sale

During the first half of 2024, we completed the sales of our banking business in Canada, our retail banking operations in France and our business in Russia.

At 30 June 2024, the most material balance held for sale came from our business in Argentina. Although there was a reclassification on the balance sheet, there was no separate income statement reclassification. As a result, charges for changes in allowances for ECL shown in the credit risk disclosures include charges relating to financial assets classified as 'assets held for sale'.

'Loans and other credit-related commitments' and 'financial guarantees', as reported in credit disclosures, also include exposures and allowances relating to financial assets classified as 'assets held for sale'.

Loans and advances to customers and banks measured at amortised cost

	At 30 Jun 2024		At 31 Dec 2023	
	Total gross loans and advances	Allowance for ECL	Total gross loans and advances	Allowance for ECL
	$m	$m	$m	$m
As reported	1,050,837	(10,523)	1,062,526	(11,089)
Reported in 'Assets held for sale'	2,932	(48)	84,075	(303)
Total	1,053,769	(10,571)	1,146,601	(11,392)

At 30 June 2024, gross loans and advances of our business in Argentina were $2,214m, and the related allowances for ECL were $39m.

Lending balances held for sale continue to be measured at amortised cost less allowances for impairment and, therefore, such carrying amounts may differ from fair value.

These lending balances are part of associated disposal groups that are measured in their entirety at the lower of carrying amount and fair value less costs to sell. Any difference between the carrying amount of these assets and their sales price is part of the overall gain or loss on the associated disposal group sale as a whole.

For further details of the carrying amount and the fair value at 30 June 2024 of loans and advances to banks and customers classified as held for sale, see Note 15 on the interim condensed consolidated financial statements.

Gross loans and allowance for ECL on loans and advances to customers and banks reported in 'Assets held for sale'

	Business in Argentina		Banking business in Canada		Retail banking operations in France		Other		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
Loans and advances to customers at amortised cost	**1,598**	**(39)**	**—**	**—**	**—**	**—**	**703**	**(9)**	**2,301**	**(48)**
– personal	**558**	**(28)**	**—**	**—**	**—**	**—**	**304**	**(1)**	**862**	**(29)**
– corporate and commercial	**1,040**	**(11)**	**—**	**—**	**—**	**—**	**310**	**(8)**	**1,350**	**(19)**
– non-bank financial institutions	**—**	**—**	**—**	**—**	**—**	**—**	**89**	**—**	**89**	**—**
Loans and advances to banks at amortised cost	**616**	**—**	**—**	**—**	**—**	**—**	**15**	**—**	**631**	**—**
At 30 Jun 2024	**2,214**	**(39)**	**—**	**—**	**—**	**—**	**718**	**(9)**	**2,932**	**(48)**
Loans and advances to customers at amortised cost	—	—	56,349	(220)	16,984	(82)	255	(1)	73,588	(303)
– personal	—	—	27,071	(95)	13,920	(79)	140	(1)	41,131	(175)
– corporate and commercial	—	—	27,789	(120)	3,012	(3)	—	—	30,801	(123)
– non-bank financial institutions	—	—	1,489	(5)	52	—	115	—	1,656	(5)
Loans and advances to banks at amortised cost	—	—	154	—	10,333	—	—	—	10,487	—
At 31 Dec 2023	—	—	56,503	(220)	27,317	(82)	255	(1)	84,075	(303)

Measurement uncertainty and sensitivity analysis of ECL estimates

The recognition and measurement of ECL involves the use of significant judgement and estimation. We form multiple economic scenarios based on economic forecasts, apply these assumptions to credit risk models to estimate future credit losses, and probability-weight the results to determine an unbiased ECL estimate.

Management assessed the current economic environment, reviewed the latest economic forecasts and discussed key risks before selecting the economic scenarios and their weightings.

The Central scenario is constructed to reflect the latest macroeconomic expectations. Outer scenarios incorporate the crystallisation of economic and geopolitical risks, including those relating to the outcome of recent and future elections, the Israel-Hamas war and disruptions in the Red Sea.

Management judgemental adjustments are used where modelled ECL does not fully reflect the identified risks and related uncertainty or to capture significant late-breaking events.

At 30 June 2024, there was an overall reduction in management judgemental adjustments compared with 31 December 2023, as modelled outcomes better reflected the key risks.

Methodology

At 30 June 2024, 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. Each scenario is updated with 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. The fourth scenario, the Downside 2, represents management's view of severe downside risks.

The Central scenario is deemed the 'most likely' scenario, and usually attracts the largest probability weighting. It is created using consensus forecasts, which is the average of a panel of external forecasts.

The outer scenarios represent the tails of the distribution and are less likely to occur. The consensus Upside and Downside scenarios are created with reference to forecast probability distributions for select markets that capture economists' views of the entire range of economic outcomes. In the later years of those scenarios, projections revert to long-term consensus trend expectations. Reversion to trend is done with reference to historically observed quarterly changes in the values of macroeconomic variables.

The fourth scenario, the Downside 2, represents management's view of severe downside risks. It is a globally consistent, narrative-driven scenario that 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.

The consensus Downside and the consensus Upside scenarios are each calibrated to be consistent with a 10% probability. The Downside 2 is calibrated to a 5% probability. The Central scenario is assigned the remaining 75%. This weighting scheme is deemed appropriate for the unbiased estimation of ECL in most circumstances. However, management may choose to depart from this probability-based scenario weighting approach when the economic outlook and forecasts are determined to be particularly uncertain and risks are elevated.

In the second quarter of 2024, the assigned scenario weights were consistent with their calibrated probabilities, the same as in the fourth quarter of 2023. Economic forecasts for the Central scenario improved modestly, and the dispersion within consensus forecast panels remained low. Risks, including the increased policy uncertainty relating to the outcome of elections across key markets and elevated geopolitical tensions, were deemed to be reflected in the Downside scenarios.

Scenarios produced to calculate ECL are aligned to HSBC's top and emerging risks.

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 potential crystallisation of key economic and financial risks and alternative paths for economic variables.

In our key markets, GDP forecasts in the Central scenario have improved in the second quarter of 2024 compared with the fourth quarter of 2023, particularly in the US. At the same time, expectations for interest rate cuts have been scaled back. In the second quarter of 2024, risks to the economic outlook included a number of significant geopolitical issues and uncertainty relating to election outcomes.

Within our Downside scenarios, the economic consequences from the crystallisation of those risks were captured by higher commodity and goods prices, the re-acceleration of inflation, a rise in interest rates and global recession.

The scenarios used to calculate ECL are described below.

The consensus Central scenario

GDP growth is expected to slow in 2024 relative to the previous year in the US and Europe, as elevated interest rates continue to squeeze household finances and corporate margins. Inflation is expected to continue to decline, as wage growth and services inflation moderate. Lower inflation and looser labour market conditions are expected to enable major central banks to embark on a gradual reduction in policy rates. Growth only recovers to its long-term expected trend in later years.

In mainland China and Hong Kong, GDP growth is also expected to be slower in 2024 relative to 2023 amid weaker private sector confidence, falling property valuations and moderate global trade growth. Despite those headwinds, growth in mainland China is still expected to remain close to the official target as authorities have increased fiscal and monetary support to the economy. In Hong Kong, the continued recovery in the tourism and related sectors is expected to continue, while the recent suspension of property transaction taxes is expected to bring about a gradual recovery in the market towards the end of the year.

Global GDP is expected to grow by 2.5% in 2024 in the Central scenario and the average rate of global GDP growth is forecast to be 2.6% over the entire forecast period. This is below the average growth rate reported over the five-year period prior to the onset of the pandemic of 2.9%.

The key features of our Central scenario are:

- GDP growth rates in our main markets are expected to slow in 2024 relative to 2023. Across most of our key markets weaker growth is caused by high interest rates, which act to deter consumption and investment.
- In most markets, unemployment is expected to remain flat or rise moderately from current levels. The exceptions are Mexico, where unemployment is expected to rise more quickly back towards its long-term average, and France where structural reforms are expected to enable unemployment to fall from current levels.
- Inflation is expected to fall as services inflation and wage growth moderates. It is anticipated that inflation converges towards central banks' target rates in 2025. In mainland China, weak consumption and excess supply have caused inflation to drop sharply but further policy support lifts demand and inflation rises over the scenario.
- Weak conditions in housing markets are expected to persist through 2024 and 2025 in many of our main markets, including the UK, Hong Kong and mainland China. Higher interest rates and, in many cases, declining prices are expected to depress activity. In the US, limited housing supply is expected to ensure that house prices rise strongly.
- Challenging conditions are also forecast to continue in the commercial property sector in a number of our key markets. Structural changes to demand in the office segment in particular are driving lower valuations.
- Policy interest rates in key markets are forecast to have peaked and are projected to decline in 2024. In the longer term, they are expected to remain at a higher level than in the pre-pandemic period.
- The Brent crude oil price is forecast to average around $81 per barrel over the forecast period.

The Central scenario was created from consensus forecasts available in late May, and reviewed continually until the end of June 2024. In accordance with HSBC's scenario framework, a probability weight of 75% has been assigned to the Central scenario across all major markets.

The following table describes key macroeconomic variables in the consensus Central scenario.

Consensus Central scenario 3Q24-2Q29 (as at 2Q24)

	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP (annual average growth rate, %)							
2024	0.5	2.4	2.9	4.9	0.8	3.8	2.3
2025	1.2	1.7	2.8	4.4	1.3	4.1	1.9
2026	1.6	2.0	2.5	4.2	1.5	3.7	2.2
2027	1.7	2.0	2.5	3.9	1.4	3.6	2.2
2028	1.6	1.9	2.4	3.7	1.3	3.0	2.2
5-year average[1]	1.4	1.9	2.6	4.1	1.3	3.6	2.2
Unemployment rate (%)							
2024	4.5	4.0	3.0	5.2	7.6	2.6	2.7
2025	4.7	4.1	3.0	5.1	7.5	2.6	3.2
2026	4.5	3.9	3.0	5.1	7.0	2.6	3.3
2027	4.5	3.9	3.0	5.0	6.9	2.6	3.3
2028	4.5	3.9	3.0	5.0	6.6	2.6	3.4
5-year average[1]	4.6	4.0	3.0	5.1	7.0	2.6	3.2
House prices (annual average growth rate, %)							
2024	0.0	5.8	(8.7)	(5.7)	(3.7)	16.1	7.8
2025	1.2	3.9	0.8	(1.0)	2.7	6.9	4.2
2026	3.2	3.3	4.3	0.6	4.1	4.2	3.8
2027	3.4	3.7	2.4	1.9	4.3	2.8	3.8
2028	2.4	3.0	2.6	2.3	3.8	1.6	3.8
5-year average[1]	2.3	3.5	1.7	0.4	3.1	4.6	4.2
Inflation (annual average growth rate, %)							
2024	2.6	3.2	2.1	0.8	2.5	2.5	4.3
2025	2.2	2.4	2.1	1.6	1.9	2.1	3.7
2026	2.1	2.3	2.2	1.9	1.8	2.2	3.5
2027	2.2	2.3	2.3	1.9	1.9	2.0	3.4
2028	2.1	2.2	2.3	1.9	1.9	1.9	3.4
5-year average[1]	2.2	2.4	2.2	1.8	1.9	2.1	3.5

Consensus Central scenario 3Q24-2Q29 (as at 2Q24) (continued)

	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
Central bank policy rate (annual average, %)[2]							
2024	**5.2**	**5.3**	**5.7**	**3.4**	**3.8**	**5.3**	**10.8**
2025	**4.6**	**4.6**	**5.0**	**3.4**	**3.1**	**4.7**	**9.6**
2026	**4.0**	**4.1**	**4.4**	**3.6**	**2.7**	**4.1**	**8.7**
2027	**3.8**	**3.9**	**4.2**	**3.7**	**2.5**	**3.9**	**8.4**
2028	**3.6**	**3.8**	**4.1**	**3.9**	**2.5**	**3.8**	**8.3**
5-year average[1]	**4.0**	**4.2**	**4.5**	**3.7**	**2.8**	**4.2**	**8.9**

1 The five-year average is calculated over a projected period of 20 quarters from 3Q24 to 2Q29.
2 For China, rate shown is the Loan Prime Rate.

Consensus Central scenario 2024–2028 (as at 4Q23)

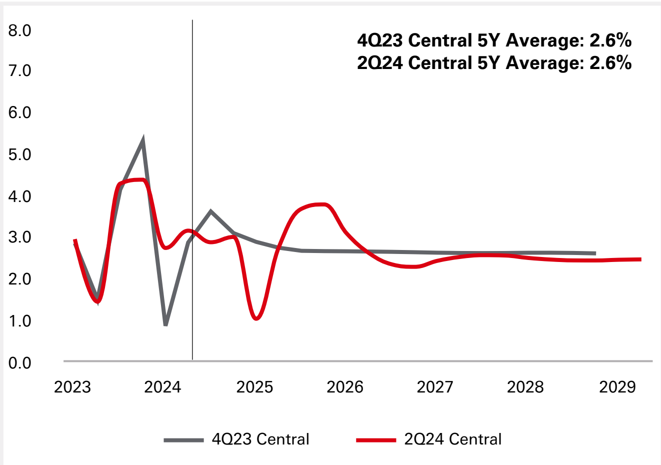
	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
GDP (annual average growth rate, %)							
2024	0.3	1.0	2.6	4.5	0.8	3.7	1.9
2025	1.2	1.8	2.7	4.4	1.5	4.0	2.2
2026	1.7	2.1	2.6	4.3	1.6	3.8	2.3
2027	1.6	2.0	2.6	3.8	1.5	3.4	2.4
2028	1.6	2.0	2.6	3.9	1.5	3.4	2.4
5-year average[1]	1.3	1.8	2.6	4.2	1.4	3.6	2.2
Unemployment rate (%)							
2024	4.7	4.3	3.0	5.2	7.5	2.6	2.9
2025	4.6	4.2	3.0	5.1	7.3	2.6	2.9
2026	4.3	4.0	3.2	5.1	7.0	2.6	2.9
2027	4.2	4.0	3.2	5.1	6.8	2.6	2.9
2028	4.2	4.0	3.2	5.1	6.8	2.6	2.9
5-year average[1]	4.4	4.1	3.1	5.1	7.1	2.6	2.9
House prices (annual average growth rate, %)							
2024	(5.5)	2.9	(6.6)	(0.6)	(1.0)	12.6	6.5
2025	0.1	2.7	(0.7)	1.1	2.4	7.7	4.2
2026	3.5	3.1	2.6	2.6	4.0	4.4	4.2
2027	3.0	2.7	2.8	4.0	4.4	2.6	4.0
2028	3.0	2.1	3.0	4.5	4.0	2.3	4.0
5-year average[1]	0.8	2.7	0.2	2.3	2.8	5.9	4.6
Inflation (annual average growth rate, %)							
2024	3.2	2.7	2.1	1.8	2.7	2.3	4.2
2025	2.2	2.2	2.1	2.0	1.8	2.2	3.6
2026	2.2	2.3	2.2	2.1	1.7	2.1	3.5
2027	2.3	2.2	2.4	2.0	1.9	2.1	3.5
2028	2.3	2.2	2.4	2.0	2.1	2.1	3.5
5-year average	2.4	2.3	2.2	2.0	2.0	2.1	3.7
Central bank policy rate (annual average, %)[2]							
2024	5.0	5.0	5.4	3.2	3.6	5.1	10.4
2025	4.3	4.0	4.4	3.3	2.8	4.1	8.6
2026	3.9	3.7	4.1	3.5	2.6	3.7	7.9
2027	3.8	3.7	4.1	3.7	2.6	3.7	7.9
2028	3.7	3.8	4.1	3.9	2.7	3.8	8.1
5-year average[1]	4.1	4.1	4.4	3.5	2.9	4.1	8.6

1 The five-year average is calculated over a projected period of 20 quarters from 1Q24 to 4Q28.
2 For China, rate shown is the Loan Prime Rate.

The graphs compare the respective Central scenario with current economic expectations beginning in the second quarter of 2024.

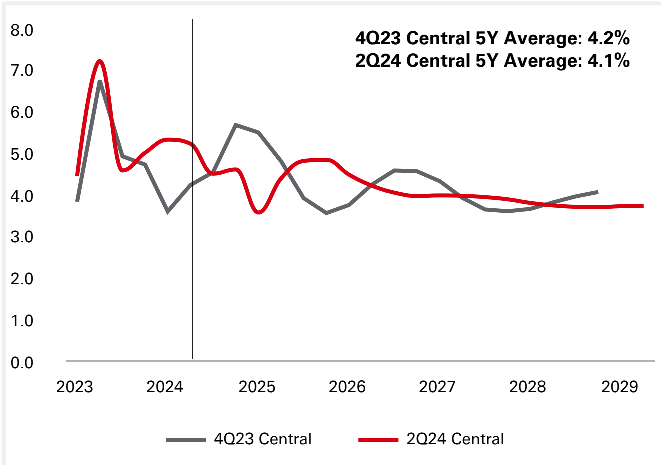
GDP growth: Comparison of Central scenarios

Hong Kong



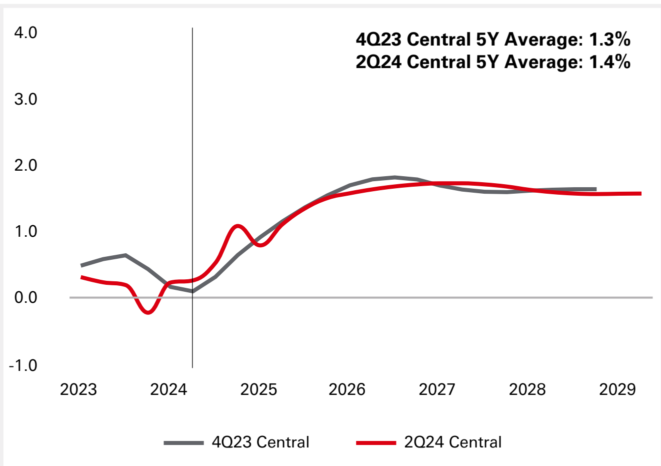
Note: Real GDP shown as year-on-year percentage change.

Mainland China



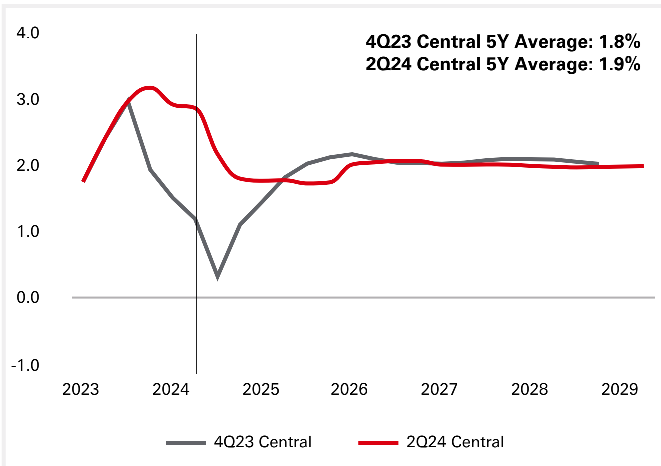
Note: Real GDP shown as year-on-year percentage change.

UK



Note: Real GDP shown as year-on-year percentage change.

US



Note: Real GDP shown as year-on-year percentage change.

The consensus Upside scenario

Compared to the Central scenario, the consensus Upside scenario features stronger economic activity in the near term, before converging to the long-run trend expectations. It also incorporates a faster fall in the rate of inflation than incorporated in the Central scenario.

The scenario is consistent with a number of key upside risk themes. These include a faster reduction in central bank policy interest rates, a de-escalation in geopolitical tensions as the Israel-Hamas and Russia-Ukraine wars move towards conclusions, and an improvement in the US-China relationship.

The following table describes key macroeconomic variables in the consensus Upside scenario.

Consensus Upside scenario (3Q24–2Q29)

	UK		US		Hong Kong		Mainland China		France		UAE		Mexico	
GDP level (%, start-to-peak)[1]	**11.5**	**(2Q29)**	**14.9**	**(2Q29)**	**20.8**	**(2Q29)**	**28.7**	**(2Q29)**	**9.2**	**(2Q29)**	**27.4**	**(2Q29)**	**17.3**	**(2Q29)**
Unemployment rate (%, min)[2]	**2.9**	**(2Q26)**	**3.1**	**(2Q26)**	**2.5**	**(1Q25)**	**4.8**	**(2Q26)**	**6.1**	**(2Q26)**	**2.1**	**(2Q26)**	**2.6**	**(1Q25)**
House price index (%, start-to-peak)[1]	**19.1**	**(2Q29)**	**27.7**	**(2Q29)**	**22.9**	**(2Q29)**	**8.1**	**(2Q29)**	**22.4**	**(2Q29)**	**26.8**	**(2Q29)**	**28.0**	**(2Q29)**
Inflation rate (YoY % change, min)[3]	**0.8**	**(2Q25)**	**1.1**	**(2Q25)**	**0.8**	**(2Q25)**	**0.2**	**(2Q25)**	**1.1**	**(2Q25)**	**1.4**	**(2Q25)**	**2.5**	**(2Q25)**
Central bank policy rate (%, min)[2]	**3.6**	**(4Q28)**	**3.8**	**(4Q28)**	**4.1**	**(4Q28)**	**3.3**	**(2Q25)**	**2.5**	**(3Q28)**	**3.8**	**(4Q28)**	**8.2**	**(3Q25)**

1 Cumulative change to the highest level of the series during the 20-quarter projection.
2 Lowest projected unemployment or policy rate in the scenario. For China, the rate shown is the Loan Prime rate.
3 Lowest projected year-on-year percentage change in inflation in the scenario.

Consensus Upside scenario 2024–2028 (as at 4Q23)

	UK		US		Hong Kong		Mainland China		France		UAE		Mexico	
GDP level (%, start-to-peak)[1]	10.8	(4Q28)	14.3	(4Q28)	21.8	(4Q28)	30.4	(4Q28)	10.4	(4Q28)	30.7	(4Q28)	17.8	(4Q28)
Unemployment rate (%, min)[2]	3.1	(4Q24)	3.1	(2Q25)	2.4	(3Q24)	4.8	(4Q25)	6.2	(4Q25)	2.0	(4Q25)	2.4	(3Q24)
House price index (%, start-to-peak)[1]	13.0	(4Q28)	21.9	(4Q28)	17.9	(4Q28)	19.7	(4Q28)	19.6	(4Q28)	34.2	(4Q28)	30.6	(4Q28)
Inflation rate (YoY % change, min)[3]	1.3	(2Q25)	1.4	(1Q25)	0.3	(4Q24)	0.6	(3Q24)	1.5	(3Q24)	1.4	(1Q25)	2.7	(1Q25)
Central bank policy rate (%, min)[2]	3.7	(3Q28)	3.7	(2Q27)	4.1	(1Q27)	3.1	(3Q24)	2.6	(2Q26)	3.7	(1Q27)	7.8	(2Q25)

1 Cumulative change to the highest level of the series during the 20-quarter projection.
2 Lowest projected unemployment or policy rate in the scenario. For China, the rate shown is the Loan Prime rate.
3 Lowest projected year-on-year percentage change in inflation in the scenario.

Downside scenarios

Downside scenarios explore the intensification and crystallisation of a number of key economic and financial risks. These include an escalation of geopolitical tensions, which disrupt key commodity and goods markets, causing inflation and interest rates to rise, and creating a global recession.

As the geopolitical environment remains volatile and complex, risks include:

– a broader and more prolonged conflict in the Middle East that undermines confidence, drives an increase in global energy costs and reduces trade and investment;

– continued differences between the US and China, which lead to increased trade frictions and higher inflation, due to an escalation in tariff actions and rising costs;

– a potential escalation in the Russia-Ukraine war, which expands beyond Ukraine's borders, and further disrupts energy, fertiliser and food supplies; and

– election outcomes that deliver adverse policies that work to undermine global trade growth and international supply chains.

High inflation and higher interest rates also remain key risks given the pressure on household budgets and firms' costs. A wage-price spiral, triggered by higher inflation and labour supply shortages, could put sustained upward pressure on wages and services prices, aggravating cost pressures and increasing the squeeze on household real incomes and corporate margins. In turn, it raises the risk of a more forceful policy response from central banks, a steeper trajectory for interest rates, significantly higher defaults and, ultimately, a deep economic recession.

The consensus Downside scenario

In the consensus Downside scenario, economic activity is weaker compared with the Central scenario. In this scenario, GDP declines, unemployment rates rise, and asset prices fall. The scenario features an escalation of geopolitical tensions, which causes a rise in inflation, as supply chain constraints intensify and energy prices rise. The scenario also features a temporary increase in interest rates above the Central scenario, before the effects of weaker consumption demand begin to dominate, and commodity prices and inflation fall again.

The following table describes key macroeconomic variables in the consensus Downside scenario.

Consensus Downside scenario (3Q24–2Q29)

	UK		**US**		**Hong Kong**		**Mainland China**		**France**		**UAE**		**Mexico**	
GDP level (%, start-to-trough)[1]	**(0.7)**	**(3Q26)**	**(1.2)**	**(1Q25)**	**(2.3)**	**(4Q24)**	**(2.3)**	**(4Q24)**	**(0.3)**	**(1Q25)**	**0.3**	**(3Q24)**	**(0.9)**	**(3Q25)**
Unemployment rate (%, max)[2]	**6.3**	**(3Q25)**	**5.1**	**(1Q25)**	**4.4**	**(2Q26)**	**6.6**	**(2Q26)**	**8.5**	**(1Q25)**	**3.4**	**(3Q25)**	**3.7**	**(4Q25)**
House price index (%, start-to-trough)[1]	**(5.9)**	**(4Q25)**	**(0.2)**	**(3Q24)**	**(5.2)**	**(2Q25)**	**(9.8)**	**(1Q26)**	**(0.5)**	**(4Q24)**	**(0.2)**	**(3Q24)**	**0.7**	**(3Q24)**
Inflation rate (YoY % change, max)[3]	**3.4**	**(2Q25)**	**3.8**	**(4Q24)**	**3.8**	**(2Q25)**	**3.1**	**(1Q25)**	**3.5**	**(1Q25)**	**2.6**	**(2Q25)**	**6.1**	**(2Q25)**
Central bank policy rate (%, max)[2]	**5.6**	**(3Q24)**	**5.8**	**(3Q24)**	**6.2**	**(3Q24)**	**3.5**	**(4Q24)**	**4.1**	**(1Q25)**	**5.9**	**(3Q24)**	**12.0**	**(1Q25)**

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment or policy rate in the scenario. For China, the rate shown is the Loan Prime rate.
3 The highest projected year-on-year percentage change in inflation in the scenario.

Consensus Downside scenario 2024–2028 (as at 4Q23)

	UK		US		Hong Kong		Mainland China		France		UAE		Mexico	
GDP level (%, start-to-trough)[1]	(1.0)	(2Q25)	(1.4)	(3Q24)	(1.6)	(3Q25)	(1.5)	(1Q24)	(0.3)	(2Q24)	1.4	(1Q24)	(0.3)	(4Q24)
Unemployment rate (%, max)[2]	6.4	(1Q25)	5.6	(4Q24)	4.7	(4Q25)	6.9	(4Q25)	8.5	(4Q24)	3.7	(4Q25)	3.5	(4Q25)
House price index (%, start-to-trough)[1]	(12.0)	(2Q25)	(1.3)	(3Q24)	(9.6)	(4Q24)	(7.1)	(3Q25)	(1.2)	(3Q24)	0.3	(1Q24)	1.2	(1Q24)
Inflation rate (YoY % change, max)[3]	4.1	(1Q24)	3.5	(4Q24)	3.8	(3Q24)	3.5	(4Q24)	3.8	(2Q24)	3.0	(1Q24)	6.5	(4Q24)
Central bank policy rate (%, max)[2]	5.7	(1Q24)	5.6	(1Q24)	6.0	(1Q24)	3.2	(3Q24)	4.2	(1Q24)	5.7	(1Q24)	12.0	(3Q24)

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment or policy rate in the scenario. For China, the rate shown is the Loan Prime rate.
3 The highest projected year-on-year percentage change in inflation in the scenario.

Downside 2 scenario

The Downside 2 scenario features a deep global recession and reflects management's view of the tail of the economic distribution. It incorporates the crystallisation of a number of risks simultaneously, including a further escalation of geopolitical crises globally, which creates severe supply disruptions to goods and energy markets.

In the scenario, as inflation surges and central banks tighten monetary policy further, confidence evaporates. However, this impulse is assumed to prove short-lived, as recession takes hold, causing a sharp fall in demand, leading commodity prices to correct sharply and global price inflation to fall.

The following table describes key macroeconomic variables in the Downside 2 scenario.

Downside 2 scenario (3Q24–2Q29)

	UK		US		Hong Kong		Mainland China		France		UAE		Mexico	
GDP level (%, start-to-trough)[1]	**(8.8)**	**(4Q25)**	**(4.1)**	**(3Q25)**	**(8.0)**	**(3Q25)**	**(7.7)**	**(2Q25)**	**(7.4)**	**(3Q25)**	**(7.0)**	**(4Q25)**	**(8.7)**	**(1Q26)**
Unemployment rate (%, max)[2]	**8.4**	**(4Q25)**	**8.9**	**(1Q26)**	**6.4**	**(2Q25)**	**6.6**	**(4Q26)**	**10.2**	**(2Q26)**	**4.9**	**(1Q25)**	**5.4**	**(4Q25)**
House price index (%, start-to-trough)[1]	**(29.7)**	**(2Q26)**	**(15.6)**	**(2Q25)**	**(35.8)**	**(2Q27)**	**(28.1)**	**(3Q26)**	**(15.0)**	**(4Q26)**	**(14.0)**	**(4Q26)**	**0.7**	**(3Q24)**
Inflation rate (YoY % change, max)[3]	**10.2**	**(4Q24)**	**5.0**	**(4Q24)**	**4.3**	**(2Q25)**	**5.4**	**(1Q25)**	**8.6**	**(4Q24)**	**3.5**	**(2Q25)**	**6.5**	**(2Q25)**
Central bank policy rate (%, max)[2]	**5.9**	**(3Q24)**	**6.0**	**(3Q24)**	**6.4**	**(3Q24)**	**4.0**	**(1Q25)**	**5.0**	**(3Q24)**	**6.1**	**(3Q24)**	**12.4**	**(1Q25)**

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment or policy rate in the scenario. For China, the rate shown is the Loan Prime rate.
3 The highest projected year-on-year percentage change in inflation in the scenario.

Downside 2 scenario 2024–2028 (as at 4Q23)

	UK		US		Hong Kong		Mainland China		France		UAE		Mexico	
GDP level (%, start-to-trough)[1]	(8.8)	(2Q25)	(4.6)	(1Q25)	(8.2)	(1Q25)	(6.4)	(1Q25)	(6.6)	(1Q25)	(4.9)	(2Q25)	(8.1)	(2Q25)
Unemployment rate (%, max)[2]	8.4	(2Q25)	9.3	(2Q25)	6.4	(4Q24)	7.0	(4Q25)	10.2	(4Q25)	4.3	(3Q24)	4.9	(2Q25)
House price index (%, start-to-trough)[1]	(30.2)	(4Q25)	(14.7)	(4Q24)	(32.8)	(3Q26)	(25.5)	(4Q25)	(14.5)	(2Q26)	(2.9)	(4Q25)	1.2	(1Q24)
Inflation rate (YoY % change, max)[3]	10.1	(2Q24)	4.8	(2Q24)	4.1	(3Q24)	4.1	(4Q24)	8.6	(2Q24)	3.5	(2Q24)	7.0	(4Q24)
Central bank policy rate (%, max)[2]	6.0	(1Q24)	6.1	(1Q24)	6.4	(1Q24)	4.1	(3Q24)	5.2	(1Q24)	6.1	(1Q24)	12.7	(3Q24)

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment or policy rate in the scenario. For China, the rate shown is the Loan Prime rate.
3 The highest projected year-on-year percentage change in inflation in the scenario.

Scenario weightings

In reviewing the economic environment, the level of risk and uncertainty, management has considered both global and country-specific factors.

In the second quarter of 2024, key considerations around uncertainty attached to the Central scenario projections focused on:

- the announcements of elections in the UK and France, as well as the forthcoming election in the US. Potential policy uncertainty arising from these elections was a major discussion point;
- the lagged impact of elevated interest rates on household finances and businesses, and the implications of volatility in monetary policy expectations on growth and employment;
- estimation and forecast uncertainty for UK unemployment given ongoing methodology updates at the UK Office for National Statistics;
- the outlook for real estate in our key markets, particularly in the US, UK, Hong Kong and mainland China; and
- geopolitical risks, including tensions in the Middle East and the Russia-Ukraine war.

Although these risk factors remain significant, management assessed that they were adequately reflected in the scenarios at their calibrated probabilities.

It was noted that economic forecasts had improved modestly and dispersion of forecasts around the consensus have either remained stable, or have moved lower. Similarly, financial market measures of volatility also remained very low through the second quarter of 2024.

This has led management to assign scenario probabilities that are aligned to the standard scenario probability calibration framework. This entailed assigning a 75% probability weighting to the Central scenario 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 support of the decision, it was noted that policymakers in mainland China are expected to implement additional stimulus measures to support the economy, which would reduce the uncertainty attached to current forecasts. Hong Kong faces a similar backdrop, where targeted policy support is expected to ensure a steady pace of economic growth.

In respect of the discussion around elections, management concluded that the UK Central scenario already incorporated information around the future government and its policies. The subsequent election outcome result has not changed any scenario assumptions. By contrast, election outcomes in France and the US were considered less certain and forecasts assume policy continuity in the respective Central scenarios as a result. Outer scenarios were assessed to adequately reflect the current downside risks.

For the UAE, it was observed that geopolitical risks have remained high since the outbreak of the Israel-Hamas war; that economic and market impacts have been limited; that oil production remains unaffected; and that escalation risks appear contained.

