HSBC HOLDINGS PLC
Form 6-K
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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of

the Securities Exchange Act of 1934

For the month of August

HSBC Holdings plc

42nd Floor, 8 Canada Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F X Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934).

Yes No X

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-).

6 August 2018

HSBC HOLDINGS PLC

2018 INTERIM RESULTS - HIGHLIGHTS

Financial Performance

Reported revenue of $27.3bn was 4% higher, with growth in all of our global businesses. This was mainly driven by higher deposit margins and balance growth in RBWM, and GLCM growth within CMB, mainly in Hong Kong, as well as the favourable effects of currency translation. These increases were partly offset by lower revenue in Corporate Centre. Adjusted revenue of $27.5bn was 2% higher, excluding the effects of currency translation and movements in significant items.

Reported operating expenses of $17.5bn were 7% higher, primarily reflecting investments to grow the business, mainly in RBWM and GB&M, and continued investment in digital across all our global businesses. Adjusted operating expenses of $16.4bn were 8% higher, excluding the effects of currency translation and movements in significant items.

Reported profit before tax of $10.7bn was 5% higher, reflecting a net favourable movement in significant items and favourable currency translation. Adjusted profit before tax of $12.1bn was 2% lower, as revenue growth and lower expected credit losses were partly offset by higher operating expenses.

Lending growth in 1H18 was $43bn, increasing net loans and advances to customers by 5% since 1 January 2018.

Strong capital base with a common equity tier 1 ('CET1') ratio of 14.2% and a CRD IV leverage ratio of 5.4%.

John Flint, Group Chief Executive, said:

"We are taking firm steps to deliver the strategy we outlined in June. Today's results, which are in line with our expectations, show strong revenue growth in our global businesses. This is creating room to invest while maintaining our commitment to full-year positive adjusted jaws. We are investing to win new customers, increase our market share, and lay the foundations for consistent growth in profits and returns."

Financial highlights and key ratios

		Half-year to 30 Jun		
		2018	2017	Change
	Footnotes	$m	$m	%
Reported profit before tax		10,712	10,243	4.58
Adjusted profit before tax	1	12,139	12,364	(1.82)

		%	%
Return on average ordinary shareholders' equity (annualised)		8.7	8.8
Adjusted jaws	2	(5.6)	

For footnotes, see page 7.

We use adjusted performance to understand the underlying trends in the business. The main differences between reported and
adjusted are foreign currency translation and significant items.

Capital and balance sheet3

		At		
		30 Jun	31 Dec	Change
		2018	2017	
	Footnote	%	%	
Common equity tier 1 ratio	4	14.2	14.5	
Leverage ratio	4	5.4	5.6	
		$m	$m	$m
Loans and advances to customers		973,443	962,964	10,479
Customer accounts		1,356,307	1,364,462	(8,155)
Risk-weighted assets	4	865,467	871,337	(5,870)

For footnotes, see page 7.

Highlights

Half-year to 30 Jun

		2018	2017
	Footnote	$m	$m
Reported			
Revenue	5	27,287	26,166
Change in expected credit losses and other credit impairment charges		(407)	N/A
Loan impairment charges and other credit risk provisions		N/A	(663)
Operating expenses		(17,549)	(16,443)
Profit before tax		10,712	10,243
Adjusted			
Revenue	5	27,535	26,957
Change in expected credit losses and other credit impairment charges		(407)	N/A
Loan impairment charges and other credit risk provisions		N/A	(657)
Operating expenses		(16,370)	(15,195
Profit before tax		12,139	12,364
Significant items affecting adjusted performance			
Revenue			
Customer redress programmes		(54)	(299)
Disposals, acquisitions and investment in new businesses		(145)	348
Fair value movements on financial instruments		(152)	(245)
Operating expenses			
Costs to achieve		-	(1,670)
Costs of structural reform		(211)	(180)
Restructuring and other related costs		(24)	-
Settlements and provisions in connection with legal and regulatory matters		(841)	322

For footnotes, see page 7.

Statement by Mark E Tucker, Group Chairman

At the start of the year, I spoke of the Board's focus on enhancing HSBC's performance and reputation. The Group has made a good start in both regards.

The strength of our global businesses underlines the potential of the Group to make further revenue and market share gains, and provides room to invest in revenue growth, resilience, and technology to support our customers. These are all necessary to further strengthen HSBC's reputation among our many stakeholders.

