HSBC Bank Middle East Limited

Interim Report 2026

HSBC

Contents

Presentation of information

This document comprises the Interim Condensed Consolidated Financial Statements 2026 for HSBC Bank Middle East Limited ('the bank') and its subsidiary undertakings (together 'the group'). It contains Interim Condensed Consolidated Financial Statements, together with the Auditor's review report. References to 'HSBC' or 'the HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries.

In accordance with IAS 34, the Interim Report is intended to provide an update on the Annual Report and Accounts 2025 and therefore focuses on events during the first six months of 2026 rather than duplicating information previously reported.

Interim condensed financial statements

Consolidated income statement

		Half-year to	
		30 Jun 2026	30 Jun 2025
	Notes	**US$000**	US$000
Net interest income		**774,878**	762,378
– interest income		**1,389,240**	1,320,406
– interest expense		**(614,362)**	(558,028)
Net fee income	3	**282,566**	261,422
– fee income		**375,332**	359,565
– fee expense		**(92,766)**	(98,143)
Net income from financial instruments held for trading or managed on a fair value basis		**121,227**	169,252
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		**8,992**	3,282
Net gains/(losses) from financial investments		**(746)**	1,136
Other operating income		**73,236**	57,019
Net operating income before change in expected credit losses and other credit impairment charges		**1,260,153**	1,254,489
Change in expected credit losses and other credit impairment charges		**(124,724)**	(47,514)
Net operating income		**1,135,429**	1,206,975
Employee compensation and benefits		**(316,067)**	(323,368)
General and administrative expenses		**(287,012)**	(261,142)
Depreciation and impairment of property, plant and equipment and right-of-use assets		**(16,731)**	(14,809)
Amortisation and impairment of intangible assets		**(41,509)**	(39,100)
Total operating expenses		**(661,319)**	(638,419)
Operating profit		**474,110**	568,556
Share of loss in associates		**(45)**	(59)
Profit before tax		**474,065**	568,497
Tax expense		**(116,918)**	(112,661)
Profit for the period		**357,147**	455,836
Attributable to:			
– shareholder of the parent company		**357,147**	455,836
Profit for the period		**357,147**	455,836

The accompanying notes on pages 7 to 17 form an integral part of these interim condensed consolidated financial statements.

Consolidated statement of comprehensive income

	Half-year to	
	30 Jun 2026	30 Jun 2025
	US$000	US$000
Profit for the period	**357,147**	455,836
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Debt instruments at fair value through other comprehensive income/(expense)	**(11,253)**	15,853
– fair value gains/(losses)	**(16,608)**	18,783
– fair value (gains)/losses transferred to the income statement on disposal	**746**	(1,136)
– expected credit losses recognised in income statement	**2,248**	1,333
– income taxes	**2,361**	(3,127)
Cash flow hedges	**(31,130)**	18,194
– fair value gains/(losses)	**(37,206)**	18,772
– fair value (gains)/losses reclassified to the income statement	**(2,386)**	4,388
– income taxes	**8,462**	(4,966)
Exchange differences	**(5,073)**	10,888
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit liability	**(3,457)**	(1,905)
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**532**	2,360
Fair value gains on equity instruments designated at fair value through other comprehensive income	**2,345**	1,206
Other comprehensive income/(expense) for the period, net of tax	**(48,036)**	46,596
Total comprehensive income for the period	**309,111**	502,432
Attributable to:		
– shareholder of the parent company	**309,111**	502,432
Total comprehensive income for the period	**309,111**	502,432

The accompanying notes on pages 7 to 17 form an integral part of these interim condensed consolidated financial statements.

Consolidated statement of financial position

		At	
		30 Jun 2026	31 Dec 2025
	Notes	**US$000**	US$000
Assets			
Cash and balances at central banks		**839,916**	1,062,245
Trading assets	6	**3,029,364**	2,577,231
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	6	**113,643**	68,992
Derivatives	6	**1,151,483**	911,921
Loans and advances to banks	7	**11,342,674**	11,286,279
Loans and advances to customers	7	**24,920,564**	22,618,419
Reverse repurchase agreements – non-trading	7	**11,292,137**	9,197,094
Financial investments	6,7	**16,710,917**	14,403,237
Prepayments, accrued income and other assets		**2,039,447**	1,768,731
Current tax assets		**1,947**	440
Interests in associates		**2,100**	2,147
Intangible assets		**305,597**	280,534
Deferred tax assets		**145,910**	117,922
Total assets		**71,895,699**	64,295,192
Liabilities and equity			
Liabilities			
Deposits by banks	7	**8,094,724**	9,022,406
Customer accounts	7	**39,110,496**	37,039,075
Repurchase agreements – non-trading	7	**10,001,631**	4,788,142
Trading liabilities	6	**1,346,459**	1,204,203
Financial liabilities designated at fair value	6,8	**1,228,823**	1,108,009
Derivatives	6	**1,092,361**	779,081
Debt securities in issue	7,9	**491,611**	537,241
Accruals, deferred income and other liabilities		**2,681,930**	2,709,298
Current tax liabilities		**312,878**	287,628
Provisions		**163,856**	164,169
Subordinated liabilities	7	**946,628**	946,337
Total liabilities		**65,471,397**	58,585,589
Equity			
Called up share capital	10	**1,281,055**	931,055
Share premium account	10	**61,346**	61,346
Other equity instruments	10	**1,089,000**	990,000
Other reserves		**(185,285)**	(137,769)
Retained earnings		**4,178,186**	3,864,971
Total equity		**6,424,302**	5,709,603
Total liabilities and equity		**71,895,699**	64,295,192

The accompanying notes on pages 7 to 17 form an integral part of these interim condensed consolidated financial statements.