Management concluded that consensus expectations for Mexico were consistent with its view of the economic outlook, while assessments of uncertainty were also aligned to historical averages.

The following table describes the probabilities assigned in each scenario.

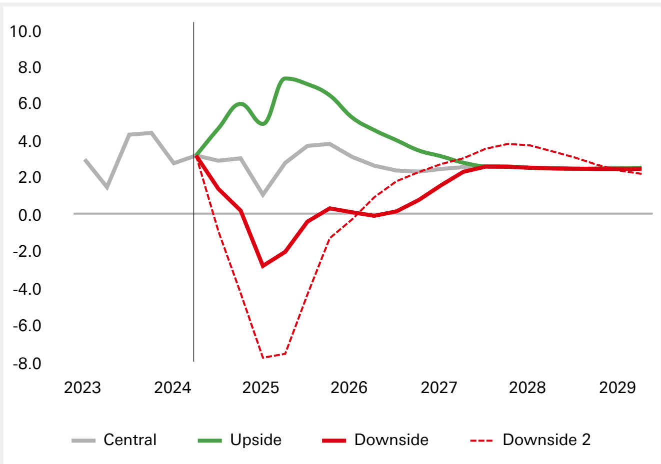
Scenario weightings, %

	Standard weights	UK	US	Hong Kong	Mainland China	France	UAE	Mexico
2Q24								
Upside	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
Central	**75**	**75**	**75**	**75**	**75**	**75**	**75**	**75**
Downside	**10**	**10**	**10**	**10**	**10**	**10**	**10**	**10**
Downside 2	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
4Q23								
Upside	10	10	10	10	10	10	10	10
Central	75	75	75	75	75	75	75	75
Downside	10	10	10	10	10	10	10	10
Downside 2	5	5	5	5	5	5	5	5

At 30 June 2024, the consensus Upside and Central scenarios for our main markets had a combined weighting of 85%, the same as at 31 December 2023.

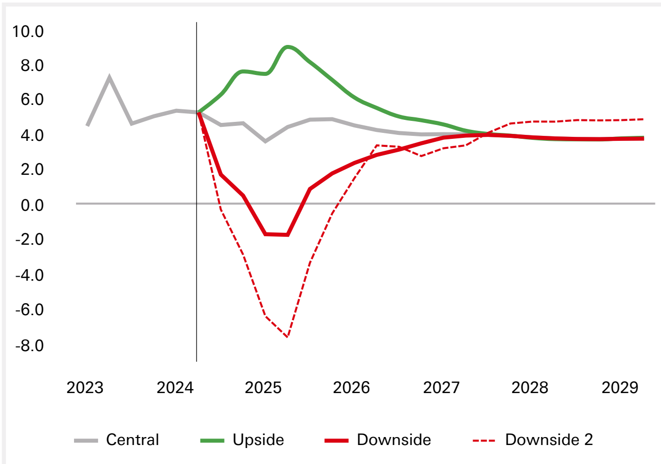
The following graphs show the historical and forecasted GDP growth rate for the various economic scenarios in our four largest markets.

Hong Kong



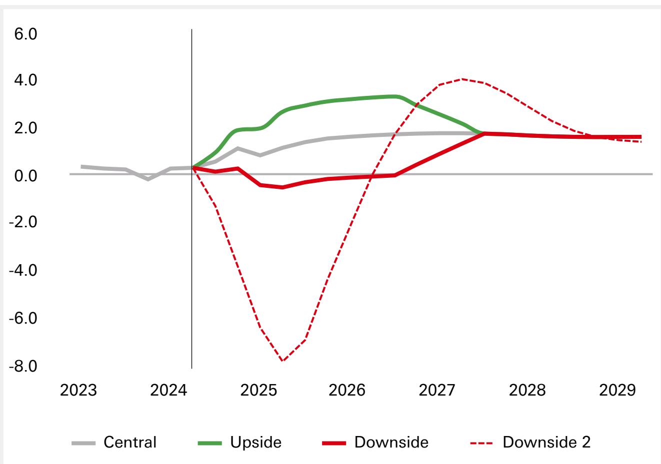
Note: Real GDP shown as year-on-year percentage change.

Mainland China



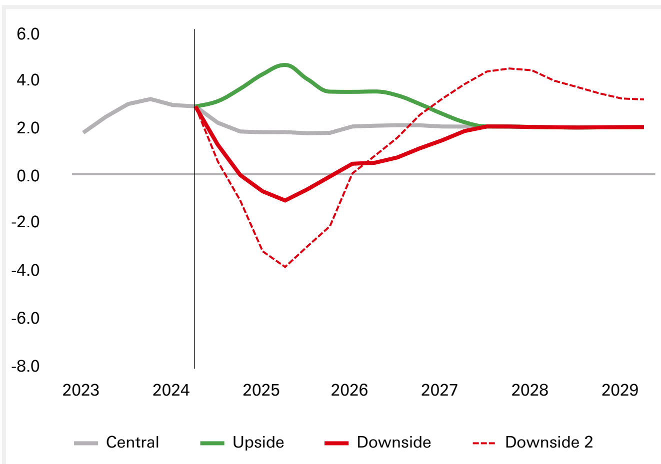
Note: Real GDP shown as year-on-year percentage change.

UK



Note: Real GDP shown as year-on-year percentage change.

US



Note: Real GDP shown as year-on-year percentage change.

Critical estimates and judgements

The calculation of ECL under IFRS 9 involved significant judgements, assumptions and estimates at 30 June 2024. These included:

– the selection and configuration of economic scenarios, given the constant change in economic conditions and distribution of economic risks; and

– estimating the economic effects of those scenarios on ECL, where similar observable historical conditions cannot be captured by the credit risk models.

How economic scenarios are reflected in ECL calculations

The methodologies for the application of forward economic guidance into the calculation of ECL for wholesale and retail portfolios are set out on page 162 of the Annual Report and Accounts 2023. Models are used to reflect economic scenarios in ECL estimates. These models are based largely on historical observations and correlations with default.

Economic forecasts and ECL model responses to these forecasts are subject to a degree of uncertainty. The models continue to be supplemented by management judgemental adjustments where required.

Management judgemental adjustments

In the context of IFRS 9, management judgemental adjustments are typically short-term increases or decreases to the modelled allowance for ECL at either a customer, segment or portfolio level where management believes allowances do not sufficiently reflect the credit risk/expected credit losses at the reporting date. These can relate to risks or uncertainties that are not reflected in the models and/or to any late-breaking events with significant uncertainty, subject to management review and challenge.

This includes refining model inputs/outputs using adjustments to ECL based on management judgement and quantitative analysis for impacts that are difficult to model.

The effects of management judgemental adjustments are considered for both balances and allowance for ECL when determining whether or not a significant increase in credit risk has occurred and is allocated to a stage where appropriate. This is in accordance with the internal adjustments framework.

Management judgemental adjustments are reviewed under the governance process for IFRS 9 (as detailed in the section 'Credit risk management' on page 147 of the Annual Report and Accounts 2023).

Review and challenge focuses on the rationale and quantum of the adjustments with a further review carried out by the second line of defence where significant. For some management judgemental adjustments, internal frameworks establish the conditions under which these adjustments should no longer be required and as such are considered as part of the governance process. This internal governance process allows management judgemental adjustments to be reviewed regularly and, where possible, to reduce the reliance on these through model recalibration or redevelopment, as appropriate.

The drivers of management judgemental adjustments continue to evolve with the economic environment and as new risks emerge.

In addition to management judgemental adjustments there are also 'Other adjustments', which are made to address process limitations, 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.

'Management judgemental adjustments' and 'Other adjustments' constitute the total value of adjustments to modelled allowance for ECL. For the wholesale portfolio, defaulted exposures are assessed individually and management judgemental adjustments are made only to the performing portfolio.

At 30 June 2024, there was a $0.4bn reduction in management judgemental adjustments compared with 31 December 2023.

Management judgemental adjustments made in estimating the reported ECL at 30 June 2024 are set out in the following table.

Management judgemental adjustments to ECL at 30 June 2024[1]

	Retail	Wholesale[3]	Total
	$bn	$bn	$bn
Modelled ECL (A)[4]	**2.7**	**2.1**	**4.8**
Banks, sovereigns, government entities and low-risk counterparties		**0.0**	**0.0**
Corporate lending adjustments		**0.2**	**0.2**
Other credit judgements	**0.1**		**0.1**
Total management judgemental adjustments (B)[5]	**0.1**	**0.2**	**0.3**
Other adjustments (C)[6]	**(0.2)**	**(0.1)**	**(0.3)**
Final ECL (A + B + C)[7]	**2.6**	**2.2**	**4.8**

Management judgemental adjustments to ECL at 31 December 2023[1,2]

	Retail	Wholesale[3]	Total
	$bn	$bn	$bn
Modelled ECL (A)[4]	2.6	2.4	5.0
Banks, sovereigns, government entities and low-risk counterparties		0.0	0.0
Corporate lending adjustments		0.1	0.1
Inflation-related adjustments	0.1		0.1
Other credit judgements	0.5		0.5
Total management judgemental adjustments (B)[5]	0.6	0.1	0.7
Other adjustments (C)[6]	0.0	0.0	0.0
Final ECL (A + B + C)[7]	3.2	2.5	5.7

1 Management judgemental adjustments presented in the table reflect increases or (decreases) in allowance for ECL, respectively.
2 31 December 2023 includes the Canada banking business and retail banking operations in France.
3 The wholesale portfolio corresponds to adjustments to the performing portfolio (stage 1 and stage 2).
4 (A) refers to probability-weighted allowance for ECL before any adjustments are applied.
5 (B) refers to adjustments that are applied where management believes allowance for ECL does not sufficiently reflect the credit risk/expected credit losses 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.
6 (C) refers to adjustments to allowance for ECL made to address process limitations, data/model deficiencies, 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.
7 As presented within our internal credit risk governance (see page 147 of the Annual Report and Accounts 2023).

In the wholesale portfolio, management judgemental adjustments were an increase to modelled allowance for ECL of $0.2bn (31 December 2023: $0.1bn increase), mostly to reflect heightened uncertainty in specific sectors and geographies, including adjustments to exposures to the real estate sectors in the US, Hong Kong, the UK, mainland China and the UAE. Compared with 31 December 2023, management judgemental adjustments increased by $0.1bn at 30 June 2024 due to adjustments applied to high-risk sectors and customers.

In the retail portfolio, management judgemental adjustments were an increase to modelled allowance for ECL of $0.1bn at 30 June 2024 (31 December 2023: $0.6bn increase).

Management judgemental adjustments in relation to other credit judgements increased allowance for ECL by $0.1bn (31 December 2023: $0.5bn). There was a significant reduction in the amount of adjustments from 31 December 2023 as performance remained resilient and in the UK there was less uncertainty in relation to the potential delayed impact of economic scenarios on unsecured portfolio defaults.

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. Loans to defaulted obligors are a small portion of the overall wholesale lending exposure, even if representing the majority of the allowance for ECL. 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. 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. These exclude portfolios held by the insurance business, private banking 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 is 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 30 Jun 2024[5]	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	**422,340**	**803**	**738**	**591**	**989**	**2,455**
US	**200,895**	**202**	**186**	**187**	**241**	**455**
Hong Kong	**428,358**	**543**	**506**	**373**	**741**	**1,199**
Mainland China	**129,488**	**179**	**146**	**90**	**314**	**791**
Mexico	**35,659**	**55**	**51**	**41**	**67**	**229**
UAE	**56,876**	**54**	**52**	**45**	**61**	**104**
France	**170,093**	**102**	**100**	**88**	**116**	**150**
Other geographies[6]	**451,769**	**269**	**242**	**190**	**378**	**875**
Total	**1,895,479**	**2,206**	**2,020**	**1,604**	**2,907**	**6,257**
of which:						
Stage 1	**1,759,826**	**743**	**682**	**535**	**870**	**868**
Stage 2	**135,653**	**1,463**	**1,337**	**1,069**	**2,037**	**5,389**
By geography at 31 Dec 2023[5]						
UK	426,427	820	754	599	1,041	2,487
US	191,104	215	199	189	268	441
Hong Kong	447,480	609	566	433	807	1,393
Mainland China	129,945	258	217	142	414	945
Canada[7]	84,092	89	75	56	107	487
Mexico	30,159	60	56	46	73	226
UAE	52,074	32	32	30	34	40
France	178,827	98	102	90	124	141
Other geographies[6]	450,271	325	298	245	410	882
Total	1,990,378	2,507	2,301	1,829	3,278	7,043
of which:						
Stage 1	1,820,843	754	702	553	860	854
Stage 2	169,535	1,753	1,599	1,276	2,418	6,189

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 87.
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 Geographies include all legal entities which share a common set of macroeconomic scenarios for the majority of exposures.
6 Includes small portfolios that use less complex modelling approaches and are not sensitive to macroeconomic changes.
7 Classified as held for sale at 31 December 2023.

At 30 June 2024, the highest level of 100% scenario-weighted ECL was observed in the UK and Hong Kong. This higher ECL impact was largely driven by significant exposure in these regions. 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 ECL sensitivity impact is lower in relation to its nominal amount when compared with an on-balance sheet exposure with similar risk profile.

Compared with 31 December 2023, the Downside 2 ECL impact reduced by $0.8bn mostly due to sale of the Canada business, decrease of exposures in the performing portfolio in Hong Kong and slower deterioration of the macroeconomic conditions under this scenario, which led to a reduction of ECL impact in some markets such as mainland China.

Retail analysis

IFRS 9 ECL sensitivity to future economic conditions[1]

By geography at 30 Jun 2024	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	161,684	162	152	146	169	320
Credit cards	7,448	253	249	210	266	403
Other	8,023	235	232	199	260	315
Mexico						
Mortgages	8,315	178	168	138	206	358
Credit cards	2,271	318	314	312	319	400
Other	4,148	443	438	428	453	550
Hong Kong						
Mortgages	105,741	2	2	1	2	8
Credit cards	9,169	260	204	183	318	1,096
Other	6,442	110	94	86	116	425
UAE						
Mortgages	1,879	16	16	16	16	17
Credit cards	476	26	25	25	26	35
Other	681	20	19	19	20	29
US						
Mortgages	15,367	7	7	7	8	14
Credit cards	193	15	15	14	16	16
Other geographies						
Mortgages	53,273	155	151	145	161	219
Credit cards	3,618	164	158	144	187	277
Other	2,384	75	73	70	78	111
Total	391,113	2,439	2,319	2,143	2,622	4,592
of which: mortgages						
Stage 1	304,217	78	67	51	104	283
Stage 2	39,815	175	165	144	187	343
Stage 3	2,229	267	265	259	272	309
of which: credit cards						
Stage 1	18,913	248	233	201	290	630
Stage 2	3,962	597	540	495	649	1,400
Stage 3	300	190	190	190	193	196
of which: others						
Stage 1	18,192	223	211	188	246	499
Stage 2	2,875	356	344	310	377	624
Stage 3	611	304	304	304	305	306

IFRS 9 ECL sensitivity to future economic conditions[1,2] (continued)

By geography at 31 Dec 2023	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	161,127	189	180	172	201	334
Credit cards	7,582	344	340	302	353	486
Other	8,183	341	333	273	383	515
Mexico						
Mortgages	8,666	188	180	150	235	363
Credit cards	2,445	295	286	206	376	489
Other	4,529	513	503	426	600	731
Hong Kong						
Mortgages	106,136	2	2	1	3	5
Credit cards	9,128	287	239	214	395	887
Other	6,269	109	100	88	124	256
UAE						
Mortgages	2,001	25	25	25	25	25
Credit cards	471	24	24	22	25	32
Other	721	20	20	19	21	28
France						
Mortgages	20,589	50	50	50	51	51
Other	1,328	44	44	43	45	48
US						
Mortgages	14,385	8	4	3	4	10
Credit cards	204	15	15	10	15	16
Canada						
Mortgages	25,464	67	65	64	70	99
Credit cards	338	13	13	12	16	15
Other	1,368	13	13	12	14	33
Other geographies						
Mortgages	55,368	152	149	144	158	198
Credit cards	3,655	173	166	151	202	291
Other	2,416	91	86	83	95	137
Total	442,373	2,962	2,835	2,471	3,411	5,049
of which: mortgages						
Stage 1	347,874	101	92	77	145	303
Stage 2	43,451	264	249	225	280	429
Stage 3	2,412	316	314	307	322	352
of which: credit cards						
Stage 1	18,557	249	232	180	329	604
Stage 2	4,953	707	657	546	859	1,415
Stage 3	312	193	193	192	194	197
of which: others						
Stage 1	19,551	218	205	151	272	501
Stage 2	4,542	540	519	423	636	868
Stage 3	722	373	373	370	375	379

1 Allowance for ECL sensitivities exclude portfolios utilising less complex modelling approaches.
2 31 December 2023 includes the Canada banking business and the retained France retail banking operations.

At 30 June 2024, 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. Hong Kong mortgages had low levels of ECL allowance due to the credit quality of the portfolio. 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 2024.

There was reduction in the total sensitivity for ECL allowance in all scenarios compared with 31 December 2023 due to model updates and scenario evolution.

There is limited sensitivity in credit cards and other unsecured lending in stage 3 as levels of loss on defaulted exposures remain materially consistent through various economic conditions. The alternative downside is from the tail of the economic distribution where allowance for ECL is more sensitive based on historical experience.

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.

Group ECL sensitivity results

The ECL impact of the scenarios and management judgemental adjustments are highly sensitive to movements in economic forecasts. Based upon the sensitivity tables presented above, if the Group ECL balance (excluding wholesale stage 3, which is assessed individually) was estimated solely on the basis of the Central scenario, Upside scenario, Downside 1 scenario or the Downside 2 scenario at 30 June 2024, it would increase/(decrease) as presented in the below table.

	Retail[1]	Wholesale[1]
Total Group ECL at 30 Jun 2024	**$bn**	**$bn**
Reported ECL	**2.4**	**2.2**
Scenarios		
100% consensus Central scenario	**(0.1)**	**(0.2)**
100% consensus Upside scenario	**(0.3)**	**(0.6)**
100% consensus Downside scenario	**0.2**	**0.7**
100% Downside 2 scenario	**2.2**	**4.1**
Total Group ECL at 31 Dec 2023		
Reported ECL	3.0	2.5
Scenarios		
100% consensus Central scenario	(0.1)	(0.2)
100% consensus Upside scenario	(0.5)	(0.7)
100% consensus Downside scenario	0.4	0.8
100% Downside 2 scenario	2.1	4.5

1 On the same basis as retail and wholesale sensitivity analysis.

At 30 June 2024, the Group allowance for ECL decreased in the retail portfolio by $0.6bn and decreased by $0.3bn in the wholesale portfolio, compared with 31 December 2023. There was reduction in ECL sensitivity across all scenarios as a result of the sale of our Canada banking business and sale of our retail banking operations in France during the first half of 2024.

The decrease in the Downside 2 scenario sensitivity within the wholesale portfolio since 31 December 2023 was also driven by a decrease of exposures in the performing portfolio in Hong Kong and a slower deterioration of macroeconomic conditions in some markets, such as mainland China. There was a modest increase in the Downside 2 scenario sensitivity within the retail portfolio since 31 December 2023, driven by deterioration of house prices in Hong Kong and offset by model updates in a number of markets.

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers

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. 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 represent the impact of stage transfers upon the gross carrying/nominal amount and associated allowance for ECL.

The net remeasurement of ECL arising from stage transfers 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 customer risk rating ('CRR')/probability of default ('PD') movements of the financial instruments transferring stage. This is captured, along with other credit quality movements in the 'changes in 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', 'assets derecognised (including final repayments)' and 'changes to risk parameters – further lending/repayment'.

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees

	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 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:	(11,716)	(774)	4,004	1,428	7,712	(654)	—	—	—	—
– transfers from stage 1 to stage 2	(62,466)	226	62,466	(226)	—	—	—	—	—	—
– transfers from stage 2 to stage 1	51,401	(977)	(51,401)	977	—	—	—	—	—	—
– transfers to stage 3	(984)	5	(7,705)	806	8,689	(811)	—	—	—	—
– transfers from stage 3	333	(28)	644	(129)	(977)	157	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	647	—	(552)	—	(127)	—	—	—	(32)
Net new and further lending/ repayments	44,715	(64)	(16,213)	289	(2,949)	587	—	(2)	25,553	810
Changes to risk parameters – credit quality	—	150	—	(685)	—	(1,197)	—	(3)	—	(1,735)
Changes to models used for ECL calculation	—	16	—	(3)	—	22	—	—	—	35
Assets written off	—	—	—	—	(1,549)	1,549	—	—	(1,549)	1,549
Foreign exchange and others[1,2]	(57,198)	48	(5,251)	89	(97)	(164)	—	—	(62,546)	(27)
At 30 Jun 2024	**1,472,606**	**(1,277)**	**135,624**	**(2,536)**	**23,916**	**(7,047)**	**85**	**(35)**	**1,632,231**	**(10,895)**
ECL income statement change for the period		749		(951)		(715)		(5)		(922)
Recoveries										126
Others										(86)
Total ECL income statement change for the period										**(882)**

	At 30 Jun 2024		6 months ended 30 Jun 2024
	Gross carrying/ nominal amount	Allowance for ECL	ECL release/ (charge)
	$m	$m	$m
As above	**1,632,231**	**(10,895)**	**(882)**
Other financial assets measured at amortised cost	850,367	(158)	(77)
Non-trading reverse purchase agreement commitments	73,584	—	—
Performance and other guarantees not considered for IFRS 9	—	—	(94)
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/ Summary consolidated income statement	**2,556,182**	**(11,053)**	**(1,053)**
Debt instruments measured at FVOCI	318,238	(96)	(13)
Total allowance for ECL/total income statement ECL change for the period	**n/a**	**(11,149)**	**(1,066)**

1 Total includes $2.5bn of gross carrying loans and advances to customers and banks, which were classified to assets held for sale, and corresponding allowance for ECL of $42m, reflecting business disposals as disclosed on page 68.
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 1H24.

As shown in the previous table, the allowance for ECL for loans and advances to customers and banks and relevant loan commitments and financial guarantees decreased by $600m during the period, from $11,495m at 31 December 2023 to $10,895m at 30 June 2024.

This decrease was driven by:

- $1,549m of assets written off, $780m of which in relation to Wholesale and $769m in relation to Personal;
- $810m relating to volume movements, which included the ECL allowance associated with new originations, assets derecognised and further pending repayment; and
- $35m relating to changes to models used for ECL calculation.

These were partly offset by:

- $1,735m relating to underlying credit quality changes, including the credit quality impact of financial instruments transferring between stages;
- $32m relating to the net remeasurement impact of stage transfers; and
- foreign exchange and other movements of $27m.

The ECL charge for the period of $922m presented in the previous table consisted of $1,735m relating to underlying credit quality changes, including the credit quality impact of financial instruments transferring between stages, and $32m relating to the net remeasurement impact of stage transfers. These were partly offset by $810m relating to underlying net book volume and $35m relating to changes to models used for ECL calculation.

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)

	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 2023	1,433,643	(1,257)	177,223	(3,710)	21,207	(6,949)	129	(38)	1,632,202	(11,954)
Transfers of financial instruments:	(18,948)	(1,048)	10,286	2,228	8,662	(1,180)	—	—	—	—
– transfers from stage 1 to stage 2	(150,728)	442	150,728	(442)	—	—	—	—	—	—
– transfers from stage 2 to stage 1	133,079	(1,467)	(133,079)	1,467	—	—	—	—	—	—
– transfers to stage 3	(1,986)	23	(8,600)	1,379	10,586	(1,402)	—	—	—	—
– transfers from stage 3	687	(46)	1,237	(176)	(1,924)	222	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	917	—	(973)	—	(124)	—	—	—	(180)
Net new and further lending/repayments	77,693	(185)	(36,795)	661	(4,956)	1,117	(36)	3	35,906	1,596
Changes to risk parameters – credit quality		307		(1,262)		(3,896)		21		(4,830)
Changes to models used for ECL calculation	—	(22)	—	46	—	7	—	—	—	31
Assets written off	—	—	—	—	(3,922)	3,922	—	—	(3,922)	3,922
Credit-related modifications that resulted in derecognition	—	—	—	—	(119)	95	—	—	(119)	95
Foreign exchange and others[1]	4,417	(12)	2,370	(92)	(73)	(55)	(8)	(16)	6,706	(175)
At 31 Dec 2023	1,496,805	(1,300)	153,084	(3,102)	20,799	(7,063)	85	(30)	1,670,773	(11,495)
ECL income statement change for the period	—	1,017	—	(1,528)	—	(2,896)	—	24	—	(3,383)
Recoveries	—	—	—	—	—	—	—	—	—	268
Other	—	—	—	—	—	—	—	—	—	(195)
Total ECL income statement change for the period[2]	—	—	—	—	—	—	—	—	—	(3,310)

	At 31 Dec 2023		12 months ended 31 Dec 2023
	Gross carrying/ nominal amount	Allowance for ECL	ECL charge
	$m	$m	$m
As above	1,670,773	(11,495)	(3,310)
Other financial assets measured at amortised cost	960,271	(422)	(35)
Non-trading reverse purchase agreement commitments	69,777	—	—
Performance and other guarantees not considered for IFRS 9	—	—	(44)
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/ Summary consolidated income statement	2,700,821	(11,917)	(3,389)
Debt instruments measured at FVOCI	302,348	(97)	(58)
Total allowance for ECL/total income statement ECL change for the period	n/a	(12,014)	(3,447)

1 Total includes $7.7bn of gross carrying loans and advances, which were classified from assets held for sale, and a corresponding allowance for ECL of $70m, reflecting the planned sale of our retail banking operations in France no longer meeting the definition of held for sale. For further details, see 'Assets held for sale' on page 68.
2 The 31 December 2023 total ECL income statement change of $3,310m is attributable to $1,342m for the six months ended 30 June 2023 and $1,968m to the six months ended 31 December 2023.

Credit quality of financial instruments

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. Accordingly, for non-credit-impaired financial instruments, there is no direct relationship between the credit quality assessment and stages 1 and 2, though typically the lower credit quality bands exhibit a higher proportion in stage 2.

The five credit quality classifications 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 following table. Personal lending credit quality is disclosed based on a 12-month point-in-time PD adjusted for multiple economic scenarios. The credit quality classifications for wholesale lending are based on internal credit risk ratings.

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	12-month Basel probability of default %	Internal credit rating	12 month probability-weighted PD %
Quality classification[1,2]						
Strong	BBB and above	A- and above	CRR 1 to CRR 2	0 – 0.169	Band 1 and 2	0.000 – 0.500
Good	BBB- to BB	BBB+ to BBB-	CRR 3	0.170 – 0.740	Band 3	0.501 – 1.500
Satisfactory	BB- to B and unrated	BB+ to B and unrated	CRR 4 to CRR 5	0.741 – 4.914	Band 4 and 5	1.501 – 20.000
Sub-standard	B- to C	B- to C	CRR 6 to CRR 8	4.915 – 99.999	Band 6	20.001 – 99.999
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 probability of default ('PD').

Distribution of financial instruments to which the impairment requirements in IFRS 9 are applied, by credit quality and stage allocation

	Gross carrying/nominal amount							
	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total	Allowance for ECL	Net
	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers at amortised cost	509,871	197,438	197,634	21,080	22,744	948,767	(10,510)	938,257
– stage 1	487,521	172,944	154,028	3,450	–	817,943	(1,112)	816,831
– stage 2	22,350	24,494	43,606	17,630	–	108,080	(2,399)	105,681
– stage 3	–	–	–	–	22,662	22,662	(6,964)	15,698
– POCI	–	–	–	–	82	82	(35)	47
Loans and advances to banks at amortised cost	92,718	4,734	4,397	219	2	102,070	(13)	102,057
– stage 1	92,620	4,708	3,700	203	–	101,231	(9)	101,222
– stage 2	98	26	697	16	–	837	(2)	835
– stage 3	–	–	–	–	2	2	(2)	–
– POCI	–	–	–	–	–	–	–	–
Other financial assets measured at amortised cost	744,337	68,275	35,731	1,584	440	850,367	(158)	850,209
– stage 1	743,981	67,713	34,870	810	–	847,374	(96)	847,278
– stage 2	356	562	861	774	–	2,553	(26)	2,527
– stage 3	–	–	–	–	440	440	(36)	404
– POCI	–	–	–	–	–	–	–	–
Loans and other credit-related commitments	417,367	135,294	77,315	7,698	961	638,635	(335)	638,300
– stage 1	413,905	128,479	67,174	2,935	–	612,493	(149)	612,344
– stage 2	3,462	6,815	10,141	4,763	–	25,181	(123)	25,058
– stage 3	–	–	–	–	958	958	(63)	895
– POCI	–	–	–	–	3	3	–	3
Financial guarantees	7,501	3,785	4,147	616	294	16,343	(37)	16,306
– stage 1	7,481	3,637	3,282	123	–	14,523	(7)	14,516
– stage 2	20	148	865	493	–	1,526	(12)	1,514
– stage 3	–	–	–	–	294	294	(18)	276
– POCI	–	–	–	–	–	–	–	–
At 30 Jun 2024	1,771,794	409,526	319,224	31,197	24,441	2,556,182	(11,053)	2,545,129
Debt instruments at FVOCI[1]								
– stage 1	303,803	12,674	7,418	–	–	323,895	(37)	323,858
– stage 2	48	–	469	2,053	–	2,570	(59)	2,511
– stage 3	–	–	–	–	–	–	–	–
– POCI	–	–	–	–	–	–	–	–
At 30 Jun 2024	303,851	12,674	7,887	2,053	–	326,465	(96)	326,369

1 For the purposes of this disclosure, gross carrying value is defined as the amortised cost of a financial asset, before adjusting for any loss allowance. As such, the gross carrying value of debt instruments at FVOCI 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 (continued)

	Gross carrying/notional amount							
	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total	Allowance for ECL	Net
	$m	$m	$m	$m	$m	$m	$m	$m
Loans and advances to customers at amortised cost	497,665	206,476	197,582	28,532	19,354	949,609	(11,074)	938,535
– stage 1	478,422	177,410	147,940	5,612	—	809,384	(1,130)	808,254
– stage 2	19,243	29,066	49,642	22,920	—	120,871	(2,964)	117,907
– stage 3	—	—	—	—	19,273	19,273	(6,950)	12,323
– POCI	—	—	—	—	81	81	(30)	51
Loans and advances to banks at amortised cost	101,057	4,640	6,363	855	2	112,917	(15)	112,902
– stage 1	101,011	4,631	5,550	287	—	111,479	(10)	111,469
– stage 2	46	9	813	568	—	1,436	(3)	1,433
– stage 3	—	—	—	—	2	2	(2)	—
– POCI	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost	815,259	80,151	60,197	4,000	664	960,271	(422)	959,849
– stage 1	814,776	78,486	53,095	516	—	946,873	(109)	946,764
– stage 2	483	1,665	7,102	3,484	—	12,734	(132)	12,602
– stage 3	—	—	—	—	664	664	(181)	483
– POCI	—	—	—	—	—	—	—	—
Loans and other credit-related commitments	436,359	142,500	73,230	7,782	1,144	661,015	(367)	660,648
– stage 1	432,017	135,192	61,213	2,527	—	630,949	(153)	630,796
– stage 2	4,342	7,308	12,017	5,255	—	28,922	(128)	28,794
– stage 3	—	—	—	—	1,140	1,140	(86)	1,054
– POCI	—	—	—	—	4	4	—	4
Financial guarantees	7,700	4,146	4,080	699	384	17,009	(39)	16,970
– stage 1	7,497	3,943	3,204	102	—	14,746	(7)	14,739
– stage 2	203	203	876	597	—	1,879	(7)	1,872
– stage 3	—	—	—	—	384	384	(25)	359
– POCI	—	—	—	—	—	—	—	—
At 31 Dec 2023	1,858,040	437,913	341,452	41,868	21,548	2,700,821	(11,917)	2,688,904
Debt instruments at FVOCI[1]								
– stage 1	288,909	12,037	7,579	—	—	308,525	(37)	308,488
– stage 2	50	—	318	805	—	1,173	(59)	1,114
– stage 3	—	—	—	—	5	5	(1)	4
– POCI	—	—	—	—	—	—	—	—
At 31 Dec 2023	288,959	12,037	7,897	805	5	309,703	(97)	309,606

1 For the purposes of this disclosure, gross carrying value is defined as the amortised cost of a financial asset, before adjusting for any loss allowance. As such, the gross carrying value of debt instruments at FVOCI will not reconcile to the balance sheet as it excludes fair value gains and losses.

Personal lending

This section provides details of the major legal entities, countries and products that are driving the change observed in personal loans and advances to customers, with the impact of foreign exchange separately identified. Additionally, Hong Kong and UK mortgage book loan-to-value ('LTV') data is provided.

Further product granularity is also provided by stage, with data for major legal entities presented for loans and advances to customers, loans and other credit-related commitments and financial guarantees.

At 30 June 2024, total personal lending for loans and advances to customers of $446.5bn decreased by $1.1bn on a reported basis, compared with 31 December 2023. This included adverse foreign exchange movements of $5.6bn.

On a constant currency basis, the increase of $4.5bn was mainly driven by growth in HSBC UK (up $2.6bn) and our main entities in the US (up $1.1bn), Hong Kong (up $0.6bn) and Mexico (up $0.4bn). This was partly offset by a decrease in Argentina (down $0.3bn) following the classification of our business as held for sale.

On a reported basis, the allowance for ECL attributable to personal lending, excluding off-balance sheet loan commitments and guarantees, decreased by $0.4bn to $2.5bn, compared with 31 December 2023. This was driven by a resilient performance, and a reduction in credit judgements in the UK in relation to unemployment and the potential delayed impact of economic scenarios on unsecured portfolio defaults.

