

The Hongkong and Shanghai Banking Corporation Limited

Interim Financial Report 2025



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Certain defined terms

This document comprises the Interim Financial Report 2025 for The Hongkong and Shanghai Banking Corporation Limited ('the Bank') and its subsidiaries (together 'the group'). References to 'HSBC', 'the Group' or 'the HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries. Within this document the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'. The abbreviations 'HK\$m' and 'HK\$bn' represent millions and billions (thousands of millions) of Hong Kong dollars respectively.

Chinese translation

A Chinese translation of the Interim Financial Report 2025 is available upon request from: Communications (Asia), Level 32, HSBC Main Building, 1 Queen's Road Central, Hong Kong. The report is also available, in English and Chinese, on the Bank's website at www.hsbc.com.hk.

本《2025年中期財務報告》備有中譯本，如有需要可向下列部門索取：香港皇后大道中1號滙豐總行大廈32樓企業傳訊部（亞太區）。本報告之中英文本亦載於本行之網站www.hsbc.com.hk。

中英文本如有歧異，概以英文本為準。

Additional information

The Banking Disclosure Statement at 30 June 2025, which is prepared in accordance with the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules made under section 19(1) of the Financial Institutions (Resolution) Ordinance, will be published on our website at www.hsbc.com.hk.

Financial highlights

- Profit before tax down 13% to HK\$71,188m (HK\$82,068m in the first half of 2024).
 - Attributable profit down 16% to HK\$54,876m (HK\$65,309m in the first half of 2024).
 - Net interest margin of 1.68% (1.65% in the first half of 2024).
 - Annualised change in expected credit losses and other credit impairment charges ('ECL') as a percentage of average gross customer advances of 0.39% (0.21% in the first half of 2024).
 - Return on average ordinary shareholders' equity of 13.5% (16.6% in the first half of 2024).
 - Total assets up 5% to HK\$11,491bn (HK\$10,949bn as at 31 December 2024).
 - Common equity tier 1 ratio of 17.9% (16.3% at the end of 2024), total capital ratio of 22.7% (20.3% at the end of 2024).¹
 - Cost efficiency ratio of 43.2% (43.0% for the first half of 2024).
- ¹ Regulatory capital ratios at 30 June 2025 are calculated based on the Basel III Final Reform package which was implemented in Hong Kong on 1 January 2025. Prior period ratios have not been restated.

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Financial review

Consolidated income statement and balance sheet data by reportable segments^{1,2}

	Hong Kong HK\$m	Corporate and Institutional Banking ('CIB') HK\$m	International Wealth and Premier Banking (('IWPB')) HK\$m	Corporate Centre ³ HK\$m	Total HK\$m
Half-year to 30 Jun 2025					
Net interest income/(expense)	46,854	26,134	11,652	(21,514)	63,126
Net fee income	11,272	6,032	7,887	227	25,418
Net income from financial instruments measured at fair value through profit or loss	3,241	18,753	39,160	22,449	83,603
Insurance finance income/(expense)	4	—	(37,696)	3	(37,689)
Insurance service result	315	—	4,905	(11)	5,209
Other operating income/(expense) ⁴	639	1,743	2,229	(9,261)	(4,650)
Net operating income/(expense) before change in expected credit losses and other credit impairment charges	62,325	52,662	28,137	(8,107)	135,017
– of which: external	41,457	85,430	22,104	(13,974)	135,017
inter-segment	20,868	(32,768)	6,033	5,867	—
Change in expected credit losses and other credit impairment charges	(6,738)	139	(497)	3	(7,093)
Net operating income/(expense)	55,587	52,801	27,640	(8,104)	127,924
Operating expenses	(18,021)	(21,053)	(15,203)	(3,993)	(58,270)
Operating profit/(loss)	37,566	31,748	12,437	(12,097)	69,654
Share of profit/(loss) in associates and joint ventures	—	—	(28)	9,832	9,804
Impairment of interest in associate ⁴	—	—	—	(8,270)	(8,270)
Profit/(loss) before tax	37,566	31,748	12,409	(10,535)	71,188
Balance sheet data at 30 Jun 2025					
Loans and advances to customers (net)	1,806,560	1,213,834	588,076	1,004	3,609,474
Customer accounts	4,061,562	1,629,486	1,148,093	16	6,839,157
Half-year to 30 Jun 2024					
Net interest income/(expense)	47,292	26,620	11,818	(27,445)	58,285
Net fee income	9,058	5,543	6,220	201	21,022
Net income from financial instruments measured at fair value through profit or loss	2,084	15,996	15,445	26,820	60,345
Insurance finance income/(expense)	11	—	(13,369)	10	(13,348)
Insurance service result	146	—	3,979	(15)	4,110
Other operating income	502	757	726	237	2,222
Net operating income/(expense) before change in expected credit losses and other credit impairment charges	59,093	48,916	24,819	(192)	132,636
– of which: external	38,992	85,019	18,147	(9,522)	132,636
inter-segment	20,101	(36,103)	6,672	9,330	—
Change in expected credit losses and other credit impairment charges	(2,629)	(632)	(300)	6	(3,555)
Net operating income/(expense)	56,464	48,284	24,519	(186)	129,081
Operating expenses	(18,398)	(19,648)	(13,958)	(5,016)	(57,020)
Operating profit/(loss)	38,066	28,636	10,561	(5,202)	72,061
Share of profit in associates and joint ventures	—	—	164	9,843	10,007
Profit before tax	38,066	28,636	10,725	4,641	82,068
Balance sheet data at 30 Jun 2024					
Loans and advances to customers (net)	1,853,694	1,146,252	541,517	1,142	3,542,605
Customer accounts	3,720,865	1,493,882	1,025,492	22	6,240,261

- The financial information included in this table forms part of the Interim condensed consolidated financial statements.
- Following the Group's organisational announcement in October 2024, effective from 1 January 2025, the group's reportable segments comprise three new businesses – Hong Kong, CIB, and IWPB – along with Corporate Centre. These replace our previously reported operating segments up to 31 December 2024. Comparatives have been re-presented to conform to the current year's presentation. Further details on the change are set out in Note 11 'Segmental analysis' on the Interim condensed consolidated financial statements.
- Includes inter-segment elimination.
- In Corporate Centre, the amount in 'Other operating income/(expense)' includes a loss of HK\$8,945m inclusive of reserves recycling, recorded in 2025 as a result of the dilution of our shareholding in Bank of Communication Co., Ltd. ('BoCom'). We have also recognised a HK\$8,270m impairment loss following an impairment test on the carrying value of the group's investment in BoCom in 'Impairment of interest in associate'. Further details are set out in Note 6 'Interests in associates and joint ventures'.

Financial review

The commentary in this financial review compares the group's financial performance for the half-year ended 30 June 2025 with the half-year ended 30 June 2024 unless otherwise stated.

Result commentary

The group reported profit before tax of HK\$71,188m, a decrease of HK\$10,880m, or 13%.

Net interest income increased by HK\$4,841m, or 8%. Excluding the unfavourable foreign exchange impact, net interest income increased by HK\$5,069m, or 9%, driven by balance sheet growth primarily from financial investments, and higher net interest margin from lower funding costs in relation to customer deposits. The increase in net interest income also reflected the decreased cost of funding to the trading and fair value assets, where the related revenue is recognised in 'Net income from financial instruments held for trading or managed on a fair value basis'. The increase was partly offset by lower yields on customer advances as market interest rates decreased.

Net fee income increased by HK\$4,396m, or 21%, primarily from higher brokerage volumes and unit trust sales driven by market sentiment, and the favourable movements in assets under management.

Net income from financial instruments measured at fair value through profit or loss increased by HK\$23,258m, or 39%.

Net income from assets and liabilities of insurance business, including related derivatives, measured at fair value through profit or loss increased by HK\$22,886m, or 170%, primarily from Hong Kong reflecting higher fair value gains on financial assets measured at fair value through profit or loss which back insurance and investment contracts due to favourable rate movements. There is an offsetting impact for the associated insurance liability accounting reported in 'Insurance finance expense'.

