HSBC Continental Europe

1st Amendment of the Universal Registration Document and
Interim Financial Report 2026

HSBC

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

This amendment to the Universal Registration Document was filed on 4 August 2026 with the AMF as competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to Article 9 of that Regulation.

The universal registration document may be used for the purposes of an offer to the public of securities or the admission of securities to trading on a regulated market if supplemented by a securities note and, where applicable, a summary and any amendments to the universal registration document. These documents are subject to approval by the AMF in accordance with Regulation (EU) n°2017/1129.

Contents

Presentation of information

All references to the 2025 Universal Registration Document refer to the 2025 Universal Registration Document and Annual Financial Report filed on 25 February 2026 with the AMF under reference number D.26-0048.

References to the 'HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries.

Within the Interim management report, the Condensed financial statements and related notes, HSBC Continental Europe has presented income statement figures for the six months to 30 June 2026 along with income statement figures for the same period in the prior year to illustrate the current performance compared with the same period in prior year. Unless otherwise stated, commentary on the income statement compares the six months to 30 June 2026 with the same period in the prior year. Balance sheet commentary compares the position at 30 June 2026 to 31 December 2025.

Cautionary statement regarding forward-looking statements

This amendment to the Universal Registration Document contains certain forward-looking statements with respect to the company's financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and ability to contribute to the HSBC Group's Environmental, Social and Governance ('ESG') ambitions, targets and commitments.

Statements that are not historical facts, including statements about the HSBC Continental Europe'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 of these words or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, forecasts, 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. 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. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the company. HSBC Continental Europe makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements. Forward-looking statements can be made in writing but may also be made verbally by the Directors, officers and employees of the company (including during management presentations) in connection with this document. 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. This may be due to a variety of risks, uncertainties and other factors including, without limitation, those which relate to general market or economic conditions, regulatory and government policy changes, continued volatility in trade and tariff policies, increased volatility in interest rates and inflation levels and other macroeconomic risks, geopolitical tensions such as the Russia-Ukraine war, the conflict in the Middle East, or any potential military action or conflict elsewhere, the efficacy of the company's and the HSBC Group's actions in managing and mitigating ESG-related risks, and in progressing towards the HSBC Group's ESG ambitions, targets and commitments, technology and cybersecurity risks (including risks relating to deployment of artificial intelligence), sanctions compliance risks, and regulatory enforcement actions. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. Additional risks and factors which may impact the company's future financial condition and performance are identified in 'Risk factors' on pages 11 to 21 of this amendment to the Universal Registration Document.

Key financial metrics

	Half-year to	
	30 Jun 2026	30 Jun 2025[1]
For the period (€m)		
Net operating income before change in expected credit losses and other credit risk provisions in respect of continuing operations[2]	**1,580**	1,807
Profit/(loss) before tax in respect of continuing operations	**387**	442
Profit/(loss) after tax[3]	**46**	373
Profit/(loss) attributable to shareholders of the parent company[3]	**35**	360
At period end (€m)		
Total equity attributable to shareholders of the parent company	**12,269**	13,866
Total assets	**266,049**	280,292
Risk-weighted assets[4]	**63,215**	70,565
Loans and advances to customers (net of impairment allowances)	**41,524**	46,123
Customer accounts	**95,016**	86,359
Capital ratios (%)[4]		
Common Equity Tier 1	**15.4**	14.8
Total Tier 1	**17.4**	16.9
Total capital	**20.4**	19.0
Leverage Ratio	**4.4**	4.8
Liquidity Ratios (%)		
Liquidity Coverage Ratio ('LCR')[5]	**151**	144
Net Stable Funding Ratio ('NSFR')[5]	**160**	145
Performance, efficiency and other ratios (annualised %)		
Annualised return on average ordinary shareholders' equity[6]	**(0.1)**	4.9
Pre-tax return on average risk-weighted assets[6]	**0.3**	0.7
Cost efficiency ratio in respect of continuing operations[7]	**73.5**	71.6
Ratio of customer advances to customer accounts	**43.7**	53.4

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.
2 Net operating income before change in expected credit losses and other credit risk provisions is also referred to as revenue.
3 Balances are disclosed in respect of continuing and discontinued operations. Refer to Note 11 of the condensed financial statements.
4 The comparatives have been restated to reflect the impact of a correction on total risk-weighted assets ("RWAs") related to certain specific transactions.
5 In line with CRR requirements, LCR is disclosed as an average over 12 months, whereas NSFR is disclosed as at reporting date.
6 Definitions and calculations of alternative performance measures are included in 'Reconciliation of alternative performance measures'.
7 Cost efficiency is defined as total operating expenses divided by net operating income before change in expected credit losses and other credit risk provisions.

Performance highlights

Performance in the first half of 2026 reflected growth in transaction banking revenues in Corporate and Institutional Banking ('CIB') and in asset management revenues in International Wealth and Premier Banking ('IWPB'), lower cost of risk and lower operating expenses. These effects were more than offset by impacts from the exit of non-core business activities.

The HSBC Group is focused on increasing its leadership and market share in areas where it has a clear competitive advantage, and where it has the greatest opportunity to grow and support its clients. In Europe, this includes connecting clients to opportunities across the HSBC Group's international network and supporting the needs of the HSBC Group's global client base in Europe.

In 2026, HSBC has received the Euromoney Awards for Excellence, recognising "how we serve customers around the world". HSBC Continental Europe has also been recognised as Best Bank in France for Large Corporates.

Profit after tax, in respect of continuing and discontinued operations, was EUR 46 million, compared to a profit of EUR 373 million in the first half of 2025, and included the loss on sale of HSBC Bank Malta p.l.c. for EUR 0.3 billion.

Net operating income before change in expected credit losses and other credit impairment charges, in respect of continuing operations, was EUR 1,580 million, down from EUR 1,807 million in the first half of 2025, reflecting lower revenues from the exit of non-core business activities, partly offset by growth in transaction banking revenue in CIB and growth in asset management revenues in IWPB.

Change in expected credit losses and other credit impairment charges, in respect of continuing operations, was a charge of EUR 31 million, compared to a charge of EUR 73 million in the first half of 2025. The cost of risk[1] was 15 basis points, compared to 32 basis points in the first half of 2025. The credit risk profile of the portfolio remains diversified and stable.

Operating expenses, in respect of continuing operations, were EUR 1,162 million, down from EUR 1,292 million in the first half of 2025, driven by lower restructuring costs and the impact of cost savings initiatives.

Profit before tax, in respect of continuing operations, was EUR 387 million, compared to EUR 442 million in the first half of 2025 driven by the above items.

1 Annualised change in expected credit losses and other credit impairment charges divided by customer loans outstanding at the end of the period.

Purpose and strategy

HSBC in Europe

Europe plays a pivotal role in the global economy, contributing an estimated 26 per cent global Gross Domestic Product ('GDP') (2026 forecast, IMF World Economic Outlook, April 2026). As one of the world's leading exporters, the region accounted for circa 49 per cent of global services exports and circa 36 per cent of global goods exports in 2025 (UNCTAD March 2026 Global Trade Update and Handbook of Statistics). Europe is ranked as the second largest exporter of manufactured goods after China (2025 actuals, WTO Key Insights and Trend, March 2026). As a global hub and connector, HSBC Bank plc helps facilitate trade and investments within Europe and between Europe and other jurisdictions where HSBC has a presence.

With assets of GBP 770 billion at 30 June 2026, HSBC Bank plc is one of Europe's largest banking and financial services organisations. HSBC Bank plc employs around 9,800 people across its locations. HSBC Bank plc is responsible for HSBC's European business, except for UK retail and some UK commercial banking activity which, post ring-fencing, is managed by HSBC UK Bank plc.

HSBC Bank plc operates as one integrated business with two main hubs in London and Paris, with presence in 17 markets. The London hub consists of the UK non-ring-fenced bank, which provides overall governance and management for the Europe region as a whole and is a global centre of excellence for Corporate and Institutional Banking ('CIB') for the HSBC Group.

HSBC Bank plc is a critical entity for the Group and a major contributor to global revenues and capabilities. It connects European clients to opportunities across HSBC network, and global clients to opportunities in Europe.

HSBC Bank plc's strategic priorities remain consistent to simplify its footprint and operations, build a sustainably profitable franchise and maintain a robust control environment. HSBC Bank plc continues to make significant progress in furthering these priorities.

About HSBC Continental Europe

HSBC Continental Europe is the dedicated Intermediate Parent Undertaking ('IPU') for the European Union ('EU') and comprises the Paris hub, its EU branches (Belgium, Czech Republic, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain and Sweden) and its banking subsidiaries in Malta and Luxembourg.

HSBC Continental Europe has been undertaking a transformation to focus its resources on being the leading corporate and institutional bank for international clients in Europe. This includes increasing our leadership and market share in areas where we have a clear competitive advantage, and the greatest opportunity to grow and support our clients, in particular connecting European clients to opportunities across HSBC's international network and supporting the European needs of HSBC's global client base. HSBC Continental Europe's strategy is consistent with the HSBC strategy and supports the Group's ambition to be the most trusted bank globally, putting customers at the heart of everything it does.

Focusing for Growth

Measures taken to restructure the business will position HSBC Continental Europe to be even more competitive by focusing its resources on areas where it has a clear competitive advantage. Over the coming period, HSBC Continental Europe will finalise the exits of non-strategic activities while continuing to invest in people and technology to meet the needs of its international clients.

On 1 January 2024, HSBC Continental Europe completed the sale of its French retail banking operations. In accordance with the terms of the sale, HSBC Continental Europe retained a portfolio of EUR 7.1 billion of home and certain other loans at the time of the sale. On 18 July 2025, HSBC Continental Europe signed a memorandum of understanding with a consortium comprising Rothesay Life Plc and CCF regarding the sale of this portfolio. The transaction completed in October 2025.

On 23 September 2024, following a strategic review, HSBC Continental Europe announced that it had signed an agreement to sell its private banking business in Germany to BNP Paribas. The transaction completed in October 2025.

On 20 December 2024, HSBC Continental Europe signed a memorandum of understanding for the sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle. The Share Sale Agreement for the transaction was signed on 21 March 2025 following completion of all relevant works council information and consultation processes. The transaction completed in October 2025.

On 14 May 2025, following HSBC Group announcements, HSBC Continental Europe proposed developments for the bank that reflect the acceleration of the implementation of HSBC's strategy aimed at simplifying the organisation to make it more agile, bringing together Commercial Banking activities and Global Banking and Markets activities. This project across 10 countries was subject to a consultation with the European Works Council. Local consultations are also required in France (through a 'Plan de Sauvegarde de l'Emploi' (Social Plan) including a voluntary scheme) and in Germany before any implementation. During the first half of 2025, HSBC Continental Europe recognised EUR 183 million of restructuring costs relating to these actions, primarily termination benefits. This plan is expected to complete by the end of 2026.

On 27 June 2025, HSBC Continental Europe reached an agreement to sell its custody business in Germany to BNP Paribas. This transaction will be completed in a phased manner, with a number of phases completed in the first half of 2026.

On 11 July 2025, HSBC Continental Europe reached an agreement to sell its fund administration business, Internationale Kapitalanlagegesellschaft mbH ('INKA'), to BlackFin Capital Partners S.A.S. The transaction, which has received regulatory approval, is expected to close in the second half of 2026.

On 16 September 2025, HSBC Continental Europe entered into a put option agreement with CrediaBank S.A. for the potential sale of its 70.03% majority stake in HSBC Bank Malta p.l.c. On 22 December 2025, following completion of HSBC Continental Europe's employee information and consultation process in France, and in line with the put option terms, a sale and purchase agreement was signed.

The transaction, which remains subject to regulatory approval, is expected to complete in the first half of 2027.

▶ For further details on planned disposals please see Note 11 'Assets held for sale and liabilities of disposal groups held for sale', on page 52.

Business segments

The HSBC Group operate through four businesses – Hong Kong, UK, Corporate and Institutional Banking ('CIB'), International Wealth and Premier Banking ('IWPB').

HSBC Continental Europe comprises CIB and IWPB businesses in Europe and acts as a global connector, linking European clients to opportunities across the HSBC network, and global clients to opportunities in Europe. It deploys capital to support European clients, that in turn helps drive profitable business booked in other parts of the HSBC network.

Corporate and Institutional Banking, International Wealth and Premier Banking, as well as the Corporate Centre (comprising: certain legacy assets and central stewardship costs) operating segment results are presented on this basis in 'Analysis of reported results by global business' on page 8.

Corporate and Institutional Banking ('CIB')

HSBC CIB's ambition is to be the world's leading international Corporate and Institutional Bank, focused on Transaction Banking, Financing and Distribution.

HSBC Continental Europe is fully aligned to this ambition.

International Wealth and Premier Banking ('IWPB')

In Europe, IWPB serves customers through its distinct propositions, Premier and International Banking and its Private Bank, with a focus on serving customers' wealth needs.

For HSBC Continental Europe, IWPB supports customers with their financial needs through Wealth Management, Asset Management, and Private Banking in addition to wealth management and Insurance in Malta.

Geopolitical, economic and regulatory background and outlook

Economic background

Global

The energy shock caused by the conflict between the US and Iran has been the leading story in the first half of the year. The effective closure of the Strait of Hormuz led to a surge in oil prices, with the price of Brent crude peaking close to USD 120 per barrel in the second quarter (from about USD 70 at the end of February). Oil prices subsequently fell back in late June, following the signing between the US and Iran of a Memorandum of Understanding ('MoU') to extend a ceasefire and lay a framework for broader negotiations. But the apparent collapse of this deal in July led energy global prices higher again.

Against that backdrop, global inflation rose in the first half of the year. In the US, CPI inflation has picked up from 2.4 per cent year-on-year in February to 4.2 per cent in May, although oil price falls meant it fell back to 3.5 per cent year-on-year in June. Despite higher inflation, leading indicators on US economic activity have remained relatively resilient, reflecting the boost provided by AI-related investments. In addition, after a soft patch at the start of the year, labour market conditions have improved in the second quarter. These developments have led the Federal Reserve to adopt a more neutral stance in June (for the first meeting led by Kevin Warsh) instead of the easing bias signalled in the previous meetings.

Strong demand for AI hardware has also supported trade in Asia, especially for some economies like Taiwan and South Korea. Mainland China exports have soared, helping to offset more sluggish domestic demand. Weak domestic activity meant that Chinese GDP growth slowed to 4.3 per cent year-on-year in the second quarter of the year, from 5.0 per cent in the previous quarter. Overall, Asian economies have weathered the energy shock relatively well, despite their high exposure to energy imports through the Strait of Hormuz (especially in South and Southeast Asia).

Eurozone

Due to higher oil prices, Eurozone inflation rose from 1.9 per cent year-on-year in February to 2.8 per cent in June (according to the flash estimate). As a result, leading indicators of activity have fallen, but not to deeply depressed levels. The real income squeeze has weighed on consumer sentiment but business surveys have been more resilient, especially in the industrial sector. Several countries have also taken measures to cushion the impact of the rise in energy prices (with some temporary tax cuts on energy in Germany, Italy and Spain for example).

In addition, underlying first quarter growth was relatively robust. Granted, Eurozone GDP contracted 0.2 per cent quarter-on-quarter, but it reflected a 12.1 per cent plunge in volatile Irish GDP. Stripping out Ireland, Eurozone GDP growth would have been down 0.3 per cent quarter-on-quarter.

Higher inflation risks have led the ECB to raise its key deposit rate in June, by 25 basis points to 2.25 per cent (the first rate hike since 2023). The ECB said that it would continue to follow a data-dependent and meeting-by-meeting approach and has offered no clear steer on the extent and timing of any future rate rises.

Economic outlook

Inflation and central banks' actions

The drop in oil prices from the April peak should reduce some of upward pressure on global inflation. In their central scenario, HSBC economists have assumed that energy prices will broadly follow the futures curves prevailing in mid-June, and that traffic in the Strait of Hormuz will return to near-normal levels by the end of September. Recent events therefore pose upside inflationary risks to this base case.

Under the central scenario, the ECB would leave its deposit rate steady at 2.25 per cent in the following months and the next rate move would be a cut, expected in September 2027 (which would reverse the hike decided in June 2026). A relatively limited inflation peak (around 3.4 per cent around the turn of the year) should ensure that second-round effects of the energy shock would remain limited, meaning that inflation would return to 2 per cent in 2027 thanks to base effects on oil prices.

HSBC economists expect the Federal Reserve System ('Fed') to keep its federal funds target range unchanged at 3.50-3.75 per cent for 2026 and 2027. US inflation is also set to decline in 2027 thanks to base effects on energy prices but it should remain above the Fed target (2 per cent), reflecting resilience in economic growth.

Growth risks

The situation in the Middle East is still very uncertain. Against this backdrop, HSBC economists have also considered a more adverse scenario of partial re-opening, where oil prices would rise back to USD 150 per barrel. It would imply upward risks to inflation and downside risks to economic activity.

Under that scenario, the ECB would hike again in September and take the deposit rate to 3.50 per cent by the end of March 2027. Owing to the real income squeeze and policy tightening, a recession would likely become unavoidable in this scenario.

Regulatory environment

Basel III Reforms

The revised Capital Requirements Regulation ('CRR3') implementing the Basel III reforms package entered into force in the EU on 1 January 2025, with the market risk standards following the Basel Committee's Fundamental Review of the Trading Book ('FRTB') due to apply from 1 January 2027.

In 2026, the European Commission ('EC') adopted temporary FRTB measures, including targeted relief and an optional, bank-specific multiplier, which will be calibrated quarterly, to support a level playing field amid continued uncertainty over implementation in other major jurisdictions.

To support the implementation of the package, the European Banking Authority ('EBA') and the European Central Bank ('ECB') continued issuing standards and guidance, including updates relating to the internal ratings based approach ('IRB') framework for credit risk and the definition of default ('DoD').

Revised Capital Requirements Directive ('CRD6')

From January 2027, Article 21c of CRD6 will prohibit banks not licensed in the European Economic Area ('EEA') from starting or continuing to offer core banking products and services to EEA clients, unless they set up locally authorised branches in each relevant Member State or deliver services through a non-bank entity.

This is expected to reshape aspects of the European banking market and may, over time, influence how certain EEA client activity is booked within the HSBC Group, including a potential shift of some activity towards HSBC Continental Europe.

Competitiveness and simplification proposals for the EU banking sector

In 2026, initiatives from the EC, the ECB, the EBA and the Single Resolution Board ('SRB') continued to focus on simplifying the prudential framework, reducing unnecessary reporting and supervisory complexity, and supporting further integration of European banking markets. Further targeted refinements are under development, including the EBA's June 2026 proposal to simplify aspects of the capital stack, informing ongoing discussions on inclusion of climate-related risks within the Systemic Risk Buffer.

These initiatives are not expected to deliver a material easing of overall capital or liquidity requirements. Policymakers have reiterated that post-crisis resilience should be maintained, with competitiveness expected to be driven by efficiency, proportionality and cross-border integration.

Securitisation Reform

The EU's revision of the securitisation framework remains subject to its legislative process. The proposals aim to improve the capital efficiency of securitisation, including more risk-sensitive treatment of senior positions and potential preferential treatment for qualifying transactions, and to increase predictability of RWA relief through clearer rules and more harmonised supervisory expectations.

The package also seeks to reduce reporting and disclosure burdens and to move towards a more proportionate, principles-based due diligence approach, while tightening certain requirements relating to originator eligibility, risk retention and related documentation.

ESG risks

During the first half of 2026, the EU continued to advance its prudential and sustainability reporting framework.

The EBA further embedded ESG risks into the supervisory framework through revisions to the Supervisory Review and Evaluation Process ('SREP') Guidelines and supervisory stress testing guidelines, including the introduction of a dedicated climate risk module for the 2027 EU-wide stress test. The revised guidelines apply from January 2027. Separately, France transposed the revised CRD6 into national law in April 2026, reinforcing prudential requirements relating to the governance, management and supervision of ESG risks.

On disclosures, in June 2026 the EBA published its final report on the revised Implementing Technical Standards for Pillar 3 ESG disclosures, aligning the framework with the CRR3 disclosure requirements. Subject to European Commission adoption, the revised ITS is expected to apply from 1 December 2026.

The European Commission also progressed revisions to the European Sustainability Reporting Standards ('ESRS') as part of the Omnibus I simplification package, with the revised standards expected to apply from 2027. European Financial Reporting Advisory Group also continued developing sustainability reporting standards for non-EU groups, with first reporting expected for 2028.

HSBC Continental Europe consolidated results

Use of alternative performance measures

HSBC Continental Europe reported results are prepared in accordance with International Financial Reporting Standards ('IFRS Accounting Standards') as detailed in the Condensed financial statements starting on page 34.

In measuring the company's performance, the financial indicators used include those derived from HSBC Continental Europe reported results in order to eliminate factors that distort period-on-period comparisons.

These are considered alternative performance measures. All alternative performance measures are described and reconciled to the closest reported financial measure when used. For further details refer to 'return on average ordinary shareholders' equity and pre-tax return on average risk-weighted assets' note on page 10.

The global business segmental results are presented in accordance with IFRS 8 'Operating Segments', as detailed in Note 4 'Segmental analysis' on page 45.

Summary consolidated income statement

	Half-year to	
	30 Jun 2026	30 Jun 2025
	€m	€m
Continuing operations		
Net interest income	**543**	628
Net fee income	**556**	637
Net income from financial instruments held for trading or managed on a fair value basis	**402**	463
Changes in fair value of designated debt and related derivatives	**1**	—
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**(3)**	36
Gains less losses from financial investments	**9**	9
Gains/(losses) recognised on assets held for sale	**13**	(2)
Other operating income	**59**	36
Net operating income before change in expected credit losses and other credit impairment charges[1]	**1,580**	1,807
Change in expected credit losses and other credit impairment charges	**(31)**	(73)
Net operating income	**1,549**	1,734
Total operating expenses	**(1,162)**	(1,292)
Profit/(loss) before tax	**387**	442
Tax expense	**(114)**	(73)
Profit/(loss) after tax in respect of continuing operations	**273**	369
Profit/(loss) after tax in respect of discontinued operations	**(227)**	4
Profit/(loss) for the period	**46**	373
– attributable to shareholders of the parent company	**35**	360
– attributable to non-controlling interests in respect of continuing operations	**—**	1
– attributable to non-controlling interests in respect of discontinued operations	**11**	12

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

Reported performance

Net interest income was EUR 543 million in the first half of 2026, down from EUR 628 million in the first half of 2025. The decrease was due to lower interest income, reflecting lower demand for financing and the impact of the sale of the Private Banking business in Germany. This was partly offset by higher net interest income in Global Payments Solutions, driven by increased volumes, though this benefit was partly reduced by lower interest rates.

Net fee income was EUR 556 million in the first half of 2026, down from EUR 637 million in the first half of 2025, reflecting the sale of the Private Banking business in Germany, the exit of M&A activities, and lower fees in Markets and Securities Service. This was partly offset by higher fees in Debt and Capital Markets and Asset Management.

Net income from financial instruments held for trading or managed on a fair value basis was EUR 402 million in the first half of 2026, down from EUR 463 million in the first half of 2025. The movement primarily reflects the non-recurrence of mark-to-market gains on interest rate swaps associated with the sale of the retained portfolio of home and certain other loans in France, coupled with lower trading volumes and reduced client demand in Equity Derivatives. The decrease was partly offset by higher trading revenues in Flow Credit and gains related to movements in HSBC's own credit spread.

Changes in fair value of designated debt and related derivatives were EUR 1 million in the first half of 2026.

Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss were EUR (3) million in the first half of 2026, compared to EUR 36 million in the first half of 2025, due to fair value losses on financial participations and equity holdings.

Gains less losses from financial investments were EUR 9 million in the first half of 2026, unchanged compared to EUR 9 million in the first half of 2025.

Gains recognised on Assets held for sale were EUR 13 million in the first half of 2026, compared to a loss of EUR 2 million in the first half of 2025, primarily relating to the portion of the customer migration completed in the first half of 2026 following the sale of the custody business in Germany.

Other operating income was EUR 59 million in the first half of 2026, up from EUR 36 million in the first half of 2025, driven by Transition Services Agreement income following the sale of the HSBC Life Insurance business in France and the retained portfolio of home and certain other loans in France, together with royalties relating to that portfolio.

Net operating income before change in expected credit losses and other credit impairment charges was EUR 1,580 million in the first half of 2026, down from EUR 1,807 million in the first half of 2025.