Abdulfattah Sharaf
Chairman

Selim Kervanci
Chief Executive Officer/Director

Consolidated statement of changes in equity

	Called up share capital and share premium	Other equity instru-ments	Retained earnings	Other reserves				Total equity
				Financial assets at FVOCI reserves	Cash flow hedging reserve	Foreign exchange reserve	Merger and other reserves[1]	
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
At 1 Jan 2026	992,401	990,000	3,864,971	(278)	13,756	(135,894)	(15,353)	5,709,603
Profit for the period	—	—	357,147	—	—	—	—	357,147
Other comprehensive income/(expense) (net of tax)	—	—	(517)	(8,963)	(31,132)	(7,424)	—	(48,036)
– debt instruments at fair value through other comprehensive income	—	—	—	(11,253)	—	—	—	(11,253)
– equity instruments designated at fair value through other comprehensive income	—	—	—	2,345	—	—	—	2,345
– cash flow hedges	—	—	—	—	(31,130)	—	—	(31,130)
– changes in fair value of financial liabilities designated at fair value arising from changes in own credit risk	—	—	532	—	—	—	—	532
– remeasurement of defined benefit liability	—	—	(3,457)	—	—	—	—	(3,457)
– exchange differences	—	—	2,408	(55)	(2)	(7,424)	—	(5,073)
Total comprehensive income for the period	—	—	356,630	(8,963)	(31,132)	(7,424)	—	309,111
New issuance	350,000	100,000	—	—	—	—	—	450,000
Dividends	—	—	(33,889)	—	—	—	—	(33,889)
Other movements	—	(1,000)	(9,526)	3	—	—	—	(10,523)
At 30 Jun 2026	1,342,401	1,089,000	4,178,186	(9,238)	(17,376)	(143,318)	(15,353)	6,424,302
At 1 Jan 2025	992,401	990,000	3,579,772	(40,494)	(10,268)	(144,474)	(15,353)	5,351,584
Profit for the period	—	—	455,836	—	—	—	—	455,836
Other comprehensive income/(expense) (net of tax)	—	—	584	17,213	18,194	10,605	—	46,596
– debt instruments at fair value through other comprehensive income	—	—	—	15,853	—	—	—	15,853
– equity instruments designated at fair value through other comprehensive income	—	—	—	1,206	—	—	—	1,206
– cash flow hedges	—	—	—	—	18,194	—	—	18,194
– changes in fair value of financial liabilities designated at fair value arising from changes in own credit risk	—	—	2,360	—	—	—	—	2,360
– remeasurement of defined benefit liability	—	—	(1,905)	—	—	—	—	(1,905)
– exchange differences			129	154	—	10,605	—	10,888
Total comprehensive income/(expense) for the period	—	—	456,420	17,213	18,194	10,605	—	502,432
New issuance	—	—	—	—	—	—	—	—
Dividends	—	—	(133,752)	—	—	—	—	(133,752)
Other movements	—	—	(5,484)	(2)	—	—		(5,486)
At 30 Jun 2025	992,401	990,000	3,896,956	(23,283)	7,926	(133,869)	(15,353)	5,714,778

1 The merger reserve pertains to the acquisition of HBME Algeria in 2009.

The accompanying notes on pages 7 to 17 form an integral part of these interim condensed consolidated financial statements.

Consolidated statement of cash flows

	Half-year to	
	30 Jun 2026	30 Jun 2025
	US$000	US$000
Profit before tax	**474,065**	568,497
Cash flows from operating activities		
Adjustments for:		
Net (gain)/loss from investing activities	**486**	(725)
Share of loss in associates	**45**	59
Other non-cash items included in profit before tax	**130,994**	56,102
Change in operating assets	**(5,404,236)**	(1,579,490)
Change in operating liabilities	**6,307,203**	4,099,399
Elimination of exchange differences[1]	**27,771**	(30,156)
Tax paid	**(110,786)**	(89,129)
Net cash from operating activities	**1,425,542**	3,024,557
Cash flows from investing activities		
Purchase of financial investments	**(7,355,618)**	(5,754,019)
Proceeds from the sale and maturity of financial investments	**5,084,707**	3,851,176
Net cash flows from the purchase and sale of property, plant and equipment	**(10,375)**	(10,925)
Net investment in intangible assets	**(66,600)**	(41,494)
Net cash from investing activities	**(2,347,886)**	(1,955,262)
Cash flows from financing activities		
Issue of ordinary share capital and other equity instruments	**450,000**	—
Dividends paid to shareholder of the parent company	**(33,889)**	(133,752)
Net cash from financing activities	**416,111**	(133,752)
Net increase/(decrease) in cash and cash equivalents	**(506,233)**	935,543
Cash and cash equivalents at 1 Jan	**10,054,305**	10,129,699
Exchange differences in respect of cash and cash equivalents	**(19,144)**	14,575
Cash and cash equivalents at 30 Jun	**9,528,928**	11,079,817

1 Adjustment to bring changes between opening and closing balance sheet amounts to average rates. This is not done on a line-by-line basis, as details cannot be determined without unreasonable expense.

The accompanying notes on pages 7 to 17 form an integral part of these interim condensed consolidated financial statements.

Notes on the interim condensed consolidated financial statements

1 Legal status and principal activities

The bank has its place of incorporation and head office in Dubai International Financial Centre ('DIFC'), in the United Arab Emirates, under a category 1 licence issued by the Dubai Financial Services Authority ('DFSA').

The bank's registered office is Level 4, Gate Precinct Building No. 2, Dubai International Financial Centre, Dubai, United Arab Emirates.

The group through its branch network and subsidiary undertakings provides a range of banking and related financial services in the Middle East and North Africa.

The immediate parent company of the group is HSBC Middle East Holdings B.V. and the ultimate parent company of the group is HSBC Holdings plc, which is incorporated in England.

2 Basis of preparation and material accounting policies

(a) Compliance with International Financial Reporting Standards

The interim condensed consolidated financial statements of the group have been prepared on the basis of the policies set out in the 2025 annual financial statements, except for those related to certain amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' as set out below. They have also been prepared in accordance with IAS 34 'Interim Financial Reporting' ('IAS 34') as issued by the International Accounting Standards Board ('IASB') and IAS 34 as adopted by the UK. Therefore they include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the group since the end of 2025. These interim condensed consolidated financial statements should be read in conjunction with the Annual Report and Accounts 2025.