Net income from financial instruments held for trading or managed on a fair value basis increased by HK\$372m, or 1%, driven by higher foreign exchange ('FX') revaluation gains, partly offset by lower gains from derivatives due to interest rate movements. The cost of funding

used to fund trading and fair value net assets is included in net interest income.

Insurance finance expense increased by HK\$24,341m, or 182%, offsetting gains reported on underlying assets held to support insurance contract liabilities.

Insurance service result increased by HK\$1,099m, or 27%, mainly reflecting increases to the release of contractual service margin ('CSM') as a result of a higher closing CSM balance primarily from new business written.

Other operating income/(expense) decreased by HK\$6,872m, or 309%, driven by the dilution loss of HK\$8,945m on the investment in BoCom as the group's shareholding was diluted from 19.03% to 16.00%. The reduction was partly offset by higher gains from reinsurance contracts in Hong Kong.

Change in expected credit losses and other credit impairment charges increased by HK\$3,538m, or 100%. The charge in the first half of 2025 included charges of HK\$3,441m relating to the Hong Kong commercial real estate sector. This reflected updates to our models used for ECL calculations, an increase in allowances for new defaulted exposures, as well as the over-supply in non-residential properties putting continued downward pressure on rental and capital values.

Total operating expenses increased by HK\$1,250m, or 2%, primarily reflecting inflation and our continued investment in technology to support business growth. Restructuring and other related costs attributable to our organisational simplification also contributed the increase. These increases were partly offset by lower depreciation charges and decreases in various administrative costs.

Share of profit in associates and joint ventures decreased by HK\$203m, or 2%. Excluding the unfavourable foreign exchange impact, share of profit in associates and joint ventures decreased by HK\$120m or was broadly flat.

Impairment of interest in associate of HK\$8,270m relates to the Bank's investment in BoCom. Further details can be found in Note 6 'Interests in associates and joint ventures'.

Net interest income

	Half-year to	
	30 Jun 2025	30 Jun 2024
	HK\$m	HK\$m
Net interest income	63,126	58,285
Average interest-earning assets	7,556,828	7,108,271
	%	%
Net interest spread	1.62	1.57
Contribution from net free funds	0.06	0.08
Net interest margin	1.68	1.65

Net fee income

	Half-year to	
	30 Jun 2025	30 Jun 2024
	HK\$m	HK\$m
Funds under management	4,386	3,682
Unit trusts	4,538	3,508
Broking income	3,157	1,887
Cards	4,969	4,774
Global custody	2,171	1,908
Credit facilities	1,451	1,343
Imports/exports	1,400	1,603
Remittances	1,624	1,529
Account services	1,282	1,235
Underwriting	487	351
Insurance agency commission	1,522	1,082
Other	5,375	4,766
Fee income	32,362	27,668
Fee expense	(6,944)	(6,646)
Net fee income	25,418	21,022

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

	Half-year to	
	30 Jun 2025	30 Jun 2024
	HK\$m	HK\$m
Net income/(expense) arising on:		
Net trading activities	50,292	49,671
Other instruments managed on a fair value basis	(3,035)	(2,786)
Net income from financial instruments held for trading or managed on a fair value basis	47,257	46,885
Financial assets held to meet liabilities under insurance and investment contracts	37,823	14,033
Liabilities to customers under investment contracts	(1,477)	(573)
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	36,346	13,460

The above excludes 'Changes in fair value of designated debt issued and related derivatives' of HK\$358m loss (2024: HK\$158m loss) and 'Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss' of HK\$1,313m gain (2024: HK\$88m gain). These are presented under 'Other operating income/(expense)' since 31 December 2024.

Change in expected credit losses and other credit impairment charges

	Half-year to	
	30 Jun 2025	30 Jun 2024
	HK\$m	HK\$m
Loans and advances to banks and customers	6,853	3,765
– new allowances net of releases	7,296	4,179
– recoveries of amounts previously written off	(443)	(414)
Loan commitments and guarantees	181	(239)
Other financial assets	59	29
Change in expected credit losses and other credit impairment charges	7,093	3,555

The annualised change in ECL as a percentage of average gross customer advances was 0.39% for the first half of 2025 (first half of 2024: 0.21%).

Associates and joint ventures

The results for the period ended 30 June 2025 included a HK\$8,945m loss from the dilution of our shareholding, and a HK\$8,270m impairment to the carrying value, of the group's interest in BoCom.

The group's interest in BoCom reduced from 19.03% to 16.00% following the completion of a capital issuance by BoCom on 17 June 2025. The dilution of the group's interest resulted in a pre-tax loss of HK\$8,945m, recognised in 'Other operating income/(expense)' in the group's consolidated income statement. The loss is not deductible for tax purposes as a consequence of our shareholding in BoCom being held for long-term investment purposes. The group's investment in BoCom continues to be classified as an associate.

In addition, the group performed an impairment test on the carrying value of its investment in BoCom at 30 June 2025 which resulted in an impairment of HK\$8,270m as the recoverable amount, as

determined by a value-in-use calculation, was lower than the carrying value. The impairment was recognised within 'Impairment of interest in associate'. Consistent with prior periods, our value-in-use calculation uses both historical experience and market participant views to estimate future cash flows, relevant discount rates and associated capital assumptions.

Neither the dilution loss nor the impairment loss had a material impact on the group's capital ratios or distribution capacity.

We remain strategically committed to mainland China and continue our valued, strategic partnership with BoCom.

Interim condensed consolidated financial statements

Consolidated income statement

	Half-year to	
	30 Jun 2025	30 Jun 2024
	HK\$m	HK\$m
Net interest income	63,126	58,285
– interest income	145,830	157,620
– interest expense	(82,704)	(99,335)
Net fee income	25,418	21,022
– fee income	32,362	27,668
– fee expense	(6,944)	(6,646)
Net income from financial instruments held for trading or managed on a fair value basis	47,257	46,885
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	36,346	13,460
Insurance finance expense	(37,689)	(13,348)
Insurance service result	5,209	4,110
– Insurance revenue	9,836	7,583
– Insurance service expense	(4,627)	(3,473)
Other operating income/(expense) ¹	(4,650)	2,222
Net operating income before change in expected credit losses and other credit impairment charges	135,017	132,636
Change in expected credit losses and other credit impairment charges	(7,093)	(3,555)
Net operating income	127,924	129,081
Employee compensation and benefits	(20,730)	(19,736)
General and administrative expenses	(29,211)	(27,700)
Depreciation and impairment of property, plant and equipment	(3,665)	(5,382)
Amortisation and impairment of intangible assets	(4,664)	(4,202)
Total operating expenses	(58,270)	(57,020)
Operating profit	69,654	72,061
Share of profit in associates and joint ventures	9,804	10,007
Impairment of interest in associate ¹	(8,270)	—
Profit before tax	71,188	82,068
Tax expense	(13,761)	(13,019)
Profit for the period	57,427	69,049
Attributable to:		
– ordinary shareholders of the parent company	52,326	63,151
– other equity holders	2,550	2,158
– non-controlling interests	2,551	3,740
Profit for the period	57,427	69,049

¹ The amount in 'Other operating income/(expense)' includes a loss of HK\$8,945m inclusive of reserves recycling, recorded in 2025 as a result of the dilution of our shareholding in BoCom. We have also recognised a HK\$8,270m impairment loss following an impairment test on the carrying value of the group's investment in BoCom in 'Impairment of interest in associate'. Further details are set out in Note 6 'Interests in associates and joint ventures'.