The strategy that John Flint, the Group Chief Executive, unveiled in June is designed to unlock this potential. We have created a strategy that builds on past achievements to improve the Group's competitiveness and increase value for shareholders. It focuses on areas where HSBC is already strong, but which also hold the greatest capacity for revenue growth and value creation. This demonstrates the many competitive advantages the Group already enjoys.

Investing in the future of the business is a key pillar of the bank's strategy. No business can hope to thrive unless it anticipates and adapts to the changes around it. Technological change, in particular, will only accelerate in the coming years. Being able to invest thoughtfully and at scale at this point in the cycle will differentiate future winners from the rest of the industry.

This edge was evident in the first half of 2018. Our award-winning PayMe app acquired its millionth user and is now an established part of the daily lives of people and business in Hong Kong. In May, HSBC executed the first ever live trade finance transaction using scalable blockchain technology, making an important breakthrough in an area previously rich in potential but low on delivery. In July, we announced an expansion of our use of Google Cloud technology, increasing access to some of the leading machine learning and data analytics technology in the world. These are just a few examples of how we are marrying emerging technology with the needs and expectations of our customers.

We are also investing to keep our customers safe. Both the Board and management remain unequivocally committed to safeguarding our clients and delivering industry-leading financial crime standards. This is a permanent priority for everyone at HSBC.

Our global businesses continue to benefit from the economic growth trends we identified at our 2017 Annual Results presentation. The diversity of the Group underpins our ability to manage the external environment effectively. We remain cautiously optimistic for global growth in the remainder of the year. In particular, the fundamentals of Asia remain strong despite rising concerns around the future of international trade and protectionism.

The Board has appointed Jonathan Symonds as the Deputy Group Chairman of HSBC Holdings plc. Jon already serves as the senior independent director. He takes up this new role today and steps down as Chairman of HSBC Bank plc. I am delighted that Jon has agreed to support me in this new capacity.

I am very grateful to all our people for the excellent work that they do in service of the bank, our customers and each other. Our results for the first half demonstrate that the Group has strong foundations. I have every confidence that we will build on them further.

Review by John Flint, Group Chief Executive

In June this year, I announced eight strategic priorities for the bank between now and 2020. These have two aims - to get HSBC back to growth and to create value.

We will seek to achieve these aims by increasing returns from the Group's areas of strength, particularly in Asia and across our network; turning around low-return businesses of high strategic importance, particularly in the United States; investing in building a bank for the future with the customer at its centre; and making it easier for our colleagues to do their jobs.

Our first-half performance both reflected these intentions and met our expectations. We grew reported and adjusted revenue in our four global businesses relative to the same period last year, creating the room to invest at the start of this strategy phase while remaining committed to achieving full-year positive adjusted jaws.

Our investment in the first half included hiring more front-line staff in our strongest businesses and expanding our digital capabilities in core markets, both of which will improve the service we offer customers. Our first-half reported and adjusted operating expenses rose as a consequence, which contributed to a drop in adjusted profit before tax. We continued to benefit from a low credit-loss environment in the first half.

Retail Banking and Wealth Management, and Commercial Banking were again our strongest performing businesses. Both continued to gain from a positive interest rate environment, and used the benefits of past investment to grow lending and deposit balances, particularly in Asia and the UK.

Strong adjusted revenue growth in Commercial Banking was supported by our leading transaction banking capabilities. Global Liquidity and Cash Management had another excellent six months, and Global Trade and Receivables Finance made further progress in its core markets.

Adjusted revenue growth in Retail Banking and Wealth Management was underpinned by higher retail deposit balances and strong Wealth Management product sales in Hong Kong. We also grew our share of the UK mortgage market.

Global Banking and Markets had a steady first half. Strong performances from Global Liquidity and Cash Management, Securities Services and Foreign Exchange more than covered the impact of lower client activity in Rates and Credit.

Global Private Banking enjoyed a successful six months, growing adjusted revenue and attracting net new money through collaboration with our other global businesses.

HSBC UK Bank plc - our UK ring-fenced bank - commenced business on 1 July, six months ahead of the legal deadline. Ringfencing presents a major opportunity to get closer to our 14.5 million personal and business customers in the UK.

