

19 February 2025

HSBC CONTINENTAL EUROPE 2024 ANNUAL AND SECOND HALF RESULTS

On 18 February 2025, HSBC Continental Europe's Board of Directors reviewed the second half year results and approved the consolidated financial statements for 2024.

At HSBC, our ambition is to be the preferred and most trusted international financial partner for our clients. In Continental Europe, we are focused on serving corporate and institutional clients, with a particular focus on connecting them to international markets, financing and facilitating trade within Europe and between Europe and the rest of the world. We also serve international high and ultra-high net worth clients of the HSBC Group through our private banking business in Luxembourg.

In the second half of 2024, we accelerated our strategy by signing an agreement to sell our private banking business in Germany and a Memorandum of Understanding for the potential sale of our life insurance business in France¹.

Our results in 2024 reflected growth in wholesale transaction banking and financing, offset by the impact of lower interest rates and our ongoing business transformation.

2024 annual results

Profit before tax² was €930m in 2024.

Net operating income before change in expected credit losses and other credit impairment charges² was €3,349m, down from €3,720m in 2023, driven by lower net interest income following the sale of the retail banking operations in France. Commercial Banking revenues were down compared to last year, driven by lower margins on customer deposits in Global Payment Solutions, while Global Banking revenues were higher due to growth in Investment Banking. Revenues in Markets and Securities Services were stable, with growth in Equities and Securities Financing offset by lower client activity in Global Debt Markets.

Change in expected credit losses and other credit impairment charges² was a charge of €97m, compared with a charge of €145m in 2023. The cost of risk³ fell to 19bps, with the decrease compared to last year driven by lower stage 3 provisions, particularly in Global Banking.

Operating expenses² were €2,322m, up from €2,250m in 2023, driven by the full-year consolidation of the financial results of HSBC Private Bank (Luxembourg) S.A. and higher infrastructure and technology costs. The increase was partly offset by the end of the build-up of the Single Resolution Fund.

¹ See appendix for details on business disposals

² In respect of continuing operations in accordance with IFRS 5 (see appendix)

³ Change in expected credit losses and other credit impairment charges divided by customer loans outstanding at the end of the period.

Profit after tax for the period was €603m in 2024, down from €908m in 2023, and included the write-down of French deferred tax assets for €150m.

The consolidated balance sheet of HSBC Continental Europe showed total assets of €265bn at 31 December 2024, compared to €283bn at 31 December 2023, following the sale of the retail banking operations in France on 1 January 2024.

At 31 December 2024, HSBC Continental Europe reported an average liquidity coverage ratio (LCR)⁴ of 150% and a net stable funding ratio (NSFR)⁵ of 137%. The bank's fully loaded common equity tier 1 (CET1) ratio was 18.8% and the total capital ratio was 23.5%. The fully loaded leverage ratio was 5.4%. The solvency ratio of the life insurance subsidiary in France was 286%⁶.

2024 second half results

Profit before tax² was €487m, down from €645m in the second half of 2023.

Net operating income before change in expected credit losses and other credit impairment charges² was €1,750m, down from €1,881m in the second half of 2023, driven by lower net interest income.

Change in expected credit losses and other credit impairment charges² was a charge of €79m, compared with a charge of €125m in the second half of 2023.

Operating expenses² were €1,184m, up from €1,111m in the second half of 2023. The increase was driven by higher infrastructure and technology costs, and the full-year consolidation of the financial results of HSBC Private Bank (Luxembourg) S.A.

2024 results² per business line⁷

Commercial Banking

Profit before tax was €585m, down from €762m in 2023, mainly due to reductions in net interest income on deposits, higher credit risk provisions and higher infrastructure costs.

At 31 December 2024, customer loan balances of €24.9bn were stable compared to prior year and customer deposits of €45.7bn were up €6.3bn.

Commercial Banking in HSBC Continental Europe is a key partner for companies seeking to set up abroad by connecting them to its global network of relationship managers and product specialists, and for foreign companies seeking to expand in the European Union.

Global Banking

Profit before tax was €360m, up from €321m in 2023, driven by higher revenues in Investment Banking and lower credit risk provisions partly offset by lower net interest income.

At 31 December 2024, customer loan balances of €13.6bn were up €0.6bn compared to prior year and customer deposits of €23.2bn were down €1.3bn.

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 life insurance subsidiary are unaudited

⁷ In 2024, HSBC Continental Europe served its customers through the following business lines: 'Commercial Banking', 'Global Banking', 'Markets and Securities Services' and 'Wealth and Personal Banking'. The 2024 results per business line are presented on this basis. Following the announcement by the HSBC Group of a new organisational structure in October 2024, and effective 1 January 2025, HSBC Continental Europe will operate through two new business lines: 'Corporate and Institutional Banking' covering the clients and products previously served by Commercial Banking, Global Banking, Markets and Securities Services, and 'International Wealth and Premier Banking' replacing Wealth and Personal Banking.

Global Banking in HSBC Continental Europe delivers tailored financial solutions to major government, corporate and institutional clients, opening up opportunities by leveraging the strength of the HSBC Group's expertise and global network.

Markets and Securities Services

Profit before tax was €87m, up from €74m in 2023, with stable revenues and lower operating expenses following the end of the build-up of the Single Resolution Fund.

Customer deposits of €16.2bn at 31 December 2024 were down €1.2bn.