Consolidated statement of comprehensive income

	Half-year to	
	30 Jun 2025	30 Jun 2024
	HK\$m	HK\$m
Profit for the period	57,427	69,049
Other comprehensive income/(expense)		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Debt instruments at fair value through other comprehensive income	7,742	(750)
– fair value gains/(losses)	9,671	(676)
– fair value gains transferred to the income statement	(275)	(58)
– expected credit losses recognised in the income statement	—	4
– income taxes	(1,654)	(20)
Cash flow hedges	6,660	(1,996)
– fair value gains/(losses)	(10,573)	9,568
– fair value (gains)/losses reclassified to the income statement	18,546	(11,947)
– income taxes	(1,313)	383
Share of other comprehensive income of associates and joint ventures	(138)	1,962
– other comprehensive income reclassified to the income statement on dilution of interest in an associate	(439)	—
– share for the year	301	1,962
Exchange differences	17,722	(12,316)
– foreign exchange losses reclassified to the income statement on dilution of interest in an associate	1,548	—
– other exchange differences	16,174	(12,316)
Items that will not be reclassified subsequently to profit or loss:		
Property revaluation	(2,273)	990
– fair value gains/(losses)	(2,742)	1,174
– income taxes	469	(184)
Equity instruments designated at fair value through other comprehensive income	713	187
– fair value gains	672	329
– income taxes	41	(142)
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	860	(1,958)
– before income taxes	1,035	(2,323)
– income taxes	(175)	365
Remeasurement of defined benefit asset/liability	(308)	399
– before income taxes	(359)	476
– income taxes	51	(77)
Other comprehensive income/(expense) for the period, net of tax	30,978	(13,482)
Total comprehensive income for the period	88,405	55,567
Attributable to:		
– ordinary shareholders of the parent company	82,062	49,665
– other equity holders	2,550	2,158
– non-controlling interests	3,793	3,744
Total comprehensive income for the period	88,405	55,567

Consolidated balance sheet

	Notes	At	
		30 Jun 2025 HK\$m	31 Dec 2024 HK\$m
Assets			
Cash and balances at central banks		222,026	211,047
Hong Kong Government certificates of indebtedness		334,344	328,454
Trading assets		1,162,518	1,085,321
Derivatives	3	413,488	505,260
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss		867,837	781,210
Reverse repurchase agreements – non-trading		843,786	816,102
Loans and advances to banks		528,932	480,740
Loans and advances to customers	4	3,609,474	3,494,298
Financial investments	5	2,515,236	2,337,844
Amounts due from Group companies		194,731	175,004
Interests in associates and joint ventures	6	171,684	178,330
Goodwill and intangible assets		42,061	41,308
Property, plant and equipment		117,358	120,774
Deferred tax assets		15,459	10,307
Prepayments, accrued income and other assets		452,212	382,941
Total assets		11,491,146	10,948,940
Liabilities			
Hong Kong currency notes in circulation		334,344	328,454
Repurchase agreements – non-trading		660,897	624,784
Deposits by banks		240,412	183,612
Customer accounts	7	6,839,157	6,564,606
Trading liabilities		86,646	86,557
Derivatives		461,970	473,488
Financial liabilities designated at fair value		211,479	178,739
Debt securities in issue		56,126	64,362
Retirement benefit liabilities		1,143	805
Amounts due to Group companies		417,543	396,356
Accruals and deferred income, other liabilities and provisions		339,885	339,713
Insurance contract liabilities		883,748	799,443
Current tax liabilities		18,613	7,096
Deferred tax liabilities		24,416	22,917
Total liabilities		10,576,379	10,070,932
Equity			
Share capital		180,181	180,181
Other equity instruments		79,158	64,677
Other reserves		133,607	102,993
Retained earnings		462,425	471,198
Total shareholders' equity		855,371	819,049
Non-controlling interests		59,396	58,959
Total equity		914,767	878,008
Total liabilities and equity		11,491,146	10,948,940

Consolidated statement of changes in equity

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

Consolidated statement of changes in equity (continued)

Half-year to 30 Jun 2024											
	Share capital ¹ HK\$m	Other equity instruments HK\$m	Retained earnings HK\$m	Property revaluation reserve HK\$m	Other reserves				Total shareholders' equity HK\$m	Non-controlling interests HK\$m	Total equity HK\$m
					Financial assets at FVOCI reserve HK\$m	Cash flow hedge reserve HK\$m	Foreign exchange reserve HK\$m	Other ⁴ HK\$m			
At 1 Jan 2024	180,181	52,465	462,866	65,279	(2,546)	1,851	(47,899)	100,529	812,726	59,860	872,586
Profit for the period	—	—	65,309	—	—	—	—	—	65,309	3,740	69,049
Other comprehensive income/(expense) (net of tax)	—	—	(1,640)	962	1,061	(1,978)	(12,002)	111	(13,486)	4	(13,482)
– debt instruments at fair value through other comprehensive income	—	—	—	—	(814)	—	—	—	(814)	64	(750)
– equity instruments designated at fair value through other comprehensive income	—	—	—	—	141	—	—	—	141	46	187
– cash flow hedges	—	—	—	—	—	(1,980)	—	—	(1,980)	(16)	(1,996)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	(1,957)	—	—	—	—	—	(1,957)	(1)	(1,958)
– property revaluation	—	—	—	962	—	—	—	—	962	28	990
– remeasurement of defined benefit asset/liability	—	—	322	—	—	—	—	—	322	77	399
– share of other comprehensive income/(expense) of associates and joint ventures	—	—	(5)	—	1,856	—	—	111	1,962	—	1,962
– other comprehensive income reclassified to the income statement on dilution of interest in an associate	—	—	—	—	—	—	—	—	—	—	—
– foreign exchange losses reclassified to the income statement on dilution of interest in an associate	—	—	—	—	—	—	—	—	—	—	—
– other exchange differences	—	—	—	—	(122)	2	(12,002)	—	(12,122)	(194)	(12,316)
Total comprehensive income/(expense) for the period	—	—	63,669	962	1,061	(1,978)	(12,002)	111	51,823	3,744	55,567
Other equity instruments issued ²	—	8,574	—	—	—	—	—	—	8,574	—	8,574
Other equity instruments redeemed ³	—	(8,617)	—	—	—	—	—	—	(8,617)	—	(8,617)
Dividends to shareholders ⁵	—	—	(51,458)	—	—	—	—	—	(51,458)	(3,181)	(54,639)
Movement in respect of share-based payment arrangements	—	—	(155)	—	—	—	—	74	(81)	5	(76)
Transfers and other movements ⁶	—	—	(669)	(2,194)	3	(1)	—	1,171	(1,690)	(1,811)	(3,501)
At 30 Jun 2024	180,181	52,422	474,253	64,047	(1,482)	(128)	(59,901)	101,885	811,277	58,617	869,894

Consolidated statement of changes in equity (continued)

Half-year to 31 Dec 2024											
	Share capital ¹ HK\$m	Other equity instruments HK\$m	Retained earnings HK\$m	Property revaluation reserve HK\$m	Other reserves				Total shareholders' equity HK\$m	Non-controlling interests HK\$m	Total equity HK\$m
					Financial assets at FVOCI reserve HK\$m	Cash flow hedge reserve HK\$m	Foreign exchange reserve HK\$m	Other ⁴ HK\$m			
At 1 Jul 2024	180,181	52,422	474,253	64,047	(1,482)	(128)	(59,901)	101,885	811,277	58,617	869,894
Profit for the period	—	—	57,054	—	—	—	—	—	57,054	3,148	60,202
Other comprehensive income/(expense) (net of tax)	—	—	(156)	(939)	1,901	838	(5,491)	(87)	(3,934)	(124)	(4,058)
– debt instruments at fair value through other comprehensive income	—	—	—	—	525	—	—	—	525	42	567
– equity instruments designated at fair value through other comprehensive income	—	—	—	—	464	—	—	—	464	139	603
– cash flow hedges	—	—	—	—	—	844	—	—	844	(4)	840
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	(407)	—	—	—	—	—	(407)	—	(407)
– property revaluation	—	—	—	(939)	—	—	—	—	(939)	(254)	(1,193)
– remeasurement of defined benefit asset/liability	—	—	239	—	—	—	—	—	239	47	286
– share of other comprehensive income/(expense) of associates and joint ventures	—	—	12	—	1,091	—	—	(87)	1,016	—	1,016
– other comprehensive income reclassified to the income statement on dilution of interest in an associate	—	—	—	—	—	—	—	—	—	—	—
– foreign exchange losses reclassified to the income statement on dilution of interest in an associate	—	—	—	—	—	—	—	—	—	—	—
– other exchange differences	—	—	—	—	(179)	(6)	(5,491)	—	(5,676)	(94)	(5,770)
Total comprehensive income/(expense) for the period	—	—	56,898	(939)	1,901	838	(5,491)	(87)	53,120	3,024	56,144
Other equity instruments issued ²	—	19,299	—	—	—	—	—	—	19,299	—	19,299
Other equity instruments redeemed ³	—	(7,044)	—	—	—	—	—	—	(7,044)	—	(7,044)
Dividends to shareholders ⁵	—	—	(58,318)	—	—	—	—	—	(58,318)	(1,663)	(59,981)
Movement in respect of share-based payment arrangements	—	—	(57)	—	—	—	—	(326)	(383)	5	(378)
Transfers and other movements ⁶	—	—	(1,578)	(1,904)	5	—	—	4,575	1,098	(1,024)	74
At 31 Dec 2024	180,181	64,677	471,198	61,204	424	710	(65,392)	106,047	819,049	58,959	878,008