Change in expected credit losses and other credit impairment charges was a net charge of EUR 31 million in the first half of 2026. The decrease compared to the net charge of EUR 73 million in the first half of 2025 was driven by lower charges and higher releases in the first half of 2026.

Operating expenses were EUR 1,162 million, down from EUR 1,292 million in the first half of 2025, driven by lower restructuring costs and the impact of cost savings initiatives.

Profit before tax was EUR 387 million in the first half of 2026, down from EUR 442 million in the first half of 2025.

Profit attributable to shareholders of the parent company was EUR 35 million in the first half of 2026.

Discontinued operations

Net operating income in discontinued operations was a loss of EUR 154 million in the first half of 2026, compared to a EUR 92 million gain in the first half of 2025, and included the loss on the sale of HSBC Bank Malta p.l.c.

Operating expenses were EUR 59 million compared to EUR 73 million in the first half of 2025.

Loss before tax for discontinued operations was EUR 213 million in the first half of 2026 compared to a EUR 19 million gain in the first half of 2025.

Profit/(loss) for the period by global business (continuing operations)

	Half-year to 30 Jun 2026			
	CIB	**IWPB**	**Corporate Centre**	**Total**
	€m	**€m**	**€m**	**€m**
Net operating income before change in expected credit losses and other credit impairment charges	**1,405**	**151**	**24**	**1,580**
– of which: net interest income/(expense)	**673**	**15**	**(145)**	**543**
– of which: net income/(expense) from financial instruments held for trading or managed on a fair value basis	**256**	**—**	**146**	**402**
Change in expected credit losses and other credit impairment charges	**(31)**	**—**	**—**	**(31)**
Net operating income/(expense)	**1,374**	**151**	**24**	**1,549**
Total operating expenses	**(947)**	**(138)**	**(77)**	**(1,162)**
Profit/(loss) before tax	**427**	**13**	**(53)**	**387**
	Half-year to 30 Jun 2025[1]			
Net operating income before change in expected credit losses and other credit impairment charges	1,547	154	106	1,807
– of which: net interest income/(expense)	699	34	(105)	628
– of which: Net income/(expense) from financial instruments held for trading or managed on a fair value basis	274	—	189	463
Change in expected credit losses and other credit impairment charges	(73)	—	—	(73)
Net operating income/(expense)	1,474	154	106	1,734
Total operating expenses	(1,060)	(155)	(77)	(1,292)
Profit/(loss) before tax	414	(1)	29	442

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

Analysis of reported results by global business

Corporate and Institutional Banking ('CIB')

Profit before tax was EUR 427 million in the first half of 2026, up from EUR 414 million in June 2025 driven by lower cost of risk and operating expenses.

Net operating income before change in expected credit losses and other credit impairment charges was EUR 1,405 million in the first half of 2026, down compared to EUR 1,547 million in June 2025. The change was driven by lower Equity trading volumes amid reduced equity market volatility, as well as lower client demand for financing and the exit of M&A activities. This was partly offset by an increase in net interest income in Global Payments Solutions, driven by higher volumes.

Change in expected credit losses and other credit impairment charges was a net charge of EUR 31 million in June 2026 compared with a net charge of EUR 73 million in June 2025, due to lower stage 3 provisions and net releases in the first half of 2026.

Operating expenses were EUR 947 million in the first half of 2026 compared to EUR 1,060 million in June 2025, driven by lower restructuring costs and the impact of cost savings initiatives.

Loans and advances to customers were EUR 39.0 billion at 30 June 2026, compared to EUR 38.6 billion at 31 December 2025. This was mainly driven by higher overdrafts and increased trade finance utilisations, partly offset by lower demand for financing and the reclassification of loans as held for sale related to HSBC Bank Malta p.l.c.

Customers accounts were EUR 92.2 billion at 30 June 2026, compared to EUR 91.0 billion at 31 December 2025. The increase was driven by deposit growth in Germany and France in Securities Services and higher Money Market deposits in Markets, partly offset by a seasonal decrease in Global Payments Solutions.

International Wealth and Premier Banking ('IWPB')

Profit before tax was EUR 13 million in the first half of 2026, up from EUR 1 million loss in the first half of 2025.

Net operating income before change in expected credit losses and other credit impairment charges was EUR 151 million in the first half of 2026, compared to EUR 154 million in the first half of 2025, primarily reflecting the impact of the sale of the Private Banking business in Germany. This was partly offset by growth in fees from Asset Management.

Operating expenses were EUR 138 million for the first half of 2026, down from EUR 155 million in the first half of 2025, driven by lower restructuring costs and the impact of cost savings initiatives.

Loans and advances to customers were EUR 2.6 billion at 30 June 2026, compared to EUR 4.2 billion at 31 December 2025, reflecting the classification of HSBC Bank Malta p.l.c. as held for sale, partly compensated by lending growth in HSBC Private Bank Luxembourg.

Customers accounts were EUR 3.3 billion at 30 June 2026, compared to EUR 6.5 billion at 31 December 2025, reflecting the classification as held for sale of HSBC Bank Malta p.l.c., partly offset by higher deposits resulting from increased client demand in HSBC Private Bank Luxembourg.

Corporate Centre

Loss before tax was EUR 53 million in the first half of 2026, compared to a profit of EUR 29 million in the first half of 2025.

Net operating income before change in expected credit losses and other credit impairment charges was EUR 24 million in the first half of 2026, down from EUR 106 million in the first half of 2025. The change was driven by movements in the fair value of non-qualifying interest rate hedges.

Operating expenses were EUR 77 million in the first half of 2026, unchanged compared to EUR 77 million in the first half of 2025.

Revenue by country (continuing operations)

	CIB	IWPB	Corporate Centre	Total
	€m	€m	€m	€m
Half-year to 30 Jun 2026				
France	**603**	**93**	**21**	**717**
Germany	**400**	**32**	**2**	**434**
EEA Branches	**398**	**—**	**1**	**399**
Other Countries	**4**	**26**	**—**	**30**
Revenue[1]	**1,405**	**151**	**24**	**1,580**
Half-year to 30 Jun 2025[2]				
France	697	72	103	872
Germany	463	57	2	522
EEA Branches	384	—	1	385
Other Countries	3	25	—	28
Revenue[1]	1,547	154	106	1,807

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

Review of business position

Summary consolidated balance sheet

	At	
	30 Jun 2026	31 Dec 2025
	€m	€m
Total assets	**266,049**	251,391
Cash and balances at central banks	**40,493**	58,092
Trading assets	**35,435**	30,801
Financial assets designated and otherwise mandatorily measured at fair value through profit and loss	**965**	1,619
Derivatives	**39,450**	40,579
Loans and advances to banks	**6,116**	5,715
Loans and advances to customers	**41,524**	42,835
Reverse repurchase agreements – non-trading	**36,778**	29,308
Financial investments	**28,157**	28,003
Assets held for sale	**7,772**	377
Other assets	**29,359**	14,062
Total liabilities	**253,592**	237,825
Deposits by banks	**14,116**	14,514
Customer accounts	**95,016**	97,107
Repurchase agreements – non-trading	**17,987**	14,486
Trading liabilities	**19,510**	18,376
Financial liabilities designated at fair value	**11,272**	11,086
Derivatives	**33,231**	33,178
Debt securities in issue	**11,958**	14,129
Liabilities of disposal groups held for sale	**13,729**	10,648
Other liabilities	**36,773**	24,301
Total equity	**12,457**	13,566
Total shareholders' equity	**12,269**	13,381
Non-controlling interests	**188**	185

Balance sheet information

	CIB	IWPB	Corporate Centre	Total
	€m	€m	€m	€m
At 30 Jun 2026				
Loans and advances to customers[1]	**38,996**	**2,568**	**(40)**	**41,524**
Loans and advances to customers classified as held for sale[2]	**1,366**	**1,908**	**—**	**3,274**
Customers accounts	**92,249**	**3,328**	**(561)**	**95,016**
Customer accounts classified as held for sale[2]	**8,235**	**4,559**	**—**	**12,794**
At 31 Dec 2025				
Loans and advances to customers[1]	38,581	4,245	9	42,835
Loans and advances to customers classified as held for sale[3]	294	—	—	294
Customers accounts	90,988	6,454	(335)	97,107
Customer accounts classified as held for sale[3]	10,506	—	—	10,506

1 Includes EUR 30,077 million (2025: EUR 30,346 million) related to corporate and commercial loans and advances to customers with a total provision of EUR 561 million (2025: EUR 516 million).
2 Includes loans and advances and customer accounts related to the HSBC Bank Malta p.l.c., as well as the custody and fund administration business in Germany.
3 Includes loans and advances and customer accounts related to the custody and fund administration business in Germany.

Assets

Total assets were EUR 266.0 billion at June 2026, up from EUR 251.4 billion at December 2025.

Trading assets increased from EUR 30.8 billion at December 2025 to EUR 35.4 billion at June 2026, reflecting higher client-driven market-making volumes in government bonds and equities.

Financial assets measured at fair value through profit and loss were EUR 1.0 billion at June 2026, down compared to EUR 1.6 billion at December 2025, mainly driven by the reclassification of HSBC Bank Malta p.l.c. as held for sale in 2026.

Derivatives were EUR 39.5 billion in June 2026, down from EUR 40.6 billion in December 2025 as a result of mark-to-market movements, mainly on interest rate swaps. The movement reflects the depreciation of the euro against the US dollar and changes in the euro interest rate curves over the period.

Loans and advances to customers were EUR 41.5 billion in June 2026 compared to EUR 42.8 billion at December 2025, mainly driven by the reclassification of HSBC Bank Malta p.l.c. as held for sale, partly offset by an increase in short-term borrowings.

Reverse repurchase agreements – non-trading – of EUR 36.8 billion in June 2026 increased from EUR 29.3 billion in December 2025, reflecting higher seasonal client activity versus year-end.

Financial investments were EUR 28.2 billion at June 2026 compared to EUR 28.0 billion at December 2025, driven by higher holdings of government and supranational bonds, partly offset by a reduction related to HSBC Bank Malta p.l.c. being classified as held-for-sale.

Assets held for sale were EUR 7.8 billion at June 2026 compared to EUR 0.4 billion in December 2025. Balances in 2026 relate to HSBC Bank Malta p.l.c., the custody and fund administration businesses in Germany, and shares in sino AG. Balances in 2025 relate to the assets of the custody and fund administration businesses in Germany and shares in sino AG.

Liabilities

Total liabilities were EUR 253.6 billion at June 2026, up from EUR 237.8 billion at December 2025.

Customer accounts were EUR 95.0 billion at June 2026, compared to EUR 97.1 billion at December 2025, driven by the reclassification of HSBC Bank Malta p.l.c. as held for sale, partly offset by an increase in deposits in France and Germany.

Repurchase agreements – non trading – increased from EUR 14.5 billion in December 2025 to EUR 18.0 billion in June 2026 as a result of higher Treasury activity during the first half of the year.

Trading liabilities were EUR 19.5 billion in June 2026, up from EUR 18.4 billion in December 2025, driven by increased volumes in government bond trading.

Derivatives were EUR 33.2 billion in June 2026, stable compared to EUR 33.2 billion in December 2025.

Debt securities in issue were EUR 12.0 billion in June 2026, down from EUR 14.1 billion in December 2025, due to the maturity of certificates of deposit and medium term notes.

Liabilities of disposal groups held for sale increased to EUR 13.7 billion in June 2026 from EUR 10.6 billion in December 2025. Balances in 2026 relate to the liabilities of the custody and fund administration businesses in Germany and the liabilities of HSBC Bank Malta p.l.c. Balances in 2025 relate to the liabilities of the custody and fund administration businesses in Germany.

Equity

Shareholders' equity stood at EUR 12.3 billion, down from EUR 13.4 billion in December 2025, mainly driven by dividends distribution during the first half of 2026.

The CET1 (Common Equity Tier 1) ratio was 15.4 per cent at 30 June 2026 and the total capital ratio was 20.4 per cent.

Liquidity and funding

At 30 June 2026, the average short-term Liquidity Coverage Ratio ('LCR') was 151 per cent and the long-term Net Stable Funding Ratio ('NSFR') was 160 per cent.

▶ Additional disclosure on Treasury risk is available on page 29.

Reconciliation of alternative performance measures

Return on average ordinary shareholders' equity and pre-tax return on average risk-weighted assets

Return on average ordinary shareholders' equity is calculated by dividing profit attributable to the ordinary shareholders of the parent company ('reported results') by average ordinary shareholders' equity ('reported equity') for the period. The adjustment to reported results and reported equity excludes amounts attributable to non-controlling interests and holders of other equity instruments (additional tier 1 capital).

Pre-tax return on average risk-weighted assets is calculated by dividing profit before tax by average risk-weighted assets for the period.

Return on average shareholders' equity and pre-tax return on average risk-weighted assets

	Half-year ended	
	30 Jun 2026	30 Jun 2025[1]
	€m	€m
Profit		
Profit/(loss) before tax in respect of continuing operations	**387**	442
Profit/(loss) before tax in respect of discontinued operation	**(213)**	19
Profit/(loss) before tax	**174**	461
Profit/(loss) attributable to the ordinary shareholders of the parent company[2]	**(9)**	306
Equity		
Average ordinary shareholders' equity[2]	**11,534**	12,493
Risk-weighted assets		
Average risk-weighted assets[3]	**63,352**	67,705
Ratio	**%**	%
Return on average ordinary shareholders' equity (annualised)	**(0.1)**	4.9
Pre-tax return on average risk-weighted assets	**0.3**	0.7

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.
2 This excludes amounts attributable to non-controlling interests and holders of other equity instruments (additional tier 1 capital).
3 The comparatives have been restated to reflect the impact of a correction on total risk-weighted assets ("RWAs") related to certain specific transactions.

Credit ratings

HSBC Continental Europe is rated by three major agencies: Standard & Poor’s, Moody’s and Fitch Ratings.

	Standard & Poor’s	**Moody’s**	**Fitch Ratings**
Long term – Senior preferred debt	A+	Aa3	AA
Outlook	Positive	Stable	Stable
Short-term rating	A-1	P-1	F1+

In the first half of 2026, HSBC Continental Europe’s credit ratings improved: Standard & Poor’s revised the outlook from Stable to Positive, and Fitch Ratings upgraded the rating from AA- to AA, following the publication of its updated Bank Rating Criteria. Moody’s ratings remained unchanged.

The annual review meetings with the rating agencies were held in May and June 2026.

Risks

Key highlights

Principal Regulatory Ratios (Unaudited)

	At	
	30 Jun 2026	31 Dec 2025
	%	%
Capital Ratios[1]		
Common equity tier 1	**15.4**	15.6
Total tier 1	**17.4**	17.6
Total capital	**20.4**	20.6
Leverage Ratio	**4.4**	4.3
Liquidity Ratios		
Liquidity Coverage Ratio	**151**	147
Net Stable Funding Ratio	**160**	164

1 The comparatives have been restated to reflect the impact of a correction on total risk-weighted assets ("RWAs") related to certain specific transactions.

Risk-Weighted Assets – by Risk Type (Unaudited)

	RWAs		Capital required	
	30 Jun 2026	31 Dec 2025	**30 Jun 2026**	31 Dec 2025
	€m	€m	**€m**	€m
Credit Risk[1]	**44,894**	46,109	**3,591**	3,688
Counterparty Credit Risk	**6,227**	5,472	**498**	438
Market Risk	**4,470**	3,948	**358**	316
Operational Risk	**7,624**	7,624	**610**	610
Total Risk-Weighted Assets[1]	**63,215**	63,153	**5,057**	5,052

1 The comparatives have been restated to reflect the impact of a correction on total risk-weighted assets ("RWAs") related to certain specific transactions.

Risk factors

HSBC Continental Europe has identified a series of risk factors that cover the broad range of risks its businesses are exposed to. A number of the risk factors have the potential to have a material adverse effect on its business, prospects, financial condition, capital position, reputation, results of operations and/or its customers. A summary of these is presented below:

1 – Macroeconomic and geopolitical risks	**2 – Prudential, regulatory and legal risks to the business model of HSBC Continental Europe**	**3 – Risks related to HSBC Continental Europe’s operations**	**4 – Risks related to HSBC Continental Europe’s governance and internal control**	**5 – Risks related to HSBC Continental Europe’s business**	**6 – Risks related to HSBC Continental Europe’s financial statements**
1.1 Current macroeconomic environment risk	2.1 Changing regulatory and legal landscape risk	3.1 Model risk	4.1 Data management risk	5.1 Credit quality risk	6.1 Financial reporting risk
1.2 Liquidity risk	2.2 Tax risk	3.2 Information technology systems risk	4.2 Strategy risk	5.2 Counterparty credit risk	
1.3 Market risk		3.3 Cyber-security risk	4.3 Data privacy risk	5.3 Insurance risk	
1.4 Environmental, Social and Governance risk		3.4 Third party risk	4.4 Financial crime risk	5.4 People risk	
			4.5 Risk management		

1 Macroeconomic and geopolitical risks

1.1 Economic and market conditions may adversely affect HSBC Continental Europe's results.

Probability: Very Likely/Impact: High (unchanged from FY25).

HSBC Continental Europe's earnings are affected by global and local economic, financial and geopolitical changes. Uncertain economic conditions and volatile markets can create a challenging operating environment for its business operations.

HSBC Continental Europe has past experience of financial and operational losses sustained as a consequence of the economic cycle, financial crises and wars. Its earnings, operations and operating model have been and could in future be affected by the following factors:

- The economic cycle: Deteriorating business, consumer or investor confidence and lower levels of investment and productivity growth may lead to economic recession and lower customer and client activity. Rapid changes to the economic environment can also create challenging operating conditions for financial institutions such as HSBC and may affect HSBC Continental Europe's earnings and profits. Global fragmentation, trade disruption and conflict-related uncertainty can weigh on demand and investment, disrupt supply chains and raise costs for clients. Higher-for-longer interest rates could further slow growth and reduce lending volumes and fee income, while weaker corporate cashflows may increase impairments, provisioning and liquidity risk. Economic uncertainty for HSBC Continental Europe could also be driven by the economic situations in France and Germany.
- Inflation and monetary policy: The combined pressure of tariffs, persistent inflation and restrictive interest rates can have material impacts on HSBC Continental Europe's customers as these factors could erode real purchasing power and increase debt service costs. High interest rates may affect the credit rating of its customers and their ability to repay debt. This could negatively impact HSBC Continental Europe's risk weighted assets ('RWAs') and capital position, resulting in increases in expected credit losses and other impairment charges ('ECL') and potential liquidity stresses due to, amongst other factors, increased customer drawdowns. There could be further adverse impacts on HSBC Continental Europe's income if high rates were to result in lower lending volumes and weaker wealth and insurance revenue. Alternatively, lowering interest rates, while stimulating demand for new lending, may reduce revenue from net interest margins. In Europe, inflation has remained contained at around 3% in recent periods, but the risk of renewed energy and supply shocks remains, which could complicate the path of policy rates and financing conditions.
- Financial stability: Changing economic conditions and shifting policy create a more uncertain and volatile environment for asset markets. Financial markets have seen significant gains, supported by investment in artificial intelligence ('AI') and the technology sectors. AI-related investment may lead to future gains to productivity and growth, and high equity market valuations may create a tailwind to growth by generating positive wealth effects. However, current high valuations raise a risk of disruptive correction, where a high valuation is later corrected by a material reduction in such valuation. This risk may be amplified by increasing sector-specific concentrations (including AI/tech exposures) and by the growth of private credit, which typically operates with less transparency and outside mainstream regulatory and disclosure frameworks. A rapid repricing, reduced market liquidity or tighter financing conditions could adversely affect HSBC's risk profile and earnings by increasing the financial vulnerability of customers and decreasing the value of collateral and other claims.
- Fiscal policy and high levels of government debt: In developed markets, government debt levels are rising due to higher social welfare costs and increased expenditures on defence and climate transition. Against the backdrop of weaker global growth and only limited fiscal tightening, borrowing costs for certain countries could increase further. This could adversely impact the fiscal capacity and debt sustainability of highly-indebted sovereign issuers. Where HSBC Continental Europe has exposure to such sovereigns or related parties, it could incur losses. At the same time, external sovereign rating downgrades and/or a disorderly increase in long-term government funding costs could increase the cost of funding for HSBC and/or limit access to market funding, resulting in an adverse impact on interest margins and liquidity.
- Geopolitical risk, global fragmentation and trade disruption: Geopolitical risks remain high. Conflicts can fuel uncertainty, disrupt energy and other critical supplies, and contribute to higher inflation and slower global growth. Sanctions, diverging political agendas and fragmented rules can increase cross-border risks and compliance complexity, and contribute to market volatility. Trade disruptions could affect supply chains and clients across sectors, with second- and third-order impacts potentially emerging through weaker demand, stress in trade-dependent or energy-intensive sectors, and tightening financing conditions.
- Digitalisation and technological advancement: Increasing digitalisation, the adoption of new payment technologies (including digital assets and related capabilities) and the scaling of AI can broaden HSBC's threat landscape. This may increase exposure to fraud, cyber risk, data loss, ransomware and nation-state threats, and can heighten reliance on third parties and technology resilience.
- Environmental, Social and Governance ('ESG'): ESG risks may be affected by diverging political agendas, complex cross-jurisdictional regulation and supervisory expectations, and more frequent severe weather events. These factors could impact clients' operating environments, asset values and creditworthiness, and could increase legal, compliance and operational risks.

Adverse changes to the current economic, financial and geopolitical situation, including in relation to any of the factors listed above, could result in:

- Idiosyncratic losses: Impairment estimates attempt to capture the effects of economic, financial and geopolitical risks in the aggregate, but credit losses on specific exposures, with idiosyncratic features that make them particularly susceptible to the risks described above, may not be fully captured in HSBC Continental Europe estimates;
- Sector-wide impairment: Changing economic conditions, policies and funding costs may give rise to a deterioration in specific industries and sectors. Certain sectors in various countries may be targeted by material increases in trade tariffs, with industry-wide implications. In addition, valuation-driven volatility and concentrations (including in AI/tech) may increase the risk of sector-wide stress;

- Reduced credit demand: The demand for borrowing from creditworthy customers may diminish during periods of recession or where economic activity slows or remains subdued;
- A tightening of financial market conditions: HSBC Continental Europe's ability to borrow from other financial institutions or to engage in funding transactions may be adversely affected by market disruption; and
- Goodwill and intangibles: A changing economic and geopolitical outlook may change the recoverable value of assets and necessitate a write down in the value of intangible balance sheet items such as goodwill.

Provisioning against credit loss is conducted under the IFRS 9 'Financial Instruments' (IFRS 9) calculations of expected credit losses ('ECL'), which uses forward-looking scenarios that incorporate the economic and financial risks detailed above.

▶ For further details concerning HSBC Continental Europe's economic scenarios including the Central Scenario – see section 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 23.

Forecasts remain uncertain, and changing economic conditions and the materialisation of key risks could reduce the accuracy of the Central scenario. Forecasts in recent years have been sensitive to changing economic and financial policy, supply chain conditions, monetary policy expectations, trade disruption and the inflation outlook.

There is also uncertainty regarding the adequacy of HSBC Continental Europe's models to reflect credit losses under emerging risks (including rapid sector repricing, private credit spillovers, and geopolitical fragmentation) which may not be captured under the historical loss experience of HSBC Continental Europe's models, or to adequately distinguish risks for specific sectors or portfolios. The financial model outputs continue to be monitored and management judgemental adjustments are used where modelled ECL does not fully reflect the identified risks and related uncertainty, or to capture significant late-breaking events. Nevertheless, model outputs may fail to accurately capture the effects of complex economic, financial and geopolitical risks.

▶ For further details – see also Risk Factor 3.1 – 'HSBC Continental Europe could incur losses or be required to hold additional capital as a result of model limitations or weaknesses' for additional details on how models have been impacted by higher inflation and interest rates.

HSBC Continental Europe continually assesses the impact of geopolitical and macroeconomic events.

▶ For further details – see also sections 'Economic background' on page 4 and 'Economic outlook' on page 5.

Significant uncertainties remain in assessing the duration and impact of the current macroeconomic environment.

1.2 Liquidity, or ready access to funds, is essential to its businesses.

Probability: Unlikely/Impact: High (unchanged from FY25).

HSBC Continental Europe's ability to borrow on a secured or unsecured basis, and the cost of doing so, can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to the wider HSBC Group, HSBC Continental Europe specifically or the banking sector, including HSBC Continental Europe's perceived or actual creditworthiness.

