3 November 2014

News Release

HSBC BANK CANADA
THIRD QUARTER 2014 RESULTS

- Profit before income tax expense for the quarter ended 30 September 2014 was C$231m, a decrease of 8.0% compared with the same period in 2013. Profit before income tax expense was C$706m for the nine months ended 30 September 2014, little changed from the same period in 2013.

- Profit attributable to the common shareholder was C$163m for the quarter ended 30 September 2014, a decrease of 3.0% compared with the same period in 2013. Profit attributable to the common shareholder was C$495m for the nine months ended 30 September 2014, an increase of 9.5% compared with the same period in 2013.

- Return on average common equity was 14.5% for the quarter ended 30 September 2014 and 15.0% for the nine months ended 30 September 2014 compared with 16.0% and 14.3% respectively for the same periods in 2013.

- The cost efficiency ratio was 52.3% for the quarter ended 30 September 2014 and 51.8% for the nine months ended 30 September 2014 compared with 51.1% and 48.9% respectively for the same periods in 2013.

- Total assets were C$84.7bn at 30 September 2014 compared with C$84.3bn at 31 December 2013.

- Common equity tier 1 capital ratio was 10.8%, tier 1 ratio 12.1% and total capital ratio 13.7% at 30 September 2014 compared with 11.1%, 14.1% and 16.0% respectively at 30 September 2013.

The abbreviations "C$m" and "C$bn" represent millions and billions of Canadian dollars, respectively.

This news release is issued by
HSBC Bank Canada

Overview

HSBC Bank Canada reported a profit before income tax expense of C$231m for the third quarter of 2014, a decrease of C$20m, or 8%, compared with the third quarter of 2013 and a decrease of C$11m or 5% compared with the second quarter of 2014. Profit before income tax expense for the nine months ended 30 September 2014 was C$706m, an increase of C$4m, or 1% compared with the same period in 2013.

The decrease in profit before income tax expense for the third quarter of 2014 compared with the same period last year was primarily due to lower net interest income from the continued planned run-off of the consumer finance portfolio, lower net trading income from foreign exchange products, lower income from associates and higher loan impairment charges, arising from a release of specific provisions in the comparative period. This was partially offset by increased fees from credit and wealth products and an increase in other income arising from a reduction in the fair value of investment property held for sale recorded in the third quarter of 2013. The increase in profit before income tax expense for the nine months ended 30 September 2014 compared with the same period last year was primarily due to increased fees from credit and wealth products, lower loan impairment charges as a result of lower specific allowances for commercial customers and an increase in other income arising from a reduction in the fair value of investment property held for sale recorded in 2013. This was partially offset by lower net interest income from the continued planned run-off of the consumer finance portfolio, lower net trading income from foreign exchange products and increased operating expenses as we invest in HSBC Group's global standards as well as risk and compliance activities.

Commenting on the results, Paulo Maia, President and Chief Executive Officer of HSBC Bank Canada, said: "Consistent with the HSBC Group, we continue to make progress towards our three strategic priorities: growing our business, making it more efficient and implementing global standards within Canada. We continued to make investments to grow all three of our business lines in Canada, enhancing our Payments and Cash Management and Project Export Finance offerings, and introducing new mobile capabilities for retail customers.

"As a result of increased residential mortgage business, the ongoing Retail Banking and Wealth Management business recorded strong growth in profit before tax over both the same quarter last year and the immediately preceding quarter. However, this was offset somewhat by increased investments in HSBC Group's global standards as well as risk and compliance activities which continue to impact results."

Analysis of Consolidated Financial Results for the Third Quarter of 2014

Net interest income for the third quarter of 2014 was C$303m, a decrease of C$16m, or 5%, compared with the third quarter of 2013 and marginally decreased compared with the second quarter of 2014. Net interest income for the nine months ended 30 September 2014 was C$917m, a decrease of C$78m, or 8%, compared with the same period in 2013. The decrease from the comparative periods in 2013 was primarily due to declining loan balances from the continued planned run-off of the consumer finance portfolio.

