

31 July 2024

HSBC CONTINENTAL EUROPE INTERIM RESULTS 2024

On 30 July 2024, HSBC Continental Europe's Board of Directors approved the consolidated financial statements for the first half of 2024.

Andrew Wild, CEO of HSBC Continental Europe, said:

"We delivered a strong performance during the first half of 2024 which demonstrates the effectiveness of our strategy, leveraging on our global franchise and our international connectivity. Our ambition is to be the leading international wholesale bank in Europe servicing corporates and financial institutions, complemented by a targeted wealth and private banking offering."

Profit before tax¹ was €502m for the first half of 2024, driven by wholesale banking revenues, coupled with low credit losses and continued cost discipline.

Net operating income before change in expected credit losses and other credit impairment charges¹ was €1,672m, down from €1,885m in the first half of 2023, due to lower net interest income following the sale of retail banking operations in France. Wholesale revenues in Commercial Banking and Global Banking remained strong, with growth in Global Payment Solutions and Investment Banking, partly offset by lower lending volumes. Revenues in Markets and Securities Services were down compared to the first half of 2023, with lower client activity in Global Debt Markets in the context of a challenging market environment, partly offset by higher revenues in Equities and Securities Financing.

Change in expected credit losses and other credit impairment charges¹ was a charge of €18m, compared with a charge of €16m in the first half of 2023. The cost of risk², at 7bps, remained low but was driven by provision releases that are not expected to re-occur in the second half of 2024.

Operating expenses¹ were €1,152m, compared to €1,126m in the first half of 2023. Higher infrastructure and technology costs and the acquisition of HSBC Private Bank (Luxembourg) S.A. were partly offset by lower contributions to the Single Resolution Fund.

Profit after tax for the period was €370m, down from €1,944m in the first half of 2023 which included the reversal of the impairment previously recognised in relation to the sale of retail banking operations in France of €1.9bn pre-tax³.

The consolidated balance sheet of HSBC Continental Europe showed total assets of €280bn at 30 June 2024, compared to €283bn at 31 December 2023.

¹ In respect of continuing operations. Retail banking operations in France met the criteria of discontinued operations classification under IFRS 5 in 2023. Accordingly, the profit/(loss) of the discontinued operations as of June 2023 has been reported separately.

² Annualised cost of risk divided by customer loans outstanding at the end of the period.

³ As the sale no longer met the criteria for the operations to be classified as held for sale in the first half of 2023. The impairment was recognised again in the second half of 2023 ahead of the completion of the sale on 1 January 2024.

At 30 June 2024, HSBC Continental Europe reported an average liquidity coverage ratio (LCR)⁴ of 156% and a net stable funding ratio (NSFR)⁵ of 136%. The bank's fully loaded common equity tier 1 (CET1) ratio was 15.1% and the fully loaded total capital ratio was 19.8%. The fully loaded leverage ratio was 4.3%. The solvency ratio of the Insurance subsidiary was 287%⁶.

⁴ Computed in respect of the EU Delegated act.

⁵ Computed in respect of CRR II (Regulation EU 2019/876).

⁶ LCR, NSFR and the solvency ratio of the Insurance subsidiary are unaudited.

Appendix

Interim accounts were subject to a limited review by the statutory auditors.

Summary consolidated income statement

	€m	Half year to 30 June 2024	Half year to 30 June 2023
Continuing operations			
Net interest income		941	1,173
Net fee income		594	585
Net income from financial instruments held for trading or managed on a fair value basis		114	61
Other operating income/(expense)		23	66
Net operating income before change in expected credit losses and other credit impairment charges		1,672	1,885
Change in expected credit losses and other credit impairment charges		(18)	(16)
Total operating expenses		(1,152)	(1,126)
Profit/(loss) before tax		502	743
Tax expense		(132)	(187)
Profit/(loss) after tax in respect of continuing operations		370	556
Profit/(loss) after tax in respect of discontinued operations		—	1,388
Profit/(loss) after tax for the period		370	1,944
Profit/(loss) attributable to shareholders of the parent company		350	1,933
Profit/(loss) attributable to non-controlling interests		20	11

Profit/(loss) for the period by global business

	Continuing Operations						Total
	Wealth and Personal Banking	Commercial Banking	Markets and Securities Services	Global Banking	Global Banking and Markets Other	Corporate Centre	
€m	Half year to 30 June 2024						
Net operating income before change in expected credit losses and other credit impairment charges	290	693	400	392	7	(110)	1,672
<i>o/w net interest income/(expense)</i>	202	494	113	203	13	(84)	941
Change in expected credit losses and other credit impairment charges	5	(30)	—	10	1	(4)	(18)
Total operating expenses	(204)	(319)	(361)	(214)	(11)	(43)	(1,152)
Profit/(loss) before tax	91	344	39	188	(3)	(157)	502
	Half year to 30 June 2023						
Net operating income before change in expected credit losses and other credit impairment charges	313	712	433	369	8	50	1,885
<i>o/w net interest income/(expense)</i>	280	530	105	211	6	41	1,173
Change in expected credit losses and other credit impairment charges	8	22	1	(48)	1	—	(16)
Total operating expenses	(185)	(290)	(394)	(189)	(17)	(51)	(1,126)
Profit/(loss) before tax	136	444	40	132	(8)	(1)	743

Business disposal – Retail banking operations in France

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 being classified as held for sale in 2023, retail banking operations in France met the criteria of discontinued operations classification and presentation under IFRS 5. Accordingly, the profit/(loss) of the discontinued operations as of June 2023 amounting to €1.4bn has been reported separately in the income statement, including the reversal of pre-tax IFRS 5 loss of €1.9bn.

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HSBC Continental Europe

Headquartered in Paris, HSBC Continental Europe is an indirectly held subsidiary of HSBC Holdings plc. HSBC Continental Europe principally comprises, in addition to its banking, insurance and asset management activities based in France, the business activities of 10 European branches (in Belgium, Czech Republic, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain and Sweden) and two bank subsidiaries in Continental Europe (in Luxembourg and Malta). HSBC Continental Europe's mission is to serve both customers in Continental Europe for their needs worldwide and customers in other Group countries for their needs in Continental Europe.

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 60 countries and territories. With assets of US\$2,975bn at 30 June 2024, HSBC is one of the world's largest banking and financial services organisations.

Disclaimer

This press release contains certain forward-looking statements with respect to the financial condition, results of operations and business of the entity. Statements that are not historical facts, including statements about the entity's beliefs and expectations, are forward-looking statements. Words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, 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 Continental Europe 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 statement. 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 statements.