- 1 Ordinary share capital includes preference shares which have been redeemed or bought back via payments out of distributable profits in previous years.
- 2 During the first half of 2025, additional tier 1 capital instruments amounting to US\$3,500m were issued with an issuance cost of US\$35m and an additional tier 1 capital instrument amounting to SG\$800m was issued with an issuance cost of SG\$8m.
- 3 During the first half of 2024, additional tier 1 capital instrument amounting to SG\$1,500m was issued with an issuance cost of SG\$15m and during the second half of 2024, additional tier 1 capital instruments amounting to US\$2,500m were issued with an issuance cost of US\$25m.
- 4 During the first half of 2025, an additional tier 1 capital instrument amounting to US\$2,200m was redeemed at par.
- 5 During the first half of 2024, an additional tier 1 capital instrument amounting to US\$1,100m was redeemed at par and during the second half of 2024, an additional tier 1 capital instrument amounting to US\$900m was redeemed at par.
- 6 The other reserves mainly comprise share of associates' other reserves, purchase premium arising from transfer of business from fellow subsidiaries, property revaluation reserve relating to transfer of properties to a fellow subsidiary and the share-based payment reserve. The share-based payment reserve is used to record the amount relating to share awards and options granted to employees of the group directly by HSBC Holdings plc.
- 7 Including distributions paid on perpetual subordinated loans classified as equity under HKFRS.
- 8 The movements between retained earnings and other reserves include the relevant transfers to other reserves according to local regulatory requirements and transfers on dilution of interest in an associate. The transfer from the property revaluation reserve to retained earnings represents depreciation of revalued properties.

Consolidated statement of cash flows

	Half-year to	
	30 Jun 2025	30 Jun 2024
	HK\$m	HK\$m
Profit before tax	71,188	82,068
Adjustments for non-cash items:		
Depreciation, amortisation and impairment	8,329	9,584
Net loss from investing activities ¹	9,277	252
Share of profit in associates and joint ventures	(9,804)	(10,007)
Impairment of interest in associate ²	8,270	—
Change in expected credit losses gross of recoveries and other credit impairment charges	7,536	3,969
Provisions	512	189
Share-based payment expense	598	524
Other non-cash items included in profit before tax	(12,541)	(17,498)
Change in operating assets	(181,177)	(51,810)
Change in operating liabilities	442,669	134,033
Elimination of exchange differences	(63,783)	24,730
Dividends received from associates	5,848	60
Contributions paid to defined benefit plans	(123)	(143)
Tax paid	(6,688)	(12,519)
Net cash from operating activities	280,111	163,432
Purchase of financial investments	(1,406,448)	(1,403,117)
Proceeds from the sale and maturity of financial investments	1,313,519	1,342,449
Purchase of property, plant and equipment	(1,142)	(952)
Proceeds from sale of property, plant and equipment and assets held for sale	70	22
Net investment in intangible assets	(5,061)	(4,667)
Net cash (outflow)/inflow from increases in interest in associate and joint venture and purchase of business	(155)	4,854
Net cash inflow from disposal of a joint venture	143	—
Net cash outflow on purchase of subsidiaries	—	(345)
Net cash from investing activities	(99,074)	(61,756)
Issue of other equity instruments	31,686	8,574
Redemption of other equity instruments	(17,205)	(8,617)
Net cash outflow from change in stake of subsidiary	—	(1,952)
Subordinated loan capital issued ³	36,817	4,398
Subordinated loan capital repaid ³	(29,304)	—
Dividends paid to shareholders of the parent company and non-controlling interests	(65,673)	(54,639)
Net cash from financing activities	(43,679)	(52,236)
Net increase in cash and cash equivalents	137,358	49,440
Cash and cash equivalents at 1 Jan	823,249	996,638
Exchange differences in respect of cash and cash equivalents	44,622	(37,730)
Cash and cash equivalents at 30 Jun⁴	1,005,229	1,008,348

Interest received in the first half of 2025 was HK\$152,302m (first half of 2024: HK\$159,118m), interest paid in the first half of 2025 was HK\$88,471m (first half of 2024: HK\$106,429m) and dividends received in the first half of 2025 was HK\$5,563m (first half of 2024: HK\$4,561m).

- 1 Amount in 2025 includes a loss of HK\$8,945m inclusive of reserves recycling as a result of the dilution of our shareholding in BoCom.
- 2 Amount in 2025 includes a HK\$8,270m impairment loss following an impairment test on the carrying value of the group's investment in BoCom.
- 3 Changes in subordinated liabilities (including those issued to Group companies) during the first half of the year included amounts from issuance and repayments as presented above, and non-cash changes from foreign exchange loss of HK\$3,537m in the first half of 2025 (first half of 2024: gain of HK\$1,090m) and fair value loss after hedging of HK\$6,552m in the first half of 2025 (first half of 2024: fair value gain of HK\$3,127m).
- 4 At 30 June 2025, HK\$179,824m (2024: HK\$141,392m) was not available for use by the group due to a range of restrictions, including currency exchange and other restrictions.

Notes on the Interim condensed consolidated financial statements

1 Basis of preparation and material accounting policies

(a) Compliance with Hong Kong Financial Reporting Standards

The Interim condensed consolidated financial statements of the group have been prepared in accordance with HKAS 34 'Interim Financial Reporting' as issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA'). These financial statements should be read in conjunction with the Annual Report and Accounts 2024.

Standards applied during the half-year to 30 June 2025

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 the impairment of amortised cost and FVOCI debt financial assets, the valuation of financial instruments, interests in associates and insurance contract liabilities.

There were no material changes in the current period to the critical estimates and judgements applied in 2024, which are stated in Note 1 of the Annual Report and Accounts 2024.

(c) Composition of the group

There were no material changes in the composition of the group in the half-year to 30 June 2025.

(d) Future accounting developments

HKFRS 9 'Financial Instruments' and HKFRS 7 'Financial Instruments: Disclosures'

In August 2024, the HKICPA issued amendments to HKFRS 9 'Financial Instruments' and HKFRS 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 currently undertaking an assessment of the potential impact.

HKFRS 18 'Presentation and Disclosure in Financial Statements'

In July 2024, the HKICPA published HKFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on, or after, 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace HKAS 1 'Presentation of Financial Statements' but carries over many requirements from that HKAS unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of information.

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

(e) Going concern

The Interim condensed consolidated financial statements are prepared on a going concern basis, as the Directors are satisfied that the group and the Bank have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios that reflect the uncertainty in the macroeconomic environment following disrupted supply chains, slower economic activity and ongoing geopolitical tensions. They also considered other top and emerging risks, including climate change, as well as the related impacts on profitability, capital and liquidity.

(f) Accounting policies

The accounting policies applied by the group for the Interim condensed consolidated financial statements are consistent with those described in Note 1 of the Annual Report and Accounts 2024, as are the methods of computation. Changes in the reportable segments from the new organisation structure are detailed in Note 11.

(g) Presentation of information

The following disclosure required by HKFRS has been included in the 'Financial Review' section on page 3 in this Interim Financial Report 2025:

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

2 Dividends

Dividends to shareholders of the parent company

	Half-year to			
	30 Jun 2025		30 Jun 2024	
	HK\$ per share	HK\$m	HK\$ per share	HK\$m
Dividends paid on ordinary shares				
In respect of previous year:				
– fourth interim dividend	0.41	20,400	0.41	20,300
– special dividend	0.16	7,800	—	—
In respect of current year:				
– first interim dividend	0.48	24,000	0.43	21,200
– first special dividend	0.16	7,800	0.16	7,800
Total	1.21	60,000	1.00	49,300
Total coupons on other equity instruments		2,550		2,158
Dividends to shareholders		62,550		51,458

The Directors declared a second interim dividend in respect of the half-year ended 30 June 2025 of HK\$0.42 per ordinary share (HK\$21,000m) (half-year ended 30 June 2024 of HK\$0.41 per ordinary share (HK\$20,500m)) and a second special dividend for 2025 of HK\$0.16 per ordinary share (HK\$7,800m).