On a constant currency basis, mortgage lending balances increased by $3.2bn to $360.4bn at 30 June 2024. Mortgages grew by $2.4bn in HSBC UK, $1.1bn in the United States, $0.7bn in Australia and $0.2bn in Mexico. This was partly offset by a decrease of $1.0bn in Singapore.

The allowance for ECL attributable to mortgages of $0.5bn decreased by $0.1bn compared with 31 December 2023.

The quality of both our Hong Kong and UK mortgage books remained high, with low levels of impairment allowances. The average LTV ratio on new mortgage lending in Hong Kong was 66%, compared with an estimated 61% for the overall mortgage portfolio. The average LTV ratio on new lending in the UK was 67%, compared with an estimated 53% for the overall mortgage portfolio.

On a constant currency basis, other personal lending balances increased by $1.3bn compared with 31 December 2023. This included an increase of $1.0bn in Singapore, $0.1bn in HSBC UK, $0.1bn in Taiwan and $0.1bn in Mexico. This was partly offset by a decrease of $0.3bn in Argentina following the classification of our business as held for sale.

The allowance for ECL attributable to other personal lending of $2.0bn decreased by $0.3bn, on a constant currency basis, compared with 31 December 2023. The allowance for ECL attributable to unsecured lending decreased by $0.2bn and credit cards decreased by $0.1bn.

Total personal lending for loans and advances to customers by stage distribution

	Gross carrying amount				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$m	$m	$m	$m	$m	$m	$m	$m
By portfolio								
First lien residential mortgages	317,924	40,093	2,403	360,420	(85)	(174)	(269)	(528)
– of which: interest only (including offset)	21,611	2,556	151	24,318	(4)	(13)	(31)	(48)
– affordability (including US adjustable rate mortgages)	15,314	420	280	16,014	(3)	(1)	(8)	(12)
Other personal lending	77,729	7,106	1,199	86,034	(466)	(945)	(551)	(1,962)
– second lien residential mortgages	355	13	27	395	—	(1)	(3)	(4)
– guaranteed loans in respect of residential property	7,728	223	81	8,032	(2)	(5)	(17)	(24)
– other personal lending which is secured	30,324	512	112	30,948	(11)	(4)	(18)	(33)
– credit cards	19,588	3,749	345	23,682	(220)	(593)	(204)	(1,017)
– other personal lending which is unsecured	17,676	2,512	619	20,807	(212)	(325)	(301)	(838)
– motor vehicle finance	2,058	97	15	2,170	(21)	(17)	(8)	(46)
At 30 Jun 2024	395,653	47,199	3,602	446,454	(551)	(1,119)	(820)	(2,490)
By legal entity								
HSBC UK Bank plc	146,102	36,331	1,214	183,647	(163)	(274)	(246)	(683)
HSBC Bank plc[1]	23,081	1,468	346	24,895	(22)	(23)	(103)	(148)
The Hongkong and Shanghai Banking Corporation Limited	190,908	7,088	1,072	199,068	(156)	(358)	(156)	(670)
HSBC Bank Middle East Limited	3,307	355	51	3,713	(16)	(29)	(33)	(78)
HSBC North America Holdings Inc.	19,217	513	396	20,126	(5)	(11)	(14)	(30)
Grupo Financiero HSBC, S.A. de C.V.	12,297	1,414	520	14,231	(183)	(422)	(265)	(870)
Other trading entities[1]	741	30	3	774	(6)	(2)	(3)	(11)
At 30 Jun 2024	395,653	47,199	3,602	446,454	(551)	(1,119)	(820)	(2,490)

1 At 31 December 2023, 'Other trading entities' included gross carrying amount of $9,079m and allowances for ECL of $23m related to Private Banking entities that were reclassified to HSBC Bank plc to continue the process of simplifying our structure.

Total personal lending for loans and other credit-related commitments and financial guarantees by stage distribution

	Nominal amount				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$m	$m	$m	$m	$m	$m	$m	$m
HSBC UK Bank plc	53,964	524	82	54,570	(7)	—	(2)	(9)
HSBC Bank plc	1,380	5	2	1,387	—	—	—	—
The Hongkong and Shanghai Banking Corporation Limited	186,657	2,818	186	189,661	(3)	—	—	(3)
HSBC Bank Middle East Limited	2,290	7	—	2,297	—	—	—	—
HSBC North America Holdings Inc.	3,738	69	3	3,810	—	—	—	—
HSBC Bank Canada	—	—	—	—	—	—	—	—
Grupo Financiero HSBC, S.A. de C.V.	4,236	—	—	4,236	(22)	—	—	(22)
Other trading entities	2,587	42	2	2,631	(1)	—	—	(1)
At 30 Jun 2024	254,852	3,465	275	258,592	(33)	—	(2)	(35)

Total personal lending for loans and advances to customers by stage distribution (continued)

	Gross carrying amount				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$m	$m	$m	$m	$m	$m	$m	$m
By portfolio								
First lien residential mortgages	320,410	38,287	2,212	360,909	(102)	(200)	(269)	(571)
– of which: interest only (including offset)	21,895	2,923	139	24,957	(4)	(27)	(31)	(62)
– affordability (including US adjustable rate mortgages)	14,380	381	291	15,052	(3)	(1)	(10)	(14)
Other personal lending	76,124	9,196	1,293	86,613	(477)	(1,234)	(585)	(2,296)
– second lien residential mortgages	317	58	21	396	—	(3)	(5)	(8)
– guaranteed loans in respect of residential property	8,001	502	90	8,593	(1)	(5)	(14)	(20)
– other personal lending which is secured	28,900	424	157	29,481	(13)	(5)	(24)	(42)
– credit cards	19,909	4,419	352	24,680	(236)	(697)	(203)	(1,136)
– other personal lending which is unsecured	17,010	3,582	659	21,251	(212)	(505)	(331)	(1,048)
– motor vehicle finance	1,987	211	14	2,212	(15)	(19)	(8)	(42)
At 31 Dec 2023	396,534	47,483	3,505	447,522	(579)	(1,434)	(854)	(2,867)
By legal entity								
HSBC UK Bank plc	146,354	35,190	1,218	182,762	(152)	(490)	(255)	(897)
HSBC Bank plc	14,598	1,747	273	16,618	(24)	(22)	(91)	(137)
The Hongkong and Shanghai Banking Corporation Limited	191,382	7,741	948	200,071	(165)	(402)	(162)	(729)
HSBC Bank Middle East Limited	3,335	397	47	3,779	(19)	(33)	(36)	(88)
HSBC North America Holdings Inc.	18,096	553	364	19,013	(5)	(14)	(16)	(35)
Grupo Financiero HSBC, S.A. de C.V.	12,717	1,740	536	14,993	(197)	(463)	(273)	(933)
Other trading entities	10,052	115	119	10,286	(17)	(10)	(21)	(48)
At 31 Dec 2023	396,534	47,483	3,505	447,522	(579)	(1,434)	(854)	(2,867)

Total personal lending for loans and other credit-related commitments and financial guarantees by stage distribution (continued)

	Nominal amount				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	$m	$m	$m	$m	$m	$m	$m	$m
HSBC UK Bank plc	52,093	734	88	52,915	(11)	—	(2)	(13)
HSBC Bank plc	1,630	36	4	1,670	—	—	—	—
The Hongkong and Shanghai Banking Corporation Limited	181,967	2,479	223	184,669	(3)	—	—	(3)
HSBC Bank Middle East Limited	1,978	7	1	1,986	—	—	—	—
HSBC North America Holdings Inc.	3,695	72	8	3,775	—	—	—	—
HSBC Bank Canada	6,610	113	30	6,753	—	—	—	—
Grupo Financiero HSBC, S.A. de C.V.	4,308	—	—	4,308	(8)	—	—	(8)
Other trading entities	2,008	31	1	2,040	(1)	—	—	(1)
At 31 Dec 2023	254,289	3,472	355	258,116	(23)	—	(2)	(25)

Wholesale lending

This section provides further details on the major legal entities, countries and industries driving the decrease in wholesale loans and advances to customers and banks, with the impact of foreign exchange separately identified. Industry granularity is also provided by stage, with legal entity data presented for loans and advances to customers, banks, other credit commitments, financial guarantees and similar contracts.

At 30 June 2024, wholesale lending for loans and advances to banks and customers of $604.4bn decreased by $10.6bn on a reported basis, compared with 31 December 2023. This included adverse foreign exchange movements of $10.8bn.

On a constant currency basis, the total wholesale lending increase of $0.2bn was driven by an increase in loans and advances to non-bank financial institutions, which grew by $5.7bn, including a $2.5bn increase in the UK, $1.5bn in France and a $1.2bn increase in India.

Corporate and commercial balances increased by $1.9bn. This increase, which was spread across multiple industries, was partly offset by a decrease of $2.9bn in 'real estate and construction' exposures driven by repayments. Additionally, there was a $0.5bn decrease from the reclassification of our business in Argentina into 'assets held for sale'.

The increase in stage 3 corporate and commercial exposure during the period was driven by defaults in commercial real estate lending, mainly in Hong Kong. The associated allowance for ECL for those loans is relatively lower due to the high collateralisation, with headroom for depreciation.

On a constant currency basis, loans and advances to banks declined by $7.4bn, including a $4.8bn decrease in Singapore, a $2.5bn decrease in the UK, a $1.9bn decrease in China and a $0.6bn decrease from the reclassification of our business in Argentina into 'assets held for sale'. These were partly offset by a $2.0bn increase in UAE.

On a reported basis, loan commitments and financial guarantees of $396.4bn decreased by $23.5bn since 31 December 2023. Excluding unfavourable foreign exchange movements of $7.4bn, loan commitments and financial guarantees decreased by $16.1bn due to lower exposures with corporate and commercial customers.

The allowance for ECL attributable to loans and advances to banks and customers of $8.0bn at 30 June 2024 decreased from $8.2bn at 31 December 2023. This included adverse foreign exchange movements of $0.2bn.

On a constant currency basis, the wholesale allowance for ECL for loans and advances to customers decreased by $36m and the allowance for ECL for loans and advances to banks remained broadly flat.

The allowance for ECL attributable to loan commitments and financial guarantees at 30 June 2024 decreased to $0.3bn from $0.4bn at 31 December 2023.

Total wholesale lending for loans and advances to banks and customers by stage distribution

	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	346,248	58,178	18,556	82	423,064	(509)	(1,245)	(5,968)	(35)	(7,757)
– agriculture, forestry and fishing	5,170	1,761	299	—	7,230	(13)	(48)	(55)	—	(116)
– mining and quarrying	6,389	451	325	—	7,165	(10)	(9)	(54)	—	(73)
– manufacturing	73,557	11,184	1,624	21	86,386	(91)	(171)	(773)	(18)	(1,053)
– electricity, gas, steam and air-conditioning supply	13,884	1,177	214	—	15,275	(14)	(14)	(92)	—	(120)
– water supply, sewerage, waste management and remediation	2,735	593	21	—	3,349	(4)	(20)	(13)	—	(37)
– real estate and construction	70,855	18,056	8,723	53	97,687	(91)	(447)	(2,639)	(16)	(3,193)
– of which: commercial real estate	55,785	15,872	7,080	53	78,790	(67)	(414)	(2,166)	(16)	(2,663)
– wholesale and retail trade, repair of motor vehicles and motorcycles	67,879	9,633	2,879	4	80,395	(77)	(143)	(1,263)	(1)	(1,484)
– transportation and storage	16,924	3,802	443	—	21,169	(16)	(70)	(197)	—	(283)
– accommodation and food	10,489	2,780	1,530	—	14,799	(40)	(82)	(149)	—	(271)
– publishing, audiovisual and broadcasting	17,476	1,775	295	—	19,546	(47)	(62)	(99)	—	(208)
– professional, scientific and technical activities	23,294	2,792	809	4	26,899	(33)	(59)	(291)	—	(383)
– administrative and support services	19,523	2,126	586	—	22,235	(33)	(46)	(203)	—	(282)
– public administration and defence, compulsory social security	97	8	—	—	105	—	—	—	—	—
– education	1,089	224	56	—	1,369	(3)	(9)	(11)	—	(23)
– health and care	3,302	638	166	—	4,106	(10)	(18)	(19)	—	(47)
– arts, entertainment and recreation	1,094	474	98	—	1,666	(4)	(4)	(52)	—	(60)
– other services	6,211	537	286	—	7,034	(22)	(30)	(55)	—	(107)
– activities of households	605	7	—	—	612	—	—	—	—	—
– extra-territorial organisations and bodies activities	90	2	—	—	92	—	—	—	—	—
– government	5,566	145	202	—	5,913	(1)	—	(3)	—	(4)
– asset-backed securities	19	13	—	—	32	—	(13)	—	—	(13)
Non-bank financial institutions	76,042	2,703	504	—	79,249	(52)	(35)	(176)	—	(263)
Loans and advances to banks	101,231	837	2	—	102,070	(9)	(2)	(2)	—	(13)
At 30 Jun 2024	523,521	61,718	19,062	82	604,383	(570)	(1,282)	(6,146)	(35)	(8,033)
By legal entity										
HSBC UK Bank plc	76,357	14,977	3,672	—	95,006	(225)	(439)	(639)	—	(1,303)
HSBC Bank plc[1]	86,874	7,864	2,539	43	97,320	(70)	(115)	(895)	(15)	(1,095)
The Hongkong and Shanghai Banking Corporation Limited	282,180	30,826	10,876	35	323,917	(172)	(543)	(3,737)	(19)	(4,471)
HSBC Bank Middle East Limited	24,285	1,630	814	4	26,733	(24)	(13)	(444)	(1)	(482)
HSBC North America Holdings Inc.	32,034	4,378	562	—	36,974	(32)	(118)	(128)	—	(278)
Grupo Financiero HSBC, S.A. de C.V.	13,930	1,270	250	—	15,450	(37)	(50)	(142)	—	(229)
Other trading entities[1]	7,796	773	349	—	8,918	(10)	(4)	(161)	—	(175)
Holding companies, shared service centres and intra-Group eliminations	65	—	—	—	65	—	—	—	—	—
At 30 Jun 2024	523,521	61,718	19,062	82	604,383	(570)	(1,282)	(6,146)	(35)	(8,033)

1 At 31 December 2023, Other trading entities included gross carrying amount of $1,792m and allowances for ECL of $1m related to Private Banking entities that were reclassified to HSBC Bank plc to continue the process of simplifying our structure.

Total wholesale lending for loans and other credit-related commitments and financial guarantees 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	**233,770**	**18,131**	**908**	**3**	**252,812**	**(112)**	**(127)**	**(76)**	**—**	**(315)**
Financial	**138,394**	**5,111**	**69**	**—**	**143,574**	**(11)**	**(8)**	**(3)**	**—**	**(22)**
At 30 Jun 2024	**372,164**	**23,242**	**977**	**3**	**396,386**	**(123)**	**(135)**	**(79)**	**—**	**(337)**
By legal entity										
HSBC UK Bank plc	**34,909**	**4,896**	**233**	**—**	**40,038**	**(31)**	**(37)**	**(48)**	**—**	**(116)**
HSBC Bank plc	**165,863**	**8,848**	**262**	**3**	**174,976**	**(19)**	**(25)**	**(17)**	**—**	**(61)**
The Hongkong and Shanghai Banking Corporation Limited	**68,349**	**3,860**	**177**	**—**	**72,386**	**(49)**	**(32)**	**(7)**	**—**	**(88)**
HSBC Bank Middle East Limited	**6,803**	**245**	**26**	**—**	**7,074**	**(6)**	**(12)**	**(4)**	**—**	**(22)**
HSBC North America Holdings Inc.	**91,810**	**5,166**	**213**	**—**	**97,189**	**(18)**	**(29)**	**—**	**—**	**(47)**
Grupo Financiero HSBC, S.A. de C.V.	**2,765**	**35**	**—**	**—**	**2,800**	**—**	**—**	**—**	**—**	**—**
Other trading entities	**1,665**	**192**	**66**	**—**	**1,923**	**—**	**—**	**(3)**	**—**	**(3)**
At 30 Jun 2024	**372,164**	**23,242**	**977**	**3**	**396,386**	**(123)**	**(135)**	**(79)**	**—**	**(337)**

1 Included in loans and other credit-related commitments and financial guarantees is $74bn relating to unsettled reverse repurchase agreements, which once drawn are classified as 'Reverse repurchase agreements – non-trading'.

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	342,878	69,738	14,958	81	427,655	(499)	(1,500)	(5,774)	(30)	(7,803)
– agriculture, forestry and fishing	5,207	1,662	312	—	7,181	(13)	(53)	(64)	—	(130)
– mining and quarrying	6,260	638	325	—	7,223	(7)	(11)	(83)	—	(101)
– manufacturing	69,690	13,744	1,877	22	85,333	(89)	(194)	(839)	(21)	(1,143)
– electricity, gas, steam and air-conditioning supply	12,817	1,283	255	—	14,355	(14)	(17)	(88)	—	(119)
– water supply, sewerage, waste management and remediation	2,753	407	102	—	3,262	(5)	(7)	(51)	—	(63)
– real estate and construction	73,701	21,871	5,835	48	101,455	(96)	(629)	(2,554)	(7)	(3,286)
– of which: commercial real estate	59,883	19,107	4,552	47	83,589	(73)	(603)	(2,091)	(7)	(2,774)
– wholesale and retail trade, repair of motor vehicles and motorcycles	66,083	10,676	2,358	4	79,121	(80)	(127)	(1,132)	(2)	(1,341)
– transportation and storage	17,117	3,894	445	—	21,456	(18)	(52)	(160)	—	(230)
– accommodation and food	9,681	5,135	1,058	—	15,874	(27)	(118)	(112)	—	(257)
– publishing, audiovisual and broadcasting	17,455	2,066	210	—	19,731	(42)	(81)	(50)	—	(173)
– professional, scientific and technical activities	22,686	3,327	733	7	26,753	(32)	(63)	(306)	—	(401)
– administrative and support services	19,055	2,551	597	—	22,203	(31)	(63)	(174)	—	(268)
– public administration and defence, compulsory social security	1,037	5	—	—	1,042	—	—	—	—	—
– education	1,137	277	46	—	1,460	(3)	(8)	(4)	—	(15)
– health and care	3,245	808	183	—	4,236	(9)	(21)	(26)	—	(56)
– arts, entertainment and recreation	1,666	196	99	—	1,961	(5)	(6)	(31)	—	(42)
– other services	7,065	972	318	—	8,355	(26)	(37)	(90)	—	(153)
– activities of households	684	10	—	—	694	—	—	—	—	—
– extra-territorial organisations and bodies activities	100	1	—	—	101	—	—	—	—	—
– government	5,420	202	205	—	5,827	(2)	—	(10)	—	(12)
– asset-backed securities	19	13	—	—	32	—	(13)	—	—	(13)
Non-bank financial institutions	69,972	3,650	810	—	74,432	(52)	(30)	(322)	—	(404)
Loans and advances to banks	111,479	1,436	2	—	112,917	(10)	(3)	(2)	—	(15)
At 31 Dec 2023	524,329	74,824	15,770	81	615,004	(561)	(1,533)	(6,098)	(30)	(8,222)
By legal entity										
HSBC UK Bank plc	76,793	18,735	3,769	—	99,297	(213)	(474)	(593)	—	(1,280)
HSBC Bank plc	82,025	8,452	2,673	40	93,190	(69)	(138)	(1,035)	(7)	(1,249)
The Hongkong and Shanghai Banking Corporation Limited	287,876	37,402	7,077	38	332,393	(185)	(696)	(3,349)	(21)	(4,251)
HSBC Bank Middle East Limited	21,927	1,598	894	3	24,422	(17)	(11)	(571)	(2)	(601)
HSBC North America Holdings Inc.	30,797	5,712	583	—	37,092	(24)	(145)	(127)	—	(296)
Grupo Financiero HSBC, S.A. de C.V.	13,714	1,186	382	—	15,282	(39)	(56)	(231)	—	(326)
Other trading entities	11,164	1,739	392	—	13,295	(14)	(13)	(192)	—	(219)
Holding companies, shared service centres and intra-group eliminations	33	—	—	—	33	—	—	—	—	—
At 31 Dec 2023	524,329	74,824	15,770	81	615,004	(561)	(1,533)	(6,098)	(30)	(8,222)

Total wholesale lending for loans 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	256,367	22,218	1,066	4	279,655	(126)	(125)	(107)	—	(358)
Financial	135,039	5,111	103	—	140,253	(11)	(10)	(2)	—	(23)
At 31 Dec 2023	391,406	27,329	1,169	4	419,908	(137)	(135)	(109)	—	(381)
By legal entity										
HSBC UK Bank plc	31,982	5,760	350	—	38,092	(31)	(32)	(56)	—	(119)
HSBC Bank plc	148,980	9,466	310	4	158,760	(20)	(27)	(27)	—	(74)
The Hongkong and Shanghai Banking Corporation Limited	70,436	3,975	79	—	74,490	(59)	(39)	(16)	—	(114)
HSBC Bank Middle East Limited	6,944	323	56	—	7,323	(4)	(1)	(3)	—	(8)
HSBC North America Holdings Inc.	101,067	5,103	248	—	106,418	(14)	(27)	(1)	—	(42)
HSBC Bank Canada	28,156	2,461	66	—	30,683	(8)	(8)	(3)	—	(19)
Grupo Financiero HSBC, S.A. de C.V.	2,092	34	—	—	2,126	(1)	—	—	—	(1)
Other trading entities	1,749	207	60	—	2,016	—	(1)	(3)	—	(4)
At 31 Dec 2023	391,406	27,329	1,169	4	419,908	(137)	(135)	(109)	—	(381)

1 Included in loans and other credit-related commitments and financial guarantees is $70bn relating to unsettled reverse repurchase agreements, which once drawn are classified as 'Reverse repurchase agreements – non-trading'.

Commercial real estate

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 is globally diversified with larger concentrations in Hong Kong, the UK, mainland China and the US.

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 commercial real estate 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 $0.7bn, commercial real estate lending decreased by $4.1bn, mainly from $2.4bn in Hong Kong due to loan repayments.

In the tables below, we have disclosed additional information related to exposures booked in Hong Kong excluding exposures to mainland China borrowers by stage and credit quality. These exposures mostly comprise lending to Hong Kong borrowers and, to a lesser degree, borrowers overseas.

Commercial real estate lending 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	of which: Hong Kong excluding exposure to mainland China borrowers
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Gross loans and advances											
Stage 1	**9,800**	**4,205**	**38,475**	**999**	**1,792**	**494**	**20**	**55,785**	**10,115**	**25,694**	**24,945**
Stage 2	**3,460**	**347**	**10,698**	**171**	**1,137**	**58**	**1**	**15,872**	**3,492**	**8,854**	**7,440**
Stage 3	**499**	**232**	**5,934**	**119**	**253**	**22**	**21**	**7,080**	**577**	**5,566**	**3,224**
POCI	**—**	**37**	**16**	**—**	**—**	**—**	**—**	**53**	**37**	**16**	**—**
At 30 Jun 2024	**13,759**	**4,821**	**55,123**	**1,289**	**3,182**	**574**	**42**	**78,790**	**14,221**	**40,130**	**35,609**
– of which: forborne loans	**628**	**126**	**2,402**	**117**	**453**	**48**	**—**	**3,774**	**743**	**2,234**	
Allowance for ECL	**(157)**	**(64)**	**(2,295)**	**(30)**	**(101)**	**(11)**	**(5)**	**(2,663)**	**(192)**	**(2,081)**	**(258)**
Gross loans and advances											
Stage 1	10,304	4,218	41,307	1,126	1,803	685	440	59,883	10,790	28,846	27,560
Stage 2	3,262	400	13,229	189	1,956	70	1	19,107	3,294	10,375	8,681
Stage 3	444	184	3,570	145	166	25	18	4,552	470	3,226	576
POCI	—	32	15	—	—	—	—	47	32	15	—
At 31 Dec 2023	14,010	4,834	58,121	1,460	3,925	780	459	83,589	14,586	42,462	36,817
– of which: forborne loans	461	69	2,454	126	433	52	—	3,595	519	2,227	
Allowance for ECL	(148)	(49)	(2,399)	(55)	(98)	(15)	(10)	(2,774)	(172)	(2,149)	(296)

Commercial real estate lending to customers by global business

	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
Wealth and Personal Banking[1]	**367**	**582**	**79**	**—**	**2**	**—**	**—**	**1,030**	**367**	**79**
Commercial Banking	**13,392**	**3,146**	**36,525**	**688**	**3,180**	**574**	**42**	**57,547**	**13,455**	**26,768**
Global Banking and Markets	**—**	**1,093**	**18,381**	**601**	**—**	**—**	**—**	**20,075**	**399**	**13,145**
Corporate Centre	**—**	**—**	**138**	**—**	**—**	**—**	**—**	**138**	**—**	**138**
At 30 Jun 2024	**13,759**	**4,821**	**55,123**	**1,289**	**3,182**	**574**	**42**	**78,790**	**14,221**	**40,130**
Wealth and Personal Banking[1]	409	377	66	—	2	—	423	1,277	409	66
Commercial Banking	13,601	3,322	37,826	733	3,923	780	36	60,221	13,686	27,811
Global Banking and Markets	—	1,135	20,066	727	—	—	—	21,928	491	14,444
Corporate Centre	—	—	163	—	—	—	—	163	—	141
At 31 Dec 2023	14,010	4,834	58,121	1,460	3,925	780	459	83,589	14,586	42,462

1 Comprised exclusively by exposures in Global Private Banking.

Commercial real estate lending 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	of which: Hong Kong excluding exposure to mainland China borrowers
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Strong	**4,241**	**905**	**10,748**	**196**	**23**	**5**	**21**	**16,139**	**4,464**	**5,256**	**5,028**
Good	**2,578**	**1,905**	**16,365**	**268**	**638**	**189**	**—**	**21,943**	**2,633**	**11,081**	**10,535**
Satisfactory	**5,734**	**1,569**	**18,747**	**535**	**1,463**	**319**	**—**	**28,367**	**5,777**	**15,081**	**14,836**
Sub-standard	**707**	**173**	**3,313**	**171**	**805**	**39**	**—**	**5,208**	**733**	**3,130**	**1,986**
Credit impaired	**499**	**269**	**5,950**	**119**	**253**	**22**	**21**	**7,133**	**614**	**5,582**	**3,224**
At 30 Jun 2024	**13,759**	**4,821**	**55,123**	**1,289**	**3,182**	**574**	**42**	**78,790**	**14,221**	**40,130**	**35,609**
Strong	3,940	740	12,394	255	25	65	16	17,435	4,191	6,527	6,118
Good	2,555	2,054	17,777	246	781	130	18	23,561	2,592	12,004	11,262
Satisfactory	6,370	1,642	19,509	634	1,691	500	407	30,753	6,575	16,290	15,759
Sub-standard	701	182	4,856	180	1,262	60	—	7,241	726	4,400	3,102
Credit impaired	444	216	3,585	145	166	25	18	4,599	502	3,241	576
At 31 Dec 2023	14,010	4,834	58,121	1,460	3,925	780	459	83,589	14,586	42,462	36,817

Approximately 60% of the Hong Kong CRE portfolio (excluding exposure to mainland China borrowers) is secured.

Unsecured exposures are typically granted to strong, listed CRE developers, which commonly are members of conglomerate groups with diverse cashflows. There has been relatively little credit deterioration in this portfolio. All unsecured exposures are performing, with close to 90% rated Strong or Good.

There has been some credit deterioration in the portfolio of secured exposures, as certain borrowers have sought payment deferrals to accommodate debt serviceability challenges. Nevertheless, collateral coverage remains strong. As at 30 June 2024, the weighted average LTV:

- Of performing exposures rated sub-standard was 50%;
- Of impaired exposures was 55%. This has driven relatively low levels of stage 3 allowance for ECL.

Collateral coverage levels have remained broadly stable during the past six months despite an observed softening of property valuations. This reflects generally conservative LTVs at loan inception, providing headroom for collateral depreciation, as well as a trend of borrower deleveraging and loan right-sizing at the point of refinance to mitigate against higher interest rates.

Collateral values are subject to regular assessments and updates in line with our existing practice. Through ongoing portfolio reviews and stress testing, vulnerable borrowers, including those with higher loan to value levels, have been identified and are subject to heightened monitoring and management.

Refinance risk in commercial real estate

Commercial real estate 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 commercial real estate portfolio closely, assessing indicators for signs of potential issues with refinancing.

Commercial real estate gross loans and advances to customers maturity analysis

	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
< 1 year	**3,588**	**1,460**	**25,383**	**430**	**1,499**	**195**	**23**	**32,578**	**3,854**	**20,708**
1–2 years	**4,145**	**1,100**	**12,506**	**158**	**187**	**30**	**4**	**18,130**	**4,280**	**8,449**
2–5 years	**5,506**	**1,568**	**14,791**	**397**	**1,484**	**323**	**14**	**24,083**	**5,556**	**9,361**
> 5 years	**520**	**693**	**2,443**	**304**	**12**	**26**	**1**	**3,999**	**531**	**1,612**
At 30 Jun 2024	**13,759**	**4,821**	**55,123**	**1,289**	**3,182**	**574**	**42**	**78,790**	**14,221**	**40,130**
< 1 year	3,553	1,496	25,427	396	1,472	619	437	33,400	3,950	19,887
1–2 years	4,514	474	14,144	175	623	60	2	19,992	4,571	10,923
2–5 years	5,411	2,149	16,052	441	1,814	71	3	25,941	5,520	9,885
> 5 years	532	715	2,498	448	16	30	17	4,256	545	1,767
At 31 Dec 2023	14,010	4,834	58,121	1,460	3,925	780	459	83,589	14,586	42,462

The following table presents the Group's exposure to borrowers classified in the commercial real estate sector where the ultimate parent is based in mainland China, as well as all commercial real estate exposures booked on mainland China balance sheets. The exposures at 30 June 2024 are split by country/territory and credit quality including allowances for ECL by stage.

Mainland China commercial real estate

	Hong Kong	Mainland China	Rest of the Group	Total
	$m	$m	$m	$m
Loans and advances to customers[1]	**4,683**	**4,250**	**317**	**9,250**
Guarantees issued and others[2]	**82**	**65**	**6**	**153**
Total mainland China commercial real estate exposure at 30 Jun 2024	**4,765**	**4,315**	**323**	**9,403**
Distribution of mainland China commercial real estate exposure by credit quality				
Strong	**297**	**1,669**	**105**	**2,071**
Good	**408**	**942**	**—**	**1,350**
Satisfactory	**310**	**1,279**	**49**	**1,638**
Sub-standard	**1,144**	**167**	**151**	**1,462**
Credit impaired	**2,606**	**258**	**18**	**2,882**
At 30 Jun 2024	**4,765**	**4,315**	**323**	**9,403**
Allowance for ECL by credit quality				
Strong	**—**	**(3)**	**—**	**(3)**
Good	**—**	**(4)**	**—**	**(4)**
Satisfactory	**—**	**(30)**	**—**	**(30)**
Sub-standard	**(103)**	**(28)**	**(18)**	**(149)**
Credit impaired	**(1,721)**	**(88)**	**(3)**	**(1,812)**
At 30 Jun 2024	**(1,824)**	**(153)**	**(21)**	**(1,998)**
Allowance for ECL by stage distribution				
Stage 1	**—**	**(9)**	**—**	**(9)**
Stage 2	**(103)**	**(56)**	**(18)**	**(177)**
Stage 3	**(1,721)**	**(88)**	**(3)**	**(1,812)**
At 30 Jun 2024	**(1,824)**	**(153)**	**(21)**	**(1,998)**
ECL coverage %	**38.3**	**3.5**	**6.5**	**21.2**

1 Amounts represent gross carrying amount.
2 Amounts represent nominal amount for guarantees and other contingent liabilities.

Mainland China commercial real estate (continued)

	Hong Kong	Mainland China	Rest of the Group	Total
	$m	$m	$m	$m
Loans and advances to customers[1]	6,033	4,917	839	11,789
Guarantees issued and others[2]	255	66	37	358
Total mainland China commercial real estate exposure at 31 Dec 2023	6,288	4,983	876	12,147
Distribution of mainland China commercial real estate exposure by credit quality				
Strong	781	1,723	6	2,510
Good	604	953	421	1,978
Satisfactory	679	1,704	261	2,644
Sub-standard	1,298	327	188	1,813
Credit impaired	2,926	276	—	3,202
At 31 Dec 2023	6,288	4,983	876	12,147
Allowance for ECL by credit quality				
Strong	—	(3)	—	(3)
Good	—	(5)	(1)	(6)
Satisfactory	(3)	(27)	—	(30)
Sub-standard	(66)	(87)	(16)	(169)
Credit impaired	(1,726)	(125)	—	(1,851)
At 31 Dec 2023	(1,795)	(247)	(17)	(2,059)
Allowance for ECL by stage distribution				
Stage 1	—	(10)	—	(10)
Stage 2	(69)	(112)	(17)	(198)
Stage 3	(1,726)	(125)	—	(1,851)
At 31 Dec 2023	(1,795)	(247)	(17)	(2,059)
ECL coverage %	28.5	5.0	1.9	17.0

1 Amounts represent gross carrying amount.
2 Amounts represent nominal amount for guarantees and other contingent liabilities.

Commercial real estate financing refers to lending that focuses on commercial development and investment in real estate and covers commercial, residential and industrial assets. The exposures in the table are related to companies whose primary activities are focused on these activities. The table also includes financing provided to a corporate or financial entity for the purchase or financing of a property that supports the overall operations of the business. Such exposures are outside of our normal definition of commercial real estate, as applied elsewhere in this report, but are provided here for a more comprehensive view of our mainland property exposure.

The table above shows 54% ($5.1bn) of total exposure with a credit quality of 'satisfactory' or above, which was lower in proportion compared with 31 December 2023 at 59% ($7.1bn). Total 'credit impaired' exposures have increased to 31% ($2.9bn) (31 December 2023: 26%, $3.2bn), reflecting sustained stress in the China commercial real estate market, including weakness in both property market fundamentals and financing conditions for borrowers operating in this sector.