Current accounts and savings deposits payable on demand or at short notice form a significant part of the Bank's funding and HSBC Continental Europe places considerable importance on maintaining their stability. For deposits, stability depends upon preserving investor confidence in HSBC Continental Europe's capital strength and liquidity, and on comparable and transparent pricing.

Deposits have historically been a stable source of funding, even in times of economic crisis, but under an extreme scenario this may not be the case.

HSBC Continental Europe also accesses wholesale markets in order to secure funding to align asset and liability balances, maturities and currencies, and to contribute to the financing of its lending and market activities.

An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a material adverse effect on HSBC Continental Europe's liquidity.

Non-favourable macroeconomic developments, market disruptions or regulatory developments may increase the funding costs or challenge the ability of HSBC Continental Europe to raise funds to support or expand its businesses.

If the Bank were unable to raise funds through deposits and/or in the capital markets, its liquidity position could be adversely affected. In such an extreme scenario, it could be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay maturing debt, or to meet its obligations under committed financing facilities and insurance contracts or to fund new loans or investments. The Bank may need to liquidate unencumbered assets to meet its liabilities.

In a time of reduced liquidity, HSBC Continental Europe may be unable to sell some of its assets, or it may need to sell assets at reduced prices, which in either case could materially adversely affect its business, prospects, financial condition, capital position and results of operations. It is difficult to predict with any degree of accuracy changes in access to funds, and the extent of the potential consequences.

Nevertheless, a number of mitigating actions and procedures – including business actions and participation in the central bank refinancing operations are in place in HSBC Continental Europe, through its Recovery Plan in order to address a potential liquidity crisis.

HSBC Continental Europe undertakes internal liquidity stress testing to supplement the regulatory Liquidity Coverage Ratio scenario to test if its risk appetite is adequate, and to validate that it can continue to operate under various stress scenarios that involve an analysis of the relevant probable or severe area of risk to HSBC Continental Europe.

HSBC Continental Europe continues to rely on its daily internal liquidity stress test metrics, complementing the regulatory Liquidity Coverage Ratio ('LCR'), for the operational day-to-day management of the Bank's liquidity position. The assumptions and results of these internal stress tests are reviewed by the Asset, Liability, and Capital Management Committee ('ALCO') and presented through the Internal Liquidity Adequacy Assessment Process to the Board.

1.3 Market fluctuations may reduce HSBC Continental Europe's income or the value of its portfolios.

Probability: Likely/Impact: Medium (unchanged from FY25).

HSBC Continental Europe businesses are inherently subject to risks in financial markets and in the wider economy, including changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, equity and bond prices, and the risk that customers act inconsistently with HSBC Continental Europe's business, pricing, and hedging assumptions.

Market pricing can be volatile and ongoing market movements could significantly affect a number of key areas. For example, banking and trading activities are subject to interest rate risk, foreign exchange risk, equity risk, inflation risk and credit spread risk.

Changes in interest rate levels, interbank spreads over official rates and yield curves affect the interest rate spread realized between lending and borrowing costs. The risks of market volatility or changes in margin levels remain high.

Competitive pressures on fixed rates or product terms for existing loans and deposits may restrict HSBC Continental Europe's ability to change interest rates to its customers in response to changes in wholesale market rates.

HSBC Continental Europe's insurance business in Malta is exposed to the risk that market fluctuations may cause mismatches to occur between product liabilities and the investment assets that back them. Market risks can affect its insurance products in a number of ways depending upon the product and associated contract. For example, mismatches between assets and liability yields and maturities give rise to interest rate risk. Some of these risks are borne directly by the customer and some are borne by the insurance business, with their excess capital invested in the markets. Moreover, some insurance contracts involve guarantees and options that increase in value in adverse investment markets. There is a risk that the insurance business could bear some of the cost of such guarantees and options. The performance of the investment markets could thus have a direct effect upon the value embedded in the insurance and investment contracts and its operating results, financial condition and prospects.

▶ For further details – see also section 'Market risk (in the first half of 2026)' on page 32.

1.4 HSBC Continental Europe is subject to financial and non-financial risks associated with Environmental, Social and Governance ('ESG')-related matters, such as climate change, nature-related risk, and human rights issues.
Probability: Likely/Impact: Medium (unchanged from FY25).

ESG risks such as climate change, society's impact on nature and human rights issues impact the bank as well as its customers and the wider society.

Credit risk and trading losses, liquidity impacts and/or impacts to real estate portfolios may be faced if climate and environmental-related regulatory, legislative or technological developments impact customers' business models or if extreme weather events disrupt or interrupt operations, resulting in financial difficulty for customers and/or stranded assets, and impacting their ability to repay their debt or secure insurance. Clients may find that their business models fail to align to a net zero economy or face disruption to their operations or deterioration to their assets as a result of extreme weather or ecosystem services degradation.

Operational risk may also increase if extreme weather events impact HSBC Continental Europe's critical operations and premises.

Regulatory compliance, legal, conduct and reputational risks may result from the increasing pace, breadth and depth of climate and nature-related regulatory expectations, including on the management of climate and nature risks, and variations in external ESG-related reporting standards and taxonomies, requiring implementation in short timeframes.

Such risks may also arise from how the Bank decides to support its customers in high-emitting sectors in their transition to net zero, the preferences of different stakeholders in relation to the HSBC Group approach to the transition to net zero, and if insufficient progresses is made in achieving HSBC Group ESG-related ambitions, targets and commitments.

Additional risks may be faced if the Bank knowingly or unknowingly makes inaccurate, unclear, misleading, or unsubstantiated claims regarding sustainability to its stakeholders.

Financial reporting risks concerning HSBC Continental Europe climate and ESG disclosures may be encountered due to model limitations and the limited quality and consistency of available data. This situation poses a risk of relying on incomplete or inaccurate data and models, potentially leading to sub-optimal decision-making. As methodologies, data, scenarios, and industry standards evolve with market practices, regulations, or scientific advancements, the Bank ability to collect and process required data may be challenged, exposing HSBC Continental Europe to financial reporting risk in relation to its ESG disclosures. Such developments could also necessitate revisions to its internal measurement frameworks and reported data, including on financed emissions, making year-on-year comparisons difficult. This could result in the Group having to re-evaluate its progress towards its ESG-related ambitions, targets and commitments in the future, resulting in reputational, regulatory compliance and legal risks.

Beyond climate change and nature-related risks, human rights risk is identified as one of the primary drivers of social risk. Businesses are expected to be transparent about their efforts to identify and respond to the risk of adverse human rights impacts arising from their business activities and relationships. Failure to manage this risk may negatively impact people and communities, which in turn may result in reputational, regulatory compliance and legal risks for HSBC Continental Europe.

If any of the above risks materialise, this could have financial and non-financial impacts for HSBC Continental Europe which could, in turn, have a material adverse effect on its business, financial condition, results of operations, reputation, prospects, and strategy.

2 Prudential, regulatory and legal risks to the business model of HSBC Continental Europe

2.1 HSBC Continental Europe is subject to numerous new and existing legislative and regulatory requirements, and the risk of failure to comply with applicable regulations at least temporarily.
Probability: Very Likely/Impact: High (unchanged from FY25).

HSBC Continental Europe's businesses are subject to ongoing regulation, policies, voluntary codes of practice and interpretations in the various markets in which it operates.

The areas where regulatory changes and increased supervisory expectations could have a material adverse effect on HSBC Continental Europe's business, financial condition, results of operations, prospects, capital position, reputation and strategy include, but are not limited to, those listed below, grouped around prudential and non-prudential themes.

Prudential and related issues

In recent years, regulators and governments have focused on reforming both the prudential regulation of the financial services industry and the ways in which the business of financial services is conducted. The measures taken include enhanced capital, liquidity and funding requirements, the separation or prohibition of certain activities by banks, changes in the operation of capital markets activities, the introduction of tax levies and transaction taxes and changes in compensation practices. Specific examples of such measures and initiatives include:

- Increased supervisory expectations arising from expanding and increasingly complex regulatory reporting obligations, including expectations on data integrity and associated governance and controls. To address these expectations, HSBC Continental Europe has advanced a programme aimed at strengthening its regulatory reporting processes and making them more sustainable. This programme includes enhancing data, consistency and controls;
- Financial effects of climate risk and other ESG-related changes being incorporated within the global prudential framework, including physical risks from climate change and the transition risks resulting from a shift to a low carbon economy;
- Heightened supervisory concerns regarding the growth of private markets and their interconnection with banks.

Non-prudential and related issues

With regard to the non-financial risk agenda, there is a focus on business practices (including customers and markets), operational and cyber resilience, AI, digital and technology changes, ESG, payments and financial crime, including:

- Continued focus by regulators, international bodies and policymakers on banks' business practices. This includes ensuring fair outcomes for customers, fostering effective competition and maintaining the orderly and transparent functioning of global financial markets. HSBC Continental Europe also continues to focus on employee culture and behaviour, whistleblowing, and inclusion;
- High regulatory expectations and requirements relating to various aspects of operational and cyber resilience, and third-party risks, including an ongoing focus on the response of institutions to operational disruptions;
- Regulatory expectations and requirements around the use of AI, including in connection with the implementation of the EU's AI Act;
- The supervisory and regulatory focus on technology adoption and digital delivery, underpinned by customer protection, including in respect of the use of digital assets and currencies and wider financial technology risks;
- Compliance with existing and future ESG-related risk management and disclosure requirements applicable to banks and businesses more generally, particularly those relating to climate change, transition plans, greenwashing and supply chain due diligence (such as the proposed amendments to the EU's Sustainable Finance Disclosure Regulation ('SFDR') and proposed changes to the Corporate Sustainability Reporting Directive ('CSRD') and the Corporate Sustainability Due Diligence Directive ('CSDD') in the EU;
- Continuing supervisory and regulatory change globally on payment services and related infrastructure, including future changes in the EU as a result of the EU's Third Payment Services Directive ('PSD3') and an accompanying Payment Services Regulation, which are expected to be published in 2026; and
- The ongoing expectations with respect to managing emerging financial crime risks and their impact on customers, managing conflicting laws and approaches to legal and regulatory regimes, and implementing increasingly complex sanctions and trade restrictions.
- CRD VI has applied since 11 January 2026, with general banking supervision rules in force, while the new EU Third-Country Branch regime – including the core third-country branch authorisation requirements under Article 21c and associated transitional milestones – will apply from 11 January 2027.

2.2 HSBC Continental Europe, its branches and its subsidiaries are subject to tax-related risks in the countries in which they are established.

Probability: Likely/Impact: Medium (unchanged from FY25).

HSBC Continental Europe, its branches and its subsidiaries are subject to the substance and interpretation of tax laws in all countries in which they are established and therefore are subject to routine reviews and audits by tax authorities in relation thereto.

The Bank's interpretation or application of these tax laws may differ from those of the relevant tax authorities. HSBC Continental Europe, its branches and its subsidiaries record provisions for potential tax liabilities that may arise based on the amounts expected to be paid to the tax authorities. The amounts ultimately paid may differ materially from the amounts set aside in such provisions depending on the ultimate resolution of such matters.

Due to major restructuring and notably business reorganisation over recent years, transfer pricing risk has increased for the bank. In that respect, HSBC Continental Europe ensures compliance with the relevant transfer pricing rules in each location to mitigate the tax risk. However, transfer pricing remains a subject of particular focus by the tax authorities. This requires monitoring in view of the practice of the tax authorities to systematically verify the principles applied by international groups carrying out intra-group transactions.

In 2023, the French National Financial Prosecutor ('PNF') opened an investigation into HSBC Continental Europe and the Paris branch of HSBC Bank plc regarding alleged tax fraud linked to the dividend withholding tax treatment of certain trading activities. In January 2026, HSBC Bank plc reached an agreement with the PNF to resolve its investigation, and the investigation into HSBC Continental Europe was closed with no further action.

HSBC Bank plc and the German branch of HSBC Continental Europe continue to cooperate with investigations by the German public prosecutor into numerous financial institutions and their employees, in connection with the dividend withholding tax treatment of certain trading activities.

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

HSBC Continental Europe continues to monitor recent developments in the French tax law to ensure it remains compliant and has continued to strengthen its internal controls.

It is also worth noting that tax rules are becoming increasingly complex and continue to evolve. Changes to international tax rules potentially create additional risks for all banks including HSBC Continental Europe.

On 20 June 2023, legislation was substantively enacted in the UK, the jurisdiction of HSBC Continental Europe's ultimate parent entity, HSBC Holdings plc, to introduce the 'Pillar Two' global minimum tax model rules of the OECD's Inclusive Framework on Base Erosion and

Profit Shifting ('BEPS'), with effect from 1 January 2024. At the year-end 2023, legislation was also enacted in France to implement the model rules, as well as a qualified domestic minimum top-up tax, with effect from 1 January 2024. Similar rules have been also enacted across Continental Europe, and notably in the locations where HSBC Continental Europe operates.

Under these rules, a top-up tax liability arises where the effective tax rate of the Group's operations, calculated based on principles set out in the OECD's Pillar Two model rules, is below 15 per cent.

HSBC Continental Europe and most of its branches were within the scope of the Pillar Two Safe Harbour regime and, accordingly, no Top-up Tax or related filings were required in those jurisdictions; the relevant information was included in the Group Global Information Return ('GIR'). Where local submissions were required, they were completed within the applicable deadlines, and the Irish branch declared and paid a Top-up Tax of EUR 2.2 million (USD 2.4 million).

3 Risks related to HSBC Continental Europe's operations

3.1 HSBC Continental Europe could incur losses or be required to hold additional capital as a result of model limitations or weaknesses.

Probability: Very Likely/Impact: High (unchanged from FY25).

HSBC Continental Europe uses models for a range of purposes in managing its business, including regulatory capital calculations, financial reporting, calculation of ECLs on an IFRS 9 basis, credit approvals, stress testing, treasury management, financial crime and fraud risk management.

HSBC could face adverse consequences as a result of decisions that may lead to actions by management based on models that are poorly developed, implemented or used, or as a result of the modelled outcome being misunderstood or the use of such information for purposes for which it was not designed or by limitations arising from the uncertainty inherent in predicting or estimating future outcomes.

Risks arising from the use of models could have a material adverse effect on HSBC Continental Europe's business, financial condition, results of operations, prospects, capital position and reputation.

Regulatory scrutiny and supervisory concerns over banks' use of models are considerable, particularly the internal models used in the calculation of regulatory capital. If regulatory approval for key capital models is not achieved in a timely manner or if those models are subject to negative feedback from regulators, HSBC Continental Europe could be required to hold additional capital.

Model risk remains a key area of focus given the regulatory scrutiny in this area.

IFRS 9 models may generate outputs that do not accurately assess the actual level of credit quality in all cases. In order to calculate more realistic valuation of assets, compensating controls, such as post model management adjustments based on expert judgement may be required. Such compensating controls require a significant degree of management judgment and assumptions. There is a risk that future actual results may differ from such judgments and assumptions. Longer term, the models are likely to require redevelopment to consider the effects of changes in rates and financial markets.

▶ For further details concerning risk weighted assets as at 30 June 2026, refer to 'Overview of risk weighted exposure amounts' in the HSBC Continental Europe Pillar 3 document. These numbers are for a large part computed using internal models.

Likewise, models are used to infer the fair value of some financial instruments, such as over-the-counter derivatives ('OTC'), whose price cannot be directly observed on trading platforms: in these cases, models compute a fair value by leveraging the prices of similar observable financial instruments.

These may be based on observable inputs only ('Level 2' fair value accounting) or, in some cases, on some unobservable inputs that have to be prudently estimated ('Level 3' fair value accounting).

The adoption of more sophisticated modelling approaches including artificial intelligence by both HSBC Continental Europe and the financial services industry could also lead to increased model risk that will have to be managed in compliance with the EU AI Act.

HSBC Continental Europe's commitment to changes to business activities due to climate and sustainability challenges have an impact on model risk. Models play an important role in risk management and financial reporting of climate related risks. Climate risk modelling poses specific challenges, such as uncertainty of the long-dated impacts of climate change and lack of robust and high-quality climate related data.

3.2 HSBC Continental Europe's operations are highly dependent on its information technology systems.

Probability: Likely/Impact: High (unchanged from FY25).

HSBC Continental Europe operates in an extensive and complex technology landscape, which must remain resilient in order to support customers and markets globally. Risks arise where technology is not understood, maintained, or developed appropriately.

The reliability and security of HSBC Continental Europe's information technology infrastructure is crucial to the bank's operations and the provision of financial services to its customers and protecting the HSBC brand.

The effective functioning of HSBC Continental Europe's payment systems, financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks with the main data processing centres, are important to HSBC Continental Europe's operations.

Critical system failure, extended service unavailability or a material breach of data security, particularly of confidential customer data, could compromise HSBC Continental Europe's ability to serve its customers. This could lead to breaches of regulations and could cause long-term damage to its business and brand that could have a material adverse effect on its business, financial condition, results of operations, prospects and reputation.

In 2025, 6 IT incidents (including incidents with third parties) were reported to local regulators following the revised incident management process aligned to the DORA requirements which came into effect in January 2025.

▶ For further details – see also Risk Factor: HSBC Continental Europe's operations use third party and intra-Group suppliers and service providers.

HSBC is continuing to invest in strengthening the resilience of its technology infrastructure and the further alignment of IT systems across HSBC Continental Europe, ensuring an appropriate and consistent control environment across the IT landscape.

3.3 HSBC Continental Europe remains susceptible to a wide range of cyber security risks that impact and/or are facilitated by technology.

Probability: Likely/Impact: High (unchanged from FY25).

The threat of cyber incidents remains a concern for HSBC Continental Europe, as it does across the financial sector and other industries. As cyber-threats continue to evolve, failure to protect HSBC Continental Europe's operations may result in disruption for its customers, and its business, cause financial loss or loss of sensitive data.

This could have a negative impact on the bank's customers, and its own reputation, among other risks.

Adversaries attempt to achieve their objectives by compromising HSBC and related third party systems. They use techniques that include malware (including ransomware), exploitation of both known and unpublished (zero-day) vulnerabilities in software, phishing emails, distributed denial of service, as well as potentially physical compromise of premises, or coercion of staff. Customers may also be subject to these constantly evolving cyber-attack techniques. HSBC Continental Europe, like other financial institutions, experiences numerous attempts to compromise its cyber security.

Cyber security risks will continue to increase, due to continued increase of services delivered over the internet; increasing reliance on internet-based products, applications and data storage; and an increased use of hybrid working models by HSBC's employees, contractors, third party service providers and their sub-contractors.

A failure in HSBC's adherence to its cyber security policies, procedures or controls, employee wrongdoing, or human, governance or technological error could also compromise HSBC Continental Europe's ability to defend against cyber-attacks. Should any of these cyber security risks materialise, they could have a material adverse effect on its customers, business, financial condition, results of operations, prospects and reputation.

There have been no material cyber-related breaches that impacted HSBC Continental Europe customers or operations in the first half of 2026 due to controls in place despite numerous attacks being observed on a daily basis. However, the risk remains that future cyber-related attacks, either directly or via one of its suppliers, could have a material adverse effect on HSBC Continental Europe's business, financial condition, results of operations, prospects and reputation.

3.4 HSBC Continental Europe's operations use third party and intra-Group suppliers and service providers.

Probability: Likely/Impact: High (impact changed from FY25 – previously Medium).

In line with HSBC Continental Europe's outsourcing and Information and Communication Technology ('ICT') Third Party risk strategy, there is reliance on external and intra-Group third parties to supply goods and services. The activities outsourced are diverse and relate, for example, to reporting, risk management and securities custody. Internal service providers are located on different continents which helps ensure business continuity between the different locations. Among the branches and subsidiaries of HSBC Continental Europe, France (including the French subsidiaries) is the country that outsources the most material services, followed by Malta and Luxembourg.

The use of third-party suppliers and service providers by financial institutions is a particular focus of the regulators. This includes how outsourcing decisions are made, how key relationships are managed and HSBC Continental Europe's understanding of third-party dependencies and their impact on service provision.

Third-party and supply-chain risks – including operational incidents, financial instability, cyber-attacks, and geopolitical tensions – are significant and complex to manage. Cyber-attacks targeting HSBC Continental Europe's providers and supply chain remain a key concern, as across the wider financial sector, given the potential to disrupt customers or compromise shared data.

The inadequate management of third party risk could impact HSBC Continental Europe's ability to meet strategic, regulatory and client expectations. This may lead to a range of impacts, including regulatory censure, penalties or damage both to shareholder value and to HSBC Continental Europe's reputation. Any outsourcing of a material service needs to be validated in the HSBC Continental Europe Risk Management Meeting and then notified to regulators.

In the first half of 2026, HSBC Continental Europe continued to enhance its Third-Party Management and Global Register systems.

In terms of regulatory change, HSBC Continental Europe successfully implemented the Digital Operational Resilience Act ('DORA') covering the Register of Information, ICT determination, Important Business Service Mapping , materiality and risk assessments.

HSBC Continental Europe also enhanced its processes, framework and controls to improve the oversight of its third parties and has strengthened its due diligence and monitoring capabilities, with respect to the financial stability of its third parties to better manage its supply chain. HSBC Continental Europe continues to assess and seek to manage its operational resilience.

4 Risks related to HSBC Continental Europe's governance and internal control

4.1 HSBC data management may not be robust enough to support the increasing data volume and evolving regulations.

Probability: Very Likely/Impact: High (unchanged from FY25).

As HSBC Continental Europe has become more data-driven and its business processes moved to digital channels, the volume of data that the bank relies on has increased.

As a result, management of data (including data retention and deletion, data quality, data privacy and data architecture) from creation to destruction must be robust and designed to identify quality and availability issues.

Inadequate data management could result in negative impacts to customer service, business processes, or require manual intervention to reduce the risk of errors in reporting to senior management, executives or regulators. This could have a material adverse effect on the Bank's business, prospects, financial results and reputation.

HSBC Continental Europe did not suffer from any significant data-related incidents linked to increasing data volumes or evolving regulations in in the first half of 2026.

Over recent years, the regulatory expectations related to data management and data architecture have increased considerably, primarily driven by BCBS 239. The objective of BCBS 239 is to enhance the risk management and decision-making processes at banks for effective risk data aggregation and reporting.

4.2 The delivery of HSBC Continental Europe's strategy is subject to execution risk.
Probability: Likely/Impact: High (unchanged from FY25).

Effective management of transformation projects is required to deliver the Group's strategic priorities; both externally driven programmes and key business initiatives to deliver growth, operational resilience and efficiency outcomes.

The scale, complexity and, at times, concurrent demands of the projects required to meet these can result in heightened execution risk.

HSBC Continental Europe has a clear and focused strategy that is consistent with the HSBC Group's strategy.

Within this framework, the strategy in Continental Europe is to focus on customers that value the HSBC network, leveraging its strengths in transaction banking, trade, capital markets and financing and increasing the cross-business and synergies between the HSBC Group's different entities across the globe, while ensuring an efficient operating model across HSBC Continental Europe's operations.

HSBC Continental Europe continues to adapt its operating model, implementing a number of programmes in support of the activities of HSBC Continental Europe while ensuring compliance with regulatory requirements.

The development and implementation of HSBC Continental Europe's strategy requires difficult, subjective and complex judgements, including forecasts of economic conditions in Continental Europe but also in other parts of the world. HSBC Continental Europe may fail to correctly identify the relevant factors in making decisions as to capital deployment and cost reduction.

HSBC Continental Europe may also encounter unpredictable changes in the external environment that are unfavourable to its strategy. The bank's ability to execute strategic change may be limited by its operational capacity, effectiveness of its change management controls and instituting and maintaining appropriate transitional arrangements and the potential for unforeseen changes in the market and/or regulatory environment in which it operates.

Robust management of critical time-sensitive and resource intensive projects is required to effectively deliver HSBC Continental Europe's strategic priorities. The cumulative impact of the collective change initiatives in progress within HSBC Continental Europe has been significant and has had a direct impact on HSBC Continental Europe's employees.

The global economic outlook also continues to remain uncertain. Therefore, there remains a risk that, in the absence of an improvement in economic conditions, HSBC Continental Europe's cost and investment actions may not be sufficient to achieve the expected benefits.

The failure to successfully deliver or achieve the expected benefits of the HSBC Continental Europe's key strategic initiatives could have a material adverse effect on its customers, the business it undertakes, financial results and future prospects, operational resilience and reputation.

Execution risk linked to ongoing projects is being managed and tracked by a dedicated committee.

