

# HSBC first-half profits more than double as economies rebound from pandemic

HSBC's first-half profits have more than doubled, buoyed by an economic rebound in Hong Kong and Britain – its two biggest markets.

Rallying from a weak performance last year, the lender has reinstated shareholder payouts following the lifting of a dividend ban by the Bank of England last month, and released \$700m (£503m) set aside to cover potential bad loans.

It contrasts with hefty \$6.9bn (£5bn) “rainy day” loss provisions made in the first half of 2020.

Europe's biggest bank by assets reported a pre-tax profit of \$10.8bn (£7.8bn) over the period, compared with \$4.3bn (£3.1bn) last year.

The figure exceeded analysts' forecasts of \$9.4bn (£6.8bn).

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HSBC said all regions were profitable in the first half and highlighted that its UK business reported profit before tax of more than \$2.1bn (£1.5bn) in the period.

With economies recovering better than expected from the [coronavirus](#) pandemic, HSBC said it expects credit losses to be below its medium-term forecast of 0.3%-0.4% of its loans.

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Meanwhile, company revenues were down 4.5% to \$25.5bn (£18.4bn) compared with the same period last year.

It said this was driven by lower interest rates and reduced sales through its markets and security services operation.

HSBC chief executive Noel Quinn said: "These are good results that reflect the return of growth in our main markets and

marked progress in the execution of our strategy.

“I’m pleased with the momentum generated around our growth and transformation plans, with good delivery against all four pillars of our strategy.



Image:

HSBC chief executive Noel Quinn said the group was profitable in every region

“We were profitable in every region in the first half of the year, supported by the release of expected credit loss provisions.

“Our lending pipeline began to translate into business growth in the second quarter and we further strengthened that pipeline during the half.”

Susannah Streeter, senior investment and markets analyst at Hargreaves Lansdown, said: “The banking bounce back has continued, with HSBC doubling first-half pre-tax profits as economies come out of their defensive hiding places and the spectre of bad debt recedes.

“As well as expanding its overall wealth business, the bank

has been shifting to Asia to try and sniff out higher returns, moving capital investment and staff from Europe and the US.

“Although recovery in the region has so far been good news for HSBC’s profits, it has faced reputational headwinds over accusations it was too close to Chinese authorities which have cracked down on pro-democracy protesters in Hong Kong.

“Worries are now rife that there could be a downturn in investment due to Beijing’s crackdown on tech and online educational firms in particular.”

Shares in the firm were 1.9% higher during early trading in London on Monday.