Allowances for ECL are substantially against unsecured exposures. For secured exposures, allowances for ECL are minimal, reflecting the nature and value of the security held.

Facilities booked in Hong Kong continue to represent the largest proportion of mainland China commercial real estate exposures, although total exposures reduced to $4.8bn, down $1.5bn since 31 December 2023, as a result of de-risking measures, repayments and write-offs. This portfolio remains relatively higher risk, with 21% (31 December 2023: 33%) of exposure booked with a credit quality of 'satisfactory' or above and 55% 'credit impaired' (31 December 2023: 47%).

At 30 June 2024, the Group had allowances for ECL of $1.8bn (31 December 2023: $1.8bn) held against mainland China commercial real estate exposures to companies whose ultimate parent is based in mainland China, which are booked in Hong Kong. ECL coverage increased to 38% (31 December 2023: 29%).

Approximately 40% ($0.8bn) of the unimpaired exposure in the Hong Kong portfolio is lending to state-owned enterprises and relatively strong private-owned enterprises. This is reflected in the relatively low allowance for ECL in this part of the portfolio.

Market conditions remain subdued as a result of generally weak sentiment and residential property transaction levels. Performance divergence between privately-owned enterprises and state-owned enterprises has continued in the first half of 2024, with state-owned enterprises achieving above-market sales, and benefiting from market share gains and better access to funding. A series of policy measures have been introduced by the Chinese government to stabilise the market, with some initial improvement in sentiment driving an early rebound in secondary market transactions. We continue to closely monitor developments in the real estate sector, including the extent to which government support measures are driving a sustained stabilisation in property market fundamentals and financing conditions.

The Group has additional exposures to mainland China commercial real estate as a result of lending to multinational corporates booked outside of mainland China. These are not incorporated in the table above.

Supplementary information

The following disclosure presents the gross carrying/nominal amount of financial instruments to which the impairment requirements in IFRS 9 are applied by global business and the associated allowance for ECL.

Summary of financial instruments to which the impairment requirements in IFRS 9 are applied – by global business

	Gross carrying/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
WPB[1]	**552,650**	**48,019**	**3,861**	**—**	**604,530**	**(591)**	**(1,156)**	**(846)**	**—**	**(2,593)**
CMB	**433,623**	**50,668**	**16,921**	**45**	**501,257**	**(503)**	**(1,083)**	**(5,253)**	**(21)**	**(6,860)**
GBM	**695,052**	**12,609**	**2,301**	**37**	**709,999**	**(121)**	**(174)**	**(887)**	**(14)**	**(1,196)**
Corporate Centre[1]	**85,223**	**174**	**21**	**—**	**85,418**	**(2)**	**(14)**	**(16)**	**—**	**(32)**
Total gross carrying amount on-balance sheet at 30 Jun 2024	**1,766,548**	**111,470**	**23,104**	**82**	**1,901,204**	**(1,217)**	**(2,427)**	**(7,002)**	**(35)**	**(10,681)**
WPB	**254,078**	**3,456**	**268**	**—**	**257,802**	**(34)**	**—**	**(9)**	**—**	**(43)**
CMB	**124,304**	**13,687**	**754**	**—**	**138,745**	**(87)**	**(108)**	**(66)**	**—**	**(261)**
GBM	**248,434**	**9,564**	**230**	**3**	**258,231**	**(35)**	**(27)**	**(6)**	**—**	**(68)**
Corporate Centre	**200**	**—**	**—**	**—**	**200**	**—**	**—**	**—**	**—**	**—**
Total nominal amount off-balance sheet at 30 Jun 2024	**627,016**	**26,707**	**1,252**	**3**	**654,978**	**(156)**	**(135)**	**(81)**	**—**	**(372)**
WPB	**129,090**	**1,001**	**—**	**—**	**130,091**	**(13)**	**(16)**	**—**	**—**	**(29)**
CMB	**93,505**	**1,052**	**—**	**—**	**94,557**	**(11)**	**(18)**	**—**	**—**	**(29)**
GBM	**90,868**	**376**	**—**	**—**	**91,244**	**(12)**	**(6)**	**—**	**—**	**(18)**
Corporate Centre	**2,229**	**117**	**—**	**—**	**2,346**	**(1)**	**(19)**	**—**	**—**	**(20)**
Debt instruments measured at FVOCI at 30 Jun 2024	**315,692**	**2,546**	**—**	**—**	**318,238**	**(37)**	**(59)**	**—**	**—**	**(96)**
WPB	630,661	54,069	4,233	—	688,963	(621)	(1,551)	(977)	—	(3,149)
CMB	464,893	66,688	12,698	49	544,328	(508)	(1,336)	(4,995)	(23)	(6,862)
GBM	696,377	14,247	3,002	32	713,658	(119)	(199)	(1,161)	(7)	(1,486)
Corporate Centre	75,805	37	6	—	75,848	(1)	(13)	—	—	(14)
Total gross carrying amount on-balance sheet at 31 Dec 2023	1,867,736	135,041	19,939	81	2,022,797	(1,249)	(3,099)	(7,133)	(30)	(11,511)
WPB	253,333	3,811	333	—	257,477	(22)	—	(2)	—	(24)
CMB	142,206	16,238	877	—	159,321	(100)	(101)	(102)	—	(303)
GBM	250,007	10,752	314	4	261,077	(38)	(34)	(7)	—	(79)
Corporate Centre	149	—	—	—	149	—	—	—	—	—
Total nominal amount off-balance sheet at 31 Dec 2023	645,695	30,801	1,524	4	678,024	(160)	(135)	(111)	—	(406)
WPB	124,747	406	—	—	125,153	(14)	(17)	—	—	(31)
CMB	86,021	405	—	—	86,426	(9)	(18)	—	—	(27)
GBM	88,229	173	1	—	88,403	(13)	(6)	(1)	—	(20)
Corporate Centre	2,201	165	—	—	2,366	(1)	(18)	—	—	(19)
Debt instruments measured at FVOCI at 31 Dec 2023	301,198	1,149	1	—	302,348	(37)	(59)	(1)	—	(97)

1 With effect from 1 January 2024, following the sale of our retail banking business in France, we have prospectively reclassified the $7.6bn portfolio of retained loans from WPB to Corporate Centre.

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	**103,684**	**17,990**	**20,669**	**124,353**	**(1,531)**	**(262)**	**(75)**	**(1,606)**
– of which: HSBC UK Bank plc (ring-fenced bank)	**79,516**	**17,318**	**9,084**	**88,600**	**(1,238)**	**(224)**	**(64)**	**(1,302)**
– of which: HSBC Bank plc (non-ring-fenced bank)[2]	**24,007**	**672**	**11,535**	**35,542**	**(293)**	**(38)**	**(11)**	**(304)**
– of which: Other trading entities[2]	**161**	**—**	**50**	**211**	**—**	**—**	**—**	**—**
France	**25,859**	**4,550**	**7,034**	**32,893**	**(586)**	**(45)**	**(19)**	**(605)**
Germany	**6,860**	**234**	**909**	**7,769**	**(76)**	**—**	**—**	**(76)**
Switzerland	**1,231**	**244**	**241**	**1,472**	**(12)**	**—**	**—**	**(12)**
Hong Kong	**122,948**	**46,470**	**17,244**	**140,192**	**(3,367)**	**(2,127)**	**(84)**	**(3,451)**
Australia	**11,948**	**4,599**	**2,173**	**14,121**	**(31)**	**(3)**	**—**	**(31)**
India	**12,415**	**2,278**	**6,485**	**18,900**	**(46)**	**(6)**	**(7)**	**(53)**
Indonesia	**3,427**	**140**	**361**	**3,788**	**(120)**	**(49)**	**—**	**(120)**
Mainland China	**29,426**	**6,038**	**8,230**	**37,656**	**(251)**	**(149)**	**(7)**	**(258)**
Malaysia	**5,867**	**1,143**	**250**	**6,117**	**(63)**	**(12)**	**—**	**(63)**
Singapore	**17,249**	**3,561**	**1,206**	**18,455**	**(343)**	**(63)**	**(1)**	**(344)**
Taiwan	**4,712**	**14**	**62**	**4,774**	**—**	**—**	**—**	**—**
Egypt	**798**	**37**	**49**	**847**	**(105)**	**(6)**	**—**	**(105)**
UAE	**13,258**	**1,865**	**1,626**	**14,884**	**(420)**	**(265)**	**—**	**(420)**
US	**26,037**	**4,874**	**9,952**	**35,989**	**(229)**	**(105)**	**(49)**	**(278)**
Mexico	**11,043**	**651**	**1,273**	**12,316**	**(224)**	**(10)**	**(5)**	**(229)**
Other	**26,302**	**2,999**	**1,485**	**27,787**	**(353)**	**(91)**	**(16)**	**(369)**
At 30 Jun 2024	**423,064**	**97,687**	**79,249**	**502,313**	**(7,757)**	**(3,193)**	**(263)**	**(8,020)**
UK	105,536	17,852	18,343	123,879	(1,451)	(246)	(231)	(1,682)
– of which: HSBC UK Bank plc (ring-fenced bank)	80,248	17,060	9,372	89,620	(1,212)	(212)	(66)	(1,278)
– of which: HSBC Bank plc (non-ring-fenced bank)	24,791	792	8,971	33,762	(240)	(34)	(165)	(405)
– of which: Other trading entities[2]	497	—	—	497	1	—	—	1
France	27,017	4,796	5,701	32,718	(636)	(53)	(18)	(654)
Germany	6,667	240	632	7,299	(74)	—	—	(74)
Switzerland	1,168	423	378	1,546	(12)	(1)	—	(12)
Hong Kong	125,340	48,594	19,319	144,659	(3,099)	(2,147)	(57)	(3,156)
Australia	12,685	4,443	1,564	14,249	(49)	(1)	—	(49)
India	10,856	2,083	5,315	16,171	(47)	(7)	(4)	(51)
Indonesia	3,100	162	411	3,511	(136)	(58)	—	(136)
Mainland China	28,655	6,709	7,775	36,430	(313)	(212)	(11)	(324)
Malaysia	5,797	1,137	258	6,055	(69)	(15)	—	(69)
Singapore	15,845	3,458	948	16,793	(321)	(40)	(1)	(322)
Taiwan	4,512	30	81	4,593	—	—	—	—
Egypt	899	45	86	985	(128)	(10)	(1)	(129)
UAE	13,740	1,979	823	14,563	(543)	(296)	—	(543)
US	26,993	5,143	9,155	36,148	(239)	(101)	(58)	(297)
Mexico	11,326	865	1,349	12,675	(320)	(19)	(5)	(325)
Other	27,519	3,496	2,294	29,813	(366)	(80)	(18)	(384)
At 31 Dec 2023	427,655	101,455	74,432	502,087	(7,803)	(3,286)	(404)	(8,207)

1 Real estate lending within this disclosure corresponds solely to the industry of the borrower. 'Commercial real estate' on page 90 includes borrowers in multiple industries investing in income-producing assets and, to a lesser extent, their construction and development.
2 At 31 December 2023, 'Other trading entities' included gross carrying amount of $497m and allowances for ECL of $1m related to the Private Banking entity that was reclassified to HSBC Bank plc to continue the process of simplifying our structure.

Personal lending – loans and advances to customers at amortised cost by country/territory

	Gross carrying amount				Allowance for ECL			
	First lien residential mortgages	Other personal	of which: credit cards	Total	First lien residential mortgages	Other personal	of which: credit cards	Total
	$m	$m	$m	$m	$m	$m	$m	$m
UK	**169,381**	**20,056**	**8,051**	**189,437**	**(181)**	**(515)**	**(260)**	**(696)**
– of which: HSBC UK Bank plc (ring-fenced bank)	**165,794**	**17,853**	**7,972**	**183,647**	**(176)**	**(507)**	**(258)**	**(683)**
– of which: HSBC Bank plc (non-ring-fenced bank)[1]	**3,587**	**2,203**	**79**	**5,790**	**(5)**	**(8)**	**(2)**	**(13)**
– of which: Other trading entities[1]	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
France[2]	**403**	**7,023**	**1**	**7,426**	**(12)**	**(11)**	**—**	**(23)**
Germany	**—**	**132**	**—**	**132**	**—**	**—**	**—**	**—**
Switzerland	**1,665**	**4,978**	**—**	**6,643**	**(1)**	**(14)**	**—**	**(15)**
Hong Kong	**107,456**	**31,001**	**9,035**	**138,457**	**(2)**	**(390)**	**(259)**	**(392)**
Australia	**23,193**	**442**	**399**	**23,635**	**(5)**	**(11)**	**(10)**	**(16)**
India	**1,820**	**783**	**212**	**2,603**	**(5)**	**(15)**	**(12)**	**(20)**
Indonesia	**50**	**294**	**132**	**344**	**(2)**	**(10)**	**(6)**	**(12)**
Mainland China	**6,652**	**820**	**248**	**7,472**	**(6)**	**(44)**	**(34)**	**(50)**
Malaysia	**2,202**	**1,955**	**828**	**4,157**	**(20)**	**(69)**	**(34)**	**(89)**
Singapore	**6,953**	**6,444**	**536**	**13,397**	**—**	**(41)**	**(18)**	**(41)**
Taiwan	**5,461**	**1,430**	**339**	**6,891**	**—**	**(16)**	**(4)**	**(16)**
Egypt	**—**	**283**	**68**	**283**	**—**	**(1)**	**—**	**(1)**
UAE	**1,915**	**1,326**	**484**	**3,241**	**(7)**	**(58)**	**(26)**	**(65)**
US	**19,479**	**648**	**188**	**20,127**	**(13)**	**(16)**	**(14)**	**(29)**
Mexico	**8,341**	**5,890**	**2,381**	**14,231**	**(179)**	**(691)**	**(306)**	**(870)**
Other	**5,449**	**2,529**	**780**	**7,978**	**(95)**	**(60)**	**(34)**	**(155)**
At 30 Jun 2024	**360,420**	**86,034**	**23,682**	**446,454**	**(528)**	**(1,962)**	**(1,017)**	**(2,490)**
UK	168,469	19,503	8,056	187,972	(209)	(697)	(339)	(906)
– of which: HSBC UK Bank plc (ring-fenced bank)	164,878	17,884	7,975	182,762	(205)	(692)	(336)	(897)
– of which: HSBC Bank plc (non-ring-fenced bank)	3,226	141	81	3,367	(3)	(5)	(2)	(8)
– of which: Other trading entities[1]	365	1,478	—	1,843	(1)	—	(1)	(1)
France[2]	436	7,476	1	7,912	(13)	(8)	—	(21)
Germany	—	165	—	165	—	—	—	—
Switzerland	1,770	5,466	—	7,236	(1)	(20)	—	(21)
Hong Kong	107,182	31,248	9,663	138,430	(2)	(417)	(286)	(419)
Australia	23,001	446	396	23,447	(5)	(19)	(18)	(24)
India	1,537	680	185	2,217	(4)	(16)	(12)	(20)
Indonesia	58	288	137	346	(2)	(11)	(7)	(13)
Mainland China	7,503	754	287	8,257	(3)	(49)	(39)	(52)
Malaysia	2,313	2,115	882	4,428	(23)	(87)	(36)	(110)
Singapore	8,151	5,589	521	13,740	—	(38)	(17)	(38)
Taiwan	5,607	1,370	309	6,977	—	(17)	(4)	(17)
Egypt	—	341	89	341	—	(1)	(1)	(1)
UAE	1,957	1,325	440	3,282	(10)	(62)	(24)	(72)
US	18,340	673	199	19,013	(15)	(19)	(14)	(34)
Mexico	8,778	6,215	2,465	14,993	(176)	(757)	(297)	(933)
Other	5,807	2,959	1,050	8,766	(108)	(78)	(42)	(186)
At 31 Dec 2023	360,909	86,613	24,680	447,522	(571)	(2,296)	(1,136)	(2,867)

1 At 31 December 2023, ‘Other trading entities’ included gross carrying amount of $1,843m and allowances for ECL of $1m related to the Private Banking entity that was reclassified to HSBC Bank plc to continue the process of simplifying our structure.
2 Included in other personal lending as at 30 June 2024 is $6,980m (31 December 2023: $7,424m) guaranteed by Crédit Logement.

Treasury risk

Overview

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, as well as 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.

Approach and policy

Our objective in the management of treasury risk is to maintain appropriate levels of capital, liquidity, funding, foreign exchange and market risk to support our business strategy, and meet our regulatory and stress testing-related requirements.

Our approach to treasury management is driven by our strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. We aim to maintain a strong capital and liquidity base to support the risks inherent in our business and invest in accordance with our strategy, meeting both consolidated and local regulatory requirements at all times.

Our policy is underpinned by our risk management framework. The risk management framework incorporates a number of measures aligned to our assessment of risks for both internal and regulatory purposes. These risks include credit, market, operational, pensions, structural and transactional foreign exchange risk, and interest rate risk in the banking book.

A summary of our current policies and practices regarding the management of treasury risk is set out on pages 203 to 217 of the Annual Report and Accounts 2023.

Treasury risk management

Key developments in the first half of 2024

- The Board approved the first interim dividend of $0.10 per share, which was paid in June 2024. We have successfully concluded the share buy-back announced for the first quarter of 2024, amounting to $3bn. We also intend to initiate a further share buy-back of up to $3bn, which we expect to complete within three months.
- On 1 January 2024, HSBC Continental Europe completed the sale of its retail banking operations in France, with no material incremental impact on CET1.
- On 28 March 2024, HSBC completed the sale of HSBC Bank Canada to the Royal Bank of Canada. The associated gain on sale of $4.8bn added approximately 0.8 percentage points to the CET1 ratio as of 30 March 2024. In addition to the interim dividend, following completion of this transaction, the Board also approved a special dividend of $0.21 per share, paid in June 2024.
- On 9 April 2024, HSBC entered into a binding agreement to sell its business in Argentina to Grupo Financiero Galicia. The transaction is subject to conditions, including regulatory approval, and is not expected to have a significant impact on the Group's CET1 ratio by closing.

For quantitative disclosures on capital ratios, own funds and RWAs, see pages 99 to 101. For quantitative disclosures on liquidity and funding metrics, see pages 102 to 104. For quantitative disclosures on interest rate risk in the banking book, see pages 105 to 106.

Capital, liquidity and funding risk management processes

Assessment and risk appetite

Our capital management policy is supported by a global capital management framework. The framework sets out our approach to determining key capital risk appetites including CET1, total capital, minimum requirements for own funds and eligible liabilities ('MREL'), the leverage ratio and double leverage. Our internal capital adequacy assessment process ('ICAAP') is an assessment of the Group's capital position, outlining both regulatory and internal capital resources and requirements resulting from HSBC's business model, strategy, risk profile and management, performance and planning, risks to capital, and the implications of stress testing. Our assessment of capital adequacy is driven by an assessment of risks. These risks include credit, market, operational, pensions, insurance, structural foreign exchange, interest rate risk in the banking book and Group risk. Climate risk is also considered as part of the ICAAP, and we are continuing to develop our approach. The Group's ICAAP supports the determination of the consolidated capital risk appetite and target ratios and enables the assessment and determination of capital requirements by regulators. Subsidiaries prepare ICAAPs in line with global guidance, while considering their local regulatory regimes to determine their own risk appetites and ratios.

HSBC Holdings is the provider of MREL to its subsidiaries, including equity and non-equity capital. These investments are funded by HSBC Holdings' own equity capital and MREL-eligible debt. MREL includes own funds and 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. In line with our existing structure and business model, HSBC has three resolution groups – the European resolution group, the Asian resolution group and the US resolution group. There are some smaller entities that fall outside these resolution 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, the holding company group retains a substantial holdings capital buffer comprising cash and other high-quality liquid assets, which at 30 June 2024 was in excess of $20bn, our target operating level.

We aim to ensure that management has oversight of our liquidity and funding risks at Group and entity level through robust governance, in line with our risk management framework. We manage liquidity and funding risk at an operating entity level, in accordance with globally consistent policies, procedures and reporting standards. This ensures that obligations can be met in a timely manner, in the jurisdiction where they fall due.

Operating entities are required to meet internal minimum requirements and any applicable regulatory requirements at all times. These requirements are assessed through our internal liquidity adequacy assessment process ('ILAAP'), which ensures that operating entities have robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons, including intra-day. The ILAAP informs the validation of risk tolerance and the setting of risk appetite. It also assesses the capability to manage liquidity and funding effectively in each major entity. These metrics are set and managed locally but are subject to robust global review and challenge to ensure consistency of approach and application of the Group's policies and controls.

Planning and performance

Capital and RWA plans form part of the annual financial resource plan that is approved by the Board.

Capital and RWA forecasts are submitted to the Group Executive Committee on a monthly basis, and capital and RWAs are monitored and managed against the plan. 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 Holdings ALCO.

Through our internal governance processes, we seek to strengthen discipline over our investment and capital allocation decisions, and to ensure that returns on investment meet management's objectives. Our strategy is to allocate capital to businesses and entities to support growth objectives where returns above internal hurdle levels have been identified, and to meet their regulatory and economic capital needs. We evaluate and manage business returns by using a return on average tangible equity measure and a related economic profit measure.

Funding and liquidity plans also form part of the financial resource plan that is approved by the Board. The Board-level appetite measures are the liquidity coverage ratio ('LCR') and net stable funding ratio ('NSFR'), together with an internal liquidity metric at entity level. In addition, we use a wider set of measures to manage an appropriate funding and liquidity profile, including legal entity depositor concentration limits, intra-day liquidity, forward-looking funding assessments and other key measures.

Risks to capital and liquidity

Outside the stress testing framework, other risks may be identified that have the potential to affect our RWAs, capital and/or liquidity position. Downside and Upside scenarios are assessed against our management objectives, and mitigating actions are assigned as necessary. We closely monitor future regulatory developments and continue to evaluate the impact of these upon our capital and liquidity requirements, particularly those related to the UK's implementation of the outstanding measures to be implemented from the Basel III reforms ('Basel 3.1').

Regulatory developments

Future changes to our ratios may occur with the implementation of Basel 3.1. The Prudential Regulation Authority ('PRA') has published its consultation paper on the UK's implementation, with a proposed implementation date of 1 July 2025. Whilst the PRA is still to release a near final draft of the remaining parts of Basel 3.1, we continue to assess the impact of the near final rules.

For further details, see the 'Regulatory developments' section in our Pillar 3 Disclosures at 30 June 2024, which is expected to be published on or around 7 August 2024 at www.hsbc.com/investors.

Regulatory reporting processes and controls

We are advancing a comprehensive initiative aimed at strengthening our global processes, enhancing consistency, and improving controls across our regulatory reporting. This remains a top priority for both HSBC management and regulatory authorities. This multifaceted programme includes data enhancement, transformation of the reporting systems, and an uplift to the control environment over the report production process.

While this programme continues, there may be further impacts on some of our regulatory ratios, such as the CET1, LCR and NSFR, as we implement recommended changes and continue to enhance our controls across the process.

Stress testing and recovery and resolution planning

The Group uses stress testing to inform management of the capital and liquidity needed to withstand internal and external shocks, including a global economic downturn or a systems failure. Stress testing results are also used to inform risk mitigation actions, input into global business performance through tangible equity allocation, and recovery and resolution planning, as well as to re-evaluate business plans where analysis shows capital, liquidity and/or returns do not meet their target.

In addition to a range of internal stress tests, we are subject to supervisory stress testing in many jurisdictions. These include the exercises of the Bank of England ('BoE'), the US Federal Reserve Board, the European Banking Authority, the European Central Bank and the Hong Kong Monetary Authority. The results of regulatory stress testing and our internal stress tests are used when assessing our internal capital and liquidity requirements through the ICAAP and ILAAP. The outcomes of stress testing exercises carried out by the PRA and other regulators feed into the setting of regulatory minimum ratios and buffers.

We maintain recovery plans for the Group and material entities, which set out potential options management could take in a range of stress scenarios that could result in a breach of capital or liquidity buffers. The Group recovery plan sets out the framework and governance arrangements to support restoring HSBC to a stable and viable position, and so lowering the probability of failure from either idiosyncratic company-specific stress or systemic market-wide issues. Our material entities' recovery plans provide detailed actions that management would consider taking in a stress scenario should their positions deteriorate and threaten to breach risk appetite and regulatory minimum levels. This is to help ensure that HSBC entities can stabilise their financial position and recover from financial losses in a stress environment.

The Group also has capabilities, resources, and arrangements in place to address the unlikely event that HSBC might not be recoverable and would therefore need to be resolved by regulators. The Group and the BoE publicly disclosed the status of HSBC's progress against the BoE's Resolvability Assessment Framework ('RAF') in June 2022, following the submission of HSBC's inaugural resolvability self-assessment in October 2021. HSBC has continued to enhance its resolvability capabilities since this time and submitted its second self-assessment in October 2023. A subsequent update was provided to the BoE in January 2024. Further public disclosure by the Group and the BoE as to HSBC's progress against the Resolvability Assessment Framework is expected to be made in August 2024.

Overall, our recovery and resolution planning helps to safeguard the Group's financial and operational stability. HSBC is committed to continuing to enhance its recovery and resolution capabilities, in line with the Group's preferred resolution strategy and regulatory expectations, including the RAF.

Measurement of interest rate risk in the banking book processes

Assessment and risk appetite

Interest rate risk in the banking book is the risk of an adverse impact to earnings or capital due to changes in market interest rates. It is generated by our non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent or in order to hedge positions held with trading intent. Interest rate risk that can be economically hedged is transferred to Global Treasury, with some exceptions.

Hedging is generally executed through interest rate derivatives or fixed-rate government bonds. Any interest rate risk that Global Treasury cannot economically hedge is not transferred and remains within the global business where the risk originates.

Global Treasury uses a number of measures to monitor and control interest rate risk in the banking book, including:

– banking net interest income sensitivity; and

– economic value of equity sensitivity.

Banking net interest income sensitivity

A principal part of our management of non-traded interest rate risk is to monitor the sensitivity of expected banking net interest income ('banking NII') under varying interest rate scenarios (i.e. simulation modelling), where all other economic variables are held constant. Banking NII sensitivity measures the sensitivity of NII adjusted for the funding costs of the trading book and of interest related to AT1 capital. This monitoring is undertaken at an entity and Group level, where a range of interest rate scenarios are monitored on a one-year basis.

Banking NII sensitivity figures represent the effect of pro forma movements in projected yield curves based on a static balance sheet size and structure, except for certain mortgage products where balances are impacted by interest rate sensitive prepayments. These sensitivity calculations do not incorporate actions that would be taken by Global Treasury or in the business that originates the risk to mitigate the effect of interest rate movements.

The banking NII sensitivity calculations assume that interest rates of all maturities move by the same amount in the 'up-shock' scenario. The sensitivity calculations in the 'down-shock' scenarios reflect no floors to the shocked market rates. However, customer product-specific interest rate floors are recognised where applicable.

Economic value of equity sensitivity

Economic value of equity ('EVE') measures the present value of our banking book assets and liabilities excluding equity, based on a run-off balance sheet. Economic value of equity sensitivity measures the impact to EVE from a movement in interest rates, including the assumed term profile of non-maturing deposits having adjusted for stability and price sensitivity. It is measured and reported as part of our internal risk metrics, regulatory rules (including the Supervisory Outlier Test) and external Pillar 3 disclosures.

For further details, see the 'Economic value of equity and net interest income sensitivity' section in our Pillar 3 Disclosures at 30 June 2024, which is expected to be published on or around 7 August 2024 at www.hsbc.com/investors.

Capital risk in the first half of 2024

Capital overview

Capital and liquidity adequacy metrics

	At	
	30 Jun 2024	31 Dec 2023
Risk-weighted assets ('RWAs') ($bn)		
Credit risk	**664.1**	683.9
Counterparty credit risk	**36.8**	35.5
Market risk	**37.9**	37.5
Operational risk	**96.3**	97.2
Total RWAs	**835.1**	854.1
Capital on a transitional basis ($bn)		
Common equity tier 1 capital	**125.3**	126.5
Tier 1 capital	**144.3**	144.2
Total capital	**172.1**	171.2
Capital ratios on a transitional basis (%)		
Common equity tier 1 ratio	**15.0**	14.8
Tier 1 ratio	**17.3**	16.9
Total capital ratio	**20.6**	20.0
Capital on an end point basis ($bn)		
Common equity tier 1 capital	**125.3**	126.5
Tier 1 capital	**144.3**	144.2
Total capital	**168.1**	167.1
Capital ratios on an end point basis (%)		
Common equity tier 1 ratio	**15.0**	14.8
Tier 1 ratio	**17.3**	16.9
Total capital ratio	**20.1**	19.6
Liquidity coverage ratio ('LCR')		
Total high-quality liquid assets ($bn)	**646.1**	647.5
Total net cash outflow ($bn)	**472.3**	477.1
LCR (%)[1]	**137**	136

1 We have enhanced our calculation processes during 1H24. As Group LCR is reported as a 12-month average, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.

References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulations and directives, 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'). The table presents them under the transitional arrangements in CRR II for capital instruments and after their expiry, known as the end point.

The liquidity coverage ratio is based on the average value of the preceding 12 months.

Regulatory numbers and ratios are as presented at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods.

Own funds

Own funds disclosure

Ref*		30 Jun 2024 $m	31 Dec 2023 $m
6	Common equity tier 1 capital before regulatory adjustments	**164,545**	165,868
28	Total regulatory adjustments to common equity tier 1	**(39,252)**	(39,367)
29	**Common equity tier 1 capital**	**125,293**	126,501
36	Additional tier 1 capital before regulatory adjustments	**19,035**	17,732
43	Total regulatory adjustments to additional tier 1 capital	**(70)**	(70)
44	**Additional tier 1 capital**	**18,965**	17,662
45	**Tier 1 capital**	**144,258**	144,163
51	Tier 2 capital before regulatory adjustments	**28,914**	28,148
57	Total regulatory adjustments to tier 2 capital	**(1,088)**	(1,107)
58	**Tier 2 capital**	**27,826**	27,041
59	**Total capital**	**172,084**	171,204
	Capital ratios	**%**	%
61	Common equity tier 1 ratio	**15.0**	14.8
62	Tier 1 ratio	**17.3**	16.9
63	**Total capital ratio**	**20.6**	20.0

* These are references to lines prescribed in the Pillar 3 'Own funds disclosure' template.

At 30 June 2024, our common equity tier 1 ('CET1') capital ratio increased to 15.0% from 14.8% at 31 December 2023, driven by a decrease in RWAs of $19bn, and a decline in CET1 capital of $1.2bn. The overall rise in our CET1 ratio during the period was contributed by:

– a 0.7 percentage point net increase from strategic transactions, including the gain on disposal of our Canada banking business adjusted for the $0.21 per share special dividend, the RWAs reduction from our disposals in France and Canada, which was partially offset by the impairment loss following the held for sale classification of our business in Argentina;

– a 0.2 percentage point increase from capital generation, mainly through regulatory profits less dividends, adjusted for the share buy-backs announced along with our 4Q23 and 1Q24 results;

– a 0.5 percentage point decrease driven by higher RWAs mainly from asset size movements and model updates, excluding the reduction from our disposals in France and Canada; and

– a 0.2 percentage point decrease from the adverse impact of foreign exchange fluctuations and an increase in regulatory deductions.

At 30 June 2024, our Pillar 2A requirement, set by the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 2.6% of RWAs, of which 1.5% was met by CET1 capital. Throughout the first half of 2024, we complied with the PRA's regulatory capital adequacy requirements.

Risk-weighted assets

RWAs by global business

	WPB $bn	CMB $bn	GBM $bn	Corporate Centre $bn	Total RWAs $bn
Credit risk	**146.8**	**301.2**	**131.8**	**84.3**	**664.1**
Counterparty credit risk	**1.0**	**0.6**	**33.2**	**2.0**	**36.8**
Market risk	**1.2**	**1.2**	**27.7**	**7.8**	**37.9**
Operational risk	**33.5**	**32.7**	**32.4**	**(2.3)**	**96.3**
At 30 Jun 2024	**182.5**	**335.7**	**225.1**	**91.8**	**835.1**
At 31 Dec 2023	192.9	354.5	218.5	88.2	854.1

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	HSBC Bank Canada $bn	Grupo Financiero HSBC, S.A. de C.V. $bn	Other trading entities $bn	Holding companies, shared service centres and intra-Group eliminations[2] $bn	Total RWAs $bn
Credit risk	**113.2**	**75.2**	**315.6**	**19.1**	**62.3**	**—**	**25.1**	**45.8**	**7.8**	**664.1**
Counterparty credit risk	**0.2**	**18.5**	**10.4**	**0.7**	**3.6**	**—**	**0.5**	**2.9**	**—**	**36.8**
Market risk[3]	**0.2**	**25.5**	**29.2**	**2.6**	**3.7**	**—**	**0.8**	**1.5**	**3.2**	**37.9**
Operational risk	**17.9**	**17.9**	**46.0**	**3.7**	**7.2**	**—**	**4.9**	**4.8**	**(6.1)**	**96.3**
At 30 Jun 2024	**131.5**	**137.1**	**401.2**	**26.1**	**76.8**	**—**	**31.3**	**55.0**	**4.9**	**835.1**
At 31 Dec 2023	129.2	131.5	396.7	24.3	72.2	31.9	32.6	59.6	6.7	854.1

1 Balances are on a third-party Group consolidated basis.
2 Balance at 30 June 2024 includes HSBC Bank Canada operational risk RWAs due to the averaging calculation and will roll off over future reporting cycles.
3 Market risk RWAs are non-additive across the legal entities due to diversification effects within the Group.