HSBC is a strong business with a number of clear commercial advantages. In particular, we are a leading international bank with a network that gives us unparalleled access to high-growth markets, particularly in Asia and the Middle East. Our aim for this next strategy phase is to build on these strengths to grow profits consistently, leading to the creation of value for shareholders. With a period of significant restructuring now behind us, and with monetary policy in the US-dollar bloc normalising, it is now time to realise the potential of the Group.

Financial summary

		Half-year to		
		30 Jun	30 Jun	31 Dec
		2018	2017	2017
	Footnote	$m	$m	$m
For the period				
Profit before tax		10,712	10,243	6,924
Profit attributable to:				
- ordinary shareholders of the parent company		7,173	6,999	2,684
Dividends declared on ordinary shares		6,204	6,174	4,019
At the period end				
Total shareholders' equity		183,607	188,396	190,250
Total regulatory capital		176,610	183,892	182,383
Customer accounts		1,356,307	1,311,958	1,364,462
Total assets		2,607,314	2,492,443	2,521,771
Risk-weighted assets		865,467	876,118	871,337
Per ordinary share		$	$	$
Basic earnings		0.36	0.35	0.13
Dividends	6	0.31	0.31	0.20
Net asset value		8.10	8.30	8.35

Share information

Number of $0.50 ordinary shares in issue (millions)	19,963	20,376	20,321

For footnote, see page 7.

Distribution of results by global business

Adjusted profit/(loss) before tax

	Half-year to					
	30 Jun 2018		30 Jun 2017		31 Dec 2017	
	$m	%	$m	%	$m	%
Retail Banking and Wealth Management	3,630	29.9	3,397		3,137	34.4
Commercial Banking	4,111	33.9	3,564		3,373	37.0
Global Banking and Markets	3,568	29.4	3,543		2,387	26.2
Global Private Banking	190	1.6	144		152	1.7
Corporate Centre	640	5.2	1,716		76	0.7
Profit before tax	12,139	100.0	12,364		9,125	100.0

Distribution of results by geographical region

Reported profit/(loss) before tax

	Half-year to					
	30 Jun 2018		30 Jun 2017		31 Dec 2017	
	$m	%	$m	%	$m	%
Europe	110	1.0	572	5.6	(2,436)	(35.3)
Asia	9,380	87.6	7,630	74.5	7,699	111.2
Middle East and North Africa	836	7.8	804	7.8	697	10.1

North America	42	0.4	953	9.3	648	9.4
Latin America	344	3.2	284	2.8	316	4.6
Profit before tax	10,712	100.0	10,243	100.0	6,924	100.0

HSBC adjusted profit before tax and balance sheet data

		Half-year to 30 Jun 2018					
		RetailBanking andWealthManagement	CommercialBanking	GlobalBanking andMarkets	GlobalPrivateBanking	Corporate Centre	To
	Footnote	$m	$m	$m	$m	$m	$r
Net operating income/(expense) before change in expected credit losses and other credit impairment charges	7	11,065	7,439	8,265	929	(163)	27
- external		9,092	7,319	9,498	800	826	27
- inter-segment		1,973	120	(1,233)	129	(989	-
of which: net interest income/(expense)		7,661	5,189	2,489	446	(731)	15
Change in expected credit losses and other credit impairment charges		(543)	(55)	97	4	90	(4
Net operating income		10,522	7,384	8,362	933	(73)	27
Total operating expenses		(6,909)	(3,273)	(4,794)	(743)	(651)	(1
Operating profit/(loss)		3,613	4,111	3,568	190	(724)	10
Share of profit/(loss) in associates and		17	-	-	-	1,364	1,

joint ventures						
Adjusted profit before tax	3,630	4,111	3,568	190	640	12
	%	%	%	%	%	%
Share of HSBC's adjusted profit before tax	29.9	33.9	29.4	1.6	5.2	10
Adjusted cost efficiency ratio	62.4	44.0	58.0	80.0	(399.4)	59
Adjusted balance sheet data	$m	$m	$m	$m	$m	$
Loans and advances to customers (net)	351,114	329,300	250,058	40,902	2,069	97
Interests in associates and joint ventures	391	-	-	-	22,181	22
Total external assets	474,507	363,939	1,054,181	46,133	668,554	2,
Customer accounts	635,598	355,650	291,711	63,593	9,755	1,
Adjusted risk-weighted assets	124,059	315,064	284,553	16,984	122,158	86