4.3 The increasing volume of personal data processing activities and of cross-border data transfers may lead to significant data privacy breaches.
Probability: Likely/Impact: Medium (unchanged from FY25).

HSBC Continental Europe's businesses and functions rely on the processing of a large volume of personal data. These data are increasingly processed in non-EU jurisdictions so as to fulfil operational requirements.

Whilst the offshoring of personal data processing activities has notable benefits, it also considerably increases the risk that the personal data in question will be processed in a manner which is incompatible with the high standards imposed by GDPR and the Schrems II ruling.

Failure to comply with data privacy laws and other legislation in the jurisdictions in which HSBC Continental Europe operates may result in regulatory sanctions. Any of these failures could have a material adverse effect on its business, financial condition, results of operations, prospects, and reputation.

4.4 HSBC Continental Europe is subject to the risk of financial crime and third parties may use the bank as a conduit for illegal activities without its knowledge
Probability: Likely/Impact: Medium (unchanged from FY25).

Financial crime risk is the risk that HSBC Continental Europe products and services will be exploited for criminal activity. This includes fraud, bribery and corruption, tax evasion, sanctions and export control violations, money laundering, terrorist financing and proliferation financing. Financial crime risk arises from day-to-day banking operations involving customers, third parties and employees.

Financial institutions remain under considerable regulatory scrutiny regarding their ability to detect and prevent financial crime as they operate in an ever-changing environment due to increasingly complex geopolitical tensions and macroeconomic factors as well as, evolving international financial crime regulations. Within the European Union, HSBC Continental Europe is actively monitoring the Regulatory changes with the implementation of the EU AML Regulation in 2027. In addition, the accessibility and increasing sophistication of generative AI brings financial crime risks. While there is potential for the technology to support financial crime detection, there is also a risk that criminals use generative AI to perpetrate fraud, particularly scams.

HSBC Continental Europe's ability to manage financial crime risk is dependent on the use and effectiveness of its financial crime risk assessments, systems and controls. Weak or ineffective financial crime processes and controls may risk HSBC Continental Europe inadvertently facilitating financial crime which may result in regulatory investigation, sanction, litigation, fines and reputational damage.

HSBC Continental Europe is required to comply with applicable financial crime laws and regulations, and has adopted various Financial Crime policies, procedures and controls aimed at preventing the exploitation of HSBC Continental Europe's products and services for criminal activity.

Furthermore, annual Global financial crime mandatory training is provided to all colleagues in HSBC Continental Europe, with additional targeted training tailored to certain individuals.

HSBC Continental Europe continues to make progress with several key financial crime risk management initiatives such as with the deployment of HSBC Continental Europe's intelligence-led, dynamic risk assessment (capability for customer account monitoring replacing rule based monitoring). The Bank is also deploying a next generation capability to increase monitoring coverage of correspondent banking type activity with successful deployments completed in France, Poland, Spain, Ireland, Malta, the Netherlands and Luxembourg.

HSBC Continental Europe remains focused on embedding these new tools and processes to be operationally effective with an ambition to decrease the time to detect potential risks.

Sanctions and trade restrictions are complex. In particular the significant sanctions and trade restrictions against Russia. In December 2023, the US established a new secondary sanctions regime, providing itself broad discretion to impose severe sanctions on non-US banks that are knowingly or even unknowingly engaged in certain transactions or services involving Russia's military-industrial base. This creates challenges associated with the detection or prevention of third-party activities beyond HSBC Continental Europe's control.

The imposition of such sanctions against any non-US HSBC entity could result in significant adverse commercial, operational and reputational consequences for HSBC Continental Europe. Lastly, in terms of internal control enhancements, HSBC Continental Europe has been making process improvements to list management and alert adjudication as these are integral to managing the rapidly changing sanctions and trade restrictions environment.

4.5 HSBC Continental Europe's risk management measures may not be successful.

Probability: Likely/Impact: Medium (unchanged from FY25).

Risk management is a core component of HSBC Continental Europe's activities. Risk reflects exposure to uncertainty and the resulting variability of returns. In practice, risk is the potential adverse impact on profitability or financial condition arising from multiple sources of uncertainty, including (non-exhaustively) credit risk, market risk, non-traded market risk, operational risk, insurance risk, concentration risk, liquidity and funding risk, litigation risk, reputational risk, strategic risk, pension risk and regulatory risk.

To manage these risks, HSBC Continental Europe uses a range of risk management tools, including:

- The Risk Map, an integrated risk management tool used to assess, monitor and report the current risk profile, including the qualitative statements, Risk Drivers and Top Risks of the Bank. It provides a point-in-time Second Line of Defence view of the enterprise-wide residual risk profile across both financial and non-financial risks, assessed against the risk appetite approved by the Board. The qualitative statements set out the top-level description of the Bank's appetite for specific risk types, defining the residual risk the Bank is willing to accept to achieve its strategic aims and the residual risk that cannot be tolerated. A Risk Driver is an issue or event that may cause risk to move outside appetite, and a Top Risk is a Risk Driver (or theme) that the Bank is actively managing, which — if not mitigated — could have a material impact. Thematic Issues are broad, overarching material matters driven by internal (e.g. internal operating environment) or external (e.g. macroeconomic factors/regulatory demands) events or trends, and typically span multiple Level 1 risk categories; and
- The Risk Appetite Statement ('RAS') combines the relevant Board-approved qualitative statements with supporting quantitative metrics (with defined intervention points) to enable ongoing monitoring, escalation and timely management action where risk moves out of appetite or out of tolerance.

▶ For further details concerning the Risk Appetite Statement – see section "HSBC Continental Europe's risk appetite" on page 22.

Whilst HSBC Continental Europe applies a broad and diversified set of risk monitoring and mitigation techniques, these methods — and the judgements involved in applying them — cannot foresee or prevent every adverse event, nor predict the precise nature, timing or scale of all potential outcomes.

As a result, any failure to identify, assess, manage, escalate and remediate risks effectively (including where exposures move outside risk appetite) could have a material adverse effect on the business, financial condition, results of operations, prospects, capital and liquidity position, strategy, operational resilience and reputation of the Bank.

5 Risks related to HSBC Continental Europe's business

5.1 Risks concerning borrower credit quality are inherent in HSBC Continental Europe's businesses.

Probability: Likely/Impact: High (unchanged from FY25).

Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties (including counterparties in derivative transactions) are inherent in a wide range of HSBC Continental Europe's businesses.

Adverse changes in the credit quality of HSBC Continental Europe's borrowers and counterparties arising from a general deterioration in economic conditions or systemic risks in the financial systems could reduce the recoverability and value of HSBC Continental Europe's assets, and result in increased credit losses.

HSBC Continental Europe estimates and recognises ECLs in its credit exposure. This process, which is critical to HSBC Continental Europe's results and financial condition, requires difficult, subjective and complex judgements, including forecasts of how the economic and geopolitical conditions, including the impact of sanctions and tariffs, and sector specific risks, might impair the ability of its borrowers to repay their loans and the ability of other counterparties to meet their obligations.

This assessment considers multiple alternative forward-looking economic conditions (including Gross Domestic Product estimates) and incorporates this into the ECL estimates to meet the measurement objective of accounting standards.

As is the case with any such assessments, HSBC Continental Europe may fail to estimate accurately the effect of factors that are identified or fail to identify other relevant factors. Further, the information HSBC Continental Europe uses to assess the creditworthiness of its counterparties may be inaccurate or incorrect.

Any failure by HSBC Continental Europe to accurately estimate the ability of its counterparties to meet their obligations could have a material adverse effect on its business, financial condition, results of operations and prospects.

The level of any material adverse effect will depend on the number of borrowers and the size of the exposures involved.

HSBC Continental Europe also continues to make use of its portfolio management processes, including an early warning system to identify and monitor the most vulnerable customers.

Refinancing risk, liquidity and potential impact of tariffs remain the key points of attention for the wholesale portfolio, in the current slower GDP growth environment. The political/geopolitical context is also challenging. HSBC Continental Europe has undertaken extensive sector deep dives and tariffs reviews to seek to identify any vulnerable counterparties.

A rolling program of sector reviews is in place.

Change in expected credit losses and other credit impairment charges was a net charge of EUR 31 million in first half of 2026 compared to a net charge of EUR 73 million in first half of 2025.

5.2 HSBC Continental Europe has significant exposure to counterparty risk.

Probability: Likely/Impact: High (unchanged from FY25).

HSBC Continental Europe is exposed to counterparties that are involved in virtually all major industries, and HSBC Continental Europe routinely executes transactions with counterparties in financial services, including central clearing counterparties, commercial banks, investment banks, mutual funds, and other institutional clients. Many of these transactions expose HSBC Continental Europe to credit risk in the event of default by a counterparty or client.

HSBC Continental Europe's ability to engage in routine transactions to fund its operations and manage its risks could be materially adversely affected by the actions and commercial soundness of other financial services institutions. Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships. Consequently, a default by, or decline in market confidence in, individual institutions, or anxiety about the financial services industry generally, can lead to further individual and/or systemic difficulties, defaults and losses.

Mandatory central clearing of OTC derivatives, including under the EU's European Market Infrastructure Regulation, poses risks to HSBC Continental Europe. As a clearing member, HSBC Continental Europe is required to underwrite losses incurred at a central counterparty by the default of other clearing members and their clients. Increased moves towards central clearing brings with it a further element of interconnectedness between clearing members and clients that HSBC Continental Europe believes may increase rather than reduce its exposure to systemic risk. At the same time, HSBC Continental Europe's ability to manage such risk itself will be reduced because control has been largely outsourced to central counterparties, and it is unclear at present how, at a time of stress, regulators and resolution authorities will intervene.

Where bilateral counterparty risk has been mitigated by taking collateral, credit risk for HSBC Continental Europe may remain high if the collateral held cannot be realised or has to be liquidated at prices that are insufficient to recover the full amount of the transaction's exposure. There is a risk that collateral cannot be realised, including situations where this arises by change of law that may influence HSBC Continental Europe's ability to foreclose on collateral or otherwise enforce contractual rights.

Liquidity and concentration of the underlying market exposure or collateral along with their potential correlation with the credit quality of the counterparty (wrong way risk) are part of the keystones of counterparty credit risk.

HSBC Continental Europe also has credit exposure arising from mitigants, such as credit default swaps, and other credit derivatives, each of which is carried at fair value. The risk of default by counterparties to credit default swaps and other credit derivatives used as mitigants affects the fair value of these instruments depending on the valuation and the perceived credit risk of the underlying instrument against which protection has been purchased.

Any such adjustments or fair value changes may have a material adverse effect on the financial condition and results of operations of HSBC Continental Europe.

Market events and their impacts on the portfolio are closely monitored as part of HSBC Continental Europe's counterparty credit risk management.

Stress testing is also a management tool used to review the HSBC Continental Europe portfolio.

As at 30 June 2026, Counterparty Risk RWAs were EUR 6.2 billion compared to EUR 5.5 billion as at 31 December 2025.

▶ For further details – see RWAs as at 30 June 2026 – table: Overview of risk weighted exposure amounts in the HSBC Continental Europe Pillar 3 document.

5.3 HSBC Continental Europe's insurance business now only via HSBC Life Assurance (Malta) Ltd is subject to risks relating to insurance lapse risk and changes in insurance customer behaviour.

Probability: Likely/Impact: Low (unchanged from FY25).

HSBC Continental Europe offers a range of life insurance products through HSBC Life Assurance (Malta) Ltd. The cost of claims and benefits may be affected by a number of factors, including mortality and morbidity experience, lapse and surrender rates and, where policies include a savings element, the performance of assets held to support the related liabilities. Adverse movements in any of these factors could materially and adversely affect HSBC Continental Europe's business, financial condition, results of operations and prospects.

HSBC Life Assurance (Malta) Ltd is exposed to lapse risk, including the risk of a single-event mass lapse. Lapses in the Protection portfolio may be influenced by the economic environment, which could affect customers' decisions on the allocation of wealth to insurance products. The unit-linked portfolio is more sensitive to market volatility and low returns. A mass lapse in this profitable portfolio would reduce expected profit; however, at HSBC Continental Europe consolidated level, any such impact is not expected to be significant.

HSBC Life Assurance (Malta) Ltd is also exposed to the risk of lower lapses on policies where premiums no longer cover the cost of risk, particularly in respect of older policies and those with longer maturities.

On 16 September 2025, HSBC Bank Malta p.l.c., the shareholder of HSBC Life Assurance (Malta) Ltd, announced that it had signed an acknowledgement relating to a put option agreement concerning the potential sale of HSBC Continental Europe's majority stake in HSBC Bank Malta p.l.c. On 22 December 2025, following completion of the employee information and consultation process in France and in line with the put option terms, HSBC Continental Europe signed a sale and purchase agreement. The transaction, which remains subject to regulatory approval is expected to complete in first half of 2027.

5.4 HSBC Continental Europe relies on recruiting, retaining and developing appropriate senior management and skilled personnel.

Probability: Likely/Impact: Medium (unchanged from FY25).

HSBC Continental Europe's businesses, functions and entities continue to be exposed to people risks linked to capacity and capability, driven by evolving strategic priorities, changing workforce skill requirements and ways of working, and the need to comply with applicable employment laws and regulations. If capacity and/or capability risks are not identified and managed proactively, this could delay delivery of strategic objectives, increase the risk of regulatory findings, legal claims or employee relations issues, and potentially contribute to poor customer outcomes.

The risk remains heightened during the ongoing period of organisational change, including continued role and operating model evolution, which can increase uncertainty, impact engagement and elevate retention risk in targeted populations. While this may increase the inherent risk profile, controls remain appropriate and no material control weaknesses have been identified during the period; the risk will continue to be monitored closely through established governance and key people metrics.

Meeting demand to recruit, retain and develop appropriate senior management and skilled personnel remains subject to several challenges, including:

- Rapidly changing skill requirements (e.g., digital, data, transformation, risk, regulatory expertise) and increased competition for scarce talent.
- Ongoing talent shortages in key markets and capabilities, particularly where individuals are globally mobile.
- The evolving regulatory landscape, including expectations on fitness and propriety, conduct, and effective oversight.
- Pay and reward competitiveness and broader macroeconomic conditions, which may influence mobility and retention.

HSBC Continental Europe's continued success and delivery of its growth strategy depends in part on the retention of key members of senior management and critical roles, the availability of skilled management across businesses and functions, and the ability to attract, train, motivate and retain highly qualified professionals – each of which may be influenced by factors beyond the Bank's control (including economic, market and regulatory conditions).

HSBC Continental Europe also maintains its ambition for greater representation of women in senior leadership roles. Failure to progress this ambition could adversely affect the Bank's ability to attract and retain qualified professionals and may impact broader culture and engagement outcomes.

A range of initiatives continued during the first half of 2026 to strengthen employee engagement, reinforce a common culture and support delivery, contributing to continued stabilisation in key indicators. Attrition remains closely monitored, with targeted focus on specific businesses and/or skill areas to identify emerging capacity and capability risks early and to support timely mitigation (e.g., succession planning, targeted retention actions, internal mobility and capability building).

As of June 2026, the overall annualised voluntary attrition rate was 4.8%, down 0.2 percentage points year-on-year, and remained within a manageable range overall, with continued attention on identified hotspots and critical roles.

6 Risks related to HSBC Continental Europe's financial statements

6.1 HSBC Continental Europe's financial statements are based in part on judgements, estimates and assumptions that are subject to uncertainty.

Probability: Unlikely/Impact: Medium (unchanged from FY25).

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, particularly those involving the use of complex models, actual results reported in future periods could differ from those on which management's estimates are based.

Estimates, judgements, assumptions and models are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

The impacts of revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Accounting policies deemed critical to HSBC Continental Europe's results and financial position are those that involve a high degree of uncertainty and have a material impact on the financial statements. In first half of 2026 these included expected credit losses, impairment of goodwill and non-financial assets, measurement of financial instruments, deferred tax assets, provisions, impairment of interests in associates, or in investments in subsidiaries, as well as held for sale classification and measurement.

The valuation of financial instruments measured at fair value can be subjective, in particular where models are used that include unobservable inputs. Given the uncertainty and subjectivity associated with measuring such instruments, future outcomes may differ materially from those assumed using information available at the reporting date.

The effect of these differences on the future results of operations and the future financial position of HSBC Continental Europe could be material. If the judgement, estimates and assumptions HSBC Continental Europe used in preparing its consolidated financial statements are subsequently found to be materially different from those assumed using information available at the reporting date, this could affect its business, prospects, financial condition and results of operations.

The measurement of expected credit losses requires the selection and calibration of complex models and the use of estimates and assumptions to incorporate relevant information about past events, current conditions and forecasts of economic conditions. In addition, significant judgement is involved in determining what is considered to be significant increases in credit risk.

The assessment of whether goodwill and non-financial assets are impaired, and the measurement of any impairment, involves the application of judgement in determining key assumptions, including discount rates, estimated cash flows for the periods for which detailed cash flows are available and projecting the long-term pattern of sustainable cash flows thereafter.

The recognition and measurement of deferred tax assets involve significant judgement regarding the probability and sufficiency of future taxable profits, taking into account the future reversal of existing taxable temporary differences and tax planning strategies, including corporate reorganizations.

The recognition and measurement of provisions involve significant judgements due to the high degree of uncertainty in determining whether a present obligation exists, and in estimating the probability and amount of any outflows that may arise.

The assessment of the held for sale criteria involved significant judgement with regards to classifying a sale as highly probable and the anticipated timing for the sale to be completed. The calculation of the fair value less cost to sell as well as any related impairment loss is subject to accounting estimates.

Managing risks

Economic, financial and geopolitical developments may materially affect the group's customers, operations and financial risk profile. HSBC Continental Europe maintains a proactive approach to managing its exposure to these risks, supported by continuous monitoring and review.

Geopolitical tensions have remained a key source of uncertainty in the first half of 2026 and continue to shape market conditions and customer risk. Developments in the Middle East have contributed to an energy shock, highlighting the ongoing risk of disruption to energy supply and knock-on effects for inflation, interest rates and confidence. While conditions have stabilized following the US–Iran Memorandum of Understanding, the situation remains fragile and is kept under close watch. The ongoing conflicts in the Middle East and the Russia-Ukraine war remain important sources of uncertainty, which may also impact HSBC Continental Europe and its customers.

HSBC Continental Europe's businesses could also be adversely affected by economic and political developments in regions of the world outside of Europe. This reflects HSBC Continental Europe's extensive business links, through members of the HSBC Group and other entities, in Asia and elsewhere. Tensions between China and the US, which may extend to involve other countries, and developments in Hong Kong, Taiwan and the surrounding maritime region, may adversely affect the HSBC Group.

Economic activity in the EU increased in the first half of 2026, but the outlook has been influenced by heightened uncertainty, including the impact of energy prices and trade-related developments. Risks to the global economy remain elevated due to uncertainty over US trade policy and the potential for additional sanctions, trade restrictions, countersanctions and other countermeasures. High uncertainty may impact financial market pricing and further erode confidence, while higher tariffs could disrupt supply chains and reduce global trade, increasing the group and its customers exposure to such developments.

Tariffs, supply chain disruptions and reduced trade may also negatively impact fee income and demand for financing, although the reconfiguration of supply chains may also present new opportunities for investment and growth. Major central banks have adjusted their policy approach in light of uncertainty and have signalled that policy decisions will remain sensitive to inflation risks and evolving geopolitical and trade developments.

Policy interest rates are expected to remain higher than in the pre-pandemic period. Higher rates may reduce loan demand across key consumer and business segments, which could lead to a deterioration in credit quality and weigh on real estate and other asset prices. Fiscal policy across major markets remains broadly supportive of growth. European governments have committed to raising defense spending, either by redirecting existing expenditure or allowing fiscal deficits to rise.

In the first half of 2026, loss impairment charges remained within appetite and management continued to monitor sector and portfolio risks, including those linked to energy-intensive and trade-dependent borrowers. HSBC Continental Europe continues to monitor, and seek to manage, the potential implications of all the above developments on its customers and its business.

▶ For further details of HSBC Continental Europe's Central and other scenarios, see 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 23.

HSBC Continental Europe remains committed to investing in the reliability and resilience of its technology systems and critical services, including its ability to withstand and respond to cyber-attacks. In its approach to defending against these threats, HSBC Continental Europe invests in business and technical controls to help the bank detect, prevent, manage and recover from issues in a timely manner within its risk appetite.

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

Risk appetite

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

Capital and liquidity remain at the core of HSBC Continental Europe's risk appetite framework, with forward-looking statements informed by stress testing.

HSBC Continental Europe continues to develop its climate risk appetite as it engages with businesses on including climate risk in decision making and starting to embed climate risk appetite into business planning.

Key developments in the first half of 2026

In the first half of 2026, HSBC Continental Europe continued to manage its risks related to macroeconomic and geopolitical uncertainties and develop risk management capabilities through the continued enhancement of its risk management framework.

HSBC Continental Europe works to maintain and build stronger relationships with regulators and other external stakeholders to support its business and customer objectives, including ongoing engagement with the ECB on remediation activities (notably in relation to model risk and regulatory reporting) and the preparation of key submissions.

HSBC Continental Europe also retained its focus on risk transformation and financial crime and continued to assess its operational resilience capability while prioritising the most significant enterprise risks.

More specifically, HSBC Continental Europe sought to enhance its risk management in the following areas:

– HSBC Continental Europe advanced its comprehensive initiative aimed at strengthening its regulatory reporting processes and making them more sustainable, including enhancements to data, consistency and controls across the process.

- Strengthened its control environment through the continued embedding of the Global Control Oversight function which established a centralised approach to controls oversight across the first line of defence business and process owners, including a globally consistent approach to control standards, aggregated reporting and testing.
- Enhanced its technology and cybersecurity controls to help improve the resilience and security of its technology services in response to the heightened external threat environment, while continuing remediation activity across vulnerability management, network security and third-party cyber risk, and preparing for evolving regulatory expectations.
- Responded to new innovations in the financial system, including the evolving use of AI through reviewing and enhancing controls across risk areas to help the Bank and its customers safely benefit from innovation.
- Enhanced its processes, framework and controls to improve the oversight of its third parties. HSBC Continental Europe has strengthened its due diligence and monitoring capabilities, with respect to the financial stability of its third parties to better manage its supply chain and continues to assess and seek to manage its operational resilience, supported by progress under the Group-led third-party risk remediation programme.
- The way HSBC Continental Europe identifies and manages its climate and nature-related risks has been further enhanced. The embeddedness across the organisation has been achieved through risk policies and guideline updates, including the refinement of climate and nature risk approach documents. Additionally, further developments of risk metrics and assessment have been undertaken to help monitor and manage exposures, including enhancements to nature-related risk assessment capabilities and the design and testing of environmental risk indicators and scoring to support integration into risk appetite. A number of climate models, as well as the nature-related model, have been reviewed and internal climate and nature scenario analysis capabilities have been enhanced.
- Continued to promote the whistleblowing service, HSBC Confidential, ensuring it is fully embedded in HSBC Continental Europe's speak-up culture. Continual enhancement is being undertaken to ensure optimum effectiveness of the operations, while maintaining adherence to regulation and legislation.
- Refreshed the conduct approach to ensure it remains clear, accessible and aligned with how HSBC Continental Europe works today, while maintaining the same strong standards and enhancing its capability to drive positive outcomes for its customers and protect the integrity of financial markets.

Credit risk

Credit risk profile

Credit risk is the risk of financial loss if a customer or counterparty fails to meet a payment obligation under a contract. It arises principally from direct lending, trade finance and leasing business, but also from off-balance sheet products such as guarantees and credit derivatives, and from the holdings of debt securities.

There were no material changes to the policies and practices for the management of credit risk in the first half of 2026. A summary of HSBC Continental Europe's current policies and practices for the management of credit risk is set out in 'Credit risk management' of the Universal Registration Document 2025.

Summary of credit risk

Measurement uncertainty and sensitivity analysis of ECL estimates

The recognition and measurement of ECL involves the use of significant judgement and estimation. HSBC Continental Europe forms multiple scenarios based on economic forecasts and distributional estimates and apply these to credit risk models to estimate future credit losses. The results are then probability-weighted to determine an unbiased ECL estimate.

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

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

Methodology

At 30 June 2026, four scenarios were used to capture the the latest economic expectations and to articulate management's view of the range of risks and potential outcomes. Scenarios are updated with the latest economic forecasts and distributional estimates in each quarter.