Total coupons on other equity instruments

	Half-year to	
	30 Jun 2025	30 Jun 2024
	HK\$m	HK\$m
US\$1,000m Fixed rate perpetual subordinated loan (interest rate fixed at 6.090%) ¹	474	475
US\$1,200m Fixed rate perpetual subordinated loans (interest rate fixed at 6.172%) ¹	576	578
US\$600m Fixed rate perpetual subordinated loan (interest rate fixed at 5.910%)	278	277
US\$1,100m Fixed rate perpetual subordinated loan (interest rate fixed at 6.000%) ²	—	515
US\$1,000m Fixed rate perpetual subordinated loan (interest rate fixed at 8.000%)	311	313
SG\$1,500m Fixed rate perpetual subordinated loan (interest rate fixed at 5.250%) ³	241	—
US\$1,350m Fixed rate perpetual subordinated loan (Interest rate fixed at 6.875%) ³	360	—
US\$1,150m Fixed rate perpetual subordinated loan (Interest rate fixed at 6.950%) ³	310	—
Total	2,550	2,158

1 These subordinated loans were early repaid in the first half of 2025 and distributions were made on repayment.

2 This subordinated loan was early repaid in the first half of 2024 and no distribution in first half of 2025.

3 These subordinated loans were issued in 2024 and no distribution in first half of 2024.

3 Derivatives

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

	Notional contract amount		Fair value – Assets			Fair value – Liabilities		
	Trading HK\$m	Hedging HK\$m	Trading HK\$m	Hedging HK\$m	Total HK\$m	Trading HK\$m	Hedging HK\$m	Total HK\$m
Foreign Exchange	28,427,101	458,793	214,798	2,207	217,005	227,130	7,051	234,181
Interest rate	42,571,265	518,067	365,454	17,538	382,992	385,524	10,139	395,663
Equity	1,096,869	—	13,790	—	13,790	25,765	—	25,765
Credit	317,455	—	1,405	—	1,405	2,132	—	2,132
Commodity and other	354,761	—	10,141	—	10,141	16,074	—	16,074
Gross total	72,767,451	976,860	605,588	19,745	625,333	656,625	17,190	673,815
Offset					(211,845)			(211,845)
At 30 Jun 2025					413,488			461,970
Foreign Exchange	23,555,745	297,726	295,424	13,610	309,034	253,752	101	253,853
Interest rate	40,728,068	494,373	366,893	12,706	379,599	391,379	6,494	397,873
Equity	1,051,731	—	11,286	—	11,286	16,217	—	16,217
Credit	362,342	—	2,185	—	2,185	2,066	—	2,066
Commodity and other	262,274	—	6,500	—	6,500	6,823	—	6,823
Gross total	65,960,160	792,099	682,288	26,316	708,604	670,237	6,595	676,832
Offset					(203,344)			(203,344)
At 31 Dec 2024					505,260			473,488

The notional contract amounts of derivatives held for trading purposes and derivatives designated in hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.

4 Loans and advances to customers

	At	
	30 Jun 2025	31 Dec 2024
	HK\$m	HK\$m
Gross loans and advances to customers	3,647,124	3,529,958
Expected credit loss allowances	(37,650)	(35,660)
	3,609,474	3,494,298

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

Analysis of gross loans and advances to customers

	At	
	30 Jun 2025	31 Dec 2024
	HK\$m	HK\$m
Residential mortgages	1,225,773	1,196,883
Credit card advances	99,908	105,808
Other personal	262,707	237,360
Total personal	1,588,388	1,540,051
Real estate & Construction	464,632	470,730
Wholesale and retail trade	362,668	349,187
Manufacturing	379,184	354,947
Transportation and storage	87,345	104,502
Other	429,939	408,029
Total corporate and commercial	1,723,768	1,687,395
Non-bank financial institutions	334,968	302,512
	3,647,124	3,529,958
By geography¹		
Hong Kong	2,161,196	2,140,455
Mainland China	340,331	348,169
Australia	330,672	295,298
Singapore	259,288	245,040
India	190,068	169,409
Taiwan	97,175	85,894
Malaysia	83,212	81,545
Indonesia	35,379	29,949
Others	149,803	134,199

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

Gross loans and advances to customers increased by HK\$117.2bn, or 3.3%, which included favourable foreign exchange translation effects of HK\$74.7bn. Excluding this impact, the underlying increase of HK\$42.5bn was driven by an increase in lending to Non-banking financial institutions of HK\$26.7bn mainly in mainland China, Australia, Singapore, and India, partly offset by declines in Hong Kong.

The following table provides an overview of the group's credit risk by stage and industry, and the associated ECL coverage. The financial assets recorded in each stage have the following characteristics:

- Stage 1: These financial assets are unimpaired and without significant increase in credit risk on which a 12-month allowance for ECL is recognised.
- Stage 2: A significant increase in credit risk has been experienced on these financial assets since initial recognition for which a lifetime ECL is recognised.
- Stage 3: There is objective evidence of impairment and the financial assets are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.
- 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.

Notes on the Interim condensed consolidated financial statements (unaudited)

Summary of credit risk (excluding debt instruments measured at fair value through other comprehensive income ('FVOCI')) by stage distribution and ECL coverage by industry sector