RWA movement by global businesses by key driver

	Credit risk, counterparty credit risk and operational risk					
	WPB	CMB	GBM	Corporate Centre	Market risk	Total RWAs
	$bn	$bn	$bn	$bn	$bn	$bn
RWAs at 1 Jan 2024	**191.6**	**353.5**	**196.3**	**75.2**	**37.5**	**854.1**
Asset size	1.3	4.3	5.6	4.0	6.0	21.2
Asset quality	0.7	1.4	(1.8)	(0.5)	—	(0.2)
Model updates	0.3	0.1	3.3	3.3	—	7.0
Methodology and policy	(1.6)	1.4	(0.4)	2.7	—	2.1
Acquisitions and disposals	(7.3)	(20.5)	(2.7)	(0.2)	(5.6)	(36.3)
Foreign exchange movements[1]	(3.7)	(5.7)	(2.9)	(0.5)	—	(12.8)
Total RWA movement	**(10.3)**	**(19.0)**	**1.1**	**8.8**	**0.4**	**(19.0)**
RWAs at 30 Jun 2024	**181.3**	**334.5**	**197.4**	**84.0**	**37.9**	**835.1**

1 Credit risk foreign exchange movements in this disclosure are computed by retranslating RWAs into US dollars based on the underlying transactional currencies and other movements in the table are presented on a constant currency basis.

RWA movement by legal entities by key driver[1]

	Credit risk, counterparty credit risk and operational risk										
	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[2]	Grupo Financiero HSBC, S.A. de C.V.	Other trading entities	Holding companies, shared service centres and intra-Group eliminations[2]	Market risk	Total RWAs
	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn
RWAs at 1 Jan 2024	**129.0**	**108.8**	**369.3**	**21.5**	**69.6**	**31.1**	**31.9**	**58.0**	**(2.6)**	**37.5**	**854.1**
Asset size	1.8	1.9	2.0	0.9	2.0	—	0.7	6.1	(0.2)	6.0	21.2
Asset quality	0.3	(0.3)	1.1	(0.5)	1.2	—	—	(2.0)	—	—	(0.2)
Model updates	0.1	1.2	4.1	1.1	0.4	—	—	0.1	—	—	7.0
Methodology and policy	1.4	5.4	(1.6)	0.5	(0.1)	(3.4)	—	(4.6)	4.5	—	2.1
Acquisitions and disposals	—	(3.5)	0.2	—	—	(27.1)	—	(0.3)	—	(5.6)	(36.3)
Foreign exchange movements[3]	(1.3)	(1.9)	(3.1)	—	—	(0.6)	(2.1)	(3.8)	—	—	(12.8)
Total RWA movement	**2.3**	**2.8**	**2.7**	**2.0**	**3.5**	**(31.1)**	**(1.4)**	**(4.5)**	**4.3**	**0.4**	**(19.0)**
RWAs at 30 Jun 2024	**131.3**	**111.6**	**372.0**	**23.5**	**73.1**	**—**	**30.5**	**53.5**	**1.7**	**37.9**	**835.1**

1 Balances are on a third-party Group consolidated basis.
2 The balance in methodology and policy includes HSBC Bank Canada operational risk RWAs due to the averaging calculation and will roll off over future reporting cycles.
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.

During the first half of the year, RWAs decreased by $19.0bn, mainly due to strategic disposals of $36.3bn and foreign currency translation differences of $12.8bn, which were partially offset by asset size movements of $21.2bn.

Asset size

The $6.0bn increase in market risk RWAs was mainly attributed to a rise in value at risk, and the incremental risk charge from increased positions, notably in Asia and HSBC Bank plc.

GBM RWAs increased by $5.6bn, mainly driven by a rise in corporate exposures, primarily in HSBC Bank plc and higher sovereign exposures in Mexico. Further RWA increases were largely attributed to mark-to-market movements and organic growth in counterparty credit risk, notably in Asia and North America.

CMB RWAs rose by $4.3bn, due to an increase in corporate lending, mainly in HSBC UK Bank plc, Argentina and North America, and higher sovereign exposures in Argentina.

Corporate Centre RWAs increased by $4.0bn, which was largely driven by a rise in SAB corporate exposures.

WPB RWAs increased by $1.3bn, primarily due to higher sovereign exposures in Argentina, and mortgage portfolio growth in North America and HSBC UK.

Asset quality

The $0.2bn fall in RWAs was mainly due to portfolio mix changes, and favourable credit risk migrations in Argentina and Sri Lanka, which was largely offset by unfavourable credit risk migrations in Asia.

Model updates

The $7.0bn increase mainly follows a revision to the definition of default in our PD models for exposures to financial institutions.

Acquisitions and disposals

RWAs decreased by $36.3bn, predominantly from the disposal of our banking business in Canada and the sale of our retail banking operations in France.

Methodology and policy

Methodology changes and risk parameter refinements mainly in Argentina, HSBC UK Bank plc and HSBC Bank plc, offset by Asia, led to the RWAs increase of $2.1bn.

This includes the retained portfolio of our France retail banking operations transferred from WPB to Corporate Centre.

Leverage ratio[1]

	At	
	30 Jun 2024	31 Dec 2023
	$bn	$bn
Tier 1 capital (leverage)	**144.3**	144.2
Total leverage ratio exposure	**2,514.5**	2,574.8
	%	%
Leverage ratio	**5.7**	5.6

1 Leverage ratio calculation is in line with the PRA's UK leverage rules. This includes IFRS 9 transitional arrangement and excludes central bank claims.

Our leverage ratio was 5.7% at 30 June 2024, up from 5.6% at 31 December 2023. The reduction in the leverage exposures led to a rise of 0.1 percentage point in the leverage ratio. This was primarily due to the reduction of the balance sheet, mainly driven by the disposal of our banking business in Canada and the sale of our retail banking operations in France.

At 30 June 2024, our UK minimum leverage ratio requirement of 3.25% was supplemented by a leverage ratio buffer of 1.0%, made up of an additional leverage ratio buffer of 0.7% and a countercyclical leverage ratio buffer of 0.3%.

These buffers translated into capital values of $17.6bn and $7.5bn respectively. We exceeded these leverage requirements throughout 1H24.

Regulatory transitional arrangements for IFRS 9 'Financial Instruments'

We have adopted the regulatory transitional arrangements of the Capital Requirements Regulation for IFRS 9, including paragraph four of article 473a. These allow banks to add back to their capital base a proportion of the impact that IFRS 9 has upon their loan loss allowances. Our capital and ratios are presented under these arrangements throughout the tables in this section, including the end point figures.

Liquidity and funding risk in the first half of 2024

Liquidity metrics

At 30 June 2024, all of the Group's material operating entities were above regulatory minimum levels.

Each entity maintains sufficient unencumbered liquid assets to comply with local and regulatory requirements. The liquidity value of these liquid assets for each entity is shown in the following table along with the individual LCR levels on a local regulatory requirements basis wherever applicable. Where local regulatory requirements are not applicable, the PRA LCR is shown. The local basis may differ from PRA measures due to differences in the way regulators have implemented the Basel III standards.

Each entity maintains a sufficient stable funding profile and it is assessed by using the PRA NSFR or other appropriate metrics.

In addition to regulatory metrics, HSBC uses a wide set of measures to manage its liquidity and funding profile.

The Group liquidity and funding position on an average basis is analysed in the following sections.

Operating entities' liquidity

	At 30 Jun 2024			
	LCR[6]	HQLA	Net outflows	NSFR[6]
	%	$bn	$bn	%
HSBC UK Bank plc (ring-fenced bank)[1]	**193**	**114**	**59**	**155**
HSBC Bank plc (non-ring-fenced bank)[2]	**146**	**131**	**90**	**114**
The Hongkong and Shanghai Banking Corporation Limited – Hong Kong branch[3]	**195**	**142**	**73**	**127**
HSBC Singapore[4]	**314**	**29**	**9**	**180**
Hang Seng Bank	**263**	**50**	**19**	**166**
HSBC Bank China	**176**	**25**	**14**	**144**
HSBC Bank USA	**172**	**81**	**47**	**129**
HSBC Continental Europe[5]	**156**	**83**	**53**	**138**
HSBC Bank Middle East – UAE branch	**257**	**14**	**5**	**154**
HSBC Bank Canada	**—**	**—**	**—**	**—**
HSBC Bank Mexico	**160**	**9**	**6**	**124**
	At 31 Dec 2023			
HSBC UK Bank plc (ring-fenced bank)[1]	201	118	59	158
HSBC Bank plc (non-ring-fenced bank)[2]	148	132	89	116
The Hongkong and Shanghai Banking Corporation Limited – Hong Kong branch[3]	192	147	77	127
HSBC Singapore[4]	292	26	9	174
Hang Seng Bank	254	52	21	163
HSBC Bank China	170	24	14	139
HSBC Bank USA	172	82	48	131
HSBC Continental Europe[5]	158	83	52	137
HSBC Bank Middle East – UAE branch	281	13	5	163
HSBC Bank Canada	164	21	13	129
HSBC Bank Mexico	149	8	5	124

1 HSBC UK Bank plc refers to the HSBC UK liquidity group, which comprises five legal entities: HSBC UK Bank plc, Marks and Spencer Financial Services plc, HSBC Private Bank (UK) Limited, HSBC Innovation Bank Limited and HSBC Trust Company (UK) Limited, managed as a single operating entity, in line with the application of UK liquidity regulation as agreed with the PRA.
2 HSBC Bank plc includes overseas branches and special purpose entities consolidated by HSBC for financial statements purposes.
3 The Hongkong and Shanghai Banking Corporation Limited – 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.
4 HSBC Singapore includes HSBC Bank (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited – Singapore branch. Liquidity and funding risk is monitored and controlled at country level in line with the local regulator's approval.
5 In response to the requirement for an intermediate parent undertaking in line with EU Capital Requirements Directive ('CRD V'), HSBC Continental Europe acquired control of HSBC Germany and HSBC Bank Malta on 30 November 2022. The averages for LCR and NSFR include the impact of the inclusion of the two entities from November 2022.
6 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.

Consolidated liquidity metrics

Liquidity coverage ratio

At 30 June 2024, the average high-quality liquid assets ('HQLA') held at entity level amounted to $780bn (31 December 2023: $795bn), a decrease of $15bn. The Group consolidation methodology includes a deduction to reflect the impact of limitations in the transferability of entity liquidity around the Group. This resulted in an adjustment of $134bn to LCR HQLA and $7bn to LCR inflows on an average basis.

During 1H24, we enhanced our liquidity consolidation process and revised the associated provisions originally recognised to address historical limitations. As Group LCR is reported as a 12-month average, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.

	At[1]		
	30 Jun 2024	30 Jun 2023	31 Dec 2023
	$bn	$bn	$bn
High-quality liquid assets (in entities)	**780**	796	795
Group LCR HQLA[2]	**646**	631	648
Net outflows[2]	**472**	478	477
Liquidity coverage ratio (%)	**137**	132	136
Adjustment for transfer restrictions[2]	**(141)**	(172)	(154)

1 Group LCR numbers above are based on average month-end values of the preceding 12 months.
2 These include a total adjustment for transfer restrictions on a 12-month average basis of $141bn as at 30 June 2024, of which a $134bn deduction applied to LCR HQLA and $7bn to LCR inflows.

Liquid assets

After the $134bn adjustment, the Group LCR HQLA of $646bn (31 December 2023: $648bn) was held in a range of asset classes and currencies. Of these, 96% were eligible as level 1 (31 December 2023: 97%).

The following tables reflect the composition of the liquidity pool by asset type and currency at 30 June 2024:

Liquidity pool by asset type[1]

	Liquidity pool $bn	Cash $bn	Level 1[2] $bn	Level 2[2] $bn
Cash and balance at central bank	**283**	**283**	**—**	**—**
Central and local government bonds	**337**	**—**	**316**	**21**
Regional government and public sector entities	**2**	**—**	**2**	**—**
International organisation and multilateral development banks	**14**	**—**	**14**	**—**
Covered bonds	**8**	**—**	**3**	**5**
Other	**2**	**—**	**1**	**1**
Total at 30 Jun 2024	**646**	**283**	**336**	**27**
Total at 31 Dec 2023	648	310	317	21

1 Group liquid assets numbers are based on average month-end values over the preceding 12 months.
2 As defined in EU and PRA regulation, 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]

	$ $bn	£ $bn	€ $bn	HK$ $bn	Other $bn	Total $bn
Liquidity pool at 30 Jun 2024	**188**	**169**	**111**	**52**	**126**	**646**
Liquidity pool at 31 Dec 2023	184	173	112	51	128	648

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 to change the currency mix, maturity profile or location 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.

In 1H24, the level of customer accounts continued to exceed the level of loans and advances to customers. The positive funding gap was predominantly deployed in liquid assets.

Funding sources

	At	
	30 Jun 2024	31 Dec 2023
	$m	$m
Customer accounts	**1,593,834**	1,611,647
Deposits by banks	**82,435**	73,163
Repurchase agreements – non-trading	**202,770**	172,100
Debt securities in issue	**98,158**	93,917
Cash collateral, margin and settlement accounts	**105,226**	85,255
Liabilities of disposal groups held for sale[1]	**5,041**	108,406
Subordinated liabilities	**25,510**	24,954
Financial liabilities designated at fair value	**140,800**	141,426
Insurance contract liabilities	**125,252**	120,851
Trading liabilities	**77,455**	73,150
– repos	**13,356**	12,198
– stock lending	**4,566**	3,322
– other trading liabilities	**59,533**	57,630
Total equity	**190,414**	192,610
Other balance sheet liabilities	**328,108**	341,198
	2,975,003	3,038,677

Funding uses

	At	
	30 Jun 2024	31 Dec 2023
	$m	$m
Loans and advances to customers	**938,257**	938,535
Loans and advances to banks	**102,057**	112,902
Reverse repurchase agreements – non-trading	**230,189**	252,217
Cash collateral, margin and settlement accounts	**105,974**	89,911
Assets held for sale[1]	**5,821**	114,134
Trading assets	**331,307**	289,159
– reverse repos	**14,280**	16,575
– stock borrowing	**10,541**	14,609
– other trading assets	**306,486**	257,975
Financial investments	**467,356**	442,763
Cash and balances with central banks	**277,112**	285,868
Other balance sheet assets	**516,930**	513,188
	2,975,003	3,038,677

1 'Liabilities of disposal groups held for sale' includes $4.1bn and 'Assets held for sale' includes $5.3bn in respect of the planned sale of our Argentina business (2023: 'Liabilities of disposal groups held for sale' includes $82bn and Assets held for sale' includes $88bn in respect of the planned sale of our banking business in Canada. 'Liabilities of disposal groups held for sale' includes $26bn and 'Assets of disposal groups held for sale' includes $28bn in respect of the sale of our retail banking operations in France).

Interest rate risk in the banking book in the first half of 2024

Banking net interest income sensitivity

Banking NII sensitivity analyses the sensitivity of our banking net interest income to interest rate shocks. This metric, which was introduced in our Annual Report and Accounts 2023, includes the sensitivity coming from trading book assets funded by banking book liabilities, as well as the currency impacts of vanilla foreign exchange swaps to optimise cash management across the Group. Banking NII sensitivity is therefore a more comprehensive measure than NII sensitivity, which was disclosed previously. It is aligned with the presentation of banking net interest income 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 30 June 2024. For example, Year 3 shows the impact of an immediate rate shock on the banking NII projected for the third year.

The sensitivities shown represent a hypothetical simulation of income, 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 hypothetical managed rate product pricing assumptions, prepayment of mortgages and deposit stability. The sensitivity calculations exclude pensions, insurance, and interests in associates.

The sensitivity analysis performed in the case of a down-shock does not include floors to market rates, and it does not include floors on some wholesale assets and liabilities. However, floors have been maintained for deposits and loans to customers where this is contractual or where negative rates would not be applied.

As market and policy rates move, the degree to which these changes are passed on to customers will vary based on a number of factors, including the absolute level of market 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 pass-through asset 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 $2.2bn. An immediate interest rate fall of 100bps would decrease projected banking NII by $2.7bn.

The sensitivity of banking NII for 12 months as at 30 June 2024 decreased by $0.6bn in the plus 100bps parallel shock, and by $0.7bn in the minus 100bps parallel shock, when compared with 31 December 2023. The drivers of the reduction in banking NII sensitivity include the increase in stabilisation activities in line with Group strategy. The currency split of banking NII sensitivity changes depending on the optimal deployment of cash at a point in time, which will change period on period.

For further details of measurement of interest rate risk in the banking book, see page 205 of the Annual Report and Accounts 2023.

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 Jul 2024 to Jun 2025 (based on balance sheet at 30 Jun 2024)						
+100bps parallel	**729**	**330**	**283**	**169**	**734**	**2,245**
-100bps parallel	**(781)**	**(364)**	**(424)**	**(194)**	**(887)**	**(2,650)**
Change in Jan 2024 to Dec 2024 (based on balance sheet at 31 Dec 2023)						
+100bps parallel	343	411	496	285	1,297	2,832
-100bps parallel	(494)	(493)	(602)	(304)	(1,460)	(3,353)

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 30 Jun 2024)						
Year 2 (Jul 2025 to Jun 2026)	**(1,145)**	**(467)**	**(783)**	**(256)**	**(1,262)**	**(3,913)**
Year 3 (Jul 2026 to Jun 2027)	**(1,540)**	**(554)**	**(1,214)**	**(323)**	**(1,361)**	**(4,992)**
Change in NII (based on balance sheet at 31 Dec 2023)						
Year 2 (Jan 2025 to Dec 2025)	(1,015)	(693)	(938)	(333)	(1,798)	(4,777)
Year 3 (Jan 2026 to Dec 2026)	(1,289)	(761)	(1,439)	(405)	(1,926)	(5,820)

Non-trading portfolios

Value at risk of the non-trading portfolios

Non-trading portfolios comprise of positions that primarily arise from the interest rate management of our retail and wholesale banking assets and liabilities, financial investments measured at fair value through other comprehensive income ('FVOCI') or at amortised cost, and exposures arising from our insurance operations.

From February 2024, we adopted a methodology change to measure non-trading value at risk ('VaR') over a 10 day holding period as opposed to 1 day, in order to better reflect longer average time horizons in the management of non-trading portfolios compared to trading portfolios. Comparative data at 31 December 2023 and 30 June 2023 has been restated on a 10 day basis accordingly, using a scalar approach that results in restated numbers being approximately three times higher than previously reported 1 day basis numbers.

The VaR for non-trading activity has increased to $792m at 30 June 2024, compared with $577m at 31 December 2023. The increase was primarily due to higher duration risk exposures in Global Treasury.

The portfolio diversification has decreased from 31 December 2023 but remained broadly stable on average and reflects the natural offsets in risk measured as the difference between the portfolio level VaR and the aggregation of VaR at the asset class level.

Non-trading VaR includes non-trading financial instruments held in portfolios managed by Markets Treasury. The management of interest rate risk in the banking book is described further in 'Banking net interest income sensitivity' on page 105.

The Group non-trading VaR for the half-year to 30 June 2024 is shown in the following table.

Non-trading VaR, 99% 10 day

	Interest rate	Credit spread	Portfolio diversification[1]	Total
	$m	$m	$m	$m
Half-year to 30 Jun 2024	**682.4**	**333.2**	**(224.1)**	**791.5**
Average	**740.5**	**337.2**	**(241.4)**	**836.3**
Maximum	**1,000.6**	**369.1**		**1,097.6**
Minimum	**474.2**	**324.3**		**572.2**
Half-year to 30 Jun 2023	494.2	266.5	(210.8)	549.9
Average	426.2	218.2	(157.6)	486.8
Maximum	502.5	266.5		587.4
Minimum	344.0	174.5		401.5
Half year to 31 Dec 2023	549.6	356.7	(329.5)	576.7
Average	560.2	312.9	(244.5)	628.6
Maximum	638.6	368.0		709.4
Minimum	504.3	249.9		537.2

1 When VaR is calculated at a portfolio level, natural offsets in risk can occur when compared with aggregating VaR at the asset class level. This difference is called portfolio diversification. The asset class VaR maxima and minima reported in the table occurred on different dates within the reporting period. For this reason, we do not report an implied portfolio diversification measure between the maximum (minimum) asset class VaR measures and the maximum (minimum) total VaR measures in this table.

Non-trading VaR excludes equity risk on securities held at fair value, non-trading book foreign exchange risk and the risks managed in HSBC Holdings arising from long-term capital issuance.

HSBC's management of market risk in the non-trading book is described in the 'Treasury risk' section on page 97.

Market risk

Overview

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. Exposure to market risk is separated into two portfolios: trading portfolios and non-trading portfolios.

Market risk in the first half of 2024

There were no material changes to the policies and practices for the management of market risk in the first half of 2024.

A summary of our current policies and practices for the management of market risk is set out in 'Market risk management' on page 218 of the Annual Report and Accounts 2023.

Inflation expectations have been in focus during the first half of 2024, against a backdrop of resilient economic growth and elections in multiple countries. Central bank policies have diverged, with the US Federal Reserve holding interest rates unchanged and the Bank of Japan concluding its period of negative interest rates by raising the overnight interest rate to a range of about zero to 0.1%, while the ECB and some other European central banks cut rates in June. After trending upwards until April, government bond yields have generally fallen in 2Q24, largely driven by lower inflation and expectations for monetary policy easing by central banks. Japanese government bond yields have instead risen to the highest in the last decade following the central bank's historic policy shift. In Europe, the France-Germany yield spread has widened amid uncertainty from the French legislative elections. Equities have risen to multiple record highs in the US and in Europe, amid strong corporate earnings and positive sentiment in the technology sector. Some emerging markets equities have tended to outperform developed markets during 2Q24, particularly in Asia. In foreign exchange markets, the US dollar strengthening has continued, mostly in line with interest rate differentials. The Yen has weakened to multi-decade lows against the US dollar. Whilst sentiment has remained resilient in credit markets, credit spreads widened marginally during June, with a more pronounced increase for high-yield credit compared to investment grade.

We continued to manage market risk prudently in the first half of 2024. Main sensitivity exposures and VaR remained within appetite as the business pursued its core market-making activity in support of our customers. Market risk was managed using a complementary set of risk measures and limits, including stress testing and scenario analysis.

Trading portfolios

Value at risk of the trading portfolios

Trading VaR was predominantly generated by Markets and Securities Services. Trading VaR at $52.7m as of 30 June 2024 has not changed materially compared with 31 December 2023. Exposures to interest rate risk factors from the Fixed Income and Foreign Exchange businesses were the main drivers of Trading VaR at the end of June 2024. Trading VaR peaked in March 2024 and was mainly driven by:

- Increased contribution of exposures to short-term interest rates for major currencies.
- The effects of relatively large, short-term interest rate shocks that are captured in the VaR scenario window.

VaR reduced following hedging activity to manage down exposures to interest rates across the Markets business.

The Group trading VaR for the half-year is shown in the table below.

Trading VaR, 99% 1 day

	Foreign exchange and commodity	Interest rate	Equity	Credit spread	Portfolio diversification[1]	Total
	$m	$m	$m	$m	$m	$m
Half-year to 30 Jun 2024	**20.6**	**47.5**	**15.7**	**9.9**	**(41.1)**	**52.7**
Average	**15.4**	**57.1**	**14.0**	**10.2**	**(37.1)**	**59.7**
Maximum	**29.8**	**78.1**	**17.6**	**12.7**		**83.3**
Minimum	**6.9**	**42.0**	**12.7**	**6.6**		**45.7**
Half-year to 30 Jun 2023	18.9	64.9	23.5	16.1	(55.6)	67.8
Average	16.7	51.9	17.5	11.1	(41.5)	55.7
Maximum	23.5	74.8	23.5	16.1		82.4
Minimum	10.6	33.9	14.9	7.7		42.2
Half-year to 31 Dec 2023	13.4	55.9	15.2	7.2	(38.9)	52.8
Average	15.6	55.9	20.4	12.1	(40.2)	63.8
Maximum	24.6	86.0	27.8	16.5		98.2
Minimum	9.3	25.5	13.4	6.6		34.4

1 Asset class VaR reported in the table above is calculated by using a 500-day historical window. Total VaR, which is utilised for internal risk management and for regulatory capital, is the maximum of VaR calculated by using a 250-day historical window and VaR calculated by using a 500-day historical window. When VaR is calculated at a portfolio level, natural offsets in risk can occur when compared with aggregating VaR at the asset class level. This difference is called portfolio diversification. The asset class VaR maxima and minima reported in the table occurred on different dates within the reporting period. For this reason, we do not report an implied portfolio diversification measure between the maximum (minimum) asset class VaR measures and the maximum (minimum) total VaR measures in this table.

The table below shows trading VaR at a 99% confidence level compared with trading VaR at a 95% confidence level at 30 June 2024.

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	Trading VaR, 95% 1 day
	$m	$m
Half-year to 30 Jun 2024	**52.7**	**30.9**
Average	**59.7**	**37.8**
Maximum	**83.3**	**48.9**
Minimum	**45.7**	**28.0**
Half-year to 30 Jun 2023	67.8	44.5
Average	55.7	34.5
Maximum	82.4	47.8
Minimum	42.2	26.2
Half-year to 31 Dec 2023	52.8	35.3
Average	63.8	39.0
Maximum	98.2	53.3
Minimum	34.4	21.0

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 not, therefore, 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 the VaR model is required. We back-test our VaR at set levels of our Group entity hierarchy.

During the first half of 2024, the Group experienced no back-testing exceptions on losses against actual and hypothetical profit and losses.

Insurance manufacturing operations risk

Overview

The key risks for our insurance manufacturing operations are market risks, in particular interest rate, growth asset and credit risks, as well as insurance underwriting and operational risks. Liquidity risk, while significant for other parts of the Group, is relatively minor for our insurance operations.

Insurance manufacturing operations risk in the first half of 2024

There have been no material changes to the policies and practices for the management of risks arising in our insurance operations described in the Annual Report and Accounts 2023.

A summary of our policies and practices regarding the risk management of insurance operations, our insurance model and the main contracts we manufacture is provided on page 233 of the Annual Report and Accounts 2023.

The risk profile of our insurance manufacturing operations is assessed in the Group's internal capital adequacy assessment process ('ICAAP'), based on the financial capacity of the operations to support the risks to which they are exposed.

Capital adequacy is assessed on both the Group's economic capital basis, and the relevant local insurance regulatory basis. The Group's economic capital basis is largely aligned to European Solvency II regulations, other than in Asia, where it is based on the Hong Kong risk-based capital regulations, which are effective from 1 July 2024. Risk appetite buffers are set to ensure that the operations are able to remain solvent on both bases, allowing for business-as-usual volatility and extreme but plausible stress events. In addition, the insurance manufacturing operations manage their market, liquidity, credit, underwriting and non-financial risk exposures to Board-approved risk appetite limits. Overall, at 30 June 2024, the majority of the capital and financial risk positions of our insurance operations were within risk appetite. We continue to monitor these risks closely in the current volatile economic climate.

The following table shows the composition of assets and liabilities by contract type.

Balance sheet of insurance manufacturing subsidiaries by type of contract

	Life direct participating and investment DPF contracts	Life other[1]	Other contracts[2]	Shareholder assets and liabilities	Total
	$m	$m	$m	$m	$m
Financial assets	**118,296**	**4,074**	**5,379**	**6,858**	**134,607**
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**105,665**	**3,862**	**3,990**	**1,210**	**114,727**
– derivatives	**170**	**6**	**—**	**4**	**180**
– financial investments – at amortised cost	**571**	**67**	**1,093**	**4,106**	**5,837**
– financial assets at fair value through other comprehensive income	**8,000**	**—**	**6**	**632**	**8,638**
– other financial assets	**3,890**	**139**	**290**	**906**	**5,225**
Insurance contract assets	**13**	**111**	**—**	**—**	**124**
Reinsurance contract assets	**—**	**4,595**	**—**	**—**	**4,595**
Other assets and investment properties[3]	**2,680**	**277**	**249**	**1,855**	**5,061**
Total assets at 30 Jun 2024	**120,989**	**9,057**	**5,628**	**8,713**	**144,387**
Liabilities under investment contracts designated at fair value	**—**	**—**	**5,109**	**—**	**5,109**
Insurance contract liabilities	**120,558**	**4,129**	**—**	**—**	**124,687**
Reinsurance contract liabilities	**—**	**696**	**—**	**—**	**696**
Deferred tax	**—**	**12**	**—**	**1**	**13**
Other liabilities	**—**	**—**	**—**	**6,351**	**6,351**
Total liabilities	**120,558**	**4,837**	**5,109**	**6,352**	**136,856**
Total equity	**—**	**—**	**—**	**7,531**	**7,531**
Total liabilities and equity at 30 Jun 2024	**120,558**	**4,837**	**5,109**	**13,883**	**144,387**
Financial assets	113,605	3,753	5,812	7,696	130,866
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	100,427	3,593	4,177	1,166	109,363
– derivatives	258	10	—	6	274
– financial investments – at amortised cost	1,351	67	1,157	4,772	7,347
– financial assets at fair value through other comprehensive income	8,859	—	5	693	9,557
– other financial assets	2,710	83	473	1,059	4,325
Insurance contract assets	13	213	—	—	226
Reinsurance contract assets	—	4,871	—	—	4,871
Other assets and investment properties	2,782	164	35	1,636	4,617
Total assets at 31 Dec 2023	116,400	9,001	5,847	9,332	140,580
Liabilities under investment contracts designated at fair value	—	—	5,103	—	5,103
Insurance contract liabilities	116,389	3,961	—	—	120,350
Reinsurance contract liabilities	—	819	—	—	819
Deferred tax	—	1	—	3	4
Other liabilities	—	—	—	6,573	6,573
Total liabilities	116,389	4,781	5,103	6,576	132,849
Total equity	—	—	—	7,731	7,731
Total liabilities and equity at 31 Dec 2023	116,389	4,781	5,103	14,307	140,580

1 'Life other' mainly includes protection insurance contracts as well as reinsurance contracts. The reinsurance contracts primarily provide diversification benefits over the life participating and investment discretionary participation feature ('DPF') contracts.

2 'Other contracts' includes investment contracts for which HSBC does not bear significant insurance risk.

3 Following classification of HSBC's operations in Argentina to assets held for sale, the assets of our Argentinian insurance manufacturing business of $450m are presented in 'Other assets and investment properties', and associated liabilities of $359m are presented in 'Other liabilities'.

Interim condensed consolidated financial statements

Contents

Consolidated income statement

		Half-year to	
		30 Jun 2024	30 Jun 2023
	Notes*	**$m**	$m
Net interest income		**16,911**	18,264
– interest income		**55,372**	46,955
– interest expense		**(38,461)**	(28,691)
Net fee income	2	**6,200**	6,085
– fee income		**8,158**	7,947
– fee expense		**(1,958)**	(1,862)
Net income from financial instruments held for trading or managed on a fair value basis[1]		**10,516**	8,112
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss		**2,376**	4,304
Insurance finance expense		**(2,486)**	(4,234)
Insurance service result		**662**	524
– insurance service revenue		**1,310**	1,104
– insurance service expense		**(648)**	(580)
Gain on acquisition[2]		**—**	1,507
Gain less impairment relating to sale of business operations[3]		**3,256**	2,130
Other operating (expense)/income		**(143)**	184
Net operating income before change in expected credit losses and other credit impairment charges[4]		**37,292**	36,876
Change in expected credit losses and other credit impairment charges		**(1,066)**	(1,345)
Net operating income		**36,226**	35,531
Employee compensation and benefits		**(9,192)**	(8,954)
General and administrative expenses		**(5,135)**	(4,912)
Depreciation and impairment of property, plant and equipment and right-of-use assets		**(867)**	(782)
Amortisation and impairment of intangible assets		**(1,102)**	(809)
Total operating expenses		**(16,296)**	(15,457)
Operating profit		**19,930**	20,074
Share of profit in associates and joint ventures		**1,626**	1,583
Profit before tax		**21,556**	21,657
Tax expense		**(3,891)**	(3,586)
Profit after tax		**17,665**	18,071
Attributable to:			
– ordinary shareholders of the parent company		**16,586**	16,966
– other equity holders		**526**	542
– non-controlling interests		**553**	563
Profit after tax		**17,665**	18,071
		$	$
Basic earnings per ordinary share	4	**0.89**	0.86
Diluted earnings per ordinary share	4	**0.88**	0.86

1 Includes a $255m gain (1H23: $284m loss) on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada.
2 Gain recognised in respect of the acquisition of SVB UK.
3 In the first half of 2024, a gain of $4.6bn inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves recycling losses on the sale of our banking business in Canada, and an impairment loss of $1.2bn relating to the planned sale of our business in Argentina was recognised. In the first quarter of 2023, the $2.1bn reversal of the held for sale classification was recognised relating to the sale of our retail banking operations in France.
4 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
* For Notes on the interim condensed consolidated financial statements, see page 117.