At 30 June 2026, there were no IFRS Accounting Standards effective for the half-year to 30 June 2026 affecting these interim condensed consolidated financial statements that were not approved for adoption in the UK by the UK Endorsement Board. There was no difference between IFRS Accounting Standards adopted by the UK and IFRS Accounting Standards issued by the IASB in terms of their application to the group.

Standards applied during the half-year to 30 June 2026

On 1 January 2026 the group adopted amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'. In addition to guidance as to when certain financial liabilities can be deemed settled when using an electronic payment system, the amendments also provide further clarification regarding the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows, including those arising from Environmental, Social and Governance ('ESG')-related contingencies, and financial assets with certain non-recourse features. These amendments had no material effect on the group.

(b) Use of estimates and judgements

Management believes that the group's critical estimates and judgements are those which relate to impairment of amortised cost and fair value through other comprehensive income ('FVOCI') financial assets, the valuation of financial instruments, recognition of deferred tax assets, post-employment benefit plans and provisions. There were no material changes in the current period to the critical estimates and judgements disclosed in 2025, which are stated in the Annual Report and Accounts 2025.

(c) Composition of the group

There were no changes in the composition of the group in the half-year to 30 June 2026.

(d) Future accounting developments

IFRS 18 'Presentation and Disclosure in Financial Statements'

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

While IFRS 18 will not change recognition criteria or measurement bases, it will have an impact on presenting information in the financial statements, in particular the income statement and to a lesser extent the cash flow statement. The group is currently evaluating impacts and ensuring data readiness is adequate in anticipation of implementation.

(e) Accounting policies

Except as described above, the accounting policies applied by the group for these interim condensed consolidated financial statements are consistent with those described in the Annual Report and Accounts 2025, as are the methods of computation.

(f) Going concern

The interim condensed consolidated financial statements are prepared on a going concern basis, as the Directors are satisfied that the group has 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 projections of profitability, cash flows, capital requirements and capital resources, and the impact of stressed scenarios on the group's operations.

The Directors have also considered the potential impacts of heightened geopolitical risk, including ongoing supply chain disruptions, uncertain inflation, rapidly changing interest rates and further conflict or military action in the Middle East, changes to tariff rates, as well as potential impacts from other top and emerging risks and the related impacts on profitability, capital and liquidity. The group continues to monitor these developments through established resilience and contingency protocols, including regular oversight of liquidity, capital adequacy and expected credit losses. Further information on credit risk and provisioning is included in Note 11.

Based on this assessment, the Directors have not identified any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

3 Net fee income

	At	
	30 Jun 2026	30 Jun 2025
	US$000	US$000
Cards	**109,903**	105,309
Credit facilities	**17,794**	19,177
Account services	**21,776**	19,203
Unit trust	**35,847**	23,653
Performance/Tender bonds	**34,848**	33,763
Global custody	**25,271**	22,371
Remittances	**21,286**	24,538
Imports/exports	**23,648**	24,226
Insurance agency commission	**8,433**	8,325
Corporate/project finance	**12,886**	16,500
Others	**63,640**	62,500
Total Fee Income	**375,332**	359,565
Fee Expense	**(92,766)**	(98,143)
Net Fee Income	**282,566**	261,422

4 Dividends

Dividends to shareholder of the parent company

	30 Jun 2026		30 Jun 2025	
	Per share	**Total**	Per share	Total
	US$	**US$000**	US$	US$000
Dividends paid on ordinary shares				
In respect of:				
– final dividend for 2024	**—**	**—**	0.11	100,000
Total	**—**	**—**	0.11	100,000
Total dividends on undated preference shares including Perpetual Additional Tier 1 preference shares classified as equity	**—**	**33,889**	—	33,752
Dividends to shareholder of the parent company		**33,889**		133,752

5 Segmental analysis

The HSBC Bank Middle East Limited – Operating Committee ('OpCo') has been identified as the Chief Operating Decision Maker ('CODM') for the purpose of identifying the group's operating segments. The OpCo supports the Chief Executive Officer in the day-to-day management of the group and is responsible for reviewing the performance of the group's reportable segments, allocating resources and making strategic decisions. Segment information is reported in a manner consistent with the internal management reporting reviewed by the CODM.

The group's reportable operating segments under IFRS 8 'Operating Segments' comprise two businesses, together with the Corporate Centre:

- Corporate and Institutional Banking ('CIB'): CIB is formed from the integration of group's Commercial Banking business with Global Banking and Markets business; and
- International Wealth and Premier Banking ('IWPB'): IWPB comprises Premier banking, Private Bank, and wealth manufacturing businesses of Asset Management.

Corporate Centre comprises interest in associate and central stewardship costs that support our businesses.

Profit/(loss) for the period

	2026			
Half-year to 30 Jun	**International Wealth and Premier Banking US$000**	**Corporate and Institutional Banking US$000**	**Corporate Centre[1] US$000**	**Total US$000**
Net interest income	**277,232**	**449,910**	**47,736**	**774,878**
Net fee income/(expense)	**85,472**	**197,390**	**(296)**	**282,566**
Net income from financial instruments held for trading or managed on a fair value basis	**38,161**	**108,549**	**(25,483)**	**121,227**
Other income	**6,791**	**74,587**	**104**	**81,482**
Net operating income before change in expected credit losses and other credit impairment charges	**407,656**	**830,436**	**22,061**	**1,260,153**
External	**310,765**	**1,007,060**	**(57,672)**	**1,260,153**
Internal	**96,891**	**(176,624)**	**79,733**	**—**
Change in expected credit losses and other credit impairment charges	**(43,966)**	**(80,733)**	**(25)**	**(124,724)**
Net operating income	**363,690**	**749,703**	**22,036**	**1,135,429**
Total operating expenses	**(254,782)**	**(357,725)**	**(48,812)**	**(661,319)**
Operating profit/(loss)	**108,908**	**391,978**	**(26,776)**	**474,110**
Share of profit/(loss) in associates	**—**	**—**	**(45)**	**(45)**
Profit/(loss) before tax	**108,908**	**391,978**	**(26,821)**	**474,065**
By geographical region				
U.A.E[2]	**97,522**	**287,654**	**(23,318)**	**361,858**
Qatar	**11,413**	**55,774**	**(1,987)**	**65,200**
Rest of Middle East	**(27)**	**48,550**	**(1,516)**	**47,007**
Profit/(loss) before tax	**108,908**	**391,978**	**(26,821)**	**474,065**