	Gross carrying/nominal amount ¹					Allowance for ECL					ECL coverage %				
	Stage 1 HK\$m	Stage 2 ⁴ HK\$m	Stage 3 HK\$m	POCI HK\$m	Total HK\$m	Stage 1 HK\$m	Stage 2 HK\$m	Stage 3 HK\$m	POCI HK\$m	Total HK\$m	Stage 1 %	Stage 2 %	Stage 3 %	POCI %	Total %
Loans and advances to customers	3,132,299	415,600	98,775	450	3,647,124	(2,935)	(9,801)	(24,626)	(288)	(37,650)	0.1	2.4	24.9	64.0	1.0
– personal	1,528,212	51,633	8,543	—	1,588,388	(1,347)	(3,183)	(1,245)	—	(5,775)	0.1	6.2	14.6	—	0.4
– corporate ²	1,280,487	354,033	88,798	450	1,723,768	(1,343)	(6,556)	(22,623)	(288)	(30,810)	0.1	1.9	25.5	64.0	1.8
– financial institutions ³	323,600	9,934	1,434	—	334,968	(245)	(62)	(758)	—	(1,065)	0.1	0.6	52.9	—	0.3
Loans and advances to banks	528,523	458	—	—	528,981	(48)	(1)	—	—	(49)	—	0.2	—	—	—
Other financial assets	2,315,888	13,013	621	—	2,329,522	(237)	(32)	(152)	—	(421)	—	0.2	24.5	—	—
Loan and other credit-related commitments	2,036,394	70,774	902	—	2,108,070	(395)	(313)	(19)	—	(727)	—	0.4	2.1	—	—
– personal	1,519,500	7,941	402	—	1,527,843	(32)	—	—	—	(32)	—	—	—	—	—
– corporate ²	373,252	58,899	500	—	432,651	(329)	(300)	(19)	—	(648)	0.1	0.5	3.8	—	0.1
– financial institutions ³	143,642	3,934	—	—	147,576	(34)	(13)	—	—	(47)	—	0.3	—	—	—
Financial guarantee	45,845	4,209	113	—	50,167	(50)	(30)	(31)	—	(111)	0.1	0.7	27.4	—	0.2
– personal	6,943	63	—	—	7,006	—	—	—	—	—	—	—	—	—	—
– corporate ²	32,561	4,119	113	—	36,793	(44)	(30)	(31)	—	(105)	0.1	0.7	27.4	—	0.3
– financial institutions ³	6,341	27	—	—	6,368	(6)	—	—	—	(6)	0.1	—	—	—	0.1
At 30 Jun 2025	8,058,949	504,054	100,411	450	8,663,864	(3,665)	(10,177)	(24,828)	(288)	(38,958)	—	2.0	24.7	64.0	0.4
Loans and advances to customers	3,178,662	252,726	98,267	303	3,529,958	(2,629)	(8,242)	(24,577)	(212)	(35,660)	0.1	3.3	25.0	70.0	1.0
– personal	1,488,104	42,863	9,084	—	1,540,051	(1,344)	(2,988)	(1,282)	—	(5,614)	0.1	7.0	14.1	—	0.4
– corporate ²	1,397,664	201,657	87,771	303	1,687,395	(1,105)	(5,183)	(22,573)	(212)	(29,073)	0.1	2.6	25.7	70.0	1.7
– financial institutions ³	292,894	8,206	1,412	—	302,512	(180)	(71)	(722)	—	(973)	0.1	0.9	51.1	—	0.3
Loans and advances to banks	480,356	423	—	—	480,779	(38)	(1)	—	—	(39)	—	0.2	—	—	—
Other financial assets	2,245,780	11,262	388	—	2,257,430	(242)	(22)	(128)	—	(392)	—	0.2	33.0	—	—
Loan and other credit-related commitments	1,990,634	35,807	879	—	2,027,320	(418)	(239)	(43)	—	(700)	—	0.7	4.9	—	—
– personal	1,466,778	9,043	266	—	1,476,087	(31)	—	(15)	—	(46)	—	—	5.6	—	—
– corporate ²	389,225	24,718	613	—	414,556	(352)	(230)	(25)	—	(607)	0.1	0.9	4.1	—	0.1
– financial institutions ³	134,631	2,046	—	—	136,677	(35)	(9)	(3)	—	(47)	—	0.4	—	—	—
Financial guarantee	48,736	4,094	158	—	52,988	(35)	(11)	(16)	—	(62)	0.1	0.3	10.1	—	0.1
– personal	6,749	1	—	—	6,750	—	—	—	—	—	—	—	—	—	—
– corporate ²	35,822	4,062	158	—	40,042	(32)	(11)	(16)	—	(59)	0.1	0.3	10.1	—	0.1
– financial institutions ³	6,165	31	—	—	6,196	(3)	—	—	—	(3)	—	—	—	—	—
At 31 Dec 2024	7,944,168	304,312	99,692	303	8,348,475	(3,362)	(8,515)	(24,764)	(212)	(36,853)	—	2.8	24.8	70.0	0.4

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

- Represents the maximum amount at risk should the contracts be fully drawn upon and client default.
- Includes corporate and commercial customers.
- Includes non-bank financial institutions.
- The shift of gross carrying value of corporate loans and advances between stage 1 and 2 arose from higher average probability of default ('PD') for the remaining term at the reporting date reflecting updates to our PD models. These were compared with the PD calculated at origination.

5 Financial investments

Carrying amounts of financial investments

	At	
	30 Jun 2025 HK\$m	31 Dec 2024 HK\$m
Financial investments measured at fair value through other comprehensive income	1,910,207	1,705,104
– treasury and other eligible bills	789,053	763,269
– debt securities	1,113,535	935,105
– equity securities	7,619	6,730
Debt instruments measured at amortised cost	605,029	632,740
– treasury and other eligible bills	6,613	68,964
– debt securities	598,416	563,776
	2,515,236	2,337,844

6 Interests in associates and joint ventures

Bank of Communications Co., Ltd.

The results for the period ended 30 June 2025 included a HK\$8.9bn loss from the dilution of our shareholding, and a HK\$8.3bn impairment to the carrying value, of the group's interest in Bank of Communications Co., Limited ('BoCom').

The group's interest in BoCom reduced from 19.03% to 16.00% following the completion of a capital issuance by BoCom on 17 June 2025. The dilution of the group's interest resulted in a pre-tax loss of HK\$8.9bn, recognised in 'Other operating income/(expense)' in the group's consolidated income statement. The loss is not deductible for tax purposes as a consequence of our shareholding in BoCom being held for long-term investment purposes.

In addition, the group performed an impairment test on the carrying amount at 30 June 2025, which resulted in an impairment of HK\$8.3bn, as the recoverable amount as determined by a value-in-use calculation was lower than the carrying value, recognised within 'Impairment of interest in associate'. Consistent with prior periods, our value-in-use calculation uses both historical experience and market participant views to estimate future cash flows, relevant discount rates and associated capital assumptions.

We remain strategically committed to mainland China and continue our valued, strategic partnership with BoCom.

HSBC's Interest

The group's investment in BoCom continues to be classified as an associate. Significant influence in BoCom was established with consideration of all relevant factors, including the group's latest shareholding, representation on BoCom's Board of Directors, and participation in a resource and experience sharing agreement. Investments in associates are recognised using the equity method of accounting in accordance with HKAS 28, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of associate's net assets. An impairment test is required if there is any indication of impairment or reversal.

The fair value of the group's investment in BoCom had been below its carrying amount. No impairment (or reversal) was required for the year ended 31 December 2024.

If the Group did not have significant influence in BoCom, the investment would be carried at fair value rather than the current carrying amount.

Impairment testing

At 30 June 2025, the group concluded that there were indications of impairment. As part of this assessment, the group performed an impairment test on the carrying amount with an updated VIU calculation which resulted in an impairment of HK\$8.3bn, as the recoverable amount as determined by the VIU calculation was lower than the carrying amount. The impairment was recognised within 'Impairment of interest in associate'. The carrying amount of the investment after impairment was HK\$167.6bn (31 December 2024: HK\$174.2bn) with a fair value of HK\$103.2bn (31 December 2024: HK\$90.3bn). The impairment loss is not deductible for tax purposes.

Basis of recoverable amount

The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with HKAS 36. Those cash flows used estimates based on BoCom's current condition and so do not include estimated cash flows arising from uncommitted future actions that may affect the performance of the investment, which will be considered at the relevant time should they arise. Significant management judgement is required in arriving at the best estimate.

The VIU may increase or decrease depending on the effect of changes to model inputs. The main model inputs are described below and are based on factors observed at period-end. The factors that could result in increases or reductions in the VIU include changes in BoCom's short-term performance, a change in regulatory capital requirements or revisions to the forecast of BoCom's future profitability.

There are two main components to the VIU calculation. The first component is management's best estimate of BoCom's earnings. Forecast earnings growth over the short to medium term continues to be lower than recent (within the last five years) actual growth, and reflects the impact of recent macroeconomic, policy and industry factors in 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 HKAS 36:

- Long-term profit growth rate: 3.00% (31 December 2024: 3.00%) for periods after 2028, 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 2024: 3.25%) for periods after 2028, which is the rate that assets are expected to grow to achieve long-term profit growth of 3.00%.
- Discount rate: 8.08% (31 December 2024: 8.53%), which is based on a capital asset pricing model ('CAPM'), using market data. The discount rate used is within the range of 7.1% to 8.9% (31 December 2024: 7.1% to 8.8%) indicated by the CAPM, and decreased primarily as a consequence of a market-driven reduction in the risk-free rate.
- Expected credit losses ('ECL') as a percentage of loans and advances to customers: ranges from 0.74% to 0.88% (31 December 2024: 0.74% to 0.93%) in the short to medium term, reflecting reported credit experience in mainland China. For periods after 2028, the ratio is 0.87% (31 December 2024: 0.97%), reflecting the anticipated continuation of BoCom's lower average ECL as a percentage of loans and advances to customers experienced in recent years.
- Risk-weighted assets as a percentage of total assets: ranges from 62.0% to 63.3% (31 December 2024: 62.0% to 62.5%) in the short to medium term, reflecting higher risk-weights in the short term followed by an expected reversion to recent historical levels. For periods after 2028, the ratio is 62.0% (31 December 2024: 62.0%), which is similar to BoCom's actual results in recent years.
- Loans and advances to customers growth rate: ranges from 8.0% to 9.0% (31 December 2024: 7.5% to 9.5%) 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 1.9% to 9.1% (31 December 2024: 0.1% to 9.9%) in the short to medium term, which is similar to BoCom's actual results in recent years. The projected net interest income over the medium term reduced to reflect forecasted pressure on net interest margin compared with the prior period, which led to a net reduction in the VIU.
- Cost-income ratio: ranges from 35.0% to 39.5% (31 December 2024: 34.6% 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.
- Long-term effective tax rate: 15.0% (31 December 2024: 15.0%) for periods after 2028, 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 2024: 12.5%) and tier 1 capital adequacy ratio of 9.5% (31 December 2024: 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 expected credit losses as a percentage of loans and advances to customers, and a 50bps increase/decrease in the discount rate. At 30 June 2025, we estimate that the reasonably possible range of VIU is HK\$86.5bn to HK\$232.6bn (31 December 2024: HK\$105.2bn to HK\$239.4bn), acknowledging that the fair value of the group's investment has ranged from HK\$52.6bn to HK\$103.2bn over the last five years as at the date of the impairment test. All other long-term assumptions, and the basis of the CMC, have been kept unchanged when determining the reasonably possible range of the VIU.