Consolidated statement of comprehensive income

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Profit for the period	**17,665**	18,071
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	**(213)**	549
– fair value (losses)/gains	**(378)**	804
– fair value gains transferred to the income statement on disposal	**(24)**	(63)
– expected credit losses/(recoveries) recognised in the income statement	**13**	(3)
– disposal of subsidiary	**90**	—
– income taxes	**86**	(189)
Cash flow hedges	**(710)**	(1,062)
– fair value losses	**(612)**	(1,700)
– fair value (gains)/losses reclassified to the income statement	**(673)**	227
– disposal of subsidiary	**262**	—
– income taxes	**313**	411
Share of other comprehensive income/(expense) of associates and joint ventures	**211**	101
– share for the period	**211**	101
Net finance income/(expense) from insurance contracts	**17**	(101)
– before income taxes	**23**	(136)
– income taxes	**(6)**	35
Exchange differences	**(2,588)**	(347)
– foreign exchange losses reclassified to the income statement on disposal of a foreign operation	**648**	—
– other exchange differences	**(3,236)**	(347)
Items that will not be reclassified subsequently to profit or loss:		
Fair value gains on property revaluation	**5**	1
Remeasurement of defined benefit asset/(liability)	**146**	(112)
– before income taxes	**178**	(105)
– income taxes	**(32)**	(7)
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**(283)**	(653)
– before income taxes	**(372)**	(867)
– income taxes	**89**	214
Equity instruments designated at fair value through other comprehensive income	**41**	7
– fair value gains	**62**	7
– income taxes	**(21)**	—
Effects of hyperinflation	**892**	578
Other comprehensive expense for the period, net of tax	**(2,482)**	(1,039)
Total comprehensive income for the period	**15,183**	17,032
Attributable to:		
– ordinary shareholders of the parent company	**14,131**	15,986
– other equity holders	**526**	542
– non-controlling interests	**526**	504
Total comprehensive income for the period	**15,183**	17,032

Consolidated balance sheet

		At	
		30 Jun 2024	31 Dec 2023
	Notes*	$m	$m
Assets			
Cash and balances at central banks		277,112	285,868
Items in the course of collection from other banks		9,977	6,342
Hong Kong Government certificates of indebtedness		43,026	42,024
Trading assets		331,307	289,159
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss		117,014	110,643
Derivatives	8	219,269	229,714
Loans and advances to banks		102,057	112,902
Loans and advances to customers		938,257	938,535
Reverse repurchase agreements – non-trading		230,189	252,217
Financial investments	9	467,356	442,763
Assets held for sale		5,821	114,134
Prepayments, accrued income and other assets		184,303	165,255
Current tax assets		1,308	1,536
Interests in associates and joint ventures	10	28,465	27,344
Goodwill and intangible assets		12,161	12,487
Deferred tax assets		7,381	7,754
Total assets		**2,975,003**	3,038,677
Liabilities			
Hong Kong currency notes in circulation		43,026	42,024
Deposits by banks		82,435	73,163
Customer accounts		1,593,834	1,611,647
Repurchase agreements – non-trading		202,770	172,100
Items in the course of transmission to other banks		10,482	7,295
Trading liabilities		77,455	73,150
Financial liabilities designated at fair value		140,800	141,426
Derivatives	8	217,096	234,772
Debt securities in issue		98,158	93,917
Liabilities of disposal groups held for sale		5,041	108,406
Accruals, deferred income and other liabilities		157,171	136,606
Current tax liabilities		2,837	2,777
Insurance contract liabilities		125,252	120,851
Provisions	11	1,536	1,741
Deferred tax liabilities		1,186	1,238
Subordinated liabilities		25,510	24,954
Total liabilities		**2,784,589**	2,846,067
Equity			
Called up share capital		9,310	9,631
Share premium account		14,808	14,738
Other equity instruments		18,825	17,719
Other reserves		(14,930)	(8,907)
Retained earnings		155,280	152,148
Total shareholders' equity		**183,293**	185,329
Non-controlling interests		7,121	7,281
Total equity		**190,414**	192,610
Total liabilities and equity		**2,975,003**	3,038,677

* For Notes on the interim condensed consolidated financial statements, see page 117.

Consolidated statement of changes in equity

			Other reserves								
	Called up share capital and share premium	Other equity instru-ments	Financial assets at FVOCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and 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 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 period	—	—	—	—	—	—	—	17,112	17,112	553	17,665
Other comprehensive income (net of tax)	—	—	(164)	(691)	(2,551)	5	(10)	956	(2,455)	(27)	(2,482)
– debt instruments at fair value through other comprehensive income	—	—	(313)	—	—	—	—	—	(313)	10	(303)
– equity instruments designated at fair value through other comprehensive income	—	—	35	—	—	—	—	—	35	6	41
– cash flow hedges	—	—	—	(970)	—	—	—	—	(970)	(2)	(972)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	(283)	(283)	—	(283)
– property revaluation	—	—	—	—	—	5	—	—	5	—	5
– remeasurement of defined benefit asset/ liability	—	—	—	—	—	—	—	136	136	10	146
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—	—	211	211	—	211
– effects of hyperinflation	—	—	—	—	—	—	—	892	892	—	892
– foreign exchange losses reclassified to income statement on disposal of a foreign operation	—	—	—	—	648	—	—	—	648	—	648
– other reserves reclassified to income statement on disposal of a foreign operation	—	—	90	262	—	—	—	—	352	—	352
– insurance finance income/ (expense) recognised in other comprehensive income	—	—	—	—	—	—	17	—	17	—	17
– other exchange differences	—	—	24	17	(3,199)	—	(27)	—	(3,185)	(51)	(3,236)
Total comprehensive income for the period	—	—	(164)	(691)	(2,551)	5	(10)	18,068	14,657	526	15,183
Shares issued under employee remuneration and share plans	75	—	—	—	—	—	—	(75)	—	—	—
Capital securities issued[2]	—	1,106	—	—	—	—	—	—	1,106	—	1,106
Dividends to shareholders	—	—	—	—	—	—	—	(12,217)	(12,217)	(468)	(12,685)
Cost of share-based payment arrangements	—	—	—	—	—	—	—	274	274	—	274
Transfers[3]	—	—	—	—	—	(2,945)	—	2,945	—	—	—
Share buy-backs[4]	—	—	—	—	—	—	—	(5,019)	(5,019)	—	(5,019)
Cancellation of shares	(326)	—	—	—	—	326	—	—	—	—	—
Other movements	—	—	4	—	—	3	—	(844)	(837)	(218)	(1,055)
At 30 Jun 2024	**24,118**	**18,825**	**(3,667)**	**(1,724)**	**(36,304)**	**25,990**	**775**	**155,280**	**183,293**	**7,121**	**190,414**

Consolidated statement of changes in equity (continued)

			Other reserves								
	Called up share capital and share premium	Other equity instru-ments	Financial assets at FVOCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and 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 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 period	—	—	—	—	—	—	—	17,508	17,508	563	18,071
Other comprehensive income (net of tax)	—	—	560	(1,077)	(271)	1	(101)	(92)	(980)	(59)	(1,039)
– debt instruments at fair value through other comprehensive income	—	—	546	—	—	—	—	—	546	3	549
– equity instruments designated at fair value through other comprehensive income	—	—	14	—	—	—	—	—	14	(7)	7
– cash flow hedges	—	—	—	(1,077)	—	—	—	—	(1,077)	15	(1,062)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	(654)	(654)	1	(653)
– property revaluation	—	—	—	—	—	1	—	—	1	—	1
– remeasurement of defined benefit asset/ liability	—	—	—	—	—	—	—	(117)	(117)	5	(112)
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—	—	101	101	—	101
– effects of hyperinflation	—	—	—	—	—	—	—	578	578	—	578
– insurance finance income/ (expense) recognised in other comprehensive income	—	—	—	—	—	—	(101)	—	(101)	—	(101)
– other exchange differences	—	—	—	—	(271)	—	—	—	(271)	(76)	(347)
Total comprehensive income for the period	—	—	560	(1,077)	(271)	1	(101)	17,416	16,528	504	17,032
Shares issued under employee remuneration and share plans	78	—	—	—	—	—	—	(78)	—	—	—
Capital securities issued	—	1,996	—	—	—	—	—	—	1,996	—	1,996
Dividends to shareholders	—	—	—	—	—	—	—	(7,133)	(7,133)	(375)	(7,508)
Redemption of securities	—	(2,350)	—	—	—	—	—	—	(2,350)	—	(2,350)
Cost of share-based payment arrangements	—	—	—	—	—	—	—	228	228	—	228
Share buy-backs	—	—	—	—	—	—	—	(2,007)	(2,007)	—	(2,007)
Cancellation of shares	(79)	—	—	—	—	79	—	—	—	—	—
Other movements	—	—	6	—	—	1	—	(932)	(925)	(12)	(937)
At 30 Jun 2023	24,810	19,392	(6,472)	(4,885)	(32,846)	33,290	978	149,903	184,170	7,481	191,651

Consolidated statement of changes in equity (continued)

			Other reserves								
	Called up share capital and share premium	Other equity instru-ments	Financial assets at FVOCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and 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 Jul 2023	24,810	19,392	(6,472)	(4,885)	(32,846)	33,290	978	149,903	184,170	7,481	191,651
Profit for the period	—	—	—	—	—	—	—	6,025	6,025	463	6,488
Other comprehensive income (net of tax)	—	—	1,842	4,107	60	—	(270)	206	5,945	77	6,022
– debt instruments at fair value through other comprehensive income	—	—	2,028	—	—	—	—	—	2,028	22	2,050
– equity instruments designated at fair value through other comprehensive income	—	—	(107)	—	—	—	—	—	(107)	(20)	(127)
– cash flow hedges	—	—	—	3,996	—	—	—	—	3,996	19	4,015
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	(566)	(566)	—	(566)
– property revaluation	—	—	—	—	—	—	—	—	—	—	—
– remeasurement of defined benefit asset/ liability	—	—	—	—	—	—	—	(200)	(200)	(2)	(202)
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—	—	(54)	(54)	—	(54)
– effects of hyperinflation	—	—	—	—	—	—	—	1,026	1,026	—	1,026
– insurance finance income/ (expense) recognised in other comprehensive income	—	—	—	—	—	—	(263)	—	(263)	—	(263)
– other exchange differences	—	—	(79)	111	60	—	(7)	—	85	58	143
Total comprehensive income for the period	—	—	1,842	4,107	60	—	(270)	6,231	11,970	540	12,510
Shares issued under employee remuneration and share plans	1	—	—	—	—	—	—	(1)	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(4,460)	(4,460)	(228)	(4,688)
Redemption of securities	—	(1,673)	—	—	—	—	—	20	(1,653)	—	(1,653)
Cost of share-based payment arrangements	—	—	—	—	—	—	—	254	254	—	254
Transfers	—	—	—	—	—	(5,130)	—	5,130	—	—	—
Share buy-backs	—	—	—	—	—	—	—	(5,018)	(5,018)	—	(5,018)
Cancellation of shares	(442)	—	—	—	—	442	—	—	—	—	—
Other movements	—	—	1,123	(255)	(967)	(1)	77	89	66	(512)	(446)
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 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').
2 In June 2024, HSBC Holdings issued SGD1,500m of contingent convertible securities on which there were SGD15m of external issue costs.
3 At 30 June 2024, an impairment of $2,945m of HSBC Overseas Holdings (UK) Limited was recognised post sale of our banking business in Canada, resulting in a permitted transfer from the merger reserve to retained earnings.
4 In February 2024, HSBC Holdings announced a share buy-back of up to $2.0bn, which concluded in March 2024. Additionally, in April 2024, HSBC Holdings announced another share buy-back of up to $3.0bn, which was completed in July 2024.

Consolidated statement of cash flows

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Profit before tax	**21,556**	21,657
Adjustments for non-cash items:		
Depreciation, amortisation and impairment	**1,969**	1,591
Net gain from investing activities	**(34)**	(41)
Share of profit in associates and joint ventures	**(1,626)**	(1,583)
Net gain on acquisition/disposal of subsidiaries, businesses, associates and joint ventures	**(3,199)**	(3,604)
Change in expected credit losses gross of recoveries and other credit impairment charges	**1,192**	1,482
Provisions including pensions	**15**	148
Share-based payment expense	**274**	228
Other non-cash items included in profit before tax	**(4,237)**	(1,661)
Elimination of exchange differences[1]	**18,406**	(6,558)
Change in operating assets[2]	**(41,493)**	(52,745)
Change in operating liabilities	**36,486**	72,836
Dividends received from associates	**130**	124
Contributions paid to defined benefit plans	**(76)**	(87)
Tax paid	**(2,664)**	(1,664)
Net cash from operating activities	**26,699**	30,123
Purchase of financial investments	**(259,999)**	(298,182)
Proceeds from the sale and maturity of financial investments	**223,443**	263,838
Net cash flows from the purchase and sale of property, plant and equipment	**(464)**	(329)
Net investment in intangible assets	**(1,058)**	(1,123)
Net cash inflow on acquisition/disposal of subsidiaries, businesses, associates and joint ventures[3]	**9,891**	1,243
Net cash outflow on acquisition/disposal of subsidiaries, businesses, associates and joint ventures[3]	**(10,612)**	(15)
Net cash from investing activities	**(38,799)**	(34,568)
Issue of ordinary share capital and other equity instruments	**1,106**	1,996
Cancellation of shares	**(5,330)**	(1,273)
Net sales/(purchases) of own shares for market-making and investment purposes	**(494)**	(823)
Redemption of preference shares and other equity instruments	**—**	(2,350)
Subordinated loan capital issued	**2,611**	2,744
Subordinated loan capital repaid	**(2,000)**	(1,044)
Dividends paid to shareholders of the parent company and non-controlling interests	**(12,685)**	(7,508)
Net cash from financing activities	**(16,792)**	(8,258)
Net increase in cash and cash equivalents	**(28,892)**	(12,703)
Cash and cash equivalents at the beginning of the period	**490,933**	521,671
Exchange differences in respect of cash and cash equivalents	**(13,057)**	8,565
Cash and cash equivalents at the end of the period[4]	**448,984**	517,533

Interest received was $54,197m (1H23: $46,817m), interest paid was $41,254m (1H23: $29,222m) and dividends received (excluding dividends received from associates, which are presented separately above) were $1,231m (1H23: $751m).

1 Adjustments 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 Includes net settlement of the foreign exchange hedge of the proceeds from the sale of our banking business in Canada, with a $255m gain in 1H24 (1H23: $284m loss).
3 The 'Net cash inflow on acquisition/disposal of subsidiaries, businesses, associates and joint ventures' includes $9.3bn of net cash inflow on the sale of our banking business in Canada in March 2024. In 1H23, it included $1.2bn of net cash inflow on acquisition of Silicon Valley Bank UK Limited in March 2023. The 'Net cash outflow on acquisition/disposal of subsidiaries, businesses, associates and joint ventures includes $10.6bn of net cash outflow on the sale of our retail banking operations in France in January 2024.
4 Includes $1.7bn (1H23: $7.5bn) of cash and cash equivalents classified as held for sale.

Notes on the interim condensed consolidated financial statements

Contents

1 Basis of preparation and material accounting policies

(a) Compliance with International Financial Reporting Standards

Our interim condensed consolidated financial statements have been prepared on the basis of the policies set out in the 2023 annual financial statements. They have also been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the UK, IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB'), IAS 34 'Interim Financial Reporting' as adopted by the EU, and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority. Therefore, they include an explanation of events and transactions that are significant to an understanding of the changes in HSBC's financial position and performance since the end of 2023.

These interim condensed consolidated financial statements should be read in conjunction with the Annual Report and Accounts 2023, which was prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. These interim condensed consolidated financial statements were also prepared in accordance with International Financial Reporting Standards ('IFRS Accounting Standards') as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee.

At 30 June 2024, there were no IFRS Accounting Standards effective for the half-year to 30 June 2024 affecting these financial statements that were not approved for adoption in the UK by the UK Endorsement Board. There was no difference between IFRS Accounting Standards adopted by the UK, IFRS Accounting Standards as adopted by the EU, and IFRS Accounting Standards issued by the IASB in terms of their application to HSBC.

Standards applied during the half-year to 30 June 2024

There were no new standards or amendments to standards that had an effect on these interim condensed consolidated financial statements.

(b) Use of estimates and judgements

Management believes that the critical estimates and judgements applicable to the Group are those that relate to impairment of amortised cost and FVOCI debt financial assets, the valuation of financial instruments, deferred tax assets, provisions, interests in associates, impairment of goodwill and non-financial assets, and post-employment benefit plans.

Other than in respect of non-current assets and disposal groups held for sale, there were no material changes in the current period to any of the critical estimates and judgements disclosed in 2023, which are stated on pages 101 and 343 to 354 of the Annual Report and Accounts 2023.

(c) Composition of the Group

In the first half of 2024 the sales of the retail banking operations in France, the banking business in Canada, and the business in Russia completed.

There were no other material changes in the composition of the Group in the half-year to 30 June 2024.

For further details of future business acquisitions and disposals, see Note 15 'Assets held for sale, liabilities of disposal groups held for sale and business acquisitions'.

(d) Future accounting developments

Amendments to IAS 21 'Lack of Exchangeability'

In August 2023, the IASB published amendments to IAS 21 'Lack of Exchangeability' effective from 1 January 2025. The Group is undertaking an assessment of the potential impact, which is not expected to be significant.

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 is undertaking an assessment of the potential impact.

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 might have a significant impact on presenting information in the financial statements, in particular the income statement. HSBC are currently assessing any impacts as well as data readiness before developing a more detailed implementation plan.

(e) 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, as well as considering potential impacts from other top and emerging risks, and the related impact on profitability, capital and liquidity.

(f) Accounting policies

The accounting policies that we applied for these interim condensed consolidated financial statements are consistent with those described on pages 341 to 354 of the Annual Report and Accounts 2023, as are the methods of computation.

(g) Presentation of information

Certain disclosures have been presented elsewhere in the Interim Report 2024, rather than in the notes to the financial statements. These are as follows:

- Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees included in the 'Risk' section on pages 81 to 83.
- Distribution of financial instruments to which the impairment requirements in IFRS 9 are applied, by credit quality and stage allocation included in the 'Risk' section on pages 84 to 85.
- Share buy-back included in the 'Shareholder information' section on page 141.

2 Net fee income

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Net fee income by product		
Funds under management	**1,206**	1,176
Cards	**1,395**	1,351
Credit facilities	**754**	798
Account services	**760**	765
Broking income	**626**	555
Unit trusts	**515**	386
Underwriting	**369**	345
Global custody	**401**	432
Remittances	**399**	405
Imports/exports	**313**	328
Insurance agency commission	**183**	159
Other	**1,237**	1,247
Fee income	**8,158**	7,947
Less: fee expense	**(1,958)**	(1,862)
Net fee income	**6,200**	6,085
Net fee income by global business		
Wealth and Personal Banking	**2,941**	2,694
Commercial Banking	**1,962**	2,009
Global Banking and Markets	**1,287**	1,382
Corporate Centre	**10**	—

3 Dividends

On 31 July 2024, the Directors approved a second interim dividend for 2024 of $0.10 per ordinary share in respect of the financial year ending 31 December 2024. This distribution amounts to approximately $1.849bn and will be payable on 27 September 2024. No liability is recognised in the financial statements in respect of these dividends.

Dividends paid to shareholders of HSBC Holdings plc

	Half-year to			
	30 Jun 2024		30 Jun 2023	
	Per share	**Total**	Per share	Total
	$	**$m**	$	$m
Dividends paid on ordinary shares				
In respect of previous year:				
– second interim dividend	**—**	**—**	0.23	4,590
– fourth interim dividend	**0.31**	**5,872**	—	—
In respect of current year:				
– first interim dividend	**0.10**	**1,877**	0.10	2,001
– special dividend	**0.21**	**3,942**	—	—
Total	**0.62**	**11,691**	0.33	6,591
Total coupons on capital securities classified as equity		**526**		542
Dividends to shareholders		**12,217**		7,133

4 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, excluding 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

	Half-year to					
	30 Jun 2024			30 Jun 2023		
	Profit	**Number of shares**	**Amount per share**	Profit	Number of shares	Amount per share
	$m	**(millions)**	**$**	$m	(millions)	$
Basic[1]	**16,586**	**18,666**	**0.89**	16,966	19,693	0.86
Effect of dilutive potential ordinary shares		**120**			136	
Diluted[1]	**16,586**	**18,786**	**0.88**	16,966	19,829	0.86

1 Weighted average number of ordinary shares outstanding (basic) or assuming dilution (diluted).

5 Segmental analysis

The Group Chief Executive, supported by the rest of the Group Executive Committee ('GEC'), is considered the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Group's reportable segments. Global business results are 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 income statement for the half-year to 30 June 2023 is converted at the average rate of exchange for 2024, and the balance sheets at 30 June 2023 and 31 December 2023 at the prevailing rates of exchange on 30 June 2024.

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 functions to the extent that they can be meaningfully attributed to global businesses. 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 global businesses 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 global businesses are presented in Corporate Centre.

Our global businesses

We provide a comprehensive range of banking and related financial services to our customers in our three global businesses. The products and services offered to customers are organised by these global businesses:

- Wealth and Personal Banking ('WPB') provides a full range of retail banking and wealth products to our customers from personal banking to ultra high net worth individuals. Typically, customer offerings include retail banking products, such as current and savings accounts, mortgages and personal loans, credit cards, debit cards and local and international payment services. We also provide wealth management services, including insurance and investment products, global asset management services, investment management and private wealth solutions for customers with more sophisticated and international requirements.
- Commercial Banking ('CMB') offers a broad range of products and services to serve the needs of our commercial customers, including small and medium-sized enterprises, mid-market enterprises and corporates. These include credit and lending, international trade and receivables finance, treasury management and liquidity solutions (payments and cash management and commercial cards), commercial insurance and investments. CMB also offers customers access to products and services offered by other global businesses, such as Global Banking and Markets, which include foreign exchange products, raising capital on debt and equity markets and advisory services.
- Global Banking and Markets ('GBM') provides tailored financial solutions to major government, corporate and institutional clients and private investors worldwide. The client-focused business lines deliver a full range of banking capabilities, including financing, advisory and transaction services, a markets business that provides services in credit, rates, foreign exchange, equities, money markets and securities services, and principal investment activities.

HSBC constant currency profit before tax and balance sheet data

	Half-year to 30 Jun 2024				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Net operating income/(expense) before change in expected credit losses and other credit impairment charges[1]	**14,312**	**10,896**	**8,742**	**3,342**	**37,292**
– external	**10,166**	**11,217**	**15,377**	**532**	**37,292**
– inter-segment	**4,146**	**(321)**	**(6,635)**	**2,810**	**—**
– of which: net interest income/(expense)[2]	**10,231**	**8,799**	**3,710**	**(5,829)**	**16,911**
Change in expected credit losses and other credit impairment charges	**(476)**	**(573)**	**(11)**	**(6)**	**(1,066)**
Net operating income	**13,836**	**10,323**	**8,731**	**3,336**	**36,226**
Total operating expenses	**(7,406)**	**(3,861)**	**(4,918)**	**(111)**	**(16,296)**
Operating profit	**6,430**	**6,462**	**3,813**	**3,225**	**19,930**
Share of profit/(loss) in associates and joint ventures	**28**	**1**	**—**	**1,597**	**1,626**
Constant currency profit before tax	**6,458**	**6,463**	**3,813**	**4,822**	**21,556**
	%	**%**	**%**	**%**	**%**
Share of HSBC's constant currency profit before tax	**30.0**	**30.0**	**17.7**	**22.3**	**100.0**
Constant currency cost efficiency ratio	**51.7**	**35.4**	**56.3**	**3.3**	**43.7**
Constant currency balance sheet data	**$m**	**$m**	**$m**	**$m**	**$m**
Loans and advances to customers (net)	**445,882**	**310,356**	**174,376**	**7,643**	**938,257**
Interests in associates and joint ventures	**567**	**25**	**111**	**27,762**	**28,465**
Total external assets	**864,948**	**597,808**	**1,365,439**	**146,808**	**2,975,003**
Customer accounts	**794,807**	**467,362**	**331,269**	**396**	**1,593,834**

	Half-year to 30 Jun 2023				
Net operating income/(expense) before change in expected credit losses and other credit impairment charges[1]	16,095	12,086	8,321	—	36,502
– external	12,317	12,730	13,714	(2,259)	36,502
– inter-segment	3,778	(644)	(5,393)	2,259	—
– of which: net interest income/(expense)[2]	10,130	8,073	3,401	(3,877)	17,727
Change in expected credit losses and other credit impairment charges	(484)	(694)	(136)	(3)	(1,317)
Net operating income/(expense)	15,611	11,392	8,185	(3)	35,185
Total operating expenses	(7,020)	(3,458)	(4,776)	10	(15,244)
Operating profit	8,591	7,934	3,409	7	19,941
Share of profit in associates and joint ventures	35	(1)	—	1,497	1,531
Constant currency profit before tax	8,626	7,933	3,409	1,504	21,472
	%	%	%	%	%
Share of HSBC's constant currency profit before tax	40.2	36.9	15.9	7.0	100.0
Constant currency cost efficiency ratio	43.6	28.6	57.4	—	41.8
Constant currency balance sheet data	$m	$m	$m	$m	$m
Loans and advances to customers (net)	460,395	315,271	175,055	293	951,014
Interests in associates and joint ventures	551	22	105	28,856	29,534
Total external assets	891,675	644,672	1,325,327	150,047	3,011,721
Customer accounts	803,962	466,302	309,526	628	1,580,418

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 Net interest expense recognised in the Corporate Centre includes \$5.5bn (1H23: \$3.8bn) of interest expense in relation to the internal cost to fund trading and fair value net assets; and the funding cost of foreign exchange swaps in our Markets Treasury function.

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:

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Reported external net operating income by country/territory[1]	**37,292**	36,876
– UK	**6,247**	6,762
– Hong Kong	**10,393**	10,325
– US	**2,146**	2,112
– France	**1,819**	4,107
– other countries/territories	**16,687**	13,570

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Constant currency results reconciliation

	30 Jun 2024	30 Jun 2023		
	Reported and constant currency	Constant currency	Currency translation	Reported
	$m	$m	$m	$m
Revenue[1]	**37,292**	36,502	(374)	36,876
ECL	**(1,066)**	(1,317)	28	(1,345)
Operating expenses	**(16,296)**	(15,244)	213	(15,457)
Share of profit in associates and joint ventures	**1,626**	1,531	(52)	1,583
Profit before tax	**21,556**	21,472	(185)	21,657

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.

Constant currency balance sheet reconciliation

	At 30 Jun 2024	At 30 Jun 2023			At 31 Dec 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)	**938,257**	951,014	(8,544)	959,558	925,791	(12,744)	938,535
Interests in associates and joint ventures	**28,465**	29,534	(12)	29,546	26,967	(377)	27,344
Total external assets	**2,975,003**	3,011,721	(29,755)	3,041,476	2,997,845	(40,832)	3,038,677
Customer accounts	**1,593,834**	1,580,418	(15,351)	1,595,769	1,590,533	(21,114)	1,611,647

Notable items

	Half-year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Notable items		
Revenue		
Disposals, acquisitions and related costs[1,2]	**3,571**	3,321
Fair value movements on financial instruments[3]	**—**	15
Operating expenses		
Disposals, acquisitions and related costs	**(101)**	(118)
Restructuring and other related costs[4]	**19**	47

1 Includes the impact of the sale of our retail banking operations in France.
2 Includes the gain of $1.5bn recognised in respect of the acquisition of SVB UK.
3 Fair value movements on non-qualifying hedges in HSBC Holdings.
4 Relates to reversals of restructuring provisions recognised in 2022.

6 Fair values of financial instruments carried at fair value

The accounting policies, control framework and hierarchy used to determine fair values at 30 June 2024 are consistent with those applied for the Annual Report and Accounts 2023.

Financial instruments carried at fair value and bases of valuation

	Valuation techniques			
	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Recurring fair value measurements	**$m**	**$m**	**$m**	**$m**
At 30 Jun 2024				
Assets				
Trading assets	**254,095**	**73,132**	**4,080**	**331,307**
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**30,762**	**64,631**	**21,621**	**117,014**
Derivatives	**1,278**	**215,480**	**2,511**	**219,269**
Financial investments	**252,692**	**62,912**	**2,414**	**318,018**
Liabilities				
Trading liabilities	**54,933**	**22,392**	**130**	**77,455**
Financial liabilities designated at fair value	**1,322**	**127,319**	**12,159**	**140,800**
Derivatives	**1,331**	**212,284**	**3,481**	**217,096**
At 31 Dec 2023				
Assets				
Trading assets	202,020	82,833	4,306	289,159
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	27,030	63,825	19,788	110,643
Derivatives	931	226,714	2,069	229,714
Financial investments	215,228	76,591	2,618	294,437
Liabilities				
Trading liabilities	53,354	19,318	478	73,150
Financial liabilities designated at fair value	1,266	129,232	10,928	141,426
Derivatives	1,918	230,285	2,569	234,772

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 15.

Financial instruments carried at fair value and bases of valuation – assets and liabilities held for sale

	Valuation techniques			
	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
Recurring fair value measurements	**$m**	**$m**	**$m**	**$m**
At 30 Jun 2024				
Assets				
Trading assets	**63**	**114**	**—**	**177**
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**382**	**11**	**19**	**412**
Derivatives	**—**	**3**	**—**	**3**
Financial investments	**123**	**1,641**	**3**	**1,767**
Liabilities				
Trading liabilities	**—**	**—**	**—**	**—**
Financial liabilities designated at fair value	**—**	**—**	**—**	**—**
Derivatives	**—**	**1**	**—**	**1**
At 31 Dec 2023				
Assets				
Trading assets	2,403	61	—	2,465
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	—	15	49	64
Derivatives	—	528	—	528
Financial investments	9,357	—	28	9,385
Liabilities				
Trading liabilities	1,352	64	—	1,417
Financial liabilities designated at fair value	—	2,370	—	2,370
Derivatives	—	615	—	615

Transfers between Level 1 and Level 2 fair values

	Assets				Liabilities		
	Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value	Derivatives	Trading liabilities	Designated at fair value	Derivatives
	$m	$m	$m	$m	$m	$m	$m
At 30 Jun 2024							
Transfers from Level 1 to Level 2	**4,084**	**1,975**	**611**	**—**	**33**	**—**	**—**
Transfers from Level 2 to Level 1	**5,662**	**3,098**	**1,113**	**—**	**63**	**—**	**—**
At 31 Dec 2023							
Transfers from Level 1 to Level 2	13,200	8,066	1,709	—	54	—	—
Transfers from Level 2 to Level 1	9,975	5,758	2,477	—	309	—	—

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

Fair value adjustments

We adopt the use of fair value adjustments when we take into consideration additional factors not incorporated within the valuation model that would otherwise be considered by a market participant. We classify fair value adjustments as either 'risk-related' or 'model-related'. The majority of these adjustments relate to GBM. Movements in the amount of fair value adjustments do not necessarily translate into equivalent movements of profits or losses within the income statement, as these movements can be compensated for by other related profit or loss effects. For example, as models are enhanced, fair value adjustments may no longer be required. Similarly, fair value adjustments will decrease when the related positions are unwound, but this may not result in profit or loss.

Global Banking and Markets fair value adjustments

	At 30 Jun 2024		At 31 Dec 2023	
	GBM	Corporate Centre	GBM	Corporate Centre
	$m	$m	$m	$m
Type of adjustment				
Risk-related	**602**	**45**	692	41
– bid-offer	**351**	**—**	414	—
– uncertainty	**70**	**4**	75	3
– credit valuation adjustment	**124**	**37**	164	35
– debit valuation adjustment	**(26)**	**—**	(54)	—
– funding fair value adjustment	**83**	**4**	93	3
Model-related	**50**	**—**	63	—
– model limitation	**50**	**—**	63	—
Inception profit (Day 1 P&L reserves)	**91**	**—**	86	—
Total	**743**	**45**	841	41

The reduction in fair value adjustments was predominantly driven by changes to exposure, and tightening of credit and liquidity market spreads.

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	**514**	**1**	**19,150**	**—**	**19,665**	**—**	**1**	**—**	**1**
Asset-backed securities	**309**	**227**	**7**	**—**	**543**	**—**	**—**	**—**	**—**
Structured notes	**—**	**—**	**3**	**—**	**3**	**—**	**12,050**	**—**	**12,050**
Other derivatives	**—**	**—**	**—**	**2,511**	**2,511**	**—**	**—**	**3,481**	**3,481**
Other portfolios	**1,591**	**3,852**	**2,461**	**—**	**7,904**	**130**	**108**	**—**	**238**
At 30 Jun 2024	**2,414**	**4,080**	**21,621**	**2,511**	**30,626**	**130**	**12,159**	**3,481**	**15,770**
Private equity including strategic investments	507	7	17,640	—	18,154	—	1	—	1
Asset-backed securities	309	128	8	—	445	—	—	—	—
Structured notes	—	—	3	—	3	—	10,331	—	10,331
Other derivatives	—	—	—	2,069	2,069	—	—	2,569	2,569
Other portfolios	1,802	4,171	2,137	—	8,110	478	596	—	1,074
At 31 Dec 2023	2,618	4,306	19,788	2,069	28,781	478	10,928	2,569	13,975

The basis for determining the fair value of the financial instruments in the table above is explained on page 378 of the Annual Report and Accounts 2023.