		Half-year to 30 Jun 2017					
Net operating income before loan impairment charges and other credit risk provisions	7	10,283	6,622	8,192	874	986	26,957
- external		8,825	6,679	8,727	733	1,993	26,957
- inter-segment		1,458	(57)	(535)	141	(1,007)	-
of which: net interest income		6,920	4,423	2,307	407	103	14,160
Loan impairment (charges)/recoveries and othercredit risk provisions		(565)	(109)	(40)	(1)	58	(657)

Net operating income	9,718	6,513	8,152	873	1,044	26,300
Total operating expenses	(6,311)	(2,949)	(4,609)	(729)	(597)	(15,195)
Operating profit	3,407	3,564	3,543	144	447	11,105
Share of profit/(loss) in associates and joint ventures	(10)	-	-	-	1,269	1,259
Adjusted profit before tax	3,397	3,564	3,543	144	1,716	12,364
	%	%	%	%	%	%
Share of HSBC's adjusted profit before tax	27.5	28.8	28.7	1.2	13.8	100.0
Adjusted cost efficiency ratio	61.4	44.5	56.3	83.4	60.5	56.4
Adjusted balance sheet data	$m	$m	$m	$m	$m	$m
Loans and advances to customers (net)	324,604	304,204	244,144	38,436	7,753	919,141
Interests in associates and joint ventures	378	-	-	-	20,929	21,307
Total external assets	440,751	331,670	1,030,547	44,769	648,313	2,496,050
Customer accounts	618,263	341,681	268,447	68,214	14,778	1,311,383
Adjusted risk-weighted assets	115,676	287,965	305,511	16,455	142,497	868,104

For footnote, see page 7.

HSBC adjusted profit before tax and balance sheet data (continued)

		Half-year to 31 Dec 2017					
		RetailBanking andWealthManagement	CommercialBanking	GlobalBanking andMarkets	GlobalPrivateBanking	Corporate Centre	T
	Footnote	$m	$m	$m	$m	$m	$
Net operating income/(expense) before loan impairment charges and other credit risk provisions	7	10,280	6,883	7,386	866	323	2
- external		8,487	6,978	8,126	734	1,413	2

- inter-segment	1,793	(95)	(740)	132	(1,090)	-
of which: net interest income/(expense)	7,249	4,814	2,655	428	(583)	1
Loan impairment (charges)/recoveries and other credit risk provisions	(415)	(382)	(432)	(16)	132	(
Net operating income	9,865	6,501	6,954	850	455	2
Total operating expenses	(6,755	(3,128	(4,567	(698	(1,582)	(
Operating profit/(loss)	3,110	3,373	2,387	152	(1,127)	7
Share of profit in associates and joint ventures	27	-	-	-	1,203	1
Adjusted profit before tax	3,137	3,373	2,387	152	76	9
	%	%	%	%	%	%
Share of HSBC's adjusted profit before tax	34.4	37.0	26.2	1.7	0.7	1
Adjusted cost efficiency ratio	65.7	45.4	61.8	80.6	489.8	6
Adjusted balance sheet data	$m	$m	$m	$m	$m	$
Loans and advances to customers (net)	338,511	310,087	247,805	39,763	7,379	9
Interests in associates and joint ventures	363	-	-	-	22,121	2
Total external assets	458,384	341,091	962,267	45,330	670,727	2
Customer accounts	628,854	356,542	277,751	65,446	11,070	1
	119,548	294,714	295,670	15,893	129,133	8

Adjusted
risk-weighted assets

Footnotes to pages 1 to 7

1 Adjusted performance is computed by adjusting reported results for the period-on-period effects of foreign currency translation differences and significant items which distort period-on-period comparisons.

2 Includes UK bank levy.

3 The 2017 comparatives do not reflect the adoption of IFRS 9. As such these are not directly comparable to the 2018 disclosure which is prepared on an IFRS 9 basis.

4 Calculated using the EU's regulatory transitional arrangements for IFRS 9 in article 473a of the Capital Requirements Regulation. Figures at 31 December 2017 are reported under IAS 39.

5 Net operating income before change in expected credit losses and other credit impairment charges/Net operating income before loan impairment charges and other credit risk provisions, also referred to as revenue.

6 The dividends per ordinary share of $0.31 shown in the accounts comprise dividends declared during the first half of 2018. This represents the fourth interim dividend for 2017 and the first interim dividend for 2018.

7 Net operating income before change in expected credit losses and other credit impairment charges/Net operating income before loan impairment charges and other credit risk provisions, also referred to as revenue.