7 Customer accounts

Customer accounts by country/territory

	At	
	30 Jun 2025 HK\$m	31 Dec 2024 HK\$m
Hong Kong	4,630,413	4,466,634
Singapore	614,462	595,951
Mainland China	495,311	490,579
Australia	267,402	248,137
India	236,281	211,234
Malaysia	142,194	131,999
Taiwan	146,375	132,544
Indonesia	42,295	43,162
Other	264,424	244,366
	6,839,157	6,564,606

8 Fair values of financial instruments carried at fair value

The accounting policies, control framework and hierarchy used to determine fair values at 30 June 2025 are consistent with those applied for the Annual Report and Accounts 2024.

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

	At 30 Jun 2025						At 31 Dec 2024					
	Fair value hierarchy			Third-party total	Inter-company ²	Total	Fair value hierarchy			Third-party total	Inter-company ²	Total
	Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m				Level 1 HK\$m	Level 2 HK\$m	Level 3 HK\$m			
Assets												
Trading assets ¹	846,049	304,929	11,540	1,162,518	—	1,162,518	786,951	284,818	13,552	1,085,321	—	1,085,321
Derivatives	1,439	273,980	2,305	277,724	135,764	413,488	3,090	348,439	1,254	352,783	152,477	505,260
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	288,482	408,396	170,959	867,837	—	867,837	240,126	398,426	142,658	781,210	—	781,210
Financial investments	1,524,128	382,929	3,150	1,910,207	—	1,910,207	1,308,889	393,198	3,017	1,705,104	—	1,705,104
Liabilities												
Trading liabilities ¹	57,533	29,110	3	86,646	—	86,646	55,574	30,978	5	86,557	—	86,557
Derivatives	834	291,132	3,060	295,026	166,944	461,970	1,553	309,212	1,216	311,981	161,507	473,488
Financial liabilities designated at fair value ¹	663	191,778	19,038	211,479	—	211,479	—	155,779	22,960	178,739	—	178,739

1 These balances exclude HK\$4,646m Level 2 assets (2024: HK\$28,651m) and HK\$251,601m Level 2 liabilities (2024: HK\$215,991m) held with HSBC Group entities.

2 Derivatives balances with HSBC Group entities are largely under 'Level 2'.

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
1 Jan to 30 Jun 2025							
Transfers from Level 1 to Level 2	47,216	17,664	5,508	—	—	—	—
Transfers from Level 2 to Level 1	54,722	33,877	21,806	—	526	—	—
1 Jan to 31 Dec 2024							
Transfers from Level 1 to Level 2	102,536	68,616	11,996	—	656	—	—
Transfers from Level 2 to Level 1	77,553	41,295	23,687	—	506	—	—

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

Fair value valuation bases

Financial instruments measured at fair value using a valuation technique with significant unobservable inputs – Level 3

	Assets					Liabilities			
	Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Total	Trading liabilities	Designated at fair value	Derivatives	Total
HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Private equity and related investments	3,150	—	139,042	—	142,192	—	—	—	—
Structured notes	—	—	—	—	—	—	19,038	—	19,038
Others	—	11,540	31,917	2,305	45,762	3	—	3,060	3,063
At 30 Jun 2025	3,150	11,540	170,959	2,305	187,954	3	19,038	3,060	22,101
Private equity and related investments	3,017	—	127,014	—	130,031	—	—	—	—
Structured notes	—	—	25	—	25	—	22,960	—	22,960
Others	—	13,552	15,619	1,254	30,425	5	—	1,216	1,221
At 31 Dec 2024	3,017	13,552	142,658	1,254	160,481	5	22,960	1,216	24,181

The basis for determining the fair value of the financial instruments in the table above is explained on page 124 of the Annual Report and Accounts 2024.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

Movement in Level 3 financial instruments

	Assets				Liabilities		
	Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Trading liabilities	Designated at fair value ¹	Derivatives
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 1 Jan 2025	3,017	13,552	142,658	1,254	5	22,960	1,216
Total gains/(losses) recognised in profit or loss	—	35	6,829	1,339	3	148	2,063
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	35	—	1,339	3	148	2,063
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss ²	—	—	6,829	—	—	—	—
Total gains/(losses) recognised in other comprehensive income ('OCI')	133	294	455	25	—	278	34
– financial investments: fair value changes	55	—	—	—	—	3	—
– exchange differences	78	294	455	25	—	275	34
Purchases	—	4,397	14,915	—	—	—	—
New issuances	—	8	—	—	—	3,590	—
Sales	—	(1,370)	(100)	—	—	—	—
Settlements	—	(1,689)	(9,738)	36	(8)	(6,307)	(256)
Transfers out	—	(5,470)	(1,292)	(475)	—	(2,806)	(186)
Transfers in ³	—	1,783	17,232	126	3	1,175	189
At 30 Jun 2025	3,150	11,540	170,959	2,305	3	19,038	3,060
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2025	—	328	832	984	(15)	(115)	(1,661)
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	328	—	984	(15)	—	(1,661)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	832	—	—	(115)	—
At 1 Jan 2024	3,542	9,260	122,586	2,143	2	28,657	2,409
Total gains/(losses) recognised in profit or loss	—	41	2,205	765	—	120	746
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	41	—	765	—	120	746
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss ²	—	—	2,205	—	—	—	—
Total gains/(losses) recognised in other comprehensive income	(299)	(132)	(143)	(12)	—	(140)	(23)
– financial investments: fair value changes	(264)	—	—	—	—	1	—
– exchange differences	(35)	(132)	(143)	(12)	—	(141)	(23)
Purchases	1,141	2,138	26,602	—	—	—	—
New issuances	—	—	—	—	—	2,311	—
Sales	—	(38)	(189)	—	—	—	—
Settlements	(1,103)	(2,335)	(15,504)	(580)	1	6,139	(943)
Transfers out	(140)	(202)	(1,480)	(825)	—	(417)	(557)
Transfers in	—	530	724	214	5	126	162
At 30 Jun 2024	3,141	9,262	134,801	1,705	8	36,796	1,794
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2024	—	(33)	(2,092)	321	—	3	(277)
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	(33)	—	321	—	—	(277)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	(2,092)	—	—	3	—

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

2 Includes net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss of HK\$6,761m (2024: HK\$2,176m).

3 Includes HK\$17bn of transfers in representing enhancements to the application of our levelling methodology, primarily impacting our Insurance business.

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

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

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

Sensitivity of fair values to reasonably possible alternative assumptions

	At 30 Jun 2025				At 31 Dec 2024			
	Reflected in profit or loss		Reflected in OCI		Reflected in profit or loss		Reflected in OCI	
	Favourable changes HK\$m	Unfavourable changes HK\$m	Favourable changes HK\$m	Unfavourable changes HK\$m	Favourable changes HK\$m	Unfavourable changes HK\$m	Favourable changes HK\$m	Unfavourable changes HK\$m
Derivatives, trading assets and trading liabilities ¹	419	(623)	—	—	451	(448)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit or loss	9,289	(8,883)	—	—	7,760	(7,503)	—	—
Financial investments	—	—	203	(203)	—	—	184	(184)
Total	9,708	(9,506)	203	(203)	8,211	(7,951)	184	(184)

1 'Derivatives, trading assets and trading liabilities' are presented as one category to reflect the manner in which these instruments are risk-managed.