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 2024	**2,618**	**4,306**	**19,788**	**2,069**	**478**	**10,928**	**2,569**
Total gains or losses recognised in profit or loss	**(11)**	**(7)**	**270**	**323**	**(4)**	**345**	**865**
– net income or losses from financial instruments held for trading or managed on a fair value basis	**—**	**(7)**	**—**	**323**	**(4)**	**345**	**865**
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**—**	**—**	**223**	**—**	**—**	**—**	**—**
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**—**	**—**	**47**	**—**	**—**	**—**	**—**
– gains less losses from financial investments held at fair value through other comprehensive income	**(11)**	**—**	**—**	**—**	**—**	**—**	**—**
Total gains/(losses) recognised in other comprehensive income ('OCI')	**(73)**	**(48)**	**(102)**	**(22)**	**(4)**	**(77)**	**(30)**
– financial investments: fair value gains/(losses)	**(18)**	**—**	**—**	**—**	**—**	**31**	**—**
– exchange differences	**(55)**	**(48)**	**(102)**	**(22)**	**(4)**	**(108)**	**(30)**
Purchases	**351**	**1,030**	**3,694**	**—**	**135**	**—**	**—**
New issuances	**—**	**—**	**—**	**—**	**—**	**3,378**	**—**
Sales	**(30)**	**(633)**	**(183)**	**—**	**(293)**	**—**	**—**
Settlements	**(406)**	**(615)**	**(1,738)**	**(147)**	**(164)**	**(1,898)**	**(136)**
Transfers out	**(80)**	**(281)**	**(213)**	**(265)**	**(29)**	**(1,039)**	**(353)**
Transfers in	**45**	**328**	**105**	**553**	**11**	**522**	**566**
At 30 Jun 2024	**2,414**	**4,080**	**21,621**	**2,511**	**130**	**12,159**	**3,481**
Unrealised gains or losses recognised in profit or loss relating to assets and liabilities held at 30 Jun 2024	**—**	**(12)**	**(302)**	**(2,157)**	**5**	**(167)**	**(541)**
– net income or losses from financial instruments held for trading or managed on a fair value basis	**—**	**(12)**	**—**	**(2,157)**	**5**	**—**	**(541)**
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**—**	**—**	**(302)**	**—**	**—**	**(167)**	**—**

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 2023	2,961	4,817	17,407	1,964	474	10,432	2,920
Total gains or losses recognised in profit or loss	(15)	65	706	237	25	60	478
– net income or losses from financial instruments held for trading or managed on a fair value basis	—	65	—	237	25	—	478
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	706	—	—	60	—
– gains less losses from financial investments held at fair value through other comprehensive income	(15)	—	—	—	—	—	—
Total gains/(losses) recognised in other comprehensive income ('OCI')	138	92	11	75	21	323	98
– financial investments: fair value gains/(losses)	83	—	—	—	—	234	—
– exchange differences	55	92	11	75	21	89	98
Purchases	215	761	1,660	—	115	—	—
New issuances	—	—	—	—	2	2,313	—
Sales	(122)	(1,353)	(303)	—	(181)	(2)	—
Settlements	(202)	(487)	(963)	(517)	(9)	(1,479)	(1,164)
Transfers out	(108)	(377)	(140)	(85)	(32)	(1,821)	(138)
Transfers in	139	554	2	98	36	323	121
At 30 Jun 2023	3,006	4,072	18,380	1,772	451	10,149	2,315
Unrealised gains or losses recognised in profit or loss relating to assets and liabilities held at 30 Jun 2023	—	(58)	232	734	(4)	(189)	(560)
– net income or losses from financial instruments held for trading or managed on a fair value basis	—	(58)	—	734	(4)	—	(560)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	232	—	—	(189)	—

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarterly reporting period. 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

	Reflected in profit or loss		**Reflected in OCI**	
	Favourable changes	**Unfavourable changes**	**Favourable changes**	**Unfavourable changes**
	$m	**$m**	**$m**	**$m**
Derivatives, trading assets and trading liabilities[1]	**546**	**(309)**	**—**	**—**
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit or loss	**1,664**	**(1,255)**	**—**	**—**
Financial investments	**18**	**(18)**	**42**	**(45)**
At 30 Jun 2024	**2,228**	**(1,582)**	**42**	**(45)**
Derivatives, trading assets and trading liabilities[1]	332	(434)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit or loss	1,009	(1,009)	—	—
Financial investments	10	(10)	61	(63)
At 30 Jun 2023	1,351	(1,453)	61	(63)
Derivatives, trading assets and trading liabilities[1]	492	(531)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit or loss	1,092	(1,100)	—	—
Financial investments	13	(12)	61	(66)
At 31 Dec 2023	1,597	(1,643)	61	(66)

1 'Derivatives, trading assets and trading liabilities' are presented as one category to reflect the manner in which these financial instruments are risk-managed.

The sensitivity analysis for certain private equity positions has been enhanced in order to reduce dependency on historical observations and focus on current valuation uncertainty, resulting in some increases in favourable sensitivities.

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 table above 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 2024. There has been no change to the key unobservable inputs to Level 3 financial instruments and inter-relationships therein, which are detailed on pages 380 and 381 of the Annual Report and Accounts 2023.

Quantitative information about significant unobservable inputs in Level 3 valuations

	Fair value				30 Jun 2024		31 Dec 2023	
					Full range of inputs		Full range of inputs	
	Assets $m	Liabilities $m	Key valuation techniques	Key unobservable inputs	Lower	Higher	Lower	Higher
Private equity including strategic investments[1]	19,665	1	Price – Net asset value	Current Value/ Cost	—	277	See footnote 1	
Asset-backed securities ('ABS')	543	—						
– collateralised loan/debt obligation	81	—	Market proxy	Bid quotes	—	96	—	94
– other ABSs	462	—	Market proxy	Bid quotes	—	246	—	220
Structured notes	3	12,050						
– equity-linked notes	3	7,929	Model – Option model	Equity volatility	6%	177%	6%	154%
			Model – Option model	Equity correlation	27%	100%	34%	100%
– Foreign exchange ('FX')-linked notes	—	2,521	Model – Option model	FX volatility	1%	38%	1%	34%
– other[2]	—	1,600						
Other derivatives	2,511	3,481						
– interest rate derivatives	1,094	994						
securitisation swaps	152	119	Model – Discounted cash flow	Prepayment rate	5%	10%	5%	10%
long-dated swaptions	66	71	Model – Option model	Interest rate volatility	7%	26%	11%	37%
other[2]	876	804						
– FX derivatives	373	411						
FX options	312	369	Model – Option model	FX volatility	1%	32%	1%	31%
other[2]	61	42						
– equity derivatives	681	1,396						
long-dated single stock options	469	905	Model – Option model	Equity volatility	6%	133%	6%	110%
other[2]	212	491						
– credit derivatives	363	680						
other[2]	363	680						
Other portfolios	7,904	238						
– repurchase agreements	949	116	Model – Discounted cash flow	Interest rate curve	5%	8%	3%	8%
– bonds	3,383	1	Market proxy	Mid quotes	—	103	—	101
– other[2]	3,572	121						
At 30 Jun 2024	**30,626**	**15,770**						

1 'Private equity including strategic investments' includes private equity, private credit, private equity funds, and infrastructure debt, primarily held as part of our Insurance business and for strategic investments. The analysis for private equity positions has been enhanced with the range of key unobservable inputs now quoted.
2 'Other' includes a range of smaller holdings with multiple inputs.

7 Fair values of financial instruments not carried at fair value

The bases for measuring the fair values of loans and advances to banks and customers, financial investments, deposits by banks, customer accounts, debt securities in issue, subordinated liabilities and non-trading repurchase and reverse repurchase agreements are explained on pages 382 and 383 of the Annual Report and Accounts 2023.

Fair values of financial instruments not carried at fair value on the balance sheet

	At 30 Jun 2024		At 31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	$m	$m	$m	$m
Assets				
Loans and advances to banks	**102,057**	**102,058**	112,902	112,744
Loans and advances to customers	**938,257**	**923,152**	938,535	924,382
Reverse repurchase agreements – non-trading	**230,189**	**230,153**	252,217	252,243
Financial investments – at amortised cost	**149,338**	**146,390**	148,326	146,588
Liabilities				
Deposits by banks	**82,435**	**82,472**	73,163	73,176
Customer accounts	**1,593,834**	**1,593,834**	1,611,647	1,611,795
Repurchase agreements – non-trading	**202,770**	**202,735**	172,100	172,081
Debt securities in issue	**98,158**	**99,009**	93,917	93,902
Subordinated liabilities	**25,510**	**27,916**	24,954	27,151

Fair values of financial instruments not carried at fair value on the balance sheet – assets and disposal groups held for sale

	At 30 Jun 2024		At 31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	$m	$m	$m	$m
Assets				
Loans and advances to banks	**631**	**631**	10,487	10,487
Loans and advances to customers	**2,414**	**2,339**	73,376	72,290
Reverse repurchase agreements – non-trading	**209**	**209**	2,723	2,723
Financial investments – at amortised cost	**92**	**113**	7,624	7,535
Liabilities				
Deposits by banks	**9**	**9**	78	78
Customer accounts	**4,037**	**4,037**	85,950	86,475
Repurchase agreements – non-trading	**1**	**1**	2,768	2,768
Debt securities in issue	**—**	**—**	9,084	8,820
Subordinated liabilities	**—**	**—**	8	7

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.

8 Derivatives

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

	Notional contract amount		Fair value amount					
	Assets and liabilities		Assets			Liabilities		
	Trading	Hedging	Trading	Hedging	Total	Trading	Hedging	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Foreign exchange	**11,084,647**	**65,960**	**87,694**	**1,921**	**89,615**	**82,071**	**170**	**82,241**
Interest rate	**17,753,900**	**363,059**	**216,753**	**4,522**	**221,275**	**217,725**	**4,603**	**222,328**
Equities	**835,458**	**—**	**17,797**	**—**	**17,797**	**21,556**	**—**	**21,556**
Credit	**157,766**	**—**	**1,350**	**—**	**1,350**	**1,586**	**—**	**1,586**
Commodity and other	**104,840**	**—**	**2,250**	**—**	**2,250**	**2,403**	**—**	**2,403**
Gross total fair values	**29,936,611**	**429,019**	**325,844**	**6,443**	**332,287**	**325,341**	**4,773**	**330,114**
Offset					**(113,018)**			**(113,018)**
At 30 Jun 2024	**29,936,611**	**429,019**	**325,844**	**6,443**	**219,269**	**325,341**	**4,773**	**217,096**
Foreign exchange	9,463,768	63,547	99,014	935	99,949	99,949	780	100,729
Interest rate	14,853,397	361,312	223,534	5,119	228,653	225,443	4,080	229,523
Equities	677,149	—	14,427	—	14,427	17,603	—	17,603
Credit	153,606	—	1,351	—	1,351	1,861	—	1,861
Commodity and other	90,007	—	1,820	—	1,820	1,542	—	1,542
Gross total fair values	25,237,927	424,859	340,146	6,054	346,200	346,398	4,860	351,258
Offset					(116,486)			(116,486)
At 31 Dec 2023	25,237,927	424,859	340,146	6,054	229,714	346,398	4,860	234,772

The notional contract amounts of derivatives held for trading purposes and derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date, not amounts at risk. Derivative assets and liabilities decreased during 1H24, reflecting changes in yield curves and the market environment.

Hedge accounting derivatives

The notional contract amounts of derivatives held for hedge accounting purposes indicate the nominal value of transactions outstanding at the balance sheet date, not amounts at risk.

Notional contract amounts of derivatives held for hedging purposes by product type

	At 30 Jun 2024		At 31 Dec 2023	
	Cash flow hedges	Fair value hedges	Cash flow hedges	Fair value hedges
	$m	$m	$m	$m
Foreign exchange	**33,272**	**—**	29,772	—
Interest rate	**184,049**	**179,010**	188,327	172,985
Total	**217,321**	**179,010**	218,099	172,985

The Group applies hedge accounting in respect of certain consolidated net investments. Hedging is undertaken using forward foreign exchange contracts or by financing with foreign currency borrowings. At 30 June 2024, the notional contract value of outstanding financial instruments designated as hedges of net investments in foreign operations was $32,688m (31 December 2023: $33,775m).

9 Financial investments

Carrying amounts of financial investments

	30 Jun 2024	31 Dec 2023
	$m	$m
Financial investments measured at fair value through other comprehensive income	**318,018**	294,437
– treasury and other eligible bills	**110,960**	102,438
– debt securities	**205,327**	190,119
– equity securities	**1,492**	1,447
– other instruments	**239**	433
Debt instruments measured at amortised cost	**149,338**	148,326
– treasury and other eligible bills	**26,177**	30,733
– debt securities	**123,161**	117,593
At the end of the period	**467,356**	442,763

10 Interests in associates and joint ventures

At 30 June 2024, the carrying amount of HSBC's interests in associates and joint ventures was $28,465m (31 December 2023: $27,344m).

Principal associates of HSBC

	At 30 Jun 2024		At 31 Dec 2023	
	Carrying amount	**Fair value**[1]	Carrying amount	Fair value[1]
	$m	**$m**	$m	$m
Bank of Communications Co., Limited	**22,126**	**11,096**	21,210	8,812
Saudi Awwal Bank	**4,823**	**6,469**	4,659	6,438

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).

Share of profit in associates and joint ventures

	Half year to	
	30 Jun 2024	30 Jun 2023
	$m	$m
Bank of Communications Co., Limited	**1,257**	1,317
Saudi Awwal Bank	**317**	272
Other associates and joint ventures	**52**	(6)
Share of profit in associates and joint ventures	**1,626**	1,583

Bank of Communications Co., Limited

The Group maintains a 19.03% 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 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.

The fair value of the Group's investment in BoCom is below its carrying amount. At 31 December 2023, the Group performed an impairment test on the carrying amount, which resulted in an impairment of $3.0bn, as the recoverable amount as determined by a value in use ('VIU') calculation was lower than the carrying value.

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.

If the Group did not have significant influence in BoCom, the investment would be carried at fair value rather than the current carrying value.

Impairment testing

At 30 June 2024, the carrying amount of the investment was $22.1bn (31 December 2023: $21.2bn) with fair value of $11.1bn (31 December 2023: $8.8bn). The Group has concluded there is no indication of further significant impairment (or indication that an impairment may no longer exist or may have decreased significantly) since 31 December 2023. As part of this assessment the Group updated the VIU calculation, which supported the case that there was no significant change to the 31 December 2023 impairment position. As a result, no additional impairment to the carrying amount (or reversal of impairment) was made at 30 June 2024.

Basis of recoverable amount

The updated assessment was performed by comparing the recoverable amount of BoCom, determined by a VIU calculation, with its carrying value. 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'. Significant management judgement is required in arriving at the best estimate.

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% (31 December 2023: 3.00%) for periods after 2027, 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% (31 December 2023: 3.00%) for periods after 2027, which is the rate that assets are expected to grow to achieve long-term profit growth of 3.00%. The increase of long-term asset growth rate was supported by historical data, which is expected to continue.
- Discount rate: 8.53% (31 December 2023: 9.00%), which is based on a capital asset pricing model ('CAPM'), using market data. The discount rate used is within the range of 7.7% to 9.4% (31 December 2023: 7.9% to 9.7%) indicated by the CAPM, and decreased as a consequence of a market-driven reduction in the risk-free rate and beta.
- Expected credit losses ('ECL') as a percentage of loans and advances to customers: ranges from 0.78% to 0.97% (31 December 2023: 0.80% to 0.97%) in the short to medium term, reflecting reported credit experience in mainland China. For periods after 2027, the ratio is 0.97% (31 December 2023: 0.97%), which is higher than BoCom's average ECL as a percentage of loans and advances to customers in recent years prior to the pandemic.
- Risk-weighted assets as a percentage of total assets: ranges from 62.0% to 62.5% (31 December 2023: 62.0% to 63.7%) 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 2027, the ratio is 62.0% (31 December 2023: 62.0%), which is similar to BoCom's actual results in recent years.
- Loans and advances to customers growth rate: ranges from 9.0% to 10.0% (31 December 2023: 9.0% to 10.0%) in the short to medium term, which is similar to BoCom's actual results in recent years. Increases in the forecast growth rate of loans and advances to customers results in higher forecast ECL.
- Operating income growth rate: ranges from -0.4% to 9.3% (31 December 2023: -0.4% to 9.7%) in the short to medium term, which is similar to BoCom's actual results in recent years, and is impacted by projections of net interest income in the short term as a consequence of recent macroeconomic, policy and industry factors in mainland China.
- Cost-income ratio: ranges from 35.5% to 39.8% (31 December 2023: 35.5% to 39.8%) in the short to medium term. These ratios are similar to BoCom's actual results in recent years and forecasts disclosed by external analysts.
- Effective tax rate ('ETR'): ranges from 6.3% to 15.0% (31 December 2023: 5.3% to 15.0%) in the short to medium term, reflecting BoCom's actual results and an expected increase towards the long-term assumption through the forecast period. For periods after 2027, the rate is 15.0% (31 December 2023: 15.0%), 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 2023: 12.5%) and tier 1 capital adequacy ratio of 9.5% (31 December 2023: 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 earnings in the short to medium term, the long-term expected credit losses as a percentage of loans and advances to customers, and a 50bps increase/decrease in the discount rate. At 30 June 2024, we estimate that the reasonably possible range of VIU is $14.1bn to $31.1bn (31 December 2023: $13.1bn to $28.8bn), acknowledging that the fair value of the Group's investment has ranged from $6.8bn to $11.1bn 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 reasonable possible range of the VIU.

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

There were no indicators of impairment at 30 June 2024. The fair value of the Group's investment in SAB of $6.5bn was above the carrying amount of $4.8bn.

11 Provisions

	Restructuring costs	Legal proceedings and regulatory matters	Customer remediation	Other provisions	Total
	$m	$m	$m	$m	$m
Provisions (excluding contractual commitments)					
At 31 Dec 2023	284	380	130	420	1,214
Additions	**37**	**97**	**12**	**49**	**195**
Amounts utilised	**(113)**	**(145)**	**(24)**	**(64)**	**(346)**
Unused amounts reversed	**(33)**	**(45)**	**(24)**	**(39)**	**(141)**
Exchange and other movements	**(8)**	**(4)**	**6**	**17**	**11**
At 30 Jun 2024	**167**	**283**	**100**	**383**	**933**
Contractual commitments[1]					
At 31 Dec 2023					527
Net change in expected credit loss provision and other movements					**76**
At 30 Jun 2024					**603**
Total provisions					
At 31 Dec 2023					1,741
At 30 Jun 2024					**1,536**

1 Contractual commitments include the expected credit loss provision in relation to off-balance sheet financial guarantee contracts and commitments where HSBC has become party to an irrevocable commitment, as defined under IFRS 9 'Financial Instruments'; and provisions for performance and other guarantee contracts.

Further details of 'Legal proceedings and regulatory matters' are set out in Note 13. 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 12. Further analysis of the movement in the ECL 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 82.

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 PIS and 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. 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.

12 Contingent liabilities, contractual commitments and guarantees

	At	
	30 Jun 2024	31 Dec 2023
	$m	$m
Guarantees and other contingent liabilities:		
– financial guarantees	**16,343**	17,009
– performance and other guarantees	**91,275**	94,277
– other contingent liabilities	**543**	636
At the end of the period	**108,161**	111,922
Commitments:[1]		
– documentary credits and short-term trade-related transactions	**7,169**	7,818
– forward asset purchases and forward deposits placed	**87,219**	78,535
– standby facilities, credit lines and other commitments to lend	**780,929**	810,797
At the end of the period	**875,317**	897,150

1 Includes $638,635m of commitments at 30 June 2024 (31 December 2023: $661,015m), to which the impairment requirements in IFRS 9 are applied where HSBC has become party to an irrevocable commitment.

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 is 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 11.

The majority of the guarantees have a term of less than one year, while guarantees with terms of more than one year are subject to HSBC's annual credit review process.

Contingent liabilities arising from legal proceedings and regulatory and other matters against Group companies are excluded from this note but are disclosed in Notes 11 and 13.

13 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 of the Annual Report and Accounts 2023. 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 2024 (see Note 11). 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 non-US HSBC companies provided custodial, administration and similar services to a number of funds incorporated outside the US whose assets were invested with Bernard L. Madoff Investment Securities LLC ('Madoff Securities'). Based on information provided by Madoff Securities as at 30 November 2008, the purported aggregate value of these funds was $8.4bn, including fictitious profits reported by Madoff. Based on information available to HSBC, the funds' actual transfers to Madoff Securities minus their actual withdrawals from Madoff Securities during the time HSBC serviced the funds are estimated to have totalled approximately $4bn. Various HSBC companies have been named as defendants in lawsuits arising out of Madoff Securities' fraud.

US litigation: The Madoff Securities Trustee has brought lawsuits against various HSBC companies and others, seeking recovery of alleged transfers from Madoff Securities to HSBC in the amount of $543m (plus interest), and these lawsuits remain pending in the US Bankruptcy Court for the Southern District of New York (the 'US Bankruptcy Court').

Certain Fairfield entities (together, 'Fairfield') (in liquidation) have brought a lawsuit in the US against fund shareholders, including HSBC companies that acted as nominees for clients, seeking restitution of redemption payments in the amount of $382m (plus interest). Fairfield's claims against most of the HSBC companies have been dismissed by the US Bankruptcy Court and the US District Court for the Southern District of New York, but remain pending on appeal before the US Court of Appeals for the Second Circuit. Fairfield's claims against HSBC Private Bank (Suisse) SA and HSBC Securities Services Luxembourg ('HSSL') have not been dismissed and their appeals are also pending before the US Court of Appeals for the Second Circuit. Meanwhile, proceedings before the US Bankruptcy Court with respect to the claims against HSBC Private Bank (Suisse) SA and HSSL are ongoing.

UK litigation: The Madoff Securities Trustee has filed a claim against various HSBC companies in the High Court of England and Wales, seeking recovery of transfers from Madoff Securities to HSBC. The claim has not yet been served and the amount claimed has not been specified.

Luxembourg litigation: In 2009, Herald Fund SPC ('Herald') (in liquidation) brought an action against HSSL before the Luxembourg District Court, seeking restitution of cash and securities in the amount of $2.5bn (plus interest), or damages in the amount of $2bn (plus interest). In 2018, HSBC Bank plc was added to the claim and Herald increased the amount of the alleged damages claim to $5.6bn (plus interest). The Luxembourg District Court has dismissed Herald's securities restitution claim, but reserved Herald's cash restitution and damages claims. Herald has appealed this dismissal to the Luxembourg Court of Appeal, where the matter is pending.

Beginning in 2009, various HSBC companies have been named as defendants in a number of actions brought by Alpha Prime Fund Limited in the Luxembourg District Court seeking damages for alleged breach of contract and negligence in the amount of $1.16bn (plus interest). These matters are currently pending before the Luxembourg District Court.

Beginning in 2014, HSSL and the Luxembourg branch of HSBC Bank plc have been named as defendants in a number of actions brought by Senator Fund SPC before the Luxembourg District Court seeking restitution of securities in the amount of $625m (plus interest), or damages in the amount of $188m (plus interest). These matters are 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 the pending 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. Seven actions, which seek damages for unspecified amounts, remain pending and HSBC's motions to dismiss have been granted in three of these cases. These dismissals are subject to appeals and/or the plaintiffs re-pleading their claims. The four other actions are at an early 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.

Interbank offered rates investigation and litigation

Euro interest rate derivatives: In December 2016, the European Commission ('EC') issued a decision finding that HSBC, among other banks, engaged in anti-competitive practices in connection with the pricing of euro interest rate derivatives, and the EC imposed a fine on HSBC based on a one-month infringement in 2007. The fine was annulled in 2019 and a lower fine was imposed in 2021. In January 2023, the European Court of Justice dismissed an appeal by HSBC and upheld the EC's findings on HSBC's liability. A separate appeal by HSBC concerning the amount of the fine remains pending before the General Court of the European Union.

US dollar Libor: Beginning in 2011, HSBC and other panel banks have been named as defendants in a number of individual and putative class action lawsuits filed in federal and state courts in the US with respect to the setting of US dollar Libor. The complaints assert claims under various US federal and state laws, including antitrust and racketeering laws and the Commodity Exchange Act ('US CEA'). HSBC has concluded class settlements with five groups of plaintiffs, and several class action lawsuits brought by other groups of plaintiffs have been voluntarily dismissed. A number of individual US dollar Libor-related actions seeking damages for unspecified amounts remain pending.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of the pending 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, which remains ongoing.

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 N.A. ('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. The Competition Commission and HSBC Bank plc have appealed to the Constitutional Court of South Africa.

Since 2015, various HSBC companies and other banks have been named as defendants in a putative class action in the US District Court for the Southern District of New York filed by a group of retail customers who dealt in foreign exchange products. The plaintiffs allege that the defendants conspired to manipulate foreign exchange rates and seek damages for unspecified amounts. In May 2024, the US Court of Appeals for the Second Circuit affirmed the dismissal of this action.

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 remains subject to court approval. Lawsuits alleging foreign exchange-related misconduct remain pending against HSBC and other banks in courts in Brazil.

In February 2024, HSBC Bank plc and HSBC Holdings were joined to an existing claim brought in the UK Competition Appeals Tribunal against various other banks alleging historical anti-competitive behaviour in the foreign exchange market and seeking approximately £3bn in damages from all the defendants. This matter is at an early stage. It is possible that additional civil actions will be initiated against HSBC in relation to its historical foreign exchange activities.

There are many factors that may affect the range of outcomes, and the resulting financial impact, of the pending matters, which could be significant.

Precious metals fix-related litigation

US litigation: HSBC 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 CEA and New York state law. In May 2023, this action, which seeks damages for unspecified amounts, was dismissed but remains pending on appeal.

HSBC and other members of The London Platinum and Palladium Fixing Company Limited are defending a class action pending in the US District Court for the Southern District of New York alleging that, from January 2008 to November 2014, the defendants conspired to manipulate the price of platinum group metals and related financial products for their collective benefit in violation of US antitrust laws and the US CEA. The defendants have reached a settlement-in-principle with the plaintiffs to resolve this action. The settlement-in-principle remains subject to documentation and court approval.

Canada litigation: HSBC and other financial institutions are 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. Two of the actions are proceeding and the others have been stayed.

There are many factors that may affect the range of outcomes, and the resulting financial impact, of the pending matters, which could be significant.

Tax-related investigations

In March 2023, the French National Financial Prosecutor announced an investigation into a number of banks, including 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. HSBC Bank plc and the German branch of HSBC Continental Europe also 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 these matters, including the timing or any possible impact on HSBC, which could be significant.

Gilts trading investigation and litigation

Since 2018, the UK Competition and Markets Authority ('CMA') has been investigating HSBC and four other banks for suspected anti-competitive conduct in relation to the historical trading of gilts and related derivatives. In May 2023, the CMA announced its case against HSBC Bank plc and HSBC Holdings; both HSBC companies are contesting the CMA's allegations.

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. In September 2023, the defendants filed a motion to dismiss which remains pending. It is possible that additional civil actions will be initiated against HSBC in relation to its historical gilts trading activities.

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.

UK collections and recoveries investigation

In 2019, the FCA began investigating HSBC Bank plc's, HSBC UK Bank plc's and Marks and Spencer Financial Services plc's compliance with regulatory standards relating to collections and recoveries operations in the UK between 2017 and 2018. In May 2024, the FCA concluded its investigation and imposed a £6m fine on HSBC Bank plc, HSBC UK Bank plc and Marks and Spencer Financial Services plc, which has been paid, and this matter is now closed.

Korean short selling indictment

In March 2024, the Korean Prosecutors' Office issued a criminal indictment against The Hongkong and Shanghai Banking Corporation Limited 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. The Hongkong and Shanghai Banking Corporation Limited is defending the action.

Silicon Valley Bank ('SVB') 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 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 July 2024, the court dismissed several of First Citizens' claims and also dismissed certain defendants for lack of jurisdiction, but allowed limited discovery into whether some of these defendants may be subject to jurisdiction. The remaining claims are proceeding against certain defendants.

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.

Film Finance litigation

In June 2020, two separate investor groups issued claims against HSBC UK Bank plc (as successor to HSBC Private Bank (UK) Limited ('PBGB')) in the High Court of England and Wales seeking damages for unspecified amounts in connection with PBGB's role in the development of Eclipse film finance schemes. In March 2024, HSBC UK Bank plc reached a settlement with the first investor group. In April 2024, the High Court dismissed the second investor group's claims, and this matter is now closed.

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. HSBC Bank USA has reached settlements with a number of plaintiffs to resolve nearly all of these lawsuits. The remaining two actions are pending in a New York state court. HSBC Bank USA and certain of its affiliates continue to defend a mortgage loan repurchase action seeking unspecified damages and specific performance brought by the trustee of a mortgage securitisation trust in New York state court.

There are many factors that may affect the range of outcomes, and the resulting financial impact, of the pending matters, 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 in the Mexican government bond market between 2010 and 2014 and seeking damages for unspecified amounts. In February 2024, the US Court of Appeals for the Second Circuit reversed an earlier dismissal of this lawsuit. In May 2024, the plaintiffs amended their complaint and this action is ongoing.

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.

Stanford litigation

Since 2009, HSBC Bank plc has been named as a defendant in numerous claims filed in courts in the UK and the US arising from the collapse of Stanford International Bank Ltd, for which it was a correspondent bank from 2003 to 2009. In February 2023, HSBC Bank plc reached settlements with the plaintiffs to resolve the claims and these settlements have concluded.

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.

14 Transactions with related parties

There were no changes in the related party transactions described in the Annual Report and Accounts 2023 that have had a material effect on the financial position or performance of HSBC in the half-year to 30 June 2024. All related party transactions that took place in the half-year to 30 June 2024 were similar in nature to those disclosed in the Annual Report and Accounts 2023.

15 Assets held for sale, liabilities of disposal groups held for sale and business acquisitions

	At	
	30 Jun 2024	31 Dec 2023
	$m	$m
Disposal groups	**6,226**	115,836
Unallocated impairment losses[1]	**(695)**	(1,975)
Non-current assets held for sale	**290**	273
Assets held for sale	**5,821**	114,134
Liabilities of disposal groups held for sale	**5,041**	108,406

1 This represents impairment losses in excess of the carrying value of the non-current assets, excluded from the measurement scope of IFRS 5.

Disposal groups

France retail banking operations

On 1 January 2024, HSBC Continental Europe completed the sale of its retail banking operations in France to CCF, a subsidiary of Promontoria MMB SAS ('My Money Group'). The sale also included HSBC Continental Europe's 100% ownership interest in HSBC SFH (France) and its 3% ownership interest in Crédit Logement.

Upon completion and in accordance with the terms of the sale, HSBC Continental Europe received a €0.1bn ($0.1bn) profit participation interest in the ultimate holding company of My Money Group. The associated impacts on initial recognition of this stake at fair value were recognised as part of the pre-tax loss on disposal in 2023, upon the reclassification of the disposal group as held for sale. In accordance with the terms of the sale, HSBC Continental Europe retained a portfolio of €7.1bn ($7.6bn) at the time of sale, consisting of home and certain other loans, in respect of which it may consider on-sale opportunities at a suitable time, and the CCF brand, which it licensed to the buyer under a long-term licence agreement. Additionally, HSBC Continental Europe's subsidiaries, HSBC Assurances Vie (France) and HSBC Global Asset Management (France), have entered into distribution agreements with the buyer.

The customer lending balances and associated income statement impacts of the portfolio of retained loans, together with the profit participation interest and the licence agreement of the CCF brand, were reclassified from WPB to Corporate Centre, with effect from 1 January 2024.

Canada banking business

On 28 March 2024, HSBC Overseas Holdings (UK) Limited, a direct subsidiary of HSBC Holdings plc, completed the sale of HSBC Bank Canada to the Royal Bank of Canada.

The completion of the transaction resulted in a gain on sale of $4.8bn, inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn in other reserves losses. The gain on sale also included $0.3bn in fair value gains recognised on the related foreign exchange hedges in the first quarter of 2024. There was no tax on the gain recognised at completion due to the substantial shareholding exemption rule in the UK.

Following the completion of this transaction, the Board approved a special dividend of $0.21 per share, which was paid in June 2024 alongside the first interim dividend.

Argentina business

On 9 April 2024, HSBC Latin America B.V. entered into a binding agreement to sell its business in Argentina to Grupo Financiero Galicia ('Galicia').

Galicia will acquire all of HSBC Argentina's business covering banking, asset management and insurance, together with $100m of subordinated debt issued by HSBC Argentina and held by HSBC Latin America Holdings (UK) Limited for a base consideration of $550m. The consideration will be adjusted for the results of the business and fair value gains or losses on HSBC Argentina's securities portfolios during the period between 31 December 2023 and closing.

HSBC expects to receive the purchase consideration in a combination of cash and Galicia's American Depositary Receipts ('ADRs'), with ADRs accounting for around half of the consideration received and representing less than a 10% economic interest in Galicia. The transaction is subject to conditions, including regulatory approval, and is expected to be completed in the second half of 2024.

At 31 March 2024, given the advanced stage of agreement on deal terms and that completion was expected within 12 months, our investment in HSBC Argentina met the criteria to be classified as held for sale in accordance with IFRS 5. At 30 June 2024, total assets of $5.9bn and total liabilities of $4.1bn were classified as held for sale, and we recognised a $1.2bn pre-tax loss in the first half of 2024. There was no tax deduction on the loss recognised. At closing, cumulative foreign currency translation reserves and other reserves will recycle to the income statement. At 30 June 2024, foreign currency translation reserve and other reserve losses stood at $5.0bn.

Between signing and closing, the loss on sale will vary by changes in the net asset value of the disposed business and associated hyperinflation and foreign currency translation, and the fair value of consideration including price adjustments and migration costs.

Other disposals

On 30 May 2024, HSBC Europe BV, a wholly-owned subsidiary of HSBC Bank plc, completed the sale of HSBC Bank (RR) (Limited Liability Company) to Expobank. Foreign currency translation reserve losses of $0.1bn were recognised in the income statement upon completion.

On 6 February 2024, following a strategic review of our operations in Armenia, HSBC Europe BV reached an agreement for the sale of HSBC Bank Armenia to Ardshinbank. This resulted in a loss on classification to held for sale of $0.1bn. The transaction is subject to regulatory approvals. As part of this transaction, all staff members of HSBC Armenia will transfer to Ardshinbank at completion, and the transfer will include all customer relationships held by HSBC Armenia at that time. The transaction is expected to complete in the second half of 2024.

On 13 November 2023, the Hongkong and Shanghai Banking Corporation Limited (acting through its Mauritius branch) entered into an agreement with ABSA Bank (Mauritius) Limited, a wholly-owned subsidiary of ABSA Bank Group Limited, to sell its Wealth and Personal Banking business in Mauritius. The sale completed on 6 July 2024 and the financial impact was not significant for the Group.