Consolidated income statement

	Half-year to		
	30 Jun	30 Jun	31 Dec
	2018	2017	2017
	$m	$m	$m
Net interest income	15,100	13,777	14,399
- interest income	23,422	19,727	21,268

- interest expense	(8,322)	(5,950)	(6,869)
Net fee income	6,767	6,491	6,320
- fee income	8,469	7,906	7,947
- fee expense	(1,702)	(1,415)	(1,627)
Net income from financial instruments held for trading or managed on a fair value basis10, 11	4,883	4,232	4,194
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss10	(222)	1,499	1,337
Changes in fair value of long-term debt and related derivatives11	(126)	204	(49)
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss10	345	N/A	N/A
Gains less losses from financial investments	124	691	459
Dividend income	41	49	57
Net insurance premium income	5,776	4,811	4,968
Other operating income/(expense)	359	526	(189)
Total operating income	33,047	32,280	31,496
Net insurance claims and benefits paid and movement in liabilities to policyholders	(5,760)	(6,114)	(6,217)
Net operating income before change in expected credit losses and other credit impairment charges	27,287	26,166	25,279
Change in expected credit losses and other credit impairment charges	(407	N/A	N/A
Loan impairment charges and other credit risk provisions	N/A	(663)	(1,106)
Net operating income	26,880	25,503	24,173
Employee compensation and benefits	(8,836)	(8,680)	(8,635)
General and administrative expenses	(7,767)	(6,900)	(8,807)
Depreciation and impairment of property, plant and equipment	(568)	(567)	(599)
Amortisation and impairment of intangible assets and goodwill	(378)	(296)	(400)
Total operating expenses	(17,549)	(16,443)	(18,441)

Operating profit	9,331	9,060	5,732
Share of profit in associates and joint ventures	1,381	1,183	1,192
Profit before tax	10,712	10,243	6,924
Tax expense	(2,296)	(2,195)	(3,093)
Profit for the period	8,416	8,048	3,831
Attributable to:			
- ordinary shareholders of the parent company	7,173	6,999	2,684
- preference shareholders of the parent company	45	45	45
- other equity holders	530	466	559
- non-controlling interests	668	538	543
Profit for the period	8,416	8,048	3,831
	$	$	$
Basic earnings per ordinary share	0.36	0.35	0.13
Diluted earnings per ordinary share	0.36	0.35	0.13

For footnotes, see page 14.

Consolidated statement of comprehensive income

	Half-year to		
	30 Jun	30 Jun	31 Dec
	2018	2017	2017
	$m	$m	$m
Profit for the period	8,416	8,048	3,831
Other comprehensive income/(expense)			

Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Available-for-sale investments	N/A	484	(338)
- fair value gains/(losses)	N/A	1,447	(220
- fair value gains reclassified to the income statement	N/A	(848)	(185)
- amounts reclassified to the income statement in respect of impairment losses	N/A	20	73
- income taxes	N/A	(135	(6)
Debt instruments at fair value through other comprehensive income	(265	N/A	N/A
- fair value losses	(658	N/A	N/A
- fair value gains transferred to the income statement on disposal	329	N/A	N/A
- expected credit losses recognised in income statement	(91	N/A	N/A
- income taxes	155	N/A	N/A
Cash flow hedges	(68)	24	(216)
- fair value losses	(276)	(881)	(165)
- fair value gains/(losses) reclassified to the income statement	184	894	(61)
- income taxes	24	11	10
Share of other comprehensive expense of associates and joint ventures	(57)	(6)	(37)
- share for the period	(57)	(6	(37)
Exchange differences	(4,252)	5,269	3,808
- other exchange differences	(4,252)	5,270	3,669
- income tax attributable to exchange differences	-	(1)	139
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit asset/liability	297	1,708	711
- before income taxes1	421	2,253	1,187
- income taxes	(124)	(545)	(476)
Changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	1,345	(1,156)	(868)

- before income taxes	1,653	(1,398)	(1,011)
- income taxes	(308)	242	143
Equity instruments designated at fair value through other comprehensive income	(30)	N/A	N/A
- fair value losses	(26)	N/A	N/A
- income taxes	(4)	N/A	N/A
Other comprehensive income/(expense) for the period, net of tax	(3,030)	6,323	3,060
Total comprehensive income for the period	5,386	14,371	6,891
Attributable to:			