Three scenarios, the Upside, Central and Downside, are drawn from external consensus forecasts, market data and distributional estimates of the entire range of economic outcomes. These estimates are used as conditioning assumptions in a modelled expansion of other variables to ensure scenarios are economically coherent and internally consistent. The fourth scenario, the Downside 2, reflects management's view of severe downside risks.

The consensus Central scenario is deemed the 'most likely' scenario, and will usually attract the largest probability weighting. The consensus outer scenarios represent short-term cyclical deviations from the Central scenario, where variable paths eventually converge back to long-term trend expectations. They are calibrated to a 10% probability.

The Downside 2 explores a more extreme economic outcome than captured by the consensus scenarios. In this scenario variables do not, by design, revert to long-term trend expectations and may instead explore alternative long-term outcomes, where economic variables move permanently away from past trends. It is calibrated to a 5% probability.

In most circumstances, the alignment of weightings with the calibrated probability of scenarios is deemed appropriate for the unbiased estimation of ECL. However, management may depart from this probability-based scenario weighting approach when the economic outlook and forecasts are determined to be particularly uncertain and risks are elevated.

For the second quarter of 2026, scenario weights were adjusted to reflect greater risk and uncertainty around the Central scenario given uncertainty regarding the impact of conflict in the Middle East.

As a consequence, the consensus Upside scenario, was assigned a weight of 5%, down from 10% at 31 December 2025. Management considered the conflict had reduced upside potential given its persistent impact on confidence.

Although it was noted that the conditioning oil price assumption in the Central scenario remained uncertain, the weight assigned to the consensus Central scenario was maintained at 75%. Accordingly, the weight applied to the consensus Downside scenario was increased to 15%, from 10% at 31 December 2025, while the weight applied to the Downside 2 scenario was unchanged at 5%.

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	**Provision for ECL[1]**	Gross carrying/ nominal amount	Provision for ECL[1]
	€m	**€m**	€m	€m
Loans and advances to customers at amortised cost	**42,124**	**(600)**	43,405	(570)
Loans and advances to banks at amortised cost	**6,117**	**(1)**	5,715	—
Other financial assets measured at amortised cost	**114,109**	**—**	107,297	—
– cash and balances at central banks	**40,493**	**—**	58,092	—
– reverse repurchase agreements – non trading	**36,778**	**—**	29,308	—
– financial investments[2]	**9,731**	**—**	8,124	—
– prepayments, accrued income and other assets[3]	**27,107**	**—**	11,773	—
Assets held for sale[4]	**5,768**	**(32)**	315	—
– of which: loans and advances to customers	**3,306**	**(32)**	294	—
– of which: loans and advances to banks	**911**	**—**	13	—
Total on balance sheet	**168,118**	**(633)**	156,732	(570)
Loans and other credit-related commitments	**159,925**	**(36)**	121,407	(40)
Financial guarantees[5]	**2,323**	**(6)**	1,863	(7)
Total off-balance sheet[6]	**162,248**	**(42)**	123,270	(47)
	330,366	**(675)**	280,002	(617)

	Fair value	**Memorandum allowance for ECL[7]**	Fair value	Memorandum allowance for ECL[7]
	€m	**€m**	€m	€m
Debt instruments measured at Fair Value through Other Comprehensive Income ('FVOCI')	**19,843**	**—**	19,833	(3)

1 The total ECL is recognised in the loss allowance for the financial asset unless the total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognised as a provision.
2 Includes only financial investments measured at amortised cost. 'Financial investments' as presented within the consolidated balance sheet on page 37 includes financial assets measured at amortised cost and debt and equity instruments measured at fair value through other comprehensive income.
3 Includes only those financial instruments which are subject to the impairment requirements of IFRS 9. 'Prepayments, accrued income and other assets' as presented within the consolidated balance sheet on page 37 comprises both financial and non-financial assets, including cash collateral and settlement accounts.
4 Includes carrying amount of EUR 5.2 billion for HSBC Bank Malta p.l.c. and EUR 0.6 billion (EUR 0.3 billion 31 December 2025) custody and fund administration business in Germany. Refer to Note 11 'Assets held for sale, liabilities of disposal groups held for sale and discontinued operations' on page 52.
5 Excludes performance guarantee contracts to which the impairment requirements of IFRS 9 are not applied.
6 Represents the maximum amount at risk should the contracts be fully drawn upon and clients default.
7 Debt instruments measured at FVOCI continue to be measured at fair value with the allowance for ECL as a memorandum item. Change in ECL is recognised in 'Change in expected credit losses and other credit impairment charges' in the income statement.

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

	Gross carrying/nominal amount[1]					Provision for ECL					ECL coverage %				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%	%	%	%
Loans and advances to customers at amortised cost	36,061	4,721	1,341	1	42,124	(30)	(74)	(496)	—	(600)	0.1	1.6	37.0	—	1.4
– personal	755	—	21	—	776	—	—	(12)	—	(12)	—	—	57.1	—	1.5
– corporate and commercial	24,989	3,885	1,202	1	30,077	(25)	(70)	(466)	—	(561)	0.1	1.8	38.8	—	1.9
– non-bank financial institutions	10,317	836	118	—	11,271	(5)	(4)	(18)	—	(27)	—	0.5	15.3	—	0.2
Loans and advances to banks at amortised cost	6,081	35	1	—	6,117	—	—	(1)	—	(1)	—	—	100.0	—	—
Other financial assets measured at amortised cost	114,092	15	2	—	114,109	—	—	—	—	—	—	—	—	—	—
Assets held for sale[2]	5,524	174	70	—	5,768	(9)	(6)	(17)	—	(32)	—	3.4	24.3	—	0.6
Loan and other credit-related commitments	155,864	3,962	99	—	159,925	(10)	(11)	(15)	—	(36)	—	0.3	15.2	—	—
– personal	325	4	—	—	329	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	52,879	3,042	99	—	56,020	(8)	(10)	(15)	—	(33)	—	0.3	15.2	—	0.1
– financial	102,660	916	—	—	103,576	(2)	(1)	—	—	(3)	—	0.1	—	—	—
Financial guarantees[3]	2,219	74	30	—	2,323	(2)	(3)	(1)	—	(6)	0.1	4.1	3.3	—	0.3
– personal	20	—	—	—	20	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	921	60	30	—	1,011	(2)	(3)	(1)	—	(6)	0.2	5.0	3.3	—	0.6
– financial	1,278	14	—	—	1,292	—	—	—	—	—	—	—	—	—	—
At 30 Jun 2026	319,841	8,981	1,543	1	330,366	(51)	(94)	(530)	—	(675)	—	1.0	34.3	—	0.2

1 Represents the maximum amount at risk should the contracts be fully drawn down and clients default.
2 Includes carrying amount of EUR 5.2 billion for HSBC Bank Malta p.l.c. and EUR 0.6 billion custody and fund administration business in Germany. Refer to Note 11 'Assets held for sale, liabilities of disposal groups held for sale and discontinued operations' on page 52.
3 Excludes performance guarantee contracts to which the impairment requirements of IFRS 9 are not applied.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due and are transferred from stage 1 to stage 2.

The table below presents the breakdown of stage 2 financial assets between those less than 30 and more than 30 days past due and therefore presents those financial assets classified as stage 2 due to ageing (30 days past due) and those identified at an earlier stage (less than 30 days past due).

Past due financial instruments are those loans where customers have failed to make payments in accordance with the contractual terms of their facilities.

Stage 2 days past due analysis at 30 June 2026

	Gross carrying amount			Provision for ECL			ECL coverage %		
	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]
	€m	€m	€m	€m	€m	€m	%	%	%
Loans and advances to customers at amortised cost:	4,721	170	47	(74)	—	—	1.6	—	—
– personal	—	—	—	—	—	—	—	—	—
– corporate and commercial	3,885	19	46	(70)	—	—	1.8	—	—
– non-bank financial institutions	836	151	1	(4)	—	—	0.5	—	—
Loans and advances to banks at amortised cost	35	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost	15	—	1	—	—	—	—	—	—
Assets held for sale	174	30	2	(6)	(1)	—	3.4	3.3	—

1 Days past due ('DPD'), amounts presented above are on contractual basis.
2 Up-to-date accounts in stage 2 are not shown in amounts presented above.

Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector at 31 December 2025

	Gross carrying/nominal amount[1]					Provision for ECL					ECL coverage %				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%	%	%	%
Loans and advances to customers at amortised cost	38,215	3,829	1,360	1	43,405	(45)	(71)	(454)	—	(570)	0.1	1.9	33.4	—	1.3
– personal	2,571	134	65	—	2,770	(4)	(3)	(21)	—	(28)	0.2	2.2	32.3	—	1.0
– corporate and commercial	26,010	3,078	1,257	1	30,346	(36)	(65)	(415)	—	(516)	0.1	2.1	33.0	—	1.7
– non-bank financial institutions	9,634	617	38	—	10,289	(5)	(3)	(18)	—	(26)	0.1	0.5	47.4	—	0.3
Loans and advances to banks at amortised cost	5,691	24	—	—	5,715	—	—	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost	107,273	16	8	—	107,297	—	—	—	—	—	—	—	—	—	—
Assets Held for sale[2]	315	—	—	—	315	—	—	—	—	—	—	—	—	—	—
Loan and other credit-related commitments	118,422	2,881	104	—	121,407	(15)	(13)	(12)	—	(40)	—	0.5	11.5	—	—
– personal	312	5	—	—	317	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	53,224	2,622	104	—	55,950	(13)	(12)	(12)	—	(37)	—	0.5	11.5	—	0.1
– financial	64,886	254	—	—	65,140	(2)	(1)	—	—	(3)	—	0.4	—	—	—
Financial guarantees[3]	1,694	131	38	—	1,863	(1)	(5)	(1)	—	(7)	0.1	3.8	2.6	—	0.4
– personal	17	—	—	—	17	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	684	127	38	—	849	(1)	(5)	(1)	—	(7)	0.1	3.9	2.6	—	0.8
– financial	993	4	—	—	997	—	—	—	—	—	—	—	—	—	—
At 31 Dec 2025	271,610	6,881	1,510	1	280,002	(61)	(89)	(467)	—	(617)	—	1.3	30.9	—	0.2

1 Represents the maximum amount at risk should the contracts be fully drawn down and clients default.
2 Includes carrying amount of EUR 0.3 billion for custody and fund administration business in Germany.
3 Excludes performance guarantee contracts to which the impairment requirements of IFRS 9 are not applied.

Stage 2 days past due analysis at 31 December 2025

	Gross carrying amount			Provision for ECL			ECL coverage %		
	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]
	€m	€m	€m	€m	€m	€m	%	%	%
Loans and advances to customers at amortised cost[1]	3,829	48	35	(71)	—	—	1.9	—	—
– personal	134	15	3	(3)	—	—	2.2	—	—
– corporate and commercial	3,078	31	22	(65)	—	—	2.1	—	—
– non-bank financial institutions	617	2	10	(3)	—	—	0.5	—	—
Loans and advances to banks at amortised cost	24	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost	16	1	1	—	—	—	—	—	—
Assets held for sale	—	—	—	—	—	—	—	—	—

1 Days past due ('DPD'), amounts presented above are on contractual basis.
2 Up-to-date accounts in stage 2 are not shown in amounts presented above.

Stage 2 decomposition at 30 June 2026

The following disclosure presents the stage 2 decomposition of gross carrying amount and allowances for ECL for loans and advances to customers.

The table below discloses the reason why an exposure moved into stage 2, and thus presented a significant increase in credit risk since origination.

The Quantitative classification shows when the relevant reporting date Probability of Default ('PD') measures exceeds the defined quantitative thresholds for retail and wholesale exposures, as set out in Note 1.2 'Summary of material accounting policies', on page 199 of the 2025 Universal Registration Document.

The Qualitative classification primarily accounts for CRR deterioration, watch & worry and retail management judgemental adjustments.

► For further details on HSBC Continental Europe's approach to the assessment of significant increase in credit risk, see Note 1.2 'Summary of material accounting policies' on page 199 of the Universal Registration Document 2025.

Stage 2 Decomposition at 30 June 2026

Loans and advances to customers	Gross carrying value				Provision for ECL				ECL Coverage %
	Personal	Corporate and commercial	Non-bank financial institutions	Total	Personal	Corporate and commercial	Non-bank financial institutions	Total	Total
	€m	€m	€m	€m	€m	€m	€m	€m	%
Quantitative	—	**1,652**	**244**	**1,896**	—	**(19)**	**(2)**	**(21)**	**1.1**
Qualitative	—	**2,211**	**591**	**2,802**	—	**(51)**	**(2)**	**(53)**	**1.9**
30 days past due backstop	—	**22**	**1**	**23**	—	—	—	—	—
Total stage 2	—	**3,885**	**836**	**4,721**	—	**(70)**	**(4)**	**(74)**	**1.6**

Stage 2 Decomposition at 31 December 2025

Loans and advances to customers	Gross carrying value				Provision for ECL				ECL Coverage %
	Personal	Corporate and commercial	Non-bank financial institutions	Total	Personal	Corporate and commercial	Non-bank financial institutions	Total	Total
	€m	€m	€m	€m	€m	€m	€m	€m	%
Quantitative	134	1,449	28	1,611	(3)	(34)	(1)	(38)	2.4
Qualitative	—	1,608	579	2,187	—	(31)	(2)	(33)	1.5
30 days past due backstop	—	21	10	31	—	—	—	—	—
Total stage 2	134	3,078	617	3,829	(3)	(65)	(3)	(71)	1.9

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees[1]

	Non-credit impaired				Credit impaired				Total	
	Stage 1		Stage 2		Stage 3		POCI			
	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2026	**112,960**	**(61)**	**6,864**	**(89)**	**1,502**	**(467)**	**1**	—	**121,327**	**(617)**
Transfers of financial instruments	**(1,866)**	**(12)**	**1,666**	**15**	**200**	**(3)**	—	—	—	—
– transfers from stage 1 to stage 2	**(4,396)**	**5**	**4,396**	**(5)**	—	—	—	—	—	—
– transfers from stage 2 to stage 1	**2,601**	**(16)**	**(2,601)**	**16**	—	—	—	—	—	—
– transfers to stage 3	**(106)**	—	**(156)**	**4**	**262**	**(4)**	—	—	—	—
– transfers from stage 3	**35**	**(1)**	**27**	—	**(62)**	**1**	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	**10**	—	**(15)**	—	**(1)**	—	—	—	**(6)**
Net new and further lending/ repayments	**1,385**	**4**	**442**	**5**	**(158)**	**27**	—	—	**1,669**	**36**
Changes to risk parameters – credit quality	—	**7**	—	**(12)**	—	**(87)**	—	—	—	**(92)**
Changes to model used for ECL calculation	—	—	—	**1**	—	—	—	—	—	**1**
Assets written off	—	—	—	—	**(5)**	**5**	—	—	**(5)**	**5**
Credit-related modifications that resulted in derecognition	—	—	—	—	—	—	—	—	—	—
Foreign exchange	**(7)**	—	—	—	**(1)**	—	—	—	**(8)**	—
Others	**1,538**	—	—	**1**	**(1)**	**(5)**	—	—	**1,537**	**(4)**
Assets held for sale[2]	**(3,269)**	**10**	**(180)**	**6**	**(67)**	**18**	—	—	**(3,516)**	**34**
At 30 Jun 2026	**110,741**	**(42)**	**8,792**	**(88)**	**1,470**	**(513)**	**1**	—	**121,004**	**(643)**
ECL release/(charge) for the period		**21**		**(21)**		**(61)**		—		**(61)**
Recoveries										—
Others										**21**
Total ECL release/(charge) for the period										**(40)**

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees[1] (continued)

	At 30 Jun 2026		Half-year ended 30 Jun 2026
	Gross carrying/ nominal amount	Provision for ECL	ECL release/ (charge)
	€m	€m	€m
As above	**121,004**	**(643)**	**(40)**
Other financial assets measured at amortised cost	**114,109**	**—**	**—**
Assets held for sale[3]	**5,768**	**(32)**	**—**
Non-trading reverse purchase agreement commitments	**89,485**	**—**	**—**
Performance and other guarantees not considered for IFRS 9			**6**
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/Summary consolidated income statement	**330,366**	**(675)**	**(34)**
Debt instruments measured at FVOCI	**19,843**	**—**	**3**
Total Provision for ECL/total income statement Provision for ECL charge for the period	**350,209**	**(675)**	**(31)**

1 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.
2 Includes amounts classified as held for sale, related to the planned sale of HSBC Bank Malta p.l.c.
3 Includes carrying amount of EUR 5.2 billion for HSBC Bank Malta p.l.c. and EUR 0.6 billion custody and fund administration business in Germany. Refer to Note 11 ‘Assets held for sale, liabilities of disposal groups held for sale and discontinued operations’ on page 52.

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees[1]

	Non-credit impaired				Credit impaired					
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2025	118,927	(51)	8,244	(101)	1,786	(376)	1	—	128,958	(528)
Transfers of financial instruments	(882)	(28)	518	46	364	(18)	—	—	—	—
– transfers from stage 1 to stage 2	(7,293)	7	7,293	(7)	—	—	—	—	—	—
– transfers from stage 2 to stage 1	6,533	(35)	(6,533)	35	—	—	—	—	—	—
– transfers to stage 3	(252)	—	(475)	22	727	(22)	—	—	—	—
– transfers from stage 3	130	—	233	(4)	(363)	4	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	27	—	(22)	—	—	—	—	—	5
Net new and further lending/repayments	2,209	(7)	(1,662)	33	(558)	40	—	—	(11)	66
Changes to risk parameters – credit quality	—	(9)	—	(71)	—	(179)	—	—	—	(259)
Changes to model used for the provision for ECL calculation	—	4	—	23	—	—	—	—	—	27
Assets written off	—	—	—	—	(73)	73	—	—	(73)	73
Credit-related modifications that resulted in derecognition	—	—	—	—	—	—	—	—	—	—
Foreign exchange	14	—	(4)	—	—	—	—	—	10	—
Others	(6,480)	3	(230)	3	(17)	(7)	—	—	(6,727)	(1)
Assets classified as held for sale[2]	(828)	—	(2)	—	—	—	—	—	(830)	—
At 31 Dec 2025	112,960	(61)	6,864	(89)	1,502	(467)	1	—	121,327	(617)
ECL release/(charge) for the period		15		(37)		(139)		—		(161)
Recoveries										6
Others	—	—	—	—	—	—	—	—	—	(11)
Total ECL release/(charge) for the period										(166)

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees[1] (continued)

	At 31 Dec 2025		12 months ended 31 Dec 2025
	Gross carrying/ nominal amount	Provision for ECL	ECL release/ (charge)
	€m	€m	€m
As above	121,327	(617)	(166)
Other financial assets measured at amortised cost	107,297	—	—
Assets held for sale[3]	315	—	—
Non-trading reverse purchase agreement commitments	51,063	—	—
Performance and other guarantees to which IFRS 9 is not applied			1
Summary of financial instruments to which the impairment requirements of IFRS 9 are applied/ Summary consolidated income statement	280,002	(617)	(165)
Debt instruments measured at FVOCI	19,833	(3)	(1)
Total allowance for ECL/total income statement ECL charge for the period	299,835	(620)	(166)

1 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.
2 Includes amounts classified as held for sale, related to the planned sale of custody business in Germany.
3 Includes carrying amount of EUR 0.3 billion for custody and fund administration business in Germany.

Treasury risk

Overview

Treasury risk is the risk of having insufficient capital, liquidity or funding resources to meet financial obligations and satisfy regulatory requirements. Treasury risk also includes the risk to HSBC Continental Europe's earnings or capital due to structural foreign exchange exposures and changes in market interest rates.

Treasury risk arises from changes to the respective resources and risk profiles driven by customer behaviour, management decisions or the external environment.

Approach and policy

HSBC Continental Europe's objective in the management of treasury risk is to maintain appropriate levels of capital, liquidity, funding, foreign exchange and market risk to support its business strategy, and meet our regulatory and stress testing-related requirements.

HSBC Continental Europe's approach to treasury management is driven by its strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. HSBC Continental Europe aims to maintain a strong capital and liquidity base to support the risks inherent in business activities, and invest in accordance with its strategy, meeting regulatory requirements at all times.

HSBC Continental Europe's policy is underpinned by the risk management framework, the Internal Capital Adequacy Assessment Process ('ICAAP') and the Internal Liquidity Adequacy Assessment Process ('ILAAP'). The risk framework incorporates a number of measures aligned to the assessment of risks for both internal and regulatory purposes.

These risks include credit, market, operational, pensions, structural foreign exchange and interest rate risk in the banking book.

The ECB is the supervisor of the Bank and sets capital requirements and receives information on the capital and liquidity adequacy.

Governance

Capital, liquidity, funding, interest rate risk in the banking book and non-trading book foreign exchange risk are the responsibility of the HSBC Continental Europe Chief Financial Officer and are overseen by the HSBC Continental Europe Board. Treasury risks are managed through the HSBC Continental Europe Asset Liability and Capital Management Committee ('ALCO').

A summary of HSBC Continental Europe's current policies and practices regarding the management of treasury risk is set out on pages 165 to 170 of the Universal Registration Document 2025.

Pillar 3 market discipline

Pillar 3 of the Basel regulatory framework is related to market discipline and aims to make financial services firms more transparent by requiring publication of wide-ranging information on their risks, capital and management.

▶ For further details, refer to HSBC Continental Europe's Pillar 3 disclosures, which are available at www.hsbc.com/investors.

Capital

Overview

HSBC Continental Europe's objective in managing its capital is to maintain appropriate levels of capital to support its business strategy and meet regulatory and stress testing-related requirements.

A summary of HSBC Continental Europe's policies and practices regarding capital management, measurement and allocation is provided on page 167 of the Universal Registration Document 2025.

Regulatory requirements

The minimum capital requirement under Pillar 2 ('P2R') for HSBC Continental Europe on a consolidated basis stands at 2.75 per cent in 2026, unchanged to 2025. Under the Capital Requirements Directive ('CRD'), the P2R should be held in the form of 56.25 per cent of CET1 and 75 per cent of Tier 1, as a minimum.

The average countercyclical capital buffer ('CCyB') stands at the level of 1.0 per cent at the end of June 2026, after 0.9 per cent at year end 2025.

At the end of June 2026, HSBC Continental Europe's overall requirement in respect of total capital is 14.5 per cent, unchanged to 2025. The Overall Capital Requirement ('OCR') is composed of the 8 per cent minimum capital in respect of article 92.1 of the 575/2013 Regulation, the 2.5 per cent for the Capital Conservation buffer ('CCB') in respect of article 129 of the 2013/36 Directive, the 1 per cent Countercyclical buffer ('CCyB') mentioned above, the 0.25 per cent Other Systemically Important Institution buffer ('O-SII') in force since 1 January 2022 as per the decision from the ACPR and the 2.75 per cent Pillar 2 requirement mentioned above.

As at 30 June 2026, the overall requirement in respect of Common equity tier 1 is 9.76 per cent, excluding Pillar 2 Guidance ('P2G').

Regulatory developments

Refer to 'Regulatory Environment' section on page 5.

Key capital, liquidity and funding numbers (Unaudited)

	At		
	30 Jun 2026	31 Dec 2025	30 Jun 2025
	€m	€m	€m
Available own funds (amounts)[1]			
Common Equity Tier 1 ('CET1') capital	**9,742**	9,875	10,461
Tier 1 capital	**10,985**	11,117	11,903
Total capital	**12,906**	13,018	13,383
Risk-weighted exposure amounts[1]			
Total risk exposure amount	**63,215**	63,153	70,565
Total risk exposure pre-floor	**63,215**	63,153	70,565
Capital ratios (as a percentage of risk-weighted exposure amount)[1]			
Common Equity Tier 1 ratio (%)	**15.4**	15.6	14.8
Common Equity Tier 1 ratio considering unfloored TREA (%)	**15.4**	15.6	14.8
Tier 1 ratio (%)	**17.4**	17.6	16.9
Tier 1 ratio considering unfloored TREA (%)	**17.4**	17.6	16.9
Total capital ratio (%)	**20.4**	20.6	19.0
Total capital ratio considering unfloored TREA (%)	**20.4**	20.6	19.0
Leverage ratio			
Total exposure measure	**250,199**	256,275	249,202
Leverage ratio (%)	**4.4**	4.3	4.8
Liquidity Coverage Ratio[2]			
Total high-quality liquid assets ('HQLA') (Weighted value-average)	**91,854**	87,884	79,803
Cash outflows – Total weighted value	**95,974**	91,858	85,980
Cash inflows – Total weighted value	**35,111**	31,899	30,675
Total net cash outflows (adjusted value)	**60,863**	59,959	55,305
Liquidity coverage ratio (%)	**151**	147	144
Net Stable Funding Ratio ('NSFR')			
Total available stable funding	**87,954**	85,358	83,525
Total required stable funding	**54,920**	52,023	57,798
NSFR ratio (%)	**160**	164	145

1 The comparatives have been restated to reflect the impact of a correction on total risk-weighted assets ("RWAs") related to certain specific transactions.
2 These values and ratios are disclosed as averages in line with CRR reporting requirements.