Net fee income for the third quarter of 2014 was C$161m, an increase of C$9m, or 6%, compared with the third quarter of 2013 and marginally increased from the second quarter of 2014. Net fee income for the nine month period ended 30 September 2014 was C$476m, an increase of C$24m, or 5%, compared with the same period in 2013. The increase in net fee income from the same periods last year was primarily due to higher fees from credit products such as standby lines of credit and banker's acceptances, as well as increased fees from wealth related products and from higher funds under management, partially offset by a reduction in fees due to the cancellation of the Canadian federal government's Immigrant Investor Program.

Net trading income for the third quarter of 2014 was C$35m, a decrease of C$7m, or 17% compared with the third quarter of 2013, and an increase of C$2m, or 6%, compared with the second quarter of 2014. Net trading income for nine months ended 30 September 2014 was C$107m, a decrease of C$37m, or 26%, compared with the same period in 2013. The decrease in net trading income compared with the same periods last year was mainly due to lower spreads on foreign exchange products and the impact of debit valuation adjustments on derivative contracts due to the narrowing of our own credit spreads. The increase in net trading income compared with the second quarter of 2014 mainly resulted from the impact of debit valuation adjustments on derivatives recorded in the second quarter.

Net expense from financial instruments designated at fair value for the third quarter and the nine months ended 30 September 2014 was C$1m and C$4m respectively, little changed from the comparative periods in 2013.

Gains less losses from financial investments for the third quarter of 2014 were C$7m, an increase of C$5m compared with the third quarter of 2013 and a decrease of C$20m, or 74%, compared with the second quarter of 2014. Gains less losses from financial investments for the nine months ended 30 September 2014 was C$53m, marginally increased from the same period in 2013. The bank realizes gains and losses from financial investments from disposals of available-for-sale financial investments driven by balance sheet management activities. The variances from comparative periods are primarily as a result of the bank's continuous balance sheet management activities.

Other operating income for the third quarter of 2014 was C$15m, C$8m or 114% higher compared with the third quarter of 2013, and marginally increased from the second quarter of 2014. Other operating income for the nine months ended 30 September 2014 was C$42m, an increase of C$45m compared with the same period in 2013. The increase in other operating income compared with the comparative periods in 2013 reflected the reduction in the fair value of an investment property held for sale that was recorded in the second and third quarters of 2013.

Loan impairment charges and other credit risk provisions for the third quarter of 2014 were C$17m, an increase of C$8m or 89% compared with the third quarter of 2013 and a decrease of C$10m or 37% compared with the second quarter of 2014. Loan impairment charges and other credit risk provisions for the nine months ended 30 September 2014 were C$70m, a decrease of C$79m or 53% compared with the same period in 2013. The increase in loan impairment charges and other credit risk provisions compared with the third quarter of 2013 was mainly due to a release of certain specific provisions in the same period in 2013. The decrease in loan impairment charges and other credit risk provisions compared to the second quarter of 2014 and for the nine months ended 30 September 2014 compared with the same period in the prior year is primarily as a result of lower specific allowances for commercial customers and, for the nine month period, included the impact of reduced impairment charges resulting from the planned continued run-off of the consumer finance portfolio.

Total operating expenses for the third quarter of 2014 were C$272m, marginally increased compared with the third quarter of 2013 and slightly decreased from second quarter of 2014. Total operating expenses for the nine months ended 30 September 2014 were C$824m, an increase of C$24m, or 3%, compared with the same period in 2013. The increase in total operating expenses for the nine months ended 30 September 2014 compared with the same period in the prior year was primarily due to the continued investment in HSBC's global standards as well as risk and compliance activities.

Share of profit in associates for the third quarter of 2014 was Cnil, C9m and C$6m respectively lower than the third quarter of 2013 and the second quarter of 2014. Share of profit in associates for the nine months ended 30 September 2014 was C$9m, C$5m lower than the same period in 2013. The increases and decreases in the share of profit in associates over comparative periods are due to the timing of changes in the value of the bank's investment in private equity funds.