	2025			
Half-year to 30 Jun				
Net interest income	319,420	428,200	14,758	762,378
Net fee income/(expense)	69,777	192,122	(477)	261,422
Net income from financial instruments held for trading or managed on a fair value basis	34,277	137,924	(2,949)	169,252
Other income	14,577	40,101	6,759	61,437
Net operating income before change in expected credit losses and other credit impairment charges	438,051	798,347	18,091	1,254,489
External	324,285	1,049,440	(119,236)	1,254,489
Internal	113,766	(251,093)	137,327	—
Change in expected credit losses and other credit impairment charges	(18,343)	(29,150)	(21)	(47,514)
Net operating income	419,708	769,197	18,070	1,206,975
Total operating expenses	(244,873)	(345,805)	(47,741)	(638,419)
Operating profit/(loss)	174,835	423,392	(29,671)	568,556
Share of profit/(loss) in associates	—	—	(59)	(59)
Profit/(loss) before tax	174,835	423,392	(29,730)	568,497
By geographical region				
U.A.E[2]	149,201	312,067	(22,558)	438,710
Qatar	17,800	58,409	(1,455)	74,754
Rest of Middle East	7,834	52,916	(5,717)	55,033
Profit/(loss) before tax	174,835	423,392	(29,730)	568,497

1 The intra-group elimination items for the global businesses are presented in Corporate Centre.
2 Includes UAE branch and Head office of the group.

Balance sheet information

	2026			
At 30 Jun	**International Wealth and Premier Banking US$000**	**Corporate and Institutional Banking US$000**	**Corporate Centre[1] US$000**	**Total US$000**
Total assets	**14,008,439**	**57,578,640**	**308,620**	**71,895,699**
Total liabilities	**19,255,268**	**46,511,477**	**(295,348)**	**65,471,397**

	2025			
At 31 Dec				
Total assets	14,123,044	48,993,412	1,178,736	64,295,192
Total liabilities	17,807,583	40,912,383	(134,377)	58,585,589

1 The intra-group elimination items for the global businesses are presented in Corporate Centre.

6 Fair values of financial instruments carried at fair value

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

Financial instruments carried at fair value and bases of valuation

	At 30 Jun 2026				At 31 Dec 2025			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	Quoted market price	Using observable inputs	With significant unobservable inputs	Total	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Recurring fair value measurements								
Assets								
Trading assets	**698,403**	**2,213,008**	**117,953**	**3,029,364**	361,253	2,152,601	63,377	2,577,231
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**—**	**97,100**	**16,543**	**113,643**	4,978	47,499	16,515	68,992
Derivatives	**—**	**1,085,574**	**65,909**	**1,151,483**	—	830,095	81,826	911,921
Financial investments	**6,879,314**	**1,410,882**	**611,745**	**8,901,941**	5,840,610	1,549,953	655,828	8,046,391
Liabilities								
Trading liabilities	**276,587**	**1,069,872**	**—**	**1,346,459**	149,963	1,054,240	—	1,204,203
Financial liabilities designated at fair value	**—**	**989,100**	**239,723**	**1,228,823**	—	993,984	114,025	1,108,009
Derivatives	**—**	**1,037,097**	**55,264**	**1,092,361**	—	704,797	74,284	779,081

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

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

Fair value 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	Designated at fair value	Derivatives	Total
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Private equity including strategic investments	**55,077**	**—**	**16,543**	**—**	**71,620**	**—**	**—**	**—**
Derivatives	**—**	**—**	**—**	**65,909**	**65,909**	**—**	**55,264**	**55,264**
Bonds	**556,668**	**57,125**	**—**	**—**	**613,793**	**—**	**—**	**—**
Other portfolios	**—**	**60,828**	**—**	**—**	**60,828**	**239,723**	**—**	**239,723**
At 30 Jun 2026	**611,745**	**117,953**	**16,543**	**65,909**	**812,150**	**239,723**	**55,264**	**294,987**
Private equity including strategic investments	52,771	—	16,515	—	69,286	—	—	—
Derivatives	—	—	—	81,826	81,826	—	74,284	74,284
Bonds	603,057	—	—	—	603,057	—	—	—
Other portfolios	—	63,377	—	—	63,377	114,025	—	114,025
At 31 Dec 2025	655,828	63,377	16,515	81,826	817,546	114,025	74,284	188,309