Composition of regulatory own funds (Unaudited)

	30 Jun 2026	31 Dec 2025
	€m	€m
Common equity tier 1 ('CET1') capital: instruments and reserves		
Capital instruments and the related share premium accounts	**8,075**	8,075
– of which: share premium account	**6,747**	6,747
Retained earnings	**1,435**	2,103
Accumulated other comprehensive income (and other reserves)	**1,494**	1,529
Minority interests (amount allowed in consolidated CET1)	**71**	77
Independently reviewed interim net profits net of any foreseeable charge or dividend	**—**	—
Common equity tier 1 ('CET1') capital before regulatory adjustments[1]	**11,075**	11,784
Total regulatory adjustments to Common Equity Tier 1 ('CET1')[1]	**(1,333)**	(1,909)
Common Equity Tier 1 ('CET1') capital[1]	**9,742**	9,875
Additional tier 1 ('AT1') capital before regulatory adjustments	**1,243**	1,242
Total regulatory adjustments to Additional tier 1 ('AT1') capital	**—**	—
Additional tier 1 ('AT1') capital	**1,243**	1,242
Tier 1 capital (T1 = CET1 + AT1)[1]	**10,985**	11,117
Tier 2 ('T2') capital before regulatory adjustments	**1,921**	1,901
Total regulatory adjustments to Tier 2 ('T2') capital	**—**	—
Tier 2 ('T2') capital	**1,921**	1,901
Total capital (TC = T1 + T2)	**12,906**	13,018
Total risk exposure amount[1]	**63,215**	63,153

1 The comparatives have been restated to reflect the impact of a correction on total risk-weighted assets ("RWAs") related to certain specific transactions.

HSBC Continental Europe's common equity Tier 1 capital has remained broadly unchanged during the first half of 2026. HSBC Continental Europe's reported profit for the period of EUR 35 million has not been verified for inclusion in CET1.

RWA movement by global business by key driver (Unaudited)

	Total RWA 1 Jan 2026 to 30 Jun 2026 €m
RWAs at 1 January[1]	**63,153**
Asset size	**2,193**
Asset quality	**(616)**
Model updates	**(85)**
Methodology and policy	**19**
Acquisitions and Disposals	**—**
Foreign exchange movement	**(138)**
Other	**(1,311)**
Total RWA movement	**62**
RWAs at 30 Jun	**63,215**
RWAs by global business	
Corporate and Institutional Banking	**57,133**
International Wealth and Premier Banking	**3,520**
Corporate Centre	**2,562**

1 The opening balance has been restated to reflect the impact of a correction on total risk-weighted assets ("RWAs") related to certain specific transactions.

Leverage Ratio at 30 June (Unaudited)

	At	
	30 Jun 2026	31 Dec 2025
	€m	€m
Tier 1 Capital[1]	**10,985**	11,117
Leverage Exposure	**250,199**	256,275
Leverage ratio %	**4.4**	4.3

1 The comparatives have been restated to reflect the impact of a correction on total risk-weighted assets ("RWAs") related to certain specific transactions.

Liquidity and funding risk management

Liquidity and funding risk management framework

Liquidity risk is the risk that HSBC Continental Europe does not have sufficient financial resources to meet its obligations as they fall due, or will have to access such resources at excessive cost. The risk arises from mismatches in the timing of cash flows or when the funding needed for illiquid asset positions cannot be obtained at the expected terms as and when required.

HSBC Group has an internal liquidity and funding risk management framework which aims to allow it to withstand liquidity stresses. It is designed to be adaptable to changing business models, markets and regulations. The management of liquidity and funding is undertaken in compliance with the HSBC Group's framework and with practices and limits set through by the Risk Management Meeting ('RMM') and approved by the Board.

HSBC Continental Europe aims to ensure that management has oversight of liquidity and funding risks through robust governance, in line with HSBC Continental Europe's risk management framework. HSBC Continental Europe manages liquidity and funding risk at an operating entity level, in accordance with globally consistent policies, procedures and reporting standards. This ensures that obligations can be met in a timely manner, in the jurisdiction where they fall due.

The HSBC Group requires operating entities to meet internal minimum requirements and any applicable regulatory requirements at all times. These requirements are assessed through HSBC Continental Europe's internal liquidity adequacy assessment process ('ILAAP'), which ensures that operating entities have robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons, including intra-day. The ILAAP informs the validation of risk tolerance and the setting of risk appetite. It also assesses the capability to manage liquidity and funding effectively. These metrics are set and managed locally but are subject to robust global review and challenge to ensure consistency of approach and application of the HSBC Group's policies and controls.

The Liquidity Coverage Ratio, the Internal Liquidity Metric and the Net Stable Funding Ratio are key components of the Liquidity and Funding Risk Framework.

Interest-rate risk in the banking book

Interest rate risk in the banking book ('IRRBB') is the risk of an adverse impact to earnings or capital due to changes in market interest rates. It is generated by HSBC Continental Europe's non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent.

Risk management and governance

Our Global IRRBB risk management framework is designed to ensure that all material sources of IRRBB are identified, measured, managed, and monitored, with robust policies and frameworks in place.

Interest rate risk that can be economically hedged is transfered centrally in order to be managed and hedged. Any interest rate risk that cannot be economically hedged is not transferred and will remain within the global business from where the risks originate. Hedging is generally executed through interest rate derivatives or fixed-rate bonds.

The primary driver of interest rate risk in the banking book in HSBC is the repricing mismatch between interest rate sensitive assets, and rate insensitive liabilities and equity. The Structural Hedge is the tool to manage and mitigate this variability by smoothing the impact of market rate movements over the medium term. The Structural Hedge is a portfolio of fixed rate assets, including bonds, derivatives and customer lending. The size and duration of the Structural Hedge is constrained in certain currencies and entities by financial resource availability and market capacity.

Our IRRBB risks are measured and managed using a combination of economic value and earnings-based measures to ensure that the balance between stabilising earnings and generating value sensitivity is managed appropriately. These metrics measure IRRBB risks across the banking book, to support the overall monitoring against risk appetite, including:

- Banking Net Interest Income ('BNII') Sensitivity; and
- Economic Value of Equity ('EVE') Sensitivity.

Key risk drivers

The bank's interest rate risk in the banking book can be segregated into the following drivers:

- Gap risk – also known as Duration Risk or Repricing Risk – arises from the term structure of banking book instruments, and describes the risk arising from the timing of instruments' rate changes. The extent of gap risk depends on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk);
- Basis risk describes the impact of relative changes in interest rates for financial instruments that have similar tenors but are priced using different interest rate indices; and
- Option risk arises from option derivative positions or from optional elements embedded in a bank's assets, liabilities and/or off balance sheet items, where the bank or its customer can alter the level and timing of their cash flows.

Banking Net Interest Income sensitivity

Banking Net Interest Income ('BNII') Sensitivity analyses the sensitivity of our banking net interest income to interest rate shocks. This metric includes the sensitivity arising from the use of banking book liabilities to fund trading assets.

The sensitivities represent a hypothetical simulation of the base case BNII, assuming a static balance sheet (specifically no assumed migration from current account to term deposits), and no management actions from Treasury. This also incorporates the effect of interest rate behaviouralisation, hypothetical managed rate product pricing assumptions, prepayment of mortgages and deposit stability. The sensitivity calculations exclude pensions, insurance exposures, and our interest in associates.

A principal part of our management of non-traded interest rate risk is to monitor the sensitivity of expected BNII under varying interest rate scenarios (simulation modelling), where all other economic variables are held constant.

Economic Value of Equity sensitivity

Economic Value of Equity ('EVE') represents the present value of the future banking book cash flows that could be distributed to equity holders under a managed run-off scenario.

This equates to the current book value of equity plus the present value of future NII in this scenario. EVE can be used to assess the economic capital required to support interest rate risk in the banking book. An EVE sensitivity represents the expected movement in EVE due to pre-specified interest rate shocks, where all other economic variables are held constant. HSBC Continental Europe is required to monitor EVE sensitivities as a percentage of capital resources.

Market risks

Market risks in the first half of 2026

The first half of 2026 has been heavily influenced by the conflict in the Middle East. Although the initial phase of the crisis unsettled financial markets and drove a sharp rise in volatility, concerns faded relatively quickly and risk appetite returned. Market behaviour has echoed the tariff episode in second quarter of 2025: the first shock moved asset prices, but markets soon rebounded and became largely desensitised to shifting headlines.

Despite the extended closure of the Strait of Hormuz and the resulting spikes in oil prices, European inflation has remained contained at around 3%. Central banks have responded in a measured way. The ECB increased the deposit rate to 2.25% from 2.00%, with President Lagarde signalling caution on any further tightening given the fragility of European economies.

Overall, equity markets have advanced over the period, with the European index up 8%. Fixed income has also remained resilient: sovereign spreads are largely unchanged since the conflict began, while corporate and financial credit spreads are still near historically low levels. A surprisingly hawkish tone from Kevin Warsh at the latest Federal Reserve meeting pushed US Treasury yields higher, with the two-year yield at 4.17% versus 3.47% in January. This helped accelerate the sell-off in gold, which is now around 40% below its peak earlier this year. The US dollar also strengthened against other currencies.

Value at Risk ('VaR')

Trading portfolios

Value at Risk of the trading portfolio

Trading VaR predominantly resides within Corporate and Institutional Banking. The Total VaR has been broadly in line with strict control of RWA consumption targets.

HSBC Continental Europe Total trading VaR by risk type

	Foreign exchange	Interest rate	Equity	Credit spread	Commodity	Portfolio diversification	Total
	€m	€m	€m	€m	€m	€m	€m
Balance at 30 Jun 2026	**1.19**	**3.40**	**1.79**	**2.10**	**0.05**	**(3.27)**	**5.27**
Average	**0.88**	**2.81**	**1.94**	**1.99**	**0.13**	**(2.78)**	**4.98**
Maximum	**1.26**	**5.01**	**3.07**	**2.76**	**0.82**	**(3.83)**	**7.00**
Balance at 31 Dec 2025	0.74	2.61	1.96	1.33	0.66	(3.40)	3.90
Average	0.84	2.54	2.13	1.20	0.10	(2.72)	4.10
Maximum	1.68	4.56	3.24	1.92	0.66	(3.70)	7.03

Non-trading portfolios

Value at Risk of the non-trading portfolio

Non-trading VaR is driven mainly by the High Liquid Asset Buffer exposures.

HSBC Continental Europe Total non-trading VaR by risk type

	Foreign exchange	Interest rate	Equity	Credit spread	Portfolio diversification	Total
	€m	€m	€m	€m	€m	€m
Balance at 30 Jun 2026	**—**	**13.17**	**—**	**14.98**	**(2.98)**	**25.17**
Average	**—**	**13.98**	**—**	**15.55**	**(4.36)**	**25.17**
Maximum	**—**	**18.58**	**—**	**16.79**	**(7.41)**	**28.38**
Balance at 31 Dec 2025	—	18.68	—	14.74	(5.19)	28.22
Average	—	11.85	0.53	15.18	(5.55)	22.01
Maximum	—	20.14	1.34	17.28	(8.63)	29.37

Condensed financial statements

Contents

Notes on the condensed financial statements

Contents

Consolidated income statement

		Half-year to	
		30 Jun 2026	30 Jun 2025[1]
	Notes	**€m**	€m
Continuing operations			
Net interest income		**543**	628
– interest income		**3,051**	3,131
– interest expense		**(2,508)**	(2,503)
Net fee income	3	**556**	637
– fee income		**873**	976
– fee expense		**(317)**	(339)
Net income/(expense) from financial instruments held for trading or managed on a fair value basis		**402**	463
Changes in fair value of designated debt and related derivatives		**1**	—
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss		**(3)**	36
Gains less losses from financial investments		**9**	9
Gains/(losses) recognised on assets held for sale		**13**	(2)
Other operating income		**59**	36
Net operating income before change in expected credit losses and other credit impairment charges		**1,580**	1,807
Change in expected credit losses and other credit impairment charges		**(31)**	(73)
Net operating income		**1,549**	1,734
Total operating expenses		**(1,162)**	(1,292)
– employee compensation and benefits		**(456)**	(687)
– general and administrative expenses		**(621)**	(588)
– depreciation and impairment of property, plant and equipment and right of use assets		**(26)**	(52)
– amortisation and impairment of intangible assets and goodwill impairment		**(59)**	35
Profit/(loss) before tax		**387**	442
Tax expense		**(114)**	(73)
Profit/(loss) after tax in respect of continuing operations		**273**	369
Profit/(loss) after tax in respect of discontinued operations		**(227)**	4
Profit/(loss) for the period		**46**	373
Attributable to:			
– shareholders of the parent company		**35**	360
– non-controlling interests in respect of continuing operations		**—**	1
– non-controlling interests in respect of discontinued operations		**11**	12

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

Consolidated statement of comprehensive income

	Half-year to	
	30 Jun 2026	30 Jun 2025[1]
	€m	€m
Profit/(loss) for the period from continuing operations	**273**	369
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:	**(3)**	30
– fair value gains/(losses)	**8**	51
– fair value losses/(gains) transferred to the income statement on disposal	**(9)**	(9)
– expected credit losses recognised in income statement	**(2)**	—
– income taxes	**—**	(12)
Cash flow hedges:	**(39)**	33
– fair value gains/(losses)	**(34)**	18
– fair value gains/(losses) reclassified to the income statement	**(19)**	27
– income taxes	**14**	(12)
Exchange differences and other	**(2)**	5
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit asset/liability:	**8**	1
– before income taxes	**11**	2
– income taxes	**(3)**	(1)
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk:	**41**	49
– before income taxes	**56**	66
– income taxes	**(15)**	(17)
Equity instruments designated at fair value through other comprehensive income:	**—**	1
– fair value gains/(losses)	**—**	1
– income taxes	**—**	—
Other comprehensive income/(expense) for the period, net of tax	**5**	119
Total comprehensive income/(expense) for the period from continuing operations	**278**	488
Total comprehensive income/(expense) for the period from discontinued operations[2]	**(228)**	(1,199)
Attributable to:		
– shareholders of the parent company	**39**	(725)
– non-controlling interests in respect of continuing operations	**—**	1
– non-controlling interests in respect of discontinued operations	**11**	13
Total comprehensive income/(expense) for the period	**50**	(711)

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.
2 Total comprehensive income/(expense) from discontinued operations for 2025 includes EUR 1.2 billion fair value pre-tax loss upon re-classification of retained retail portfolio to a hold-to collect-and-sell business model from 1 January 2025 and measured prospectively from the first quarter of 2025 at fair value through other comprehensive income.

Consolidated balance sheet

		At	
		30 Jun 2026	31 Dec 2025
	Notes	**€m**	€m
Assets			
Cash and balances at central banks		**40,493**	58,092
Trading assets		**35,435**	30,801
Financial assets designated and otherwise mandatorily measured at fair value through profit and loss		**965**	1,619
Derivatives		**39,450**	40,579
Loans and advances to banks[1]		**6,116**	5,715
Loans and advances to customers[1]		**41,524**	42,835
Reverse repurchase agreements – non-trading		**36,778**	29,308
Financial investments		**28,157**	28,003
Assets held for sale[2]	11	**7,772**	377
Prepayments, accrued income and other assets		**27,987**	12,684
Current tax assets		**219**	164
Goodwill and intangible assets	7	**331**	319
Deferred tax assets		**822**	895
Total assets		**266,049**	251,391
Liabilities			
Deposits by banks		**14,116**	14,514
Customer accounts		**95,016**	97,107
Repurchase agreements – non-trading		**17,987**	14,486
Trading liabilities		**19,510**	18,376
Financial liabilities designated at fair value		**11,272**	11,086
Derivatives		**33,231**	33,178
Debt securities in issue		**11,958**	14,129
Liabilities of disposal groups held for sale[2]	11	**13,729**	10,648
Accruals, deferred income and other liabilities		**34,335**	21,221
Current tax liabilities		**223**	208
Insurance contract liabilities		**—**	531
Provisions	8	**320**	444
Deferred tax liabilities		**—**	3
Subordinated liabilities		**1,895**	1,894
Total liabilities		**253,592**	237,825
Equity			
Called up share capital		**1,328**	1,328
Share premium account		**6,747**	6,747
Other equity instruments	2	**1,230**	1,230
Other reserves		**1,481**	1,552
Retained earnings		**1,483**	2,524
Total Shareholders' equity		**12,269**	13,381
Non-controlling interests		**188**	185
Total equity		**12,457**	13,566
Total liabilities and equity		**266,049**	251,391

1 The loans and advances to banks and customers include expected credit losses provided under IFRS 9. Further analysis of the expected credit loss is disclosed in the table 'Summary of financial instruments to which the impairment requirements in IFRS 9 are applied' under section 'Credit Risk'.
2 Include businesses classified as held-for-sale as part of a broader restructuring of HSBC Continental Europe business. Refer to Note 11 'Assets held for sale, liabilities of disposal groups held for sale and discontinued operations'.

Consolidated statement of changes in equity

				Other reserves							
	Called-up share capital and share premium	Other equity instruments	Retained earnings	Financial assets at FVOCI Reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and other reserves	Insurance finance reserve	Total share-holders' equity	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2026	**8,075**	**1,230**	**2,524**	**80**	**(62)**	**(7)**	**1,541**	**—**	**13,381**	**185**	**13,566**
Profit/(loss) for the period from continuing operations	—	—	273	—	—	—	—	—	273	—	273
Other comprehensive income (net of tax)	—	—	49	(3)	(39)	(2)	—	—	5	—	5
– debt instruments at fair value through other comprehensive income	—	—	—	(3)	—	—	—	—	(3)	—	(3)
– equity instruments designated at fair value through other comprehensive income	—	—	—	—	—	—	—	—	—	—	—
– cash flow hedges	—	—	—	—	(39)	—	—	—	(39)	—	(39)
– re-measurement of defined benefit asset/ liability	—	—	8	—	—	—	—	—	8	—	8
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	—	—	41	—	—	—	—	—	41	—	41
– exchange differences	—	—	—	—	—	(2)	—	—	(2)	—	(2)
Total comprehensive income/expense for the period	—	—	322	(3)	(39)	(2)	—	—	278	—	278
Total comprehensive income/(expense) for the period from discontinued operations	—	—	(238)	(1)	—	—	—	—	(239)	11	(228)
Capital securities issued during the period	—	—	—	—	—	—	—	—	—	—	—
Dividends to shareholders[1]	—	—	(1,143)	—	—	—	—	—	(1,143)	(8)	(1,151)
Other movements	—	—	18	(26)	—	—	—	—	(8)	—	(8)
Total Others	—	—	(1,125)	(26)	—	—	—	—	(1,151)	(8)	(1,159)
At 30 Jun 2026	**8,075**	**1,230**	**1,483**	**50**	**(101)**	**(9)**	**1,541**	**—**	**12,269**	**188**	**12,457**

1 Dividends to shareholders comprise a final dividend of EUR 5.20 per share, representing a total distribution of EUR 1.4 billion for the 2025 financial year. This was split between EUR 282 million (EUR 1.06 per share) paid in 2025 and EUR 1.09 billion (EUR 4.14 per share) paid in 2026, together with a EUR 44 million coupon payment on Additional Tier 1 (AT1) capital instruments.

Consolidated statement of changes in equity (continued)[1]

				Other reserves							
	Called-up share capital and share premium	Other equity instruments	Retained earnings	Financial assets at FVOCI Reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and other reserves	Insurance finance reserve	Total share-holders' equity	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2025	8,075	1,430	3,563	(638)	23	—	1,609	580	14,642	189	14,831
Profit/(loss) for the period from continuing operations	—	—	368	—	—	—	—	—	368	1	369
Other comprehensive income (net of tax)	—	—	50	33	33	3	—	—	119	—	119
– debt instruments at fair value through other comprehensive income	—	—	—	30	—	—	—	—	30	—	30
– equity instruments designated at fair value through other comprehensive income	—	—	—	1	—	—	—	—	1	—	1
– cash flow hedges	—	—	—	—	33	—	—	—	33	—	33
– re-measurement of defined benefit asset/liability	—	—	1	—	—	—	—	—	1	—	1
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	—	—	49	—	—	—	—	—	49	—	49
– exchange differences	—	—	—	2	—	3	—	—	5	—	5
Total comprehensive income/ expense for the period from continuing operations	—	—	418	33	33	3	—	—	487	1	488
Total comprehensive income/ (expense) for the period from discontinued operations[2]	—	—	(8)	(1,219)	—	(5)	—	20	(1,212)	13	(1,199)
Capital securities issued during the period	—	—	—	—	—	—	—	—	—	—	—
Dividends to shareholders[3]	—	—	(54)	—	—	—	—	—	(54)	(8)	(62)
Other movements	—	—	68	7	—	—	(72)	—	3	—	3
Total Others	—	—	14	7	—	—	(72)	—	(51)	(8)	(59)
At 30 Jun 2025	8,075	1,430	3,987	(1,817)	56	(2)	1,537	600	13,866	195	14,061

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

2 The FVOCI reserve for the period from discontinued operations includes EUR 1.2 billion fair value pre-tax loss upon re-classification of retained retail portfolio to a hold-to collect-and-sell business model from 1 January 2025 and measured prospectively from the first quarter of 2025 at fair value through other comprehensive income.

3 Dividends corresponds to the coupon payment on other equity instrument (additional tier 1 capital) amounting to EUR 54 million.

Consolidated statement of changes in equity (continued)[1]

				Other reserves							
	Called-up share capital and share premium	Other equity instruments	Retained earnings	Financial assets at FVOCI Reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and other reserves	Insurance finance reserve	Total share-holders' equity	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 Jul 2025	8,075	1,430	3,987	(1,817)	56	(2)	1,537	600	13,866	195	14,061
Profit/(loss) for the period from continuing operations	—	—	267	—	—	—	—	—	267	1	268
Other comprehensive income (net of tax)	—	—	(113)	62	(118)	—	—	—	(169)	—	(169)
– debt instruments at fair value through other comprehensive income	—	—	—	46	—	—	—	—	46	—	46
– equity instruments designated at fair value through other comprehensive income	—	—	—	16	—	—	—	—	16	—	16
– cash flow hedges	—	—	—	—	(118)	—	—	—	(118)	—	(118)
– re-measurement of defined benefit asset/liability	—	—	17	—	—	—	—	—	17	—	17
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	—	—	(130)	—	—	—	—	—	(130)	—	(130)
– exchange differences	—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income/expense for the period from continuing operations	—	—	154	62	(118)	—	—	—	98	1	99
Total comprehensive income/expense for the period from discontinued operations	—	—	(1,284)	1,840	—	(5)	—	(600)	(49)	(1)	(50)
Capital securities issued during the period	—	—	—	—	—	—	—	—	—	—	—
Dividends to shareholders[2]	—	—	(326)	—	—	—	—	—	(326)	(10)	(336)
Other movements	—	(200)	(7)	(5)	—	—	4	—	(208)	—	(208)
Total Others[3]	—	(200)	(333)	(5)	—	—	4	—	(534)	(10)	(544)
At 31 Dec 2025	8,075	1,230	2,524	80	(62)	(7)	1,541	—	13,381	185	13,566

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

2 Dividends to shareholders comprise an interim dividend distribution of EUR 282 million (EUR 1.06 per share) for the year 2025, along with a EUR 44 million coupon payment on Additional Tier 1 (AT1) capital instruments. This comprises a EUR 14 million dividend recognised for 2025, payable in April 2026, relating to the EUR 200 million Perpetual Subordinated Resettable AT1 instrument (issued in 2019), which was reclassified from equity to liabilities.

3 Following ECB approval in December 2025 for the redemption of the EUR 200 million Perpetual Subordinated Resettable Additional Tier 1 instrument (issued in 2019), the instrument was reclassified from equity to liabilities as at 31 December 2025. The principal repayment of the instrument was completed on 2 January 2026.