Income tax expense. The effective tax rate in the third quarter of 2014 was 26.7%, little changed compared with 26.5% in the same period last year and 24.8% in the second quarter of 2014, which quarter benefitted from the effect of a tax refund. The effective tax rate for the nine months ended 30 September 2014 was 26.0% compared with 28.4% for the same period in 2013. The reduction in income tax rate for the nine months ended 30 September 2014 included the effect of the income tax refund noted above, while the comparative period in 2013 reflected the impact of a tax adjustment relating to prior periods.

Movement in Financial Position

Total assets at 30 September 2014 were C$84.7bn, up C$0.4bn from 31 December 2013. Increases in commercial customer lending and residential mortgages resulted in a C$1.0bn growth in loans and advances to customers as well as C$0.5bn in customers' liability under acceptances. There was also an increase of C$1.0bn in trading assets due to pending settlements of trading positions in government and agency bonds as well as an increase in derivatives of C$0.8bn due to changes in interest and, particularly, foreign exchange rates. These increases were offset by declines of C$2.0bn in financial investments and C$0.5bn in loans and advances to banks resulting from disposals, maturities and other balance sheet management activities.

Total liabilities at 30 September 2014 were C$79.7bn, up C$0.5bn from 31 December 2013. There were increases in derivatives of C$1.0bn due to changes in interest and particularly foreign exchange rates, non-trading repurchase agreements of C$0.8bn resulting from balance sheet management activities and an increase in acceptances of C$0.5bn driven by customer demand. These were partially offset by decreases in customer accounts of C$1.2bn, primarily as a result of lower commercial account balances, and trading liabilities of C$0.4bn, primarily due to lower balances from pending trade settlements and short position securities.

Business Performance in the Third Quarter of 2014

Commercial Banking

Profit before income tax expense was C$143m for the third quarter of 2014, a decrease of C$24m, or 14%, compared with the third quarter of 2013 and a decrease of C$13m or 8% compared with the second quarter of 2014. Profit before income tax expense for the nine months ended 30 September 2014 was C$448m, an increase of C$85m, or 23% compared with the same period in 2013.

The decrease in profit before income tax expense compared with the same quarter in the previous year was mainly due to higher loan impairment charges and lower share of profits from associates. The decrease in profit before income tax expense compared with second quarter of 2014 resulted primarily from lower gains from financial investments and lower share of profits from associates, partially offset by lower specific loan impairment charges.

The increase in profit before income tax expense for the nine months ended 30 September 2014 compared with the same period last year was primarily due to an increase in other income reflecting the reduction in the fair value of an investment property held for sale that was recorded in 2013, lower specific loan impairment charges and gains from financial investments partially offset by higher operating expenses primarily from increased investments in HSBC's global standards, risk and compliance activities, increases in underlying business as well as the impact of adoption of a revised methodology adopted by HSBC Group for allocating functional support costs to the global lines of business.

Global Banking and Markets

Profit before income tax expense was C$64m for the third quarter of 2014, an increase of C$8m, or 14%, compared with the third quarter of 2013 and unchanged from the second quarter of 2014. Profit before income tax expense was C$205m for the nine months ended 30 September 2014, a decrease of C$21m, or 9% compared with the same period in 2013. The increase in profit before income tax expense for the third quarter of 2014 compared with the same period in 2013 was primarily driven by increased fee income arising from an increase in standby fees and increased realized gains on disposals of financial instruments. The decrease in profit before income tax expense for the nine months ended 30 September 2014 compared with the same period in 2013 was due to lower trading income arising from lower spreads on foreign exchange products and lower gains on disposal from re-balancing of the financial investments portfolio. This was partially offset by increased net interest income and increased net fee income arising from higher standby and debt capital market fees.

Retail Banking and Wealth Management

Profit before income tax expense was C$31m for the third quarter of 2014, marginally increased compared with the third quarter of 2013 and an increase of C$7m, or 29%, compared with the second quarter of 2014. Profit before income tax expense was C$70m for the nine months ended 30 September 2014, a decrease of C$51m, or 42% compared with the same period in 2013.