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

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

Movement in Level 3 financial instruments

	Assets				Liabilities	
	Financial investments	Trading Assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Designated at fair value	Derivatives
	US$000	US$000	US$000	US$000	US$000	US$000
At 1 Jan 2026	**655,828**	**63,377**	**16,515**	**81,826**	**114,025**	**74,284**
Total gains/(losses) recognised in profit or loss	**—**	**(377)**	**28**	**(6,063)**	**3,197**	**(19,518)**
– net income from financial instruments held for trading or managed on a fair value basis	**—**	**(377)**	**—**	**(6,063)**	**3,197**	**(19,518)**
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**—**	**—**	**28**	**—**	**—**	**—**
Total gains recognised in other comprehensive income	**(2,072)**	**—**	**—**	**—**	**2,584**	**—**
– financial investments: fair value gains/(losses)	**902**	**—**	**—**	**—**	**12**	**—**
– exchange differences	**(2,974)**	**—**	**—**	**—**	**2,572**	**—**
Purchases/issuances	**74,634**	**116,466**	**—**	**—**	**—**	**—**
Sales	**(13,720)**	**(5,252)**	**—**	**—**	**—**	**—**
Settlements	**—**	**(71,679)**	**—**	**(5,654)**	**119,917**	**1,527**
Transfers in	**—**	**15,418**	**—**	**62**	**—**	**102**
Transfers out	**(102,925)**	**—**	**—**	**(4,262)**	**—**	**(1,131)**
At 30 Jun 2026	**611,745**	**117,953**	**16,543**	**65,909**	**239,723**	**55,264**
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2026	**—**	**243**	**—**	**4,758**	**—**	**1,454**
– net income from financial instruments held for trading or managed on a fair value basis	**—**	**243**	**—**	**4,758**	**—**	**1,454**
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**—**	**—**	**—**	**—**	**—**	**—**
At 1 Jan 2025	458,803	128,101	23,598	32,027	—	24,757
Total gains/(losses) recognised in profit or loss	—	(358)	(98)	14,598	—	10,689
– net income/expense from financial instruments held for trading or managed on a fair value basis	—	(358)	—	14,598	—	10,689
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	(98)	—	—	—
Total gains recognised in other comprehensive income	5,954	—	—	—	—	—
– financial investments: fair value losses	5,886	—	—	—	—	—
– exchange differences	68	—	—	—	—	—
Purchases/issuances	481,998	—	—	—	—	—
Sales	(80,355)	—	(5,653)	—	—	—
Settlements	—	(60,467)	(190)	(4,547)	—	(639)
Transfers in	150,227	—	—	627	—	621
Transfers out	(121,713)	—	—	(9,354)	—	(836)
At 30 Jun 2025	894,914	67,276	17,657	33,351	—	34,592
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 30 Jun 2025	—	522	—	42,181	—	(41,507)
– net income from financial instruments held for trading or managed on a fair value basis	—	522	—	42,181	—	(41,507)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	—	—	—	—

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

Sensitivity of Level 3 fair values to reasonably possible alternative assumptions

	At 30 Jun 2026				At 31 Dec 2025			
	Reflected in profit or loss		Reflected in OCI		Reflected in profit or loss		Reflected in OCI	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Derivatives and trading assets[1]	**5,842**	**(5,842)**	**—**	**—**	8,711	(8,711)	—	—
Financial assets/liabilities designated and otherwise mandatorily measured at fair value through profit or loss	**1,313**	**(1,313)**	**—**	**—**	1,232	(1,232)	—	—
Financial investments at FVOCI	**—**	**—**	**8,098**	**(8,098)**	—	—	8,340	(8,340)
Total	**7,155**	**(7,155)**	**8,098**	**(8,098)**	9,943	(9,943)	8,340	(8,340)

1 Derivatives and trading assets 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.

Sensitivity of Level 3 fair values to reasonably possible alternative assumptions by instrument type

	At 30 Jun 2026				At 31 Dec 2025			
	Reflected in profit or loss		Reflected in OCI		Reflected in profit or loss		Reflected in OCI	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Private equity including strategic investments	**1,088**	**(1,088)**	**2,754**	**(2,754)**	1,086	(1,086)	2,490	(2,490)
Other derivatives	**5,017**	**(5,017)**	**—**	**—**	8,642	(8,642)	—	—
Bonds	**820**	**(820)**	**5,344**	**(5,344)**	—	—	5,850	(5,850)
Other portfolios	**230**	**(230)**	**—**	**—**	215	(215)	—	—
Total	**7,155**	**(7,155)**	**8,098**	**(8,098)**	9,943	(9,943)	8,340	(8,340)

Key unobservable inputs to Level 3 financial instruments

There has been no change to the key unobservable inputs to Level 3 financial instruments and inter-relationships therein which are detailed in the Annual Report and Accounts 2025

Quantitative information about significant unobservable inputs in Level 3 valuations

	Fair value				2026		2025	
	Assets	Liabilities			Full range of inputs		Full range of inputs	
	US$000	US$000	Key valuation techniques	Key unobservable inputs	Lower	Higher	Lower	Higher
Private equity including strategic investments	**71,620**	**—**	**Price – Net asset value**	**Current Value/ Cost**	**0**	**100**	0	100
Derivatives	**65,909**	**55,264**						
– interest rate derivatives	**3,231**	**2,677**						
– Foreign exchange derivatives	**62,678**	**52,587**						
Foreign exchange options	**42,142**	**42,143**	**Model – Option model**	**Foreign exchange volatility**	**4%**	**23%**	4%	22%
Other foreign exchange derivatives	**20,536**	**10,444**						
Bonds	**613,793**	**—**	**Market proxy**	**Price**	**100**	**102**	100	100
Other portfolios[1]	**60,828**	**239,723**						
At 30 Jun 2026	**812,150**	**294,987**						

1 'Other portfolios' includes a range of smaller asset holdings.

7 Fair values of financial instruments not carried at fair value

The bases for measuring the fair values of financial instruments not carried at fair value are explained in the Annual Report and Accounts 2025.

Fair values of financial instruments not carried at fair value

	At 30 Jun 2026		At 31 Dec 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
	US$000	US$000	US$000	US$000
Assets				
Loans and advances to banks	**11,342,674**	**11,343,413**	11,286,279	11,286,657
Loans and advances to customers	**24,920,564**	**24,206,295**	22,618,419	21,991,691
Reverse repurchase agreements – non-trading	**11,292,137**	**11,306,944**	9,197,094	9,223,993
Financial Investments – at amortised cost	**7,808,976**	**7,792,357**	6,356,846	6,425,276
Liabilities				
Deposits by banks	**8,094,724**	**8,120,999**	9,022,406	9,051,916
Customer accounts	**39,110,496**	**39,082,265**	37,039,075	37,173,905
Repurchase agreements – non-trading[1]	**10,001,631**	**10,001,554**	4,788,142	4,788,150
Debt securities in issue	**491,611**	**492,333**	537,241	540,458
Subordinated liabilities	**946,628**	**976,395**	946,337	972,044

1 Repurchase agreements (non-trading) outstanding with related parties amounted to US$8.6bn at 30 June 2026 (31 December 2025: US$4.4bn).

8 Financial liabilities designated at fair value

	At	
	30 Jun 2026	31 Dec 2025
	US$000	US$000
Deposits by banks and customer accounts	**239,255**	114,025
Debt securities in issue (Note 9)	**989,568**	993,984
Total	**1,228,823**	1,108,009

At 30 June 2026, the accumulated amount of change in fair value attributable to changes in credit risk was a loss of US$3.1m (31 December 2025: US$3.6m).