Consolidated statement of cash flows

	Half-year to	
	30 Jun 2026	30 Jun 2025[1]
	€m	€m
Continuing operations		
Profit/(loss) before tax	**387**	442
Adjustments for non-cash items:		
– depreciation, amortisation and impairment	**85**	17
– net gain from investing activities	**(9)**	(7)
– change in expected credit losses gross of recoveries and other credit impairment charges	**31**	74
– provisions including pensions	**(7)**	185
– share-based payment expense	**11**	14
– other non-cash items included in profit before tax	**(39)**	(17)
– (gain)/loss on acquisition/disposal of subsidiaries and businesses	**(26)**	—
– elimination of exchange differences[2]	**(286)**	993
Changes in operating assets and liabilities		
– Change in loans, deposits and other operating assets and liabilities[3]	**(3,672)**	(1,636)
– tax paid	**(118)**	(124)
Net cash from operating activities	**(3,643)**	(59)
Purchase of financial investments	**(6,378)**	(7,775)
Proceeds from the sale and maturity of financial investments	**3,563**	4,997
Net cash flow from the purchase and sale of property, plant and equipment and right-of-use assets	**(5)**	—
Net investment in intangible assets	**(71)**	(52)
Net cash flow on disposal/acquisition of subsidiaries, businesses, associates and joint ventures[4]	**(1,978)**	—
Net cash from investing activities	**(4,869)**	(2,830)
Subordinated loan capital issued	**—**	500
Subordinated loan capital repaid	**—**	(541)
Dividends paid to shareholders of the parent company	**(1,143)**	(54)
Dividends paid to non-controlling interests	**(8)**	(8)
Net cash from financing activities	**(1,151)**	(103)
Net cash from discontinued operations	**(96)**	(320)
Net increase/(decrease) in cash and cash equivalents	**(9,759)**	(3,312)
Cash and cash equivalents at beginning of the period[3]	**80,243**	75,742
Exchange differences in respect of cash and cash equivalents	**89**	(349)
Cash and cash equivalents at the end of the period	**70,573**	72,081

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.
2 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.
3 Following a classification error in the consolidated statement of cash flow in 2024, Cash and cash equivalents have been represented by EUR 265 million at the beginning of the comparative period i.e., 1 January 2025 with the net of EUR 265 million within Change in loans, deposits and other operating assets and liabilities for the comparative period ending 30 Jun 2025. This representation does not impact the presentation of the balance sheet.
4 Net cash flow on disposal for 2026 reflects a net cash outflow of EUR 1.9 billion, arising from the completion of a number of phases of client transfers in the first half of 2026 in connection with the sale of the custody business in Germany.

Notes on the condensed financial statements

1 Basis of preparation and material accounting policies

HSBC Continental Europe is an entity domiciled in France. The HSBC Continental Europe condensed consolidated financial statements for the half-year up to 30 June 2026 contain the financial statements of HSBC Continental Europe, its subsidiaries and interests in jointly controlled entities and affiliates.

The consolidated financial statements of HSBC Continental Europe for the financial year 2025 are available upon request from the HSBC Continental Europe registered office at 38, avenue Kléber – 75116 Paris or on the website www.hsbc.fr.

These interim condensed consolidated financial statements were approved by the Board of Directors on 3 August 2026.

(a) Compliance with International Financial Reporting Standards

The interim condensed consolidated financial statements of HSBC Continental Europe have been prepared in accordance with IAS 34 Interim Financial Reporting ('IAS 34') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). They do not include all the information disclosed in the annual financial statements and should be read in conjunction with the HSBC Continental Europe Universal Registration Document 2025.

At 30 June 2026, there were no unendorsed standards effective for the half-year to 30 June 2026 affecting these interim consolidated financial statements, and there was no difference between IFRS Accounting Standards endorsed by the EU and IFRS Accounting Standards issued by the IASB in terms of their application to HSBC Continental Europe.

Standards applied during the half-year to 30 June 2026

On 1 January 2026 the HSBC Continental Europe adopted 'Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7'. 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. These amendments had no material effect on HSBC Continental Europe.

(b) Use of estimates and judgements

Management believes that the critical estimates and judgements applicable to HSBC Continental Europe are those that relate to impairment of amortised cost and FVOCI financial assets, the valuation of financial instruments, goodwill, deferred tax assets, provisions for liabilities and non-current assets held-for-sale.

There were no material changes in the current period to any of the critical estimates and judgements disclosed in 2025, which are stated on pages 198 to 210 of the Universal Registration Document 2025.

(c) Composition of HSBC Continental Europe

There were no material changes in the composition of HSBC Continental Europe in the half-year to 30 June 2026. For further details of business disposals see Note 13 'Changes in scope of consolidation during the first half-year of 2026' on page 54 and Note 11 'Assets held for sale, liabilities of disposal groups held for sale and discontinued operations' on pages 52 to 54.

(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 a company's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from this 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. HSBC Continental Europe is currently evaluating impacts and ensuring data readiness is adequate in anticipation of implementation.

(e) Going concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that HSBC Continental Europe 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 future projections of profitability, cash flows, capital requirements and capital resources.

These considerations include stressed scenarios, as well as considering potential impacts from other top and emerging risks, and the related impact on profitability, capital and liquidity.

(f) Accounting policies

The accounting policies adopted by HSBC Continental Europe for these interim condensed consolidated financial statements are consistent with those described in Note 1 on the financial statements of the Universal Registration Document 2025, as are the methods of computation.

(g) Significant events during the first half-year

Business disposals

For details on business disposals refer to Note 11 'Assets held for sale, liabilities of disposal groups held for sale and discontinued operations' on pages 52 to 54.

Issuances and repayments

Following ECB approval in December 2025 for the redemption of the EUR 200 million Perpetual Subordinated Resettable Additional Tier 1 instrument (issued in 2019), the instrument was reclassified from equity to liabilities as at 31 December 2025. The principal repayment of the instrument was completed on 2 January 2026.

(h) Presentation of information

Disclosures concerning the nature and extent of risks relating to financial instruments are in risk section on pages 23 to 29. These form an integral part of these condensed financial statements.

2 Dividends and Earnings per share

There was no interim dividend distribution for the 2026 financial year during the first half of 2026.

Dividends related to 2025

The Combined General Meeting on 27 March 2026 approved the Board proposal from 24 February 2026 to distribute a dividend of EUR 1,381,032,598.40 (i.e., EUR 5.20 per share) for the 2025 financial year. The dividend was paid on 15 April 2026, net of the interim dividend of EUR 1.06 per share approved by the Board on 23 October 2025 and paid on 27 November 2025 to 265,583,192 outstanding shares as at that date.

	30 Jun 2026		30 Jun 2025	
	Per Share	**Total**	Per Share	Total
	€	**€m**	€	€m
Dividends paid on ordinary shares				
In respect of previous year:				
– exceptional dividend	**—**	**—**	—	—
– dividend paid	**4.14**	**1,099**	—	—
In respect of current year:				
– interim dividend	**—**	**—**	—	—
Total dividend paid to shareholders	**4.14**	**1,099**	—	—
Total coupons on capital instruments classified as equity[1]		**44**		54

1 Coupons paid on other equity instruments are not included in the calculation of the dividend per share.

Other equity instruments

Total coupons on capital instruments classified as equity

		Half-year to	
		30 Jun 2026	30 Jun 2025
	First call date	**€m**	€m
Perpetual subordinated capital securities			
– EUR 200 million issued at 5.73%	May 2022	**6**	6
– EUR 300 million issued at 6.45%	March 2023	**10**	10
– EUR 250 million issued at 5.625%	December 2029	**7**	7
– EUR 250 million issued at 3M Euribor + 4.06%	March 2027	**8**	8
– EUR 235 million issued at 5Y Euro Swap Rate + 5.55%	January 2022	**13**	13
– EUR 200 million issued at 6.907%[1]	January 2025	**—**	10
Total		**44**	54

1 Following ECB approval in December 2025 for the redemption of the EUR 200 million Perpetual Subordinated Resettable Additional Tier 1 instrument (issued in 2019), the instrument was reclassified from equity to liabilities as at 31 December 2025. The Principal repayment of the instrument was completed on 2 January 2026.

Earnings per share

Basic earnings per ordinary share were calculated by dividing the profit/(loss) attributable to ordinary shareholders of the parent company of EUR 35 million by the weighted average number of ordinary shares outstanding of 265,583,192 (first half of 2025: profit of EUR 360 million and 265,583,192 weighted average number of shares).

Diluted earnings per share were calculated by dividing the basic earnings, which require no adjustment for the dilutive effects of potential ordinary shares (including share options outstanding not yet exercised), by the weighted average number of ordinary shares outstanding plus the weighted average number of ordinary shares that would be issued on ordinary conversion of all the potential dilutive ordinary shares of 265,583,192 (first half of 2025: 265,583,192 shares).

At 30 June 2026, no potentially dilutive ordinary share has been issued.

	Half-year to					
	30 Jun 2026			30 Jun 2025[1]		
	Profit/(loss)	**Number of shares**	**Per share**	Profit/(loss)	Number of shares	Per share
	€m	**(million)**	**€**	€m	(million)	€
Basic earnings per share	**35**	**266**	**0.13**	360	266	1.35
Diluted earnings per share	**35**	**266**	**0.13**	360	266	1.35
– Basic/Diluted earnings per ordinary share in respect of continuing operations	**273**	**266**	**1.02**	368	266	1.38
– Basic/Diluted earnings per ordinary share in respect of discontinued operations	**(238)**	**266**	**(0.89)**	(8)	266	(0.03)

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

3 Net fee income

Net fee income by product type (continuing operations)

	Half-year to	
	30 Jun 2026	30 Jun 2025[1]
	€m	€m
Net fee income by product		
Funds under management	**211**	227
Credit facilities	**111**	132
Broking income	**96**	117
Underwriting	**85**	93
Account services	**70**	70
Global custody	**59**	55
Remittances	**61**	51
Cards	**6**	7
Imports/exports	**6**	6
Insurance agency commission	**3**	3
Other[2]	**165**	215
Fee income	**873**	976
Less: fee expense	**(317)**	(339)
Net Fee income	**556**	637

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.
2 Other includes intercompany fees and third party fees not included in other categories.

Net fee income by global business (continuing operations)

	CIB	**IWPB**	**Corporate Centre**	**Total**
	€m	**€m**	**€m**	**€m**
Half-year to 30 Jun 2026				
Fee income	**792**	**153**	**(72)**	**873**
Less: fee expense	**(351)**	**(38)**	**72**	**(317)**
Net fee (expense)/income	**441**	**115**	**—**	**556**
Half-year to 30 Jun 2025[1]				
Fee income	900	167	(91)	976
Less: fee expense	(384)	(46)	91	(339)
Net fee (expense)/income	516	121	—	637

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

4 Segmental analysis

Profit/(loss) for the period by global business (continuing operations)

	CIB	IWPB	Corporate Centre	Total
	Half-year to 30 Jun 2026			
	€m	**€m**	**€m**	**€m**
Net operating income before change in expected credit losses and other credit risk provisions	**1,405**	**151**	**24**	**1,580**
– of which: net interest income/(expense)	**673**	**15**	**(145)**	**543**
– of which: Net income/(expense) from financial instruments held for trading or managed on a fair value basis	**256**	**—**	**146**	**402**
Change in expected credit losses and other credit impairment charges	**(31)**	**—**	**—**	**(31)**
Net operating income	**1,374**	**151**	**24**	**1,549**
Total operating expenses	**(947)**	**(138)**	**(77)**	**(1,162)**
– employee compensation and benefits	**(271)**	**(61)**	**(124)**	**(456)**
– general and administrative expenses	**(169)**	**(40)**	**(412)**	**(621)**
– depreciation and impairment of property, plant and equipment and right of use assets	**—**	**(2)**	**(24)**	**(26)**
– amortisation and impairment of intangible assets and goodwill impairment	**(1)**	**—**	**(58)**	**(59)**
– inter-segment[1]	**(506)**	**(35)**	**541**	**—**
Profit/(loss) before tax	**427**	**13**	**(53)**	**387**
	Half-year to 30 Jun 2025[1]			
Net operating income before change in expected credit losses and other credit risk provisions	1,547	154	106	1,807
– of which: net interest income/(expense)	699	34	(105)	628
– of which: Net income/(expense) from financial instruments held for trading or managed on a fair value basis	274	—	189	463
Change in expected credit losses and other credit impairment charges	(73)	—	—	(73)
Net operating income	1,474	154	106	1,734
Total operating expenses	(1,060)	(155)	(77)	(1,292)
– employee compensation and benefits	(416)	(78)	(193)	(687)
– general and administrative expenses	(143)	(30)	(415)	(588)
– depreciation and impairment of property, plant and equipment and right of use assets	(47)	(1)	(4)	(52)
– amortisation and impairment of intangible assets and goodwill impairment	(27)	—	62	35
– inter-segment[1]	(427)	(46)	473	—
Profit/(loss) before tax	414	(1)	29	442

1 Inter-segment represents indirect costs allocated and recharged between reporting segments.
2 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

Revenue by country (continuing operations)[1]

	CIB	IWPB	Corporate Centre	Total
	Half-year to 30 Jun 2026			
	€m	**€m**	**€m**	**€m**
France	**603**	**93**	**21**	**717**
Germany	**400**	**32**	**2**	**434**
EEA Branches	**398**	**—**	**1**	**399**
Other countries	**4**	**26**	**—**	**30**
Revenue[1]	**1,405**	**151**	**24**	**1,580**
	Half-year to 30 Jun 2025[2]			
France	697	72	103	872
Germany	463	57	2	522
EEA Branches	384	—	1	385
Other countries	3	25	—	28
Revenue[1]	1,547	154	106	1,807

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

Balance sheet information

	CIB	IWPB	Corporate Centre	Total
	€m	€m	€m	€m
At 30 Jun 2026				
Loans and advances to customers[1]	**38,996**	**2,568**	**(40)**	**41,524**
Loans and advances to customers classified as held for sale[2]	**1,366**	**1,908**	**—**	**3,274**
Customer accounts	**92,249**	**3,328**	**(561)**	**95,016**
Customer accounts classified as held for sale[2]	**8,235**	**4,559**	**—**	**12,794**
At 31 Dec 2025				
Loans and advances to customers[1]	38,581	4,245	9	42,835
Loans and advances to customers classified as held for sale[3]	294	—	—	294
Customer accounts	90,988	6,454	(335)	97,107
Customer accounts classified as held for sale[3]	10,506	—	—	10,506

1 Includes EUR 30,077 million (2025: EUR 30,346 million) related to corporate and commercial loans and advances to customers with a total provision of EUR 561 million (2025: EUR 516 million).
2 Includes loans and advances and customer accounts related to the HSBC Bank Malta p.l.c., as well as the custody and fund administration business in Germany.
3 Includes loans and advances and customer accounts related to the custody and fund administration business in Germany.

5 Fair values of financial instruments carried at fair value

The accounting policies, control framework, and the hierarchy used to determine fair values are consistent with those applied for the Universal Registration Document 2025.

Breakdown of financial instruments recorded at fair value by level of fair value measurement

Financial instruments carried at fair value and bases of valuation

	At 30 Jun 2026				At 31 Dec 2025			
	Level 1 – quoted market price	**Level 2 – using observable inputs**	**Level 3 – with significant non-observable inputs**	**Total**	Level 1 – quoted market price	Level 2 – using observable inputs	Level 3 – with significant non-observable inputs	Total
	€m	**€m**	**€m**	**€m**	€m	€m	€m	€m
Assets								
Trading assets	**32,185**	**3,220**	**30**	**35,435**	27,856	2,913	32	30,801
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**57**	**731**	**177**	**965**	764	663	192	1,619
Derivatives	**790**	**38,366**	**294**	**39,450**	838	39,540	201	40,579
Financial investments	**14,626**	**3,782**	**18**	**18,426**	15,676	4,185	18	19,879
Assets held for sale	**2,041**	**123**	**3**	**2,167**	—	—	—	—
Liabilities								
Trading liabilities	**17,592**	**1,918**	**—**	**19,510**	16,857	1,519	—	18,376
Financial liabilities designated at fair value	**—**	**9,854**	**1,418**	**11,272**	166	9,409	1,511	11,086
Derivatives	**1,013**	**31,775**	**443**	**33,231**	809	32,035	334	33,178
Liabilities of disposal groups held for sale	**172**	**3**	**—**	**175**	—	—	—	—

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

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 Assets	Trading liabilities	Designated at fair value	Derivatives	Total liabilities
	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 30 Jun 2026									
Private equity including strategic investments	**18**	**1**	**177**	**—**	**196**	**—**	**1**	**—**	**1**
Structured notes	**—**	**—**	**—**	**—**	**—**	**—**	**1,417**	**—**	**1,417**
Derivatives	**—**	**—**	**—**	**294**	**294**	**—**	**—**	**443**	**443**
Bonds	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Loans	**—**	**29**	**—**	**—**	**29**	**—**	**—**	**—**	**—**
Other portfolios	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**18**	**30**	**177**	**294**	**519**	**—**	**1,418**	**443**	**1,861**
At 31 Dec 2025									
Private equity including strategic investments	18	1	192	—	211	—	1	—	1
Structured notes	—	—	—	—	—	—	1,510	—	1,510
Derivatives	—	—	—	201	201	—	—	334	334
Bonds	—	—	—	—	—	—	—	—	—
Loans	—	31	—	—	31	—	—	—	—
Other portfolios	—	—	—	—	—	—	—	—	—
Total	18	32	192	201	443	—	1,511	334	1,845

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	Designaed at fair value	Derivatives
	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2026	**18**	**32**	**192**	**201**	**—**	**1,511**	**334**
Total gains/(losses) on assets and total (gains)/ losses on liabilities recognised in profit or loss	**—**	**—**	**(13)**	**127**	**—**	**32**	**136**
– net income/(losses) from financial instruments held for trading or managed on a fair value basis[1]	**—**	**—**	**—**	**127**	**—**	**32**	**136**
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– other income/(losses)	**—**	**—**	**(13)**	**—**	**—**	**—**	**—**
Total gains/(losses) recognised in other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Purchases	**—**	**—**	**—**	**—**	**—**	**—**	**—**
New issuances	**—**	**—**	**—**	**—**	**—**	**345**	**—**
Sales	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Settlements[1]	**—**	**(2)**	**(2)**	**(4)**	**—**	**(182)**	**(3)**
Transfer out	**—**	**—**	**—**	**(49)**	**—**	**(414)**	**(51)**
Transfer in	**—**	**—**	**—**	**19**	**—**	**126**	**27**
At 30 Jun 2026	**18**	**30**	**177**	**294**	**—**	**1,418**	**443**
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2026	**—**	**—**	**(13)**	**129**	**—**	**(65)**	**(166)**
– net income/(losses) from financial instruments	**—**	**—**	**—**	**129**	**—**	**—**	**(166)**
– other income/(losses)	**—**	**—**	**(13)**	**—**	**—**	**(65)**	**—**

Movement in Level 3 financial instruments (continued)

	Assets				Liabilities		
	Financial Investments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Trading liabilities	Designaed at fair value	Derivatives
	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2025	1,088	166	252	251	—	1,487	281
Total gains/(losses) on assets and total (gains)/losses on liabilities recognised in profit or loss	—	—	9	126	—	4	(198)
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	—	—	126	—	4	(198)
– net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	—	—	—	—	—	—	—
– other income/(losses)	—	—	9	—	—	—	—
Total gains/(losses) recognised in other comprehensive income	12	—	—	—	—	—	—
Purchases	99	27	—	—	—	—	—
New issuances	—	—	—	—	—	362	—
Sales	(25)	—	—	—	—	—	—
Settlements	(24)	(113)	(33)	(138)	—	(124)	323
Transfer out	(1,131)	(22)	—	(61)	—	(506)	(78)
Transfer in	—	—	—	28	—	55	25
At 30 Jun 2025	19	58	228	206	—	1,278	353
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2025	—	—	9	21	—	(10)	(123)
– net income/(losses) from financial instruments	—	—	—	21	—	—	(123)
– other income/(losses)	—	—	9	—	—	(10)	—
At 1 Jul 2025	19	58	228	206	—	1,278	353
Total gains/(losses) on assets and total (gains)/losses on liabilities recognised in profit or loss	—	(1)	(19)	19	—	220	(40)
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	(1)	—	19	—	220	(40)
– net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	—	—	(4)	—	—	—	—
– other income/(losses)	—	—	(15)	—	—	—	—
Total gains/(losses) recognised in other comprehensive income	—	—	—	—	—	—	—
Purchases	2	2	—	—	—	—	—
New issuances	—	—	—	—	—	580	—
Sales	—	(25)	(1)	—	—	—	—
Settlements	(3)	(2)	(16)	2	—	(148)	2
Transfer out	—	—	—	(30)	—	(456)	(15)
Transfer in	—	—	—	4	—	37	34
At 31 Dec 2025	18	32	192	201	—	1,511	334
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2025	—	(1)	(6)	62	—	(197)	(149)
– net income/(losses) from financial instruments	—	(1)	—	62	—	—	(149)
– other income/(losses)	—	—	(6)	—	—	(197)	—

1 Settlements in 2026 includes re-classification to held for sale of Financial assets designated and otherwise mandatorily measured at fair value of EUR 3 million related to planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

Effects 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 other comprehensive Income		Reflected in profit or loss		Reflected in other comprehensive Income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m	€m	€m	€m	€m
Derivatives/trading assets/trading liabilities[1]	**16**	**(16)**	**—**	**—**	14	(14)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit and loss	**49**	**(57)**	**—**	**—**	48	(49)	—	—
Financial investments	**—**	**—**	**1**	**(1)**	—	—	1	(1)
Total	**65**	**(73)**	**1**	**(1)**	62	(63)	1	(1)

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

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

	Reflected in profit or loss		Reflected in other comprehensive income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m
At 30 Jun 2026				
Private equity investments including strategic investments	**43**	**(51)**	**1**	**(1)**
Structured notes	**6**	**(6)**	**—**	**—**
Derivatives	**15**	**(15)**	**—**	**—**
Bonds	**—**	**—**	**—**	**—**
Loans	**1**	**(1)**	**—**	**—**
Other portfolios	**—**	**—**	**—**	**—**
Total	**65**	**(73)**	**1**	**(1)**
At 31 Dec 2025				
Private equity investments including strategic investments	41	(42)	1	(1)
Structured notes	7	(7)	—	—
Derivatives	13	(13)	—	—
Bonds	—	—	—	—
Loans	1	(1)	—	—
Other portfolios	—	—	—	—
Total	62	(63)	1	(1)

The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95 per cent 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 most unfavourable change by varying the assumptions individually.

Quantitative information about significant unobservable input in Level 3 valuations

	Fair value[1] Assets €m	Fair value[1] Liabilities €m	Valuation technique	Key unobservable inputs	2026 Full range of inputs Lower	2026 Full range of inputs Higher	2025 Full range of inputs Lower	2025 Full range of inputs Higher
Private equity including strategic investments	196	1	Price – Net asset value	Current Value/Cost	—	1	—	1
Structured notes	—	1,417						
– equity-linked notes	—	1,030	Model – Option model	Equity Volatility	9 %	32 %	15 %	25 %
			Model – Option model	Equity/Equity and Equity Index Correlation	33 %	100 %	29 %	100 %
– FX-linked notes	—	—	Model – Option model	FX Volatility	—	—	—	—
– other	—	387						
Derivatives	294	443						
Interest rate derivatives	102	166						
– securitisation swaps	4	42	Model – DCF[2]	Constant Prepayment Rate	5 %	10 %	5 %	10 %
– long-dated swaptions	—	—	Model – Option model	IR Volatility	—	—	—	—
– other	98	124						
Foreign exchange derivatives	24	24						
– foreign exchange options	9	9	Model – Option model	FX Volatility	1 %	17 %	4 %	14 %
– foreign exchange other	15	15						
Equity derivatives	165	250						
– long-dated single stock options	—	—	Model – Option model	Equity Volatility	—	—	—	—
– other	165	250						
Credit derivatives	3	3						
– other	3	3						
Bonds	—	—	Market proxy	Price	—	—	—	—
Loans	29	—	Market proxy	Price	64	94	—	—
Other portfolio	—	—						
At 30 Jun 2026	**519**	**1,861**						

1 Including Level 3 balances with HSBC entities.
2 Discounted cash flow.

6 Fair values of financial instruments not carried at fair value

The bases for measuring the fair values of loans and advances to banks and customers, financial investments, deposits by banks, customer accounts, debt securities in issue, subordinated liabilities, non-trading repurchase and reverse repurchase agreements are consistent with that detailed in the Universal Registration Document 2025.