At 30 June 2024, the major classes of assets and associated liabilities of disposal groups held for sale, including allocated impairment losses, were as follows:

	Argentina	Armenia	Other	Total
	$m	$m	$m	$m
Assets of disposal groups held for sale				
Cash and balances at central banks	**244**	**64**	**—**	**308**
Trading assets	**176**	**1**	**—**	**177**
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**412**	**—**	**—**	**412**
Derivatives	**3**	**—**	**—**	**3**
Loans and advances to banks	**616**	**15**	**—**	**631**
Loans and advances to customers	**1,559**	**478**	**216**	**2,253**
Reverse repurchase agreements – non-trading	**175**	**33**	**1**	**209**
Financial investments[1]	**1,788**	**71**	**—**	**1,859**
Prepayments, accrued income and other assets	**338**	**25**	**11**	**374**
Total assets at 30 Jun 2024	**5,311**	**687**	**228**	**6,226**
Liabilities of disposal groups held for sale				
Deposits by banks	**8**	**1**	**—**	**9**
Customer accounts	**3,077**	**457**	**503**	**4,037**
Repurchase agreements – non-trading	**1**	**—**	**—**	**1**
Derivatives	**1**	**—**	**—**	**1**
Accruals, deferred income and other liabilities	**974**	**16**	**3**	**993**
Total liabilities at 30 Jun 2024	**4,061**	**474**	**506**	**5,041**
Expected date of completion	**Second half of 2024**	**Second half of 2024**		
Operating segment	**All global businesses**	**All global businesses**		

1 Includes financial investments measured at fair value through other comprehensive income of $1,767m and debt instruments measured at amortised cost of $92m.

	Canada	Retail banking operations in France	Other	Total
	$m	$m	$m	$m
Assets of disposal groups held for sale				
Cash and balances at central banks	5,370	226	—	5,596
Trading assets	2,465	—	—	2,465
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	15	49	—	64
Derivatives	528	—	—	528
Loans and advances to banks	154	10,333	—	10,487
Loans and advances to customers	56,129	16,902	254	73,285
Reverse repurchase agreements – non-trading	2,723	—	—	2,723
Financial investments[1]	16,978	33		17,011
Goodwill	225	—		225
Prepayments, accrued income and other assets	3,318	132	2	3,452
Total assets at 31 Dec 2023	87,905	27,675	256	115,836
Liabilities of disposal groups held for sale				
Trading liabilities	1,417	—	—	1,417
Deposits by banks	78	—	—	78
Customer accounts	63,001	22,307	642	85,950
Repurchase agreements – non-trading	2,768	—	—	2,768
Financial liabilities designated at fair value	—	2,370	—	2,370
Derivatives	608	7	—	615
Debt securities in issue	7,707	1,377	—	9,084
Subordinated liabilities	8	—	—	8
Accruals, deferred income and other liabilities	5,916	196	4	6,116
Total liabilities at 31 Dec 2023	81,503	26,257	646	108,406

1 Includes financial investments measured at fair value through other comprehensive income of $9,385m and debt instruments measured at amortised cost of $7,624m.

Business acquisitions

In October 2023, HSBC Global Asset Management Singapore Limited, a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to acquire 100% of the shares of SilkRoad Property Partners Pte Ltd ('SilkRoad') and for HSBC Global Asset Management Limited to acquire SilkRoad's affiliated General Partner entities. SilkRoad is a Singapore headquartered Asia-Pacific-focused, real estate investment manager. The acquisition was completed on 31 January 2024.

In October 2023, HSBC Bank (China) Company Limited, a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to acquire Citibank China's retail wealth management portfolio in mainland China. The portfolio comprises assets under management and deposits, and the associated wealth customers. The acquisition was completed on 7 June 2024.

In accordance with IFRS 3, the amounts recognised for both acquisitions at 30 June 2024 remain provisional until expiry of the measurement period.

16 Events after the balance sheet date

On 6 July 2024, the Hongkong and Shanghai Banking Corporation Limited (acting through its Mauritius Branch) completed the sale of its Wealth and Personal Banking business to ABSA Bank (Mauritius) Limited, a wholly-owned subsidiary of ABSA Bank Group Limited. The financial impact was not significant for the Group.

A second interim dividend for 2024 of $0.10 per ordinary share in respect of the financial year ending 31 December 2024 was approved by the Directors on 31 July 2024, as described in Note 3. On 31 July 2024, HSBC Holdings announced a share buy-back to purchase its ordinary shares up to a maximum consideration of $3.0bn, which is expected to commence shortly and complete within three months.

17 Interim Report 2024 and statutory accounts

The information in this Form 6-K is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. This Form 6-K was approved by the Board of Directors on 31 July 2024. The statutory accounts of HSBC Holdings plc for the year ended 31 December 2023 have been delivered to the Registrar of Companies in England and Wales in accordance with section 447 of the Companies Act 2006.

Shareholder information

Contents

1 Directors' interests

According to the register of Directors' interests maintained by HSBC Holdings pursuant to section 352 of the Securities and Futures Ordinance of Hong Kong, at 30 June 2024 the Directors of HSBC Holdings had the following interests, all beneficial unless otherwise stated, in the shares or debentures of HSBC Holdings and its associated corporations:

Directors' interests – shares and debentures

	At 1 Jan 2024 or date of appointment, if later	At 30 Jun 2024 or date of retirement, if earlier				
	Total interests	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]	**753,467**	**894,799**	—	—	—	**894,799**
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**
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	—	—	—	—	—	—
David Nish (retired on 3 May 2024)	**50,000**	—	**50,000**	—	—	**50,000**
Noel Quinn[2]	**1,721,465**	**2,000,730**	—	—	—	**2,000,730**
Swee Lian Teo	**15,200**	**15,200**	—	—	—	**15,200**
Sir Mark Tucker	**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 ('ADSs'), 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 on the following pages. At 30 June 2024, the aggregate interests under the Securities and Futures Ordinance of Hong Kong in HSBC Holdings ordinary shares, including interests arising through employee share plans, were: Noel Quinn – 5,690,240 and Georges Elhedery – 2,545,618. Each Director's total interests represents approximately 0.03% of the shares in issue and 0.01% of the shares in issue, respectively.

HSBC Holdings Savings-Related Share Option Plan (UK)

Currently no executive Directors participate in a Savings-Related Share Option Plan.

HSBC Share Plan 2011

Share awards

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 certain circumstances. Under the Securities and Futures Ordinance of Hong Kong, interests in conditional share awards are categorised as the interests of the beneficial owner.

Deferred share, immediate share and fixed pay allowance awards

					HSBC Holdings ordinary shares					
	Dates of award	Award price (£)[1]	Usually vesting from	to	At 1 Jan 2024	Granted in period	Vested in period	Lapsed in period	Cancelled in period	At 30 Jun 2024
Noel Quinn	27 Feb 2017[2]	6.503	1 Mar 2020	31 Mar 2024	**19,886**	—	**19,886**	—	—	—
	26 Feb 2018[3]	7.234	1 Mar 2021	31 Mar 2025	**43,011**	—	**21,504**	—	—	**21,507**
	25 Feb 2019[4]	6.235	1 Mar 2022	31 Mar 2026	**84,351**	—	**28,117**	—	—	**56,234**
	24 Feb 2020[5]	5.622	1 Mar 2023	31 Mar 2027	**161,362**	—	**40,340**	—	—	**121,022**
	26 Feb 2024[6]	5.972		26 Feb 2024	—	**168,955**	**168,955**	—	—	—
	8 May 2024[7]	7.126		8 May 2024	—	**42,146**	**42,146**	—	—	—
	1 Jan to 30 Jun 2024[8]	—	1 Mar 2024	31 Mar 2024	—	**812**	**812**	—	—	—
Georges Elhedery	25 Feb 2019[9]	6.235	1 Mar 2020	31 Mar 2024	**17,193**	—	**17,193**	—	—	—
	24 Feb 2020[6]	5.622	1 Mar 2023	31 Mar 2027	**118,129**	—	**29,532**	—	—	**88,597**
	1 Mar 2021[10]	4.262	1 Mar 2024	31 Mar 2028	**305,523**	—	**61,104**	—	—	**244,419**
	28 Feb 2022[11]	5.38	1 Mar 2025	31 Mar 2029	**273,163**	—	—	—	—	**273,163**
	26 Feb 2024[6]	5.972		26 Feb 2024	—	**107,752**	**107,752**	—	—	—
	8 May 2024[7]	7.126		8 May 2024	—	**26,899**	**26,899**	—	—	—

1 The award price is the closing price on the day before the grant date. In all cases the purchase price is nil.
2 The award vested in five equal annual tranches. The final tranche vested on 11 March 2024 at a market value of £5.7534. Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for six months from the vesting date. The closing price of the shares immediately before the date on which the awards were vested was £5.7990.
3 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 will vest in five equal annual tranches. The fourth tranche vested on 12 March 2024 at a market value of £5.8992. The closing price of the shares immediately before the date on which the awards were vested was £5.7580.
4 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 will vest in five equal annual tranches. The third tranche vested on 11 March 2024 at a market value of £5.7534. The closing price of the shares immediately before the date on which the awards were vested was £5.7990.
5 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 will vest in five equal annual tranches. The second tranche vested on 11 March 2024 at a market value of £5.7534. The closing price of the shares immediately before the date on which the awards were vested was £5.7990.
6 The non-deferred award vested immediately on 26 February 2024 and was based on the market value of £5.9605. 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 closing price of the shares immediately before 26 February 2024, the date on which the awards were granted and vested, was £5.9720. The fair value of the awards granted on 26 February 2024 was £5.9570 based on IFRS 2 accounting standards.
7 The fixed pay allowance award vested immediately on 8 May 2024 at a value of £7.2080. Individual tax liabilities were settled in cash, therefore the number of shares awarded reflects the net of tax number of shares. The awards are subject to a retention period and release annually on a pro-rata basis over five years starting in March 2025. The closing price of the shares immediately before 8 May 2024, the date on which the awards were granted, was £7.1260. The fair value of the awards granted on 8 May 2024 was £7.2080 based on IFRS 2 accounting standards.
8 Relates to the allocation of dividend equivalent shares in relation to eligible awards.
9 Shares equivalent in number to those that vest under the award (net of tax liabilities) must be retained for six months from the vesting date. The award vested in five equal annual tranches. The final tranche vested on 11 March 2024 at a market value of £5.7534. The closing price of the shares immediately before the date on which the awards were vested was £5.7990.
10 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 will vest in five equal annual tranches. The first tranche vested on 12 March 2024 at a market value of £5.8992. The closing price of the shares immediately before the date on which the awards were vested was £5.7580.
11 The award will vest in five equal annual tranches commencing in 2025. 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.

Long-term incentive awards

The long-term incentive award is an award of shares with a three-year performance period. At the end of this performance period and subject to the award terms, the number of shares that vest will be determined based on an assessment against financial and non-financial measures. Details of these measures can be found in the Directors' remuneration report in the Annual Report and Accounts. Subject to that assessment, the shares will vest in five equal annual instalments, with the first instalment 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. On vesting, awards are subject to a retention period of up to one year. Under the Securities and Futures Ordinance of Hong Kong, interests in share awards are categorised as interests of the beneficial owner.

Long-term incentive awards

					HSBC Holdings ordinary shares					
	Dates of award	Award price (£)[1]	Usually vesting from	to	**At 1 Jan 2024**	**Granted in period**	**Vested in period**	**Lapsed in period**	**Cancelled in period**	**At 30 Jun 2024**
Noel Quinn	1 Mar 2021	4.262	1 Mar 2024	31 Mar 2028	**1,118,554**	—	**167,782[2]**	**279,639**	—	**671,133**
	28 Feb 2022	5.38	1 Mar 2025	31 Mar 2029	**983,339**	—	—	—	—	**983,339**
	27 Feb 2023	6.357	1 Mar 2026	31 Mar 2030	**861,422**	—	—	—	—	**861,422**
	26 Feb 2024[3]	5.972	1 Mar 2027	31 Mar 2031	—	**974,853**	—	—	—	**974,853**
Georges Elhedery	28 Feb 2022	5.38	1 Mar 2025	31 Mar 2029	**223,989**	—	—	—	—	**223,989**
	27 Feb 2023	6.357	1 Mar 2026	31 Mar 2030	**251,474**	—	—	—	—	**251,474**
	26 Feb 2024[3]	5.972	1 Mar 2027	31 Mar 2031	—	**569,177**	—	—	—	**569,177**

1 The award price is the closing price on the day before the grant date. 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 annual tranches commencing in 2024. The first tranche vested on 12 March 2024 at a market value of £5.8992. The closing price of the shares immediately before the date on which the awards were vested was £5.7580.
3 The closing price of the shares on the day before the grant date was £5.972. The fair value of the awards was £2.028 based on IFRS 2 accounting standards.

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 30 June 2024 to the date of this report.

2 Employee share plans

Summaries of the share options and share awards granted, exercised/vested or lapsed during the first half of 2024 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/who-we-are/leadership-and-governance/remuneration and on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk, or can be obtained on request from the Group Company Secretary and Chief Governance Officer, 8 Canada Square, London, E14 5HQ.

Particulars of options held by Directors of HSBC Holdings are set out on page 139.

3 Share buy-back

On 1 November 2023, HSBC Holdings commenced a share buy-back to purchase its ordinary shares up to a maximum consideration of $3.0bn. The share buy-back continued in 2024 and was concluded on 16 February 2024, with 64,733,089 ordinary shares repurchased for cancellation on UK trading venues and 79,414,800 ordinary shares repurchased for cancellation on The Stock Exchange of Hong Kong Limited ('HKEx') in January and February 2024.

On 23 February 2024, HSBC Holdings commenced a further share buy-back of its ordinary shares of $0.50 each up to a maximum consideration of $2.0bn. This share buy-back concluded on 23 April 2024 with 127,570,463 ordinary shares repurchased for cancellation on UK trading venues and 127,412,800 ordinary shares repurchased for cancellation on HKEx.

On 8 May 2024, HSBC Holdings commenced a further share buy-back of its ordinary shares of $0.50 each up to a maximum consideration of $3.0bn. As at 30 June 2024, 135,376,852 ordinary shares had been repurchased for cancellation on UK trading venues and 118,148,000 ordinary shares were repurchased for cancellation on HKEx.

The purpose of the share buy-backs is to reduce HSBC's number of outstanding ordinary shares.

As at 30 June 2024, the total number of ordinary shares repurchased during the year was 652,656,004, representing a nominal value of $326,328,002 and an aggregate consideration paid by HSBC of £2,123,749,873 on UK trading venues and HK$20,762,986,458 on HKEx. The shares repurchased represent 3.505% of the shares in issue. Of the repurchased shares, 45,010,444 shares were awaiting cancellation as at 30 June 2024.

The table that follows outlines details of the shares purchased and cancelled on a monthly basis during 2024.

Share buy-back – UK venues

	Number of shares purchased	Highest price paid per share £	Lowest price paid per share £	Average price paid per share £	Aggregate price paid £
Jan 2024	**64,733,089**	**6.4300**	**5.8190**	**6.1356**	**397,174,665**
Feb 2024	**17,761,890**	**6.2050**	**5.9270**	**6.0468**	**107,403,375**
Mar 2024	**59,048,017**	**6.2810**	**5.7290**	**6.0295**	**356,031,979**
Apr 2024	**50,760,556**	**6.6960**	**6.1950**	**6.4603**	**327,930,581**
May 2024	**59,069,838**	**7.2440**	**6.8240**	**6.9678**	**411,587,427**
Jun 2024	**76,307,014**	**7.0080**	**6.7040**	**6.8620**	**523,621,846**
Total	**327,680,404**				**2,123,749,873**

Share buy-back – Hong Kong venues

	Number of shares purchased	Highest price paid per share HK$	Lowest price paid per share HK$	Average price paid per share HK$	Aggregate price paid HK$
Jan 2024	**57,819,600**	**63.8000**	**57.8500**	**61.0549**	**3,530,172,280**
Feb 2024	**33,790,800**	**62.4500**	**58.8500**	**60.8394**	**2,055,810,581**
Mar 2024	**63,110,400**	**61.9500**	**58.1000**	**60.1891**	**3,798,555,480**
Apr 2024	**52,106,800**	**64.9500**	**61.1000**	**63.0989**	**3,287,883,380**
May 2024	**53,104,800**	**70.6500**	**67.5000**	**68.7465**	**3,650,768,500**
Jun 2024	**65,043,200**	**69.7500**	**67.0500**	**68.2592**	**4,439,796,237**
Total	**324,975,600**				**20,762,986,458**

4 Other equity instruments

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 on an end point basis. 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 further strengthen its capital base to meet requirements under CRR II. These securities bear a fixed rate of interest until their initial call dates. After the initial call dates, if they are not redeemed, the securities will bear interest at rates fixed periodically in advance for five-year periods based on credit spreads, fixed at issuance, above prevailing market rates. 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 non-transitional CET1 ratio fall below 7.0%. Therefore, in accordance with the terms of the securities, if HSBC's non-transitional CET1 ratio breaches the 7.0% trigger, the securities will convert into ordinary shares at fixed contractual conversion price in the currency of the relevant securities. During the first half of 2024, HSBC Holdings issued SGD1,500m contingent convertible securities.

5 Notifiable interests in share capital

Between 1 January 2024 and 30 June 2024, 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, which had not been amended or withdrawn. No further notifications had been received between 30 June 2024 and 20 July 2024.

Previous notifications received, which have not been amended or withdrawn, 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 30 June 2024, according to the register maintained by HSBC Holdings pursuant to section 336 of the Securities and Futures Ordinance of Hong Kong, the following notifications of major holdings have been made to HSBC Holdings and have not been amended or withdrawn:

- BlackRock, Inc. gave notice on 7 June 2024 that on 4 June 2024 it had the following interests in HSBC Holdings ordinary shares: a long position of 1,667,403,488 shares and a short position of 18,161,531 shares, representing 8.89% and 0.10%, respectively, of the ordinary shares in issue at that date.
- 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 that date.

6 Dealings in HSBC Holdings listed securities

HSBC has policies and procedures that, except where permitted by statute and regulation, prohibit it undertaking specified transactions in respect of its securities listed on The Stock Exchange of Hong Kong Limited ('HKEx'). Except for dealings as intermediaries or as trustees by subsidiaries of HSBC Holdings, or in relation to HSBC Holdings ordinary share buy-backs, neither HSBC Holdings nor any of its subsidiaries has purchased, sold or redeemed any of its securities listed on HKEx during the half-year ended 30 June 2024.

7 Second interim dividend for 2024

On 31 July 2024, the Directors approved a second interim dividend in respect of the financial year ending 31 December 2024 of $0.10 per ordinary share (the 'dividend'), a distribution of approximately $1.849bn. The dividend will be payable on 27 September 2024 to holders of record on the Principal Register in the UK, the Hong Kong Overseas Branch Register or the Bermuda Overseas Branch Register on 16 August 2024.

The dividend will be payable in US dollars, or in pounds sterling or Hong Kong dollars at the forward exchange rates quoted by HSBC Bank plc in London at or about 11.00am on 16 September 2024. The ordinary shares in London, Hong Kong and Bermuda will be quoted ex-dividend on 15 August 2024. American Depositary Shares ('ADSs') in New York will be quoted ex-dividend on 16 August 2024.

The default currency on the Principal Register in the UK is pounds sterling, and dividends can also be paid in Hong Kong dollars or US dollars, or a combination of these currencies. International shareholders can register to join the Global Dividend Service to receive dividends in their local currencies. Please register and read the terms and conditions at www.investorcentre.co.uk. UK shareholders can also register their sterling bank mandates at www.investorcentre.co.uk.

The default currency on the Hong Kong Overseas Branch Register is Hong Kong dollars, and dividends can also be paid in US dollars or pounds sterling, or a combination of these currencies. Shareholders can arrange for direct credit of Hong Kong dollar cash dividends into their bank account, or arrange to send US dollar or pound sterling cheques to the credit of their bank account. Shareholders can register for these services at www.investorcentre.com/hk. Shareholders can also download a dividend currency election form from www.hsbc.com/dividends, www.investorcentre.com/hk, or www.hkexnews.hk.

The default currency on the Bermuda Overseas Branch Register is US dollars, and dividends can also be paid in Hong Kong dollars or pounds sterling, or a combination of these currencies. Shareholders can change their dividend currency election by contacting the Bermuda investor relations team. Shareholders can download a dividend currency election form from www.hsbc.com/dividends.

Changes to currency elections must be received by 12 September 2024 to be effective for this dividend.

The dividend will be payable on ADSs, each of which represents five ordinary shares, on 27 September 2024 to holders of record on 16 August 2024. The dividend of $0.50 per ADS will be payable by the depositary in US dollars. Alternatively, the cash dividend may be invested in additional ADSs by participants in the dividend reinvestment plan operated by the depositary. Elections must be received by 6 September 2024.

Any person who has acquired ordinary shares registered on the Principal Register in the UK, the Hong Kong Overseas Branch Register or the Bermuda Overseas Branch Register but who has not lodged the share transfer with the Principal Registrar in the UK, Hong Kong Overseas Branch Registrar or Bermuda Overseas Branch Registrar should do so before 4.00pm local time on 16 August 2024 in order to receive the dividend.

Ordinary shares may not be removed from or transferred to the Principal Register in the UK, the Hong Kong Overseas Branch Register or the Bermuda Overseas Branch Register on 16 August 2024. Any person wishing to remove ordinary shares to or from each register must do so before 4.00pm local time on 15 August 2024.

Transfer of ADSs must be lodged with the depositary by 11.00am on 16 August 2024 in order to receive the dividend. ADS holders who receive a cash dividend will be charged a fee, which will be deducted by the depositary, of $0.005 per ADS per cash dividend.

8 Dividend on preference share

A quarterly dividend of £0.01 per Series A sterling preference share is payable on 15 March, 17 June, 16 September and 16 December 2024 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 16 September 2024 to holders of record on 30 August 2024.

9 Proposed interim dividends for 2024

As previously communicated, we have established a dividend payout ratio of 50% of earnings per ordinary share ('EPS') for 2023 and 2024. EPS for this purpose excludes material notable items and related impacts. Material notable items in 1H24 and 2023 included the planned sale of our business in Argentina, the sale of our retail banking operations in France, the sale of our banking business in Canada, the gain following the acquisition of SVB UK and the impairment of our investment in BoCom. We also exclude HSBC Bank Canada's financial results from the 30 June 2022 net asset reference date until completion, as the gain on sale was recognised through a combination of the consolidation of HSBC Bank Canada's results in the Group's results since this date, and the remaining gain on sale was recognised at completion, inclusive of the recycling of related reserves and fair value gains on related hedges. 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 declared in US dollars and, at the election of the shareholder, paid in cash in one of US dollars, pounds sterling or Hong Kong dollars.

10 Earnings release

An earnings release for the three-month period ending 30 September 2024 is expected to be issued on 29 October 2024.

11 Final results

The results for the year to 31 December 2024 are expected to be announced on 19 February 2025.

12 Corporate governance

We are subject to corporate governance requirements in both the UK and Hong Kong. Throughout the six months ended 30 June 2024, we complied with the applicable provisions of the UK Corporate Governance Code, and also the requirements of the Hong Kong Corporate Governance Code. The UK Corporate Governance Code is available at www.frc.org.uk and the Hong Kong Corporate Governance Code is available at www.hkex.com.hk. We note that the Financial Reporting Council have issued a new UK Corporate Governance Code, which will apply to financial reporting periods from 1 January 2025, and that The Stock Exchange of Hong Kong Limited is currently consulting on changes to the Hong Kong Corporate Governance Code. The Group will take the necessary actions to ensure that we continue to be compliant with both Codes as the new provisions come into force.

The Board 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 the HKEx, save that the HKEx has granted waivers from strict compliance with the rules that take into account accepted practices in the UK, particularly in respect of employee share plans.

All Directors have confirmed that they have complied with their obligations in respect of transacting in Group securities throughout the period.

There have been no material changes to the information disclosed in the Annual Report and Accounts 2023 in respect of the remuneration of employees, remuneration policies, bonus and share option plans and training schemes. Details of the number of employees are provided on page 34 of this Form 6-K.

13 Changes in Directors' details

Changes in current Directors' details since the date of the Annual Report and Accounts 2023, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Hong Kong Listing Rules, are set out below.

Ann Godbehere
Appointed to the Group Audit Committee on 21 February 2024. Appointed Senior Independent Director on 3 May 2024.

Steven Guggenheimer
Appointed to the Group Technology Committee on 1 March 2024.

Kalpana Morparia
Appointed to the Group Technology Committee on 1 March 2024.

Eileen K Murray
Appointed Chair of the Group Technology Committee on 1 March 2024.

Brendan Nelson
Appointed Chair of the Group Audit Committee on 21 February 2024 and to the Group Technology Committee on 1 March 2024.

David Nish
Retired from the Board, Group Audit Committee, Group Risk Committee and Nomination & Corporate Governance Committee on 3 May 2024.

Swee Lian Teo
Appointed to the Group Technology Committee on 1 March 2024.

14 Going concern basis

As mentioned in Note 1 'Basis of preparation and material accounting policies' on page 117, 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 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 persistently high interest rate and inflationary stress scenarios that reflect the intensification of ongoing global energy supply issues, the impact of the Russia-Ukraine and Israel-Hamas wars, as well as the potential impacts from other top and emerging risks, and the related impact on profitability, capital and liquidity.

In particular, HSBC's principal activities, business and operating models, strategic direction, and top and emerging risks are addressed in the Overview section. A financial summary, including a review of the consolidated income statement and consolidated balance sheet, is provided in the 'Interim management report' section. HSBC's objectives, policies and processes for managing credit, liquidity and market risk are described in the 'Risk review' section of the Annual Report and Accounts 2023. HSBC's approach to capital management and allocation is described in the 'Treasury risk' section of the Annual Report and Accounts 2023.

15 Telephone and online share dealing service

For shareholders on the Principal Register who are resident in the UK, with a UK postal address, and who hold an HSBC Bank plc personal current account, the HSBC InvestDirect share dealing service is available for buying and selling HSBC Holdings plc ordinary shares. Details are available from: HSBC InvestDirect, Forum 1, Parkway, Whiteley PO15 7PA; or UK telephone: +44 (0) 3456 080848, or from an overseas telephone: +44 (0) 1226 261090; or website: www.hsbc.co.uk/investments/products-and-services/invest-direct.

16 Stock symbols

HSBC Holdings plc ordinary shares trade under the following stock symbols:

London Stock Exchange	HSBA
Hong Kong Stock Exchange	5
New York Stock Exchange (ADS)	HSBC
Bermuda Stock Exchange	HSBC.BH

17 Copies of the Interim Report 2024 and shareholder enquiries and communications

Further copies of the Interim Report 2024 may be obtained from Global Communications, HSBC Holdings plc, 8 Canada Square, London E14 5HQ, United Kingdom; from Communications (Asia), The Hongkong and Shanghai Banking Corporation Limited, 1 Queen's Road Central, Hong Kong; or from US Communications, HSBC Bank USA, N.A., 1 West 39th Street, 9th Floor, New York, NY 10018, USA. The Interim Report 2024 may also be downloaded from the HSBC website, www.hsbc.com.

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

Any enquiries relating to your shareholdings on the share register (for example transfers of shares, change of name or address, lost share certificates or dividend cheques) should be sent to the Registrar 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 Investor Centre: www.investorcentre.com/bm
ADS Depository:	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 www.mybnymdr.com

A Chinese translation of this and future documents may be obtained on request from the Registrar. Please also contact the Registrar if you have received a Chinese translation of this document and do not wish to receive such translations in future.

Persons whose shares are held on their behalf by another person may have been nominated to receive communications from HSBC pursuant to section 146 of the UK Companies Act 2006 ('nominated person'). The main point of contact for a nominated person remains the registered shareholder (for example your stockbroker, investment manager, custodian or other person who manages the investment on your behalf). Any changes or queries relating to a nominated person's personal details and holding (including any administration thereof) must continue to be directed to the registered shareholder and not HSBC's Registrar. The only exception is where HSBC, in exercising one of its powers under the UK Companies Act 2006, writes to nominated persons directly for a response.

本中期業績報告及日後的相關文件均備有中譯本，如有需要，請向適當的股份登記處索取。股東如收到本報告的中譯本，但不希望再收取此等中譯本，亦請聯絡股份登記處。

Abbreviations

Currencies

£	British pound sterling
CA$	Canadian dollar
€	Euro
HK$	Hong Kong dollar
RMB	Chinese renminbi
SGD	Singapore dollar
$	United States dollar

Abbreviation

1H23	First half of 2023
1H24	First half of 2024
1Q23	First quarter of 2023
1Q24	First quarter of 2024
2H23	Second half of 2023
2Q23	Second quarter of 2023
2Q24	Second quarter of 2024
4Q23	Fourth quarter of 2023

A

ABS	Asset-backed security
ADS	American Depositary Share
AI	Artificial intelligence
AIBL	Average interest-bearing liabilities
AIEA	Average interest-earning assets
ALCO	Asset and Liability Management Committee
ANP	Annualised new business premiums
ASEAN	Association of Southeast Asian Nations
AT1	Additional tier 1

B

Banking NII	Banking net interest income
Basel	Basel Committee on Banking Supervision
Basel III	Basel Committee's reforms to strengthen global capital and liquidity rules
Basel 3.1	Outstanding measures to be implemented from the Basel III reforms
BoCom	Bank of Communications Co., Limited, one of China's largest banks
BoE	Bank of England
Bps	Basis points. One basis point is equal to one hundredth of a percentage point

C

CAPM	Capital asset pricing model
CDOR	Canadian dollar offered rate
CEA	Commodity Exchange Act (US)
CET1	Common equity tier 1
CMB	Commercial Banking, a global business
CMC	Capital maintenance charge
CODM	Chief Operating Decision Maker
COFINS	Contribution for the Financing of Social Security, a Brazilian federal corporation tax
CPI	Consumer price index
CRD IV	Capital Requirements Regulation and Directive
CRE	Commercial real estate
CRR	Customer risk rating
CRR II	The regulatory requirements of the Capital Requirements Regulation and Directive, the CRR II regulation and the PRA Rulebook
CSM	Contractual service margin

D

Dec	December
DPD	Days past due
DPF	Discretionary participation feature of insurance and investment contracts
DVA	Debit valuation adjustment

E

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.
EEA	European Economic Area
Eonia	Euro Overnight Index Average
EPS	Earnings per ordinary share
ESG	Environmental, social and governance
EU	European Union
Euribor	Euro interbank offered rate
EVE	Economic value of equity

F

FCA	Financial Conduct Authority (UK)
FRB	Federal Reserve Board (US)
FTE	Full-time equivalent staff
FVOCI	Fair value through other comprehensive income
FX	Foreign exchange

G

GAAP	Generally accepted accounting principles
GBM	Global Banking and Markets, a global business
GDP	Gross domestic product
GEC	Group Executive Committee
GPS	Global Payments Solutions, the business formerly known as Global Liquidity and Cash Management
Group	HSBC Holdings together with its subsidiary undertakings
GTS	Global Trade Solutions, the business formerly known as Global Trade and Receivables Finance

H

HIBOR	Hong Kong interbank offered rate
HKEx	The Stock Exchange of Hong Kong Limited
HKMA	Hong Kong Monetary Authority
Holdings ALCO	HSBC Holdings Asset and Liability Management Committee
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 Middle East	HSBC Bank Middle East Limited
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 Continental Europe	HSBC Continental Europe
HSBC Holdings	HSBC Holdings plc, the parent company of HSBC
HSBC UK	HSBC UK Bank plc, also known as the ring-fenced bank
HSSL	HSBC Securities Services (Luxembourg)

I

IAS	International Accounting Standards
IASB	International Accounting Standards Board
Ibor	Interbank offered rate
ICAAP	Internal capital adequacy assessment process
IFRS Accounting Standards	International Financial Reporting Standards as issued by the International Accounting Standards Board
ILAAP	Internal liquidity adequacy assessment process
IVB	HSBC Innovation Banking

J

Jan	January
Jun	June
JV	Joint venture

L	
LCR	Liquidity coverage ratio
Libor	London interbank offered rate
LTI	Long-term incentive
LTV	Loan to value
M	
M&A	Mergers and acquisitions
Mainland China	People's Republic of China excluding Hong Kong and Macau
Mar	March
MENAT	Middle East, North Africa and Türkiye
MREL	Minimum requirement for own funds and eligible liabilities
MSS	Markets and Securities Services, HSBC's capital markets and securities services businesses in Global Banking and Markets
N	
Net operating income	Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue
NII	Net interest income
NIM	Net interest margin
NSFR	Net stable funding ratio
O	
OCI	Other comprehensive income
OECD	Organisation of Economic Co-operation and Development
OTC	Over-the-counter
P	
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PIS	Contribution to the Social Integration Programme, a Brazilian federal corporation tax
POCI	Purchased or originated credit-impaired financial assets
PRA	Prudential Regulation Authority (UK)
Premier	HSBC Premier, HSBC's premium personal global banking service
PVIF	Present value of in-force long-term insurance business and long-term investment contracts with DPF
PwC	The member firms of the PwC network, including PricewaterhouseCoopers LLP
R	
RAF	Bank of England's Resolvability Assessment Framework
RES	Resource and experience sharing agreement
RFR	Risk-free rate
RoE	Return on average ordinary shareholders' equity
RoTE	Return on average tangible equity
RWAs	Risk-weighted assets
S	
SAB	Saudi Awwal Bank
SEC	Securities and Exchange Commission (US)
ServCo group	Separately incorporated group of service companies established in response to UK ring-fencing requirements
Sibor	Singapore interbank offered rate
SME	Small and medium-sized enterprise
SOFR	Secured Overnight Financing Rate
SVB UK	Silicon Valley Bank UK Limited, now HSBC Innovation Bank Limited
T	
TNFD	Taskforce on Nature-related Financial Disclosures
U	
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
US	United States of America
V	
VaR	Value at risk
VIU	Value in use
W	
WPB	Wealth and Personal Banking, a global business

This document comprises the Interim Report 2024 and information herein has been filed on Form 6-K with the US Securities and Exchange Commission for HSBC Holdings plc and its subsidiary and associated undertakings.

HSBC Holdings plc

Incorporated in England with limited liability. Registered in England: number 617987

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By: /s/ Georges Elhedery

Name:Georges Elhedery

Title: Group Chief Financial Officer

Dated: July 31, 2024