9 Debt securities in issue

	At	
	30 Jun 2026	31 Dec 2025
	US$000	US$000
Medium-term notes	**1,481,179**	1,531,225
Total debt securities in issue	**1,481,179**	1,531,225
Included within:		
Financial liabilities designated at fair value (Note 8)	**(989,568)**	(993,984)
Total	**491,611**	537,241

10 Called up share capital and share premium

Authorised

The authorised ordinary share capital of the bank at 30 June 2026 was 1,500,000,000 (2025: 1,500,000,000) ordinary shares[1] of US$1.00 each.

Called up share capital and share premium

Issued and fully paid

	30 Jun 2026		31 Dec 2025	
	Number	**US$000**	Number	US$000
At 1 Jan	**931,055,001**	**931,055**	931,055,001	931,055
Shares issued[1]	**350,000,000**	**350,000**	—	—
Total[2]	**1,281,055,001**	**1,281,055**	931,055,001	931,055

1 The bank issued US$350m of ordinary share capital with a nominal value of US$1 per share on 30 April 2026.
2 All ordinary shares in issue confer identical rights, including in respect of capital, dividends and voting.

Share premium

	30 Jun 2026	31 Dec 2025
	US$000	US$000
Total	**61,346**	61,346

Total called up share capital and share premium

	30 Jun 2026	31 Dec 2025
	US$000	US$000
Total	**1,342,401**	992,401

Other equity instruments

Preference shares

	30 Jun 2026	31 Dec 2025
	US$000	US$000
Perpetual Additional Tier 1 preference shares	**1,100,000**	1,000,000
Less: Issuance cost on Additional Tier 1 preference shares	**(11,000)**	(10,000)
Total	**1,089,000**	990,000

Issued

Perpetual Additional Tier 1 preference shares[1, 2]

	Nominal value		**Dividend basis**	**Mandatory redemption**	
	30 Jun 2026	31 Dec 2025			
	US$000	US$000	**%**	**(maturity date)**	**First call date**
Perpetual Additional Tier 1 preference shares (Semi-annual dividend)	**750,000**	750,000	**6.25**	**undated**	**April 2027**
Perpetual Additional Tier 1 preference shares (Quarterly dividend)	**250,000**	250,000	**USD SOFR CMP -5BD + 3.210**	**undated**	**March 2030**
Perpetual Additional Tier 1 preference shares (Quarterly dividend)[3]	**100,000**	—	**USD SOFR CMP -5BD + 3.350**	**undated**	**March 2031**
Total	**1,100,000**	1,000,000			

1 The Perpetual Additional Tier 1 preference shares have been issued at par value of US$1 per share.
2 In the event of a winding up, the preference shareholders would receive, in priority to the ordinary shareholders of the bank, repayment of US$1 per share, plus an amount equal to any accrued but unpaid dividends. With the exception of the above, the preference shares do not carry any right to participate in the surplus of assets on a winding up.
3 The bank issued US$100m of Perpetual Additional Tier 1 preference shares on 31 March 2026.

11 Risk management

The interim condensed consolidated financial statements do not include all risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Annual Report and Accounts 2025. There have been no material changes to the group policies and practices regarding risk management and governance as described in the Annual Report and Accounts 2025, except for a change in scenario weights driven by a heightened level of uncertainty.

Geopolitical and macroeconomic risk

The conflict in the Middle East has been a source of uncertainty for the bank and its customers. The conflict has resulted in financial market volatility, higher and more variable oil and gas prices and disruption throughout supply chains.

These developments could weigh on global growth and increase the risk of higher and more sustained inflation. In the Middle East region, where travel, logistics and other sectors have been affected, the impact is already significant. Supply chain disruptions have materialised in some corridors and could have long-lasting implications for the direction of trade, and for energy, military and economic security. The bank maintains close oversight of developments, with a focus on potential impacts on our customers and suppliers.

In response to heightened regional uncertainty and potential downside risks from the conflict in the Middle East, IFRS 9 scenario weightings have been adjusted to reflect a more cautious outlook. The Upside scenario has been reduced to 5% (2025: 10%), the Central scenario to 65% (2025: 75%), the Downside scenario increased to 25% (2025: 10%), and Downside 2 remained at 5% (2025: 5%). The 10%-point reduction in the Central scenario and 15%-point increase in combined downside weightings appropriately capture the elevated regional risk and uncertainty. The conflict has adversely affected the Bank's forward-looking macroeconomic outlook, increasing uncertainty in the estimation of expected credit losses (ECL). In response, the Bank has applied a management overlay to its ECL provisions, as described in the 'Management judgmental adjustments' section. The Bank will closely monitor developments in the Middle East conflict and reassess the macroeconomic scenario weightings and the management overlay as conditions evolve in future periods.

The Bank also adopted a proactive approach to managing its capital and liquidity positions. This included (but was not limited to): ongoing review of the operational readiness of funding and capital arrangements, maintaining close engagement with businesses to assess evolving customer requirements; and monitoring market developments closely. The Bank has maintained strong capital buffers and sufficient liquidity throughout the period, enabling it to continue supporting its customers while remaining well within its risk appetite, regulatory capital and liquidity requirements.

Central Banks across the region responded proactively to support financial stability and market confidence through a range of measures, including liquidity facilities, adjustments to reserve requirements, enhanced flexibility in financial resource management, and targeted initiatives to support customers and the broader economy.

Trade and tariff policy developments remain a source of uncertainty for businesses and consumers. Changes to tariff rates, including sector-specific measures, could reduce capital investment and consumer spending, disrupt supply chains and dampen global trade growth. While the reconfiguration of trade and supply routes may create new opportunities for investment and growth, it could also adversely affect the group and its customers, particularly those operating in markets most exposed to such measures.

The bank remains subject to interest rate risk, which can affect net interest income, the fair value of our assets and liabilities, and overall financial performance. Interest rate volatility may increase in response to changes in inflation expectations, energy prices, fiscal policy and geopolitical developments, which can alter market expectations for the timing and pace of interest rate changes by major central banks.