The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95% confidence interval. Methodologies take account of the nature of the valuation technique employed, as well as the availability and reliability of observable proxy and historical data.

When the fair value of a financial instrument is affected by more than one unobservable assumption, the above table reflects the most favourable or the most unfavourable change from varying the assumptions individually.

Key unobservable inputs to Level 3 financial instruments

The following table lists key unobservable inputs to Level 3 financial instruments and provides the range of those inputs at 30 June 2025.

There has been no change to the key unobservable inputs to Level 3 financial instruments and inter-relationships therein, which are detailed on page 129 of the Annual Report and Accounts 2024.

Quantitative information about significant unobservable inputs in Level 3 valuations

	Fair value		Key valuation techniques	Key unobservable inputs	30 Jun 2025		31 Dec 2024	
	Assets HK\$m	Liabilities HK\$m			Full range of inputs		Full range of inputs	
					Lower	Higher	Lower	Higher
Private equity and related investments	142,192	—	See footnote 1	See footnote 1				
Structured notes	—	19,038						
– equity-linked notes	—	4,670	Model – Option model	Equity volatility	9%	64%	7%	70%
			Model – Option model	Equity correlation	10%	98%	26%	94%
– FX-linked notes	—	7,269	Model – Option model	FX volatility	4%	19%	4%	35%
– other	—	7,099						
Others ²	45,762	3,063						
At 30 Jun 2025	187,954	22,101						

1 Given the bespoke nature of the analysis in respect of each private equity holding, it is not practical to quote a range of key unobservable inputs.

2 'Others' includes a range of smaller holdings.

9 Fair values of financial instruments not carried at fair value

	At			
	30 Jun 2025		31 Dec 2024	
	Carrying amount HK\$m	Fair value HK\$m	Carrying amount HK\$m	Fair value HK\$m
Assets¹				
Reverse repurchase agreements – non-trading	843,786	844,849	816,102	816,235
Loans and advances to banks	528,932	528,925	480,740	480,763
Loans and advances to customers	3,609,474	3,590,952	3,494,298	3,437,276
Financial investments – at amortised cost	605,029	602,302	632,740	622,568
Liabilities¹				
Repurchase agreements – non-trading	660,897	660,636	624,784	624,718
Deposits by banks	240,412	240,398	183,612	183,605
Customer accounts	6,839,157	6,839,765	6,564,606	6,566,610
Debt securities in issue	56,126	56,510	64,362	64,859

1 Amounts with HSBC Group entities are not included here.

The fair values above are stated at a specific date and may be significantly different from the amounts which will actually be paid on the maturity or settlement dates of the instruments. In many cases, it would not be possible to realise immediately the estimated fair values given the size of the portfolios measured. Accordingly, these fair values do not represent the value of these financial instruments to the group as a going concern.

Other financial instruments not carried at fair value are typically short term in nature or re-priced to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. They include cash and balances at central banks, Hong Kong Government certificates of indebtedness, Hong Kong currency notes in circulation, other financial assets and other financial liabilities, all of which are measured at amortised cost.

10 Contingent liabilities, contractual commitments and guarantees

	At	
	30 Jun 2025 HK\$m	31 Dec 2024 HK\$m
Guarantees and contingent liabilities	461,302	442,872
Commitments ¹	3,620,779	3,477,839
	4,082,081	3,920,711

¹ Includes HK\$2,108,070m of commitments at 30 June 2025 (31 December 2024: HK\$2,027,320m) to which the impairment requirements in HKFRS 9 are applied where the group has become party to an irrevocable commitment.

The above table discloses the nominal principal amounts of commitments (excluding capital commitments), guarantees and other contingent liabilities, which represents the amounts at risk should contracts be fully drawn upon and clients default. As a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the nominal principal amounts is not indicative of future liquidity requirements.

Contingent liabilities at 30 June 2025 included amounts in relation to legal and regulatory matters as set out in Note 13.

11 Segmental analysis

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

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

Where relevant, income and expense amounts presented include the results of inter-segment funding along with inter-company and inter-business line transactions. All such transactions are undertaken on arm's length terms. Measurement of segmental assets, liabilities, income and expenses is in accordance with the group's accounting policies. Shared costs are included in segments on the basis of actual recharges. The intra-group elimination items for the business segments are presented in Corporate Centre.

Our business segments

Following our organisational announcement in October 2024, effective from 1 January 2025, the group's reportable segments under HKFRS 8 comprise three businesses along with Corporate Centre. These replace our previously reported operating segments up to 31 December 2024.

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

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

Geographical regions

	Hong Kong ¹ HK\$m	Rest of Asia-Pacific HK\$m	Intra-segment elimination HK\$m	Total HK\$m
Half-year to 30 Jun 2025				
Net operating income before change in expected credit losses and other credit impairment charges	92,288	43,034	(305)	135,017
Profit before tax	52,179	19,009	—	71,188
At 30 Jun 2025				
Total assets	8,112,906	4,200,432	(822,192)	11,491,146
Total liabilities	7,666,314	3,732,257	(822,192)	10,576,379
Credit commitments and contingent liabilities (contract amounts)	2,017,334	2,064,747	—	4,082,081
Half-year to 30 Jun 2024				
Net operating income before change in expected credit losses and other credit impairment charges	82,271	50,763	(398)	132,636
Profit before tax	45,133	36,935	—	82,068
At 30 Jun 2024				
Total assets	7,583,099	3,854,305	(787,315)	10,650,089
Total liabilities	7,171,497	3,396,013	(787,315)	9,780,195
Credit commitments and contingent liabilities (contract amounts)	1,968,801	1,891,247	—	3,860,048

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

12 Related party transactions

There were no changes in the related party transactions as described in the Annual Report and Accounts 2024 that have had a material effect on the financial position or performance of the group in the half-year to 30 June 2025. All related party transactions that took place in the half-year to 30 June 2025 were similar in nature to those described in the Annual Report and Accounts 2024.

13 Legal proceedings and regulatory matters

The group is party to legal proceedings and regulatory matters in a number of jurisdictions arising out of its normal business operations. Apart from the matters described below, the group considers that none of these matters are material. The recognition of provisions is determined in accordance with the accounting policies set out in Note 1.2(n) of the Annual Report and Accounts 2024. 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 2025. Any provision recognised does not constitute an admission of wrongdoing or legal liability. It is not practicable to provide an aggregate estimate of potential liability for our legal proceedings and regulatory matters as a class of contingent liabilities.

Korean short selling indictment

In March 2024, the Korean Prosecutors' Office issued a criminal indictment against the Bank and three current and former employees for breaching short selling rules under the Financial Investment Services and Capital Markets Act in connection with trades carried out between August 2021 and December 2021. In February 2025, the Korean court acquitted the Bank of all charges. The Korean Prosecutors' Office has appealed this decision. Proceedings against the individual defendants have been suspended.

Other regulatory investigations, reviews and litigation

The Bank and/or certain of its affiliates are subject to a number of enquiries and examinations, requests for information, investigations and reviews by various tax authorities, regulators, competition and law enforcement authorities, as well as legal proceedings including litigation, arbitration and other contentious proceedings, in connection with various matters arising out of their businesses and operations.

At the present time, the Bank does not expect the ultimate resolution of any of these matters to be material to the group's financial position; however, given the uncertainties involved in legal proceedings and regulatory matters, there can be no assurance regarding the eventual outcome of a particular matter or matters.

14 Interim Financial Report 2025 and statutory accounts

The information in this Interim Financial Report 2025 is unaudited and does not constitute statutory accounts. The Interim Financial Report 2025 was approved for release on 30 July 2025. The Bank's statutory annual consolidated accounts for the year ended 31 December 2024 have been delivered to the Hong Kong Monetary Authority and the Registrar of Companies according to section 662 of the Companies Ordinance (Cap. 622). The auditor has reported on those financial statements in their report dated 19 February 2025. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

15 Ultimate holding company

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

The Hongkong and Shanghai Banking Corporation Limited

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