Profit before income tax expense relating to the ongoing business (excluding the planned run-off consumer finance portfolio) for the third quarter of 2014 was C$24m, an increase of C$9m, or 60%, compared with both the third quarter of 2013 and the second quarter of 2014. Profit before income tax expense relating to ongoing business for the nine months ended 30 September 2014 was C$48m, a decrease of C$3m, or 6% compared with the same period in 2013. Profit before income tax expense for the third quarter of 2014 increased over the third quarter of 2013 mainly due to increased fees, lower loan impairment charges and lower operating costs, partially offset by lower net interest income. The increase over the second quarter of 2014 was due to increased net interest income arising from increased residential mortgages and lower operating expenses, partially offset by lower fee income due to reduced immigrant investor. Profit before income tax expense relating to ongoing business for the nine months ended 30 September 2014 decreased from the same period last year primarily due to lower net interest income driven by a decline in personal lending balances and a decline in net interest spread in a competitive, low interest rate environment as well as increased costs, partially offset by increases in personal lending, particularly residential mortgages, as well increases in fees earned on wealth products and lower loan impairment charges.

Profit before income tax expense relating to the run-off consumer finance portfolio was C$7m for the third quarter of 2014 and C$22m for the nine months ended 30 September 2014. This compared with C$15m and C$70m for the same periods in 2013. This reflects the ongoing reduction in contribution from the planned run-off of the consumer finance portfolio.

Other

Transactions which do not directly relate to our global lines of business are reported in ‘Other’. The main items reported under ‘Other’ include income and expense from the impact of changes in credit spreads on our own subordinated debentures designated at fair value and income and expense related to information technology services provided to HSBC Group companies on an arm’s length basis. Profit before income tax expense for the third quarter of 2014 was a loss of C$7m, compared with a loss of C$2m for the third quarter of 2013, and a loss of C$2m recorded in the second quarter of 2014. For the nine months ended 30 September 2014, there was a loss of C$17m compared to a loss of C$5m for the same period in 2013. The variances from comparative periods are primarily due to the impact of the items noted above.

Dividends

During the third quarter of 2014, the bank declared and paid C$80m in dividends on HSBC Bank Canada common shares, a decrease of C$10m from the same quarter in 2013.

Regular quarterly dividends of 31.875 cents per share have been declared on HSBC Bank Canada Class 1 Preferred Shares – Series C and 31.25 cents per share on Class 1 Preferred Shares – Series D. Dividends will be paid on 31 December 2014, for shareholders of record on 15 December 2014.

Use of non-IFRS financial measures

In measuring our performance, the financial measures that we use include those which have been derived from our reported results. However, these are not presented within the Financial Statements and are not defined under IFRS. These are considered non-IFRS financial measures and are unlikely to be comparable to similar measures presented by other companies. The following non-IFRS financial measures are used throughout this document and their purposes and definitions are discussed below:

<u>Financial position at period end</u>
These measures are indicators of the stability of the bank's balance sheet and the degree funds are deployed to fund assets.

Ratio of customer advances to customer accounts is calculated by dividing loans and advances to customers by customer accounts using period-end balances.

Average total shareholders' equity to average total assets is calculated by dividing average total shareholders' equity (determined using month-end balances during the period) with average total assets (determined using month-end balances during the period).

<u>Credit coverage ratios</u>
Credit coverage ratios are useful to management as a measure of the extent of incurred loan impairment charges relative to the bank's performance and size of its customer loan portfolio during the period.

Loan impairment charges to total operating income is calculated as loan impairment charges and other credit provisions, as a percentage of total operating income for the period.

Loan impairment charges to average gross customer advances is calculated as annualized loan impairment charges and other credit provisions for the period, as a percentage of average gross customer advances (determined using month-end balances during the period).

Total impairment allowances to impaired loans at period-end are useful to management to evaluate the coverage of impairment allowances relative to impaired loans using period-end balances.