Higher interest rates, or a prolonged period of restrictive policy, could reduce loan demand across key consumer and business segments, weaken credit quality and weigh on real estate and other asset prices. By contrast, lower interest rates, or faster than expected policy easing, could pressure net interest margins and adversely affect profitability. Interest rate uncertainty may also contribute to broader market volatility, affecting funding costs, hedging effectiveness and the valuation of financial instruments. The duration and severity of any market disruption remain uncertain and could change significantly if geopolitical outcomes differ materially from market expectations.

Exchange rate volatility may also affect the bank's risk exposure through mark-to-market changes in trading positions and the translation effects of currency movements.

Sanctions and restrictions on trade and investment are continually evolving in response to geopolitical events and may adversely affect the group, our customers and the markets in which the group operates. These factors may result in increased legal, regulatory, reputational and market risks, and a more complex operating environment.

Summary of credit risk

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

	At 30 Jun 2026		At 31 Dec 2025	
	Gross carrying/ nominal amount	Allowance for ECL	Gross carrying/ nominal amount	Allowance for ECL
	US$000	US$000	US$000	US$000
Loans and advances to customers at amortised cost	**25,773,483**	**(852,919)**	23,371,755	(753,336)
Loans and advances to banks at amortised cost	**11,343,643**	**(969)**	11,286,492	(213)
Other financial assets measured at amortised cost	**21,575,945**	**(7,205)**	17,976,907	(5,117)
– cash and balances at central banks	**839,919**	**(3)**	1,062,246	(1)
– reverse repurchase agreements – non-trading	**11,292,137**	**—**	9,197,094	—
– financial investments	**7,810,820**	**(1,843)**	6,357,934	(1,088)
– prepayments, accrued income and other assets	**1,633,069**	**(5,359)**	1,359,633	(4,028)
Total gross carrying amount on balance sheet	**58,693,071**	**(861,093)**	52,635,154	(758,666)
Loans and other credit-related commitments	**11,567,691**	**(26,893)**	11,985,739	(8,332)
Financial guarantees and similar contracts	**1,660,168**	**(7,586)**	1,614,599	(8,433)
Total nominal amount off balance sheet	**13,227,859**	**(34,479)**	13,600,338	(16,765)

	Fair value	Memorandum allowance for ECL	Fair value	Memorandum allowance for ECL
	US$000	US$000	US$000	US$000
Debt instruments measured at fair value through other comprehensive income ('FVOCI')	**8,846,863**	**(4,485)**	7,993,642	(2,254)

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

Stage 1: 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 since initial recognition on which a lifetime ECL is recognised.

Stage 3: Objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

POCI: Purchased or originated at a deep discount that reflects the incurred credit losses on which a lifetime ECL is recognised.

Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage at 30 June 2026

	Gross carrying/nominal amount					Allowance for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Loans and advances to customers at amortised cost	**21,736,376**	**2,800,119**	**1,231,513**	**5,475**	**25,773,483**	**(69,564)**	**(84,714)**	**(694,819)**	**(3,822)**	**(852,919)**
Loans and advances to banks at amortised cost	**11,245,816**	**97,827**	**—**	**—**	**11,343,643**	**(583)**	**(386)**	**—**	**—**	**(969)**
Other financial assets measured at amortised cost	**21,541,437**	**24,808**	**9,700**	**—**	**21,575,945**	**(3,476)**	**(915)**	**(2,814)**	**—**	**(7,205)**
Loans and other credit-related commitments	**10,939,257**	**603,287**	**25,147**	**—**	**11,567,691**	**(10,011)**	**(4,565)**	**(12,317)**	**—**	**(26,893)**
Financial guarantees and similar contracts	**1,537,868**	**74,419**	**47,881**	**—**	**1,660,168**	**(972)**	**(898)**	**(5,716)**	**—**	**(7,586)**
At 30 Jun 2026	**67,000,754**	**3,600,460**	**1,314,241**	**5,475**	**71,920,930**	**(84,606)**	**(91,478)**	**(715,666)**	**(3,822)**	**(895,572)**
Loans and advances to customers at amortised cost	20,778,828	1,299,347	1,288,563	5,017	23,371,755	(36,508)	(54,032)	(658,164)	(4,632)	(753,336)
Loans and advances to banks at amortised cost	11,280,225	6,267	—	—	11,286,492	(211)	(2)	—	—	(213)
Other financial assets measured at amortised cost	17,948,288	25,422	3,197	—	17,976,907	(2,892)	(461)	(1,764)	—	(5,117)
Loans and other credit-related commitments	11,595,826	378,112	11,801	—	11,985,739	(2,065)	(1,926)	(4,341)	—	(8,332)
Financial guarantees and similar contracts	1,548,080	48,659	17,860	—	1,614,599	(844)	(327)	(7,262)	—	(8,433)
At 31 Dec 2025	63,151,247	1,757,807	1,321,421	5,017	66,235,492	(42,520)	(56,748)	(671,531)	(4,632)	(775,431)

Concentration of exposure

Gross loans and advances to customers by industry sector

	Gross loans and advances to customers	
	Total	As a % of total gross loans
At 30 Jun 2026	**US$000**	**%**
Personal		
– residential mortgages	**2,587,817**	**10.0**
– other personal	**1,782,680**	**7.0**
Total	**4,370,497**	**17.0**
Corporate and commercial		
– commercial, industrial and international trade	**13,830,885**	**53.7**
– commercial real estate and other property-related	**2,015,105**	**7.8**
– government	**1,267,909**	**4.9**
– other commercial	**1,738,589**	**6.7**
Total	**18,852,488**	**73.1**
Financial		
– non-bank financial institutions	**2,550,498**	**9.9**
Total gross loans and advances to customers	**25,773,483**	**100.0**
Impaired loans (%)		
– as a percentage of gross loans and advances to customers	**4.8**	
Total impairment allowances (%)		
– as a percentage of gross loans and advances to customers	**3.3**	
At 31 Dec 2025		
Personal		
– residential mortgages	2,456,437	10.5
– other personal	1,785,503	7.6
Total	4,241,940	18.1
Corporate and commercial		
– commercial, industrial and international trade	11,512,866	49.3
– commercial real estate and other property-related	2,054,878	8.8
– government	972,643	4.2
– other commercial	1,852,086	7.9
Total	16,392,473	70.2
Financial		
– non-bank financial institutions	2,737,342	11.7
Total gross loans and advances to customers	23,371,755	100.0
Impaired loans (%)		
– as a percentage of gross loans and advances to customers	5.5	
Total impairment allowances (%)		
– as a percentage of gross loans and advances to customers	3.2	