Markets and Securities Services in HSBC Continental Europe plays a key role as the HSBC Group's strategic platform for euro-denominated rates products, in particular as a primary dealer in all European debt issuances and offering equities products for European stocks.

Global Banking and Markets Other

Global Banking and Markets Other comprises activities that are outside of the perimeter of Markets and Securities Services and Global Banking. The main activity is Principal Investments which brings together HSBC Continental Europe's core principal investing activities. The loss before tax was €30m, compared to a profit of €9m in 2023.

Wealth and Personal Banking

Profit before tax was €63m, down from €185m in 2023, driven by lower net interest income following the sale of retail banking operations in France.

Customer loan balances of €4.3bn at 31 December 2024 were down compared to €11.6bn in 2023, driven by the transfer to Corporate Centre of the home loan portfolio retained as per the terms of the sale of the retail banking operations in France.

Customer deposits of €7.1bn at 31 December 2024 were down from €9.5bn in 2023, as balances related to the private banking business in Germany were classified as held for sale⁸.

HSBC Continental Europe offers asset management services through subsidiaries in France, Germany and Malta, as well as a range of insurance products through its subsidiaries in France and Malta. It also serves private banking clients across Continental Europe, and retail banking clients in Malta.

Corporate Centre

The Corporate Centre comprises operating income and expense items that are not allocated to the global businesses, as well as the retained home loan portfolio. The loss before tax was €135m, compared to a loss of €26m in 2023.

⁸ See appendix

Appendix

The audit procedures relating to the accounts are ongoing.

Summary consolidated income statement

	Half year to		Year	
€m	31 Dec 2024	31 Dec 2023 ⁹	2024	2023 ⁹
Continuing operations				
Net interest income	667	1,147	1,498	2,191
Net fee income	613	563	1,214	1,194
Net income/(expense) from financial instruments held for trading or managed on a fair value basis	423	122	484	259
Other operating income/(expense)	47	49	153	76
Net operating income before change in expected credit losses and other credit impairment charges	1,750	1,881	3,349	3,720
Change in expected credit losses and other credit impairment charges	(79)	(125)	(97)	(145)
Total operating expenses	(1,184)	(1,111)	(2,322)	(2,250)
Profit/(loss) before tax	487	645	930	1,325
Tax expense	(289)	(176)	(406)	(346)
Profit/(loss) after tax in respect of continuing operations	198	469	524	979
Profit/(loss) after tax in respect of discontinued operations	34	(1,505)	79	(71)
Profit/(loss) after tax for the period	232	(1,036)	603	908
Profit/(loss) attributable to shareholders of the parent company	217	(1,050)	568	883
Profit/(loss) attributable to non-controlling interests	15	14	35	25

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	Year 2024						
Net operating income before change in expected credit losses and other credit impairment charges	445	1,363	801	774	31	(65)	3,349
o/w net interest income/(expense)	175	946	225	412	(12)	(248)	1,498
Change in expected credit losses and other credit impairment charges	7	(113)	—	14	—	(5)	(97)
Total operating expenses	(389)	(665)	(714)	(428)	(61)	(65)	(2,322)
Profit/(loss) before tax	63	585	87	360	(30)	(135)	930
	Year 2023 ⁹						
Net operating income before change in expected credit losses and other credit impairment charges	615	1,444	803	764	33	61	3,720
o/w net interest income/(expense)	383	1,049	183	453	19	104	2,191
Change in expected credit losses and other credit impairment charges	5	(88)	1	(63)	(1)	1	(145)
Total operating expenses	(435)	(594)	(730)	(380)	(23)	(88)	(2,250)
Profit/(loss) before tax	185	762	74	321	9	(26)	1,325

⁹ In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of the life insurance business in France. This also includes discontinued operations related the sale of the retail banking operations in France.

Business disposals

On 23 September 2024, HSBC Continental Europe reached an agreement to sell its private banking business in Germany to BNP Paribas. The planned sale, which remains subject to governmental approvals and works council consultation, is expected to be completed in the second half of 2025.

On 20 December 2024, HSBC Continental Europe signed a Memorandum of Understanding regarding the potential sale of its life insurance business in France, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle. The completion of the transaction, which remains subject to consultation processes with respective works councils and regulatory and competition approvals, is expected to take place in the second half of 2025.

Accounting policy for classifying non-current assets or disposal groups as 'held for sale'

HSBC Continental Europe classifies non-current assets or disposal groups (including assets and liabilities) as held for sale when their carrying amounts will be recovered principally through sale rather than through continuing use. To be classified as held for sale, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups, and the sale must be highly probable.

At 31 December 2024, HSBC Continental Europe judged that the sale of its private banking business in Germany and the sale of its life insurance business in France were highly probable to complete in the second half of 2025. As such, and in accordance with IFRS 5, the disposal groups that included €25.5bn of assets and €24.7bn of liabilities were classified as held for sale and re-measured at the lower of the carrying amount and fair value less costs to sell.

The life insurance business in France also met the criteria of discontinued operations classification and presentation under IFRS 5, and accordingly, the profit/(loss) of the discontinued operations has been reported separately in the income statement.

Upon being classified as held for sale in 2023, retail banking operations in France (sold on 1 January 2024) were judged to have met the criteria of discontinued operations classification and presentation under IFRS 5 for the 2023 comparatives.

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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 banking 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 58 countries and territories. With assets of US\$3,017bn at 31 December 2024, HSBC is one of the world's largest banking and financial services organisations.