Fair value of financial instruments not carried at fair value on the balance sheet

	At 30 Jun 2026 Carrying amount €m	At 30 Jun 2026 Fair Value €m	At 31 Dec 2025 Carrying amount €m	At 31 Dec 2025 Fair Value €m
Assets				
Loans and advances to banks	6,116	6,116	5,715	5,715
Loans and advances to customers	41,524	41,597	42,835	42,837
Reverse repurchase agreements – non-trading	36,778	36,778	29,308	29,308
Financial investments – at amortised cost	9,731	9,699	8,124	8,160
Liabilities				
Deposits by banks	14,116	14,116	14,514	14,514
Customer accounts	95,016	95,030	97,107	97,113
Repurchase agreements – non-trading	17,987	17,987	14,486	14,486
Debt securities in issue	11,958	12,237	14,129	14,275
Subordinated liabilities	1,895	1,988	1,894	1,964

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value.

7 Goodwill and intangible assets

	30 Jun 2026 €m	31 Dec 2025 €m
Goodwill	64	64
Other intangible assets[1]	267	255
At the end of the period	**331**	**319**

1 Intangible assets include internally generated software with a net carrying value of EUR 260 million (2025: EUR 248 million). During the year, EUR 71 million was recognized as capitalisation (2025: EUR 170 million), EUR 23 million was recognized as impairment (2025: net impairment reversal of EUR 126 million) and EUR 36 million was amortised (2025: EUR 192 million).

Impairment testing

HSBC Continental Europe tests goodwill for impairment as at 31 December each year and whenever there is an indication that it may be impaired. At 30 June 2026, HSBC Continental Europe carried goodwill of EUR 64 million in the Asset Management business and there was no indication that it may be impaired.

8 Provisions

HSBC Continental Europe recognises a provision when the following three criteria are met:

– existence of a present obligation occurring from a past event;
– it is probable that an outflow of resources will be required to settle the obligation; and
– a reliable estimate of the amount can be made.

	Restructuring costs	Legal proceedings and regulatory matters	Customer remediation	Other provisions	Total
	€m	€m	€m	€m	€m
Provisions (excluding contractual commitments)					
At 31 Dec 2025	284	10	1	77	372
Additions	**2**	**3**	**—**	**12**	**17**
Amounts utilised	**(71)**	**—**	**—**	**(10)**	**(81)**
Unused amounts reversed	**(16)**	**(1)**	**—**	**(9)**	**(26)**
Exchange and other movements	**—**	**(3)**	**—**	**(19)**	**(22)**
At 30 Jun 2026	**199**	**9**	**1**	**51**	**260**
Contractual commitments[1]					
At 31 Dec 2025					72
Net change in expected credit loss provisions and other movements					**(12)**
At 30 Jun 2026					**60**
Total provisions					
At 31 Dec 2025					444
At 30 Jun 2026					**320**

1 The contractual commitments provision includes off-balance sheet loan commitments and guarantees, for which expected credit losses are provided under IFRS 9. Further analysis of the movement in the expected credit loss is disclosed within the 'Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees' table under section 'Credit Risk' on page 27.

▶ Information relating to legal proceedings and regulatory matters related to HSBC Group entities can be found in Note 10.

9 Contingent liabilities, contractual commitments and guarantees

	At	
	30 Jun 2026	31 Dec 2025
	€m	€m
Guarantees and contingent liabilities[1]		
– financial guarantees	**2,323**	1,863
– performance and other guarantees	**18,849**	18,155
– other contingent liabilities	**15**	16
At the end of the period	**21,187**	20,034
Commitments		
– documentary credits and short-term trade-related transactions	**1,318**	743
– forward asset purchases and forward deposits placed	**89,493**	51,073
– standby facilities, credit lines and other commitments to lend	**74,938**	75,160
At the end of the period[1]	**165,749**	126,976

1 Includes EUR 159,925 million of commitments at 30 June 2026 (31 December 2025: EUR 121,407 million), to which the impairment requirements in IFRS 9 are applied where HSBC Continental Europe has become a party to an irrevocable commitment.

The table above 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 is expected to expire without being drawn upon, the total of the nominal principal amounts is not indicative of future liquidity requirements.

Irrevocable Payment Commitments of Single Resolution Fund

HSBC Continental Europe has reviewed the accounting treatment for the Irrevocable Payment Commitment ('IPC') after the confirmation of the European Union Court of Justice adverse decision against BNPPB Public Sector and concluded that this decision does not impact the financial statements. The cash deposit continues to be presented as an asset, and the associated IPC continues to be disclosed. A provision will be recognized when an event likely to trigger a call for funds by the Single Resolution Board (through a bank resolution or a licence withdrawal) is expected to occur. At 30 June 2026, the cash asset and the IPC amounted to EUR 150 million, including a EUR 10 million provision related to HSBC Germany.

10 Legal proceedings and regulatory matters relating to HSBC Group entities generally

HSBC Group entities, including HSBC Continental Europe, are parties to various legal proceedings and regulatory matters arising out of their normal business operations. Apart from the matters described below and in the section entitled 'Legal risks and litigation management' on pages 175 and 176 of the Universal Registration Document 2025, HSBC Continental Europe considers that none of these matters is potentially significant apart from the tax-related investigations referred to below.

HSBC Continental Europe recognises a provision for a liability in relation to legal proceedings and regulatory matters when it is probable that an outflow of economic benefits will be required to settle an obligation which has arisen as a result of past events, and for which a reliable estimate can be made of the amount of the obligation. Any provision recognised does not constitute an admission of wrongdoing or legal liability.

While the outcome of the matters referred to below is inherently uncertain, management believes that, based on the information available to it, appropriate provisions, as necessary, have been made in respect of such matters as at 30 June 2026.

Bernard L. Madoff Investment Securities LLC

Various HSBC companies that provided custodial, administration and similar services to a number of funds whose assets were invested with Bernard L. Madoff Investment Securities LLC ('Madoff Securities') have been named as defendants in lawsuits arising out of Madoff Securities' fraud. HSBC Institutional Trust Services (Ireland) DAC ('HTIE') and/or its subsidiary Somers Dublin DAC ('Somers') face claims alongside other HSBC companies.

On 1 August 2018, HSBC Continental Europe acquired from HSBC Bank plc 100 per cent of the shares of HTIE. Pursuant to the terms of the Sale and Purchase Agreement, HSBC Continental Europe and/or its subsidiaries will be indemnified by HSBC Bank plc in respect of certain liabilities relating to the activities of HTIE and/or Somers. (HTIE subsequently merged into HSBC Continental Europe Dublin Branch). The Madoff Securities trustee (the 'Trustee') has brought lawsuits in the US against various HSBC companies, including Somers, seeking recovery of alleged transfers from Madoff Securities to the HSBC companies in the amount of $508m (plus interest). In September 2025, the US Bankruptcy Court for the Southern District of New York dismissed certain claims (not relating to Somers) in the amount of $324m. The Trustee has appealed. The Trustee's remaining claims (including those against Somers) which amount to $184m (plus interest) are pending. The Trustee has filed a claim against various HSBC companies, including HTIE, in the High Court of England and Wales seeking recovery of alleged transfers from Madoff Securities to the HSBC companies. The claim has not yet been served and the amount claimed has not been specified.

Tax-related investigations

HSBC Bank plc and the German branch of HSBC Continental Europe continue to cooperate with investigations by the German public prosecutor into numerous financial institutions and their employees, in connection with the dividend withholding tax treatment of certain trading activities. Based on the facts currently known, it is not practicable at this time for HSBC Continental Europe to predict the resolution of this matter, including the timing or any possible impact on HSBC Continental Europe, which could be significant.

This matter relates to HSBC Trinkaus & Burkhardt GmbH, the share capital of which was acquired by HSBC Continental Europe from HSBC Bank plc on 30 November 2022. Under the Sale and Transfer of Shares Agreement, HSBC Continental Europe and/or its subsidiaries will be indemnified by HSBC Bank plc if any liability arises in connection with this matter.

Other regulatory investigations, reviews and litigation

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

At the present time, HSBC Continental Europe does not expect the ultimate resolution of any of these matters to be material to its 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.

11 Assets held for sale, liabilities of disposal groups held for sale and discontinued operations

Held for sale

	At	
	30 Jun 2026	31 Dec 2025
	€m	€m
Disposal groups	**7,947**	329
Unallocated impairment losses[1]	**(219)**	—
Non-current assets held for sale[2]	**44**	48
Assets held for sale	**7,772**	377
Liabilities of disposal groups held for sale	**13,729**	10,648

1 This represents impairment losses in excess of the carrying value of the non-current assets in scope of IFRS 5 for measurement, recognised against the assets of the disposal group.
2 This includes shares of sino AG, following the decision to divest the our stake in a controlled manner with the aim of maximising the value for HSBC shareholders.

Disposal groups

HSBC Bank Malta p.l.c.

On 16 September 2025, HSBC Continental Europe entered into a put option agreement with CrediaBank S.A. for the potential sale of its 70.03% majority stake in HSBC Bank Malta p.l.c. On 22 December 2025, following completion of HSBC Continental Europe's employee information and consultation process in France, and in line with the put option terms, a sale and purchase agreement was signed. The disposal group met the held for sale criteria in the first quarter of 2026 at which point a pre-tax loss on disposal of EUR 0.3 billion was recognised. As at 30 June 2026, EUR 7.3 billion of assets and EUR 7.1 billion of liabilities remained classified as held for sale. The transaction, which remains subject to regulatory approval, is expected to complete in the first half of 2027.

Custody business in Germany

On 27 June 2025, HSBC Continental Europe reached an agreement to sell its custody business in Germany to BNP Paribas. This transaction will be completed in a phased manner, with a number of phases completed in the first half of 2026. While client consent and related operational requirements may extend the timing for completion of all client transfers, given the signing of a sale and purchase agreement, the disposal group met the held for sale criteria in the second quarter of 2025, with balances remaining classified as held for sale at 30 June 2026 of EUR 0.6 billion in assets and EUR 6.7 billion in liabilities. The sale is expected to generate an estimated pre-tax gain on disposal of EUR 0.1 billion, recognised in line with completion of client transfers.

Fund administration business in Germany

On 11 July 2025, HSBC Continental Europe reached an agreement to sell its fund administration business, Internationale Kapitalanlagegesellschaft mbH, to BlackFin Capital Partners S.A.S. The disposal group met the held for sale criteria in the third quarter of 2025, with immaterial balances remaining classified as held for sale at 30 June 2026. This transaction, which has received regulatory approval, is expected to complete in the second half of 2026, at which point an immaterial gain on disposal will be recognised.

At 30 June 2026, the major classes of assets and associated liabilities of disposal groups held for sale, including allocated impairment losses, were as follows:

	HSBC Bank Malta p.l.c.	Custody business in Germany[1]	Fund administration business in Germany	Total
	€m	€m	€m	€m
Assets of disposal group held for sale				
Cash and balances at central banks	33	—	—	33
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	731	—	—	731
Derivatives	2	—	—	2
Loans and advances to banks	906	5	—	911
Loans and advances to customers	2,691	570	13	3,274
Financial investments	2,861	—	—	2,861
Prepayments, accrued income and other assets	72	29	9	110
Current tax assets	2	—	—	2
Deferred tax assets	23	—	—	23
Total assets at 30 Jun 2026	**7,321**	**604**	**22**	**7,947**
Liabilities of disposal group held for sale				
Deposits by banks	—	48	—	48
Customer accounts	6,213	6,580	1	12,794
Financial liabilities designated at fair value	172	—	—	172
Derivatives	3	—	—	3
Accruals, deferred income and other liabilities	74	31	19	124
Current tax liabilities	9	—	—	9
Insurance contract liabilities	552	—	—	552
Provisions	23	—	—	23
Deferred tax liabilities	4	—	—	4
Total liabilities at 30 Jun 2026	**7,050**	**6,659**	**20**	**13,729**
Fair value of selected financial instruments which are not carried at fair value on balance sheet				
Loan and advances to banks	906	5	—	911
Loan and advances to customers	2,691	570	13	3,274
Financial investments – at amortised cost	1,423	—	—	1,423
Customers accounts	6,213	6,580	1	12,794
Expected date of completion	First half of 2027	Second half of 2027	Second half of 2026	
Operating segment	IWPB & CIB	CIB	CIB	

1 Under the financial terms of the sale of custody business in Germany, HSBC Continental Europe transfers a nil net asset value for each client transferred, by way of inclusion of additional cash.

Discontinued operations

Along with the above classification to held for sale, at the HSBC Continental Europe level, the HSBC Bank Malta p.l.c. also met the criteria of discontinued operations classification and presentation under IFRS 5. Accordingly, the loss of the discontinued operations amounting to EUR 234 million (2025: profit of EUR 31 million) has been reported separately in the income statement.

Discontinued operations income statement

	30 Jun 2026	30 Jun 2025[1]
	€m	€m
Net operating income	(154)	92
Total operating expenses	(59)	(73)
Profit/(loss) before tax	(213)	19
Tax expense	(14)	(15)
Profit/(loss) for the year	(227)	4
– non-controlling interests	11	12

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.

Other comprehensive income relating to discontinued operations is as follows:

	30 Jun 2026	30 Jun 2025[1]
	€m	€m
Profit/(loss) for the period in respect of discontinued operations	(227)	4
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Debt instruments at fair value through other comprehensive income	(1)	(1,218)
Finance income/(expenses) from insurance contracts	—	20
Exchange differences and other	—	(5)
Other comprehensive income/(expense) for the period, net of tax in respect of discontinued operations[2]	(1)	(1,203)
Total comprehensive income/(expense) for the period in respect of discontinued operations	(228)	(1,199)

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c.
2 The cumulative losses recognised in other comprehensive income in respect of discontinued operations as at 30 June 2025 amounted to EUR 41 million related to the life insurance business in France and EUR 1.2 billion related to the retained portfolio of home and certain other loans in France.

The cash flows attributed to the discontinued operations are as follows:

	30 Jun 2026	30 Jun 2025[1]
	€m	€m
Cash and cash equivalents at beginning of the period	1,036	1,175
Net cash from operating activities	(80)	(107)
Net cash from investing activities	(16)	(213)
Net cash from financing activities	—	—
Net cash from discontinued operations[1]	(96)	(320)
cash and cash equivalents from discontinued operations	940	855

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the planned sale of majority stake of 70.03% in HSBC Bank Malta p.l.c. and the net cash from continuing and discontinued operations have been adjusted accordingly.

12 Transactions with related parties

Following ECB approval in December 2025, HSBC Continental Europe redeemed on 2 January 2026 its EUR 200 million Perpetual Subordinated Resettable Additional Tier 1 instrument issued in 2019, which was fully subscribed by HSBC Bank plc.

There were no other changes to the related party transactions described in the Universal Registration Document 2025, that have had a material effect on the financial position or performance of the HSBC Continental Europe's group in the half-year to 30 June 2026.

13 Changes in scope of consolidation during the first half-year of 2026

There were no material changes in the composition of HSBC Continental Europe in the half-year to 30 June 2026.

14 Events after the balance sheet date

In its assessment of events after the balance sheet date, HSBC Continental Europe has considered and concluded that no other material events have occurred resulting in adjustments to the financial statements.

Statutory Auditors’ review report on the interim financial information

PricewaterhouseCoopers Audit

63, rue de Villiers

92208 Neuilly-sur-Seine Cedex

BDO Paris

1, rue Lamartine

75009 Paris

For the six months ended 30 June 2026

This is a free translation into English of the Statutory Auditors’ review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

HSBC Continental Europe

38, avenue Kléber
75116 Paris

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (‘Code monétaire et financier’), we hereby report to you on:

– the review of the accompanying condensed interim consolidated financial statements of HSBC Continental Europe for the six months ended 30 June 2026; and
– the verification of the information presented in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1 Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France and the professional standards of ‘Compagnie nationale des commissaires aux comptes‘ relating to this review.

A review of interim 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 professional standards applicable in France 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 ‘Interim Financial Reporting’, as adopted by the European Union.

2 Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly sur Seine and Paris, 4 August, 2026

French original signed by:

The Statutory Auditors

PricewaterhouseCoopers Audit
Amel Hardy-Ben Bdira

BDO Paris
Vincent Génibrel

Person responsible for the Universal Registration Document and its amendments

Mr Joseph Swithenbank, Deputy General Manager and Chief Financial Officer

Statement by the person responsible for the Universal Registration Document and its amendments

I certify, that the information provided in this amendment to the Universal Registration Document is, to the best of my knowledge, true and accurate and contains no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the condensed accounts for the first half of the financial year have been prepared in accordance with the applicable accounting standards and give a true and fair view of assets and liabilities, financial position and result of the issuer and of all the entities included in the consolidation, and that the interim management report (the cross-reference table on page 58 indicates the content of said report) presents a fair review of the significant events that occurred during the first six months of the financial year, their impact on the accounts, the major related party transactions, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year.

Paris, 4 August 2026

Joseph Swithenbank, Deputy General Manager and Chief Financial Officer

Persons responsible for auditing the financial statements

	Date		
	First appointed	Re-appointed	Term ends
Incumbents			
PricewaterhouseCoopers Audit[1] Represented by Amel Hardy-Ben Bdira[2] 63, rue de Villiers 92200 Neuilly-sur-Seine	**2015**	**2024**	**2030**
BDO Paris[3] Represented by Vincent Génibrel[4] 1, rue Lamartine 75009 Paris	**2007**	**2024**	**2030**

1 Member of the Compagnie Régionale des Commissaires aux comptes of Versailles.
2 PricewaterhouseCoopers Audit represented by Amel Hardy-Ben Bdira starting from 2025.
3 Member of the Compagnie Régionale des Commissaires aux comptes of Paris.
4 BDO Paris represented by Vincent Génibrel starting from 2023.

Cross-reference table

The following cross-reference table refers to the main headings of the 2019/980 delegated regulation supplementing the 2017/1129 regulation (Annex I and Annex II) implementing the directive known as 'Prospectus' and to the pages of the Universal Registration Document 2025 D.26-0048.

Sections of Annex I of the 2019/980 delegated regulation		Pages in the 2025 Universal Registration Document filed with the AMF on 25 Feb 2026	Pages in this amendment to the Universal Registration Document
1	**Persons responsible, third party information, experts' reports and competent authority approval**		
1.1 & 1.2	Persons responsible	page 303	page 56
1.3	Experts' reports	N/A	N/A
1.4	Third party information	N/A	N/A
1.5	Competent authority approval	N/A	N/A
2	**Statutory auditors**	page 304	page 57
3	**Risk factors**	pages 128 to 138	pages 11 to 21
4	**Information about the issuer**	page 300	N/A
5	**Business overview**		
5.1	Principal activities	pages 4 to 16 and 265	pages 3 to 10
5.2	Principal markets	pages 4 to 16 and 265	pages 3 to 10
5.3	Important events	pages 210 to 211 and 265 to 266	page 43
5.4	Strategy and objectives	pages 4 to 9	pages 3 to 5
5.5	Potential dependence	N/A	N/A
5.6	Founding elements of any statement by the issuer concerning its position	page 4 and 16	page 3
5.7	Investments	pages 256 to 257, 294 to 297, 307 to 308	N/A
6	**Organisational structure**		
6.1	Brief description of the group	pages 3 to 17, 286 to 287 and 294 to 297	N/A
6.2	Issuer's relationship with other group entities	pages 294 to 296	N/A
7	**Operating and financial review**		
7.1	Financial condition	pages 191, 193, 263 to 264	pages 35 and 37
7.2	Operating results	pages 10 to 16, 191 and 263	pages 6 to 11 and 35
8	**Capital resources**		
8.1	Issuer's capital resources	pages 194 and 279	page 38
8.2	Sources and amounts of the issuer's cash flows	page 196	page 41
8.3	Borrowing requirements and funding structure	pages 123, 165 to 167, 168 to 216	pages 11 and 29 to 30
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect the issuer's operations	N/A	N/A
8.5	Sources of funds needed	N/A	N/A
9	**Regulatory environment**	pages 9, 176	page 5
10	**Trend information**	pages 4 to 8	pages 3 to 4
11	**Profit forecasts or estimates**	N/A	N/A
12	**Administrative, management and supervisory bodies and senior management**		
12.1	Administrative and management bodies	pages 19 to 24	N/A
12.2	Administrative and management bodies conflicts of interests	page 33	N/A
13	**Remuneration and benefits**		
13.1	Amount of remuneration paid and benefits in kind granted	pages 34 to 43, 220 to 224	N/A
13.2	Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	pages 34 to 43, 220 to 224, 280	N/A
14	**Board practices**		
14.1	Date of expiration of the current term of office	pages 19 to 24	N/A
14.2	Information about members of the administrative, management or supervisory bodies' service contracts	N/A	N/A
14.3	Information about the issuer's audit committee and remuneration committee	pages 28 to 29, 31 to 32	N/A
14.4	Corporate governance regime	page 18	N/A
14.5	Potential material impacts on the corporate governance	N/A	N/A
15	**Employees**		
15.1	Number of employees	page 220	N/A
15.2	Shareholdings and stock options	pages 37 to 38	N/A
15.3	Arrangements involving the employees in the capital of the issuer	N/A	N/A
16	**Major shareholders**		
16.1	Shareholders holding more than 5 per cent of the share capital or voting rights	pages 300 to 302	N/A
16.2	Different voting rights	page 300	N/A
16.3	Control of the issuer	pages 19 to 20, 304	page 57
16.4	Arrangements, known to the issuer, which may at a subsequent date result in a change in control of the issuer	N/A	N/A

Sections of Annex I of the 2019/980 delegated regulation		Pages in the 2025 Universal Registration Document filed with the AMF on 25 Feb 2026	Pages in this amendment to the Universal Registration Document
17	**Related party transactions**	pages 43 to 45, 254 to 256, 256 to 257, 286 to 287	page 54
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
18.1	Historical financial information	pages 15, 190 to 257, 262 to 287, 306	N/A
18.2	Interim and other financial information	N/A	pages 42 to 54
18.3	Auditing of historical annual financial information	pages 258 to 261, 288 to 291	N/A
18.4	Pro forma financial information	N/A	N/A
18.5	Dividend policy	pages 227 and 302	page 43
18.6	Legal and arbitration proceedings	pages 175 to 176, 253, 285 to 286	pages 52
18.7	Significant change in the issuer's financial position	pages 15, 256 and 286	pages 54
19	**Additional information**		
19.1	Share capital	pages 251, 279 and 302	N/A
19.2	Memorandum and Articles of Association	pages 300 and 302	N/A
20	**Material contracts**	page 302	N/A
21	**Documents available**	page 300	N/A

Sections of Annex II of the 2019/980 delegated regulation		Pages in the 2025 Universal Registration Document filed with the AMF on 25 Feb 2026	Pages in this amendment to the Universal Registration Document
1	**Information to be disclosed about the issuer**	page 1	page 1

The following elements are included by reference:

– the consolidated financial statements for the year ended 31 December 2024 and the Statutory Auditors' report on those consolidated financial statements, presented on pages 241 to 322 and 323 to 327 of the Universal Registration Document D.25-0044 filed with the AMF on 19 February 2025; the information can be found here: https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2024/annual/pdfs/hsbc-continental-europe/250219-registration-document-and-annual-financial-report-2024-english-zip.zip.

– the consolidated financial statements for the year ended 31 December 2025 and the Statutory Auditors' report on those consolidated financial statements, presented on pages 191 to 257 and 258 to 261 of the Universal Registration Document D.26-0048 filed with the AMF on 25 February 2026; the information can be found here: https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2025/annual/pdfs/hsbc-continental-europe/260225-registration-document-and-annual-financial-report-2025-english-zip.zip.

These documents are available on the HSBC Continental Europe group's website (www.hsbc.fr) and on the AMF's website (www.amf-france.org).

Any person requiring additional information on the HSBC Continental Europe group may, without commitment, request documents by mail:

HSBC Continental Europe
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75116 Paris
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Management report	
Main events occurring during the first half-year of 2026	pages 2 and 6 to 10
Main risks and uncertainties	pages 11 to 33
Principal related party transactions	page 54
Condensed consolidated financial statements	pages 34 to 54
Report of the Statutory Auditors on the interim financial information at 30 June 2026	page 55
Statement by person responsible	page 56

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