Management judgemental adjustments

In the context of IFRS 9, management judgemental adjustments are typically short-term increases or decreases to the modelled allowance for ECL at either a customer or portfolio level to account for late-breaking events, model limitations, and expert credit judgement applied following management review and challenge. Management judgemental adjustments are applied to reflect credit risk dynamics and characteristics not captured by our models. The drivers of management judgemental adjustments reflect the changing economic outlook and evolving risks. Where the macroeconomic and portfolio risk outlook improves, supported by low levels of observed defaults, adjustments initially taken to reflect increased risk expectations may be reduced or retired.

To address the heightened regional uncertainty due to conflict, a detailed analysis was performed at sector and/or customer level for the wholesale portfolio. At 30 June 2026, this analysis resulted in management judgemental adjustments in the wholesale portfolio of US$77m (31 December 2025: US$30m). In addition, there was an overlay of US$30m in the retail portfolio (31 December 2025: US$11m).

12 Contingent liabilities, contractual commitments and guarantees

	At	
	30 Jun 2026	31 Dec 2025
	US$000	US$000
Guarantees and other contingent liabilities		
Guarantees	**20,925,394**	19,644,226
Commitments		
Documentary credits and short-term trade-related transactions	**1,710,839**	1,468,237
Undrawn formal standby facilities, credit lines and other commitments to lend	**25,853,815**	24,493,703
Total	**27,564,654**	25,961,940

The above table discloses the nominal principal amounts, which represent the maximum amounts at risk should the 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.

13 Legal proceedings and regulatory matters

HSBC is party to legal proceedings and regulatory matters in a number of jurisdictions arising out of its normal business operations. Apart from the matters described below, HSBC considers that no other matters are material. The recognition of provisions is determined in accordance with the accounting policies set out in Note 2 of the group's Annual Report and Accounts 2025. While the outcome of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 30 June 2026. Where an individual provision is material, the fact that a provision has been made is stated and quantified, except to the extent doing so would be seriously prejudicial. Any provision recognised does not constitute an admission of wrongdoing or legal liability. It is not practicable to provide an aggregate estimate of potential liability for our legal proceedings and regulatory matters as a class of contingent liabilities.

US Anti-Terrorism Act Related Litigation

Since November 2014, a number of lawsuits have been filed in federal courts in the US against various HSBC companies, including HSBC Bank Middle East Limited, and others on behalf of plaintiffs who are, or are related to, alleged victims of terrorist attacks in the Middle East. In each case, it is alleged that the defendants aided and abetted the unlawful conduct of various sanctioned parties in violation of the US Anti-Terrorism Act, or provided banking services to customers alleged to have connections to terrorism financing. Six actions, which seek damages for unspecified amounts, remain pending. Two of these actions have been dismissed but may be appealed. The other four actions remain at an early procedural stage.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Other Litigation

In March 2026, a former customer and its shareholders brought a lawsuit against the bank in the DIFC Courts. The lawsuit seeks damages in connection with losses which the customer alleges it incurred as a result of various Know Your Customer ('KYC') and other account opening-related breaches by the bank. This action is at an early stage.

Based on the facts currently known, it is not practicable at this time for the bank to predict the resolution of this matter, including the timing or any possible impact on the bank.

14 Related party transactions

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

15 Events after the balance sheet date

There have been no events subsequent to the condensed consolidated interim statement of financial position date that would significantly affect the amounts reported in the interim condensed consolidated financial statements as at and for the period ended 30 June 2026.

These accounts were approved by the Board of Directors on 04 August 2026 and authorised for issue.

Independent Review Report to HSBC Bank Middle East Limited

Review report on the interim condensed consolidated financial information

To the shareholder of HSBC Bank Middle East Limited

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of HSBC Bank Middle East Limited and its subsidiaries (together referred to as the 'Group') as at 30 June 2026 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Directors are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB') and as adopted by the United Kingdom. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of the interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' as issued by the IASB and as adopted by the United Kingdom.

PricewaterhouseCoopers Limited
04 August 2026

Tamsin King
Audit Principal, Reference Number I009875
Dubai, United Arab Emirates

PricewaterhouseCoopers Limited
Unit 01, Level 8, Currency House-Building 1, Dubai International Financial Centre (DIFC), PO Box 506782, Dubai – United Arab Emirates
T: +971 4 436 3000

www.pwc.com

A private company established under the laws of DIFC, Licence no. CL0215.
PricewaterhouseCoopers Limited is registered with Dubai Financial Services Authority.

Cautionary statement regarding forward-looking statements

This Interim Report 2026 contains certain forward-looking statements with respect to the group's financial condition; results of operations and business; and the group's ability to contribute to the HSBC Group's ESG ambitions, targets and commitments described herein and set out in Annual Reports and Accounts 2025.

Statements that are not historical facts, including statements about the group’s beliefs and expectations, are forward-looking statements. Words such as ‘may’, ‘will’, ‘should’, ‘expects’, ‘targets’, ‘anticipates’, ‘intends’, ‘plans’, ‘believes’, ‘seeks’, ‘estimates’, ‘potential’ and ‘reasonably possible’, or the negative thereof, other variations thereon or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. The group makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors, including ESG-related factors, could cause actual results, performance or other future events to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

The information, statements and opinions set out in this Interim Report 2026 do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments.

HSBC Bank Middle East Limited

Level 4, Gate Precinct Building No. 2,
Dubai International Financial Centre,
P.O. Box 30444, Dubai, United Arab Emirates.
Telephone: 971 456 23465
www.hsbc.ae