<u>Return ratios</u>
Return ratios are useful for management to evaluate profitability on equity, assets and risk-weighted assets.

Return on average common equity is calculated as annualized profit attributable to the common shareholder for the period, divided by average common equity (determined using month-end balances during the period).

Post-tax return on average total assets is calculated as annualized profit attributable to the common shareholder for the period, divided by average assets (determined using average month-end balances during the period).

Pre-tax return on average risk-weighted assets is calculated as annualized profit attributable to the common shareholder for the period, divided by average risk-weighted assets (determined using quarter-end balances during the period).

<u>Efficiency ratios</u>
Efficiency ratios are measures of the bank's efficiency in managing its operating expense to generate revenue.

Cost efficiency ratio is calculated as total operating expenses for the period as a percentage of total operating income for the period.

Adjusted cost efficiency ratio is calculated similarly to the cost efficiency ratio; however, total operating income for the period excludes gains and losses from financial instruments designated at fair value, as the movement in value of the bank's own subordinated debt issues are primarily driven by changes in market rates and are not under the control of management.

<u>Revenue mix ratio</u>
This measure demonstrates the contribution of each of the primary revenue streams to total operating income.

Net interest income, net fee income and net trading income to total operating income is calculated as net interest income, net fee income and net trading income for the period divided by total operating income for the period.

About HSBC Bank Canada
HSBC Bank Canada, a subsidiary of HSBC Holdings plc, is the leading international bank in Canada. The HSBC Group serves customers worldwide from over 6,200 offices in over 74 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US$2,729bn at 30 September 2014, HSBC is one of the world's largest banking and financial services organizations.

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Copies of HSBC Bank Canada's third quarter 2014 interim report will be sent to shareholders in November 2014.

(in $ millions, except where stated)	Quarter ended			Nine months ended	
	30 September 2014	30 September 2013	30 June 2014	**30 September 2014**	30 September 2013
Financial performance for the period					
Total operating income	**520**	522	539	**1,591**	1,637
Profit before income tax expense	**231**	251	242	**706**	702
Profit attributable to the common shareholder	**163**	168	172	**495**	452
Basic earnings per common share (C$)	**0.32**	0.34	0.35	**0.99**	0.91
Financial position at period-end					
Loan and advances to customers[1]	**41,534**	41,102	41,549		
Customer accounts[1]	**49,698**	47,668	49,329		
Ratio of customer advances to customer accounts (%)[2]	**83.6**	86.2	84.2		
Shareholders' equity	**4,836**	5,187	4,791		
Average total shareholders' equity to average total assets (%)[2]	**5.8**	6.0	5.8		
Capital measures					
Common equity tier 1 capital ratio (%)	**10.8**	11.1	11.0		
Tier 1 ratio (%)	**12.1**	14.1	12.4		
Total capital ratio (%)	**13.7**	16.0	14.0		
Assets-to-capital multiple (times)	**16.8**	14.5	16.0		
Risk-weighted assets (C$m)	**40,129**	36,281	38,629		
Performance ratios (%)[2]					
Credit coverage ratios (%)					
Loan impairment charges to total operating income	**3.4**	1.7	5.0	**4.4**	9.1
Loan impairment charges to average gross customer advances[3]	**0.2**	0.1	0.3	**0.2**	0.4
Total impairment allowances to impaired loans at period-end[3]	**70.8**	61.2	67.7	**70.8**	61.2
Return ratios (%)					
Return on average common shareholder's equity	**14.5**	16.0	15.6	**15.0**	14.3
Post-tax return on average total assets	**0.77**	0.78	0.81	**0.78**	0.71
Pre-tax return on average risk-weighted assets[3]	**2.3**	1.8	2.5	**2.4**	1.7
Efficiency and revenue mix ratios (%)					
Cost efficiency ratio	**52.3**	51.9	51.1	**51.8**	48.9
Adjusted cost efficiency ratio	**52.2**	51.9	51.0	**51.7**	48.8
Net interest income to total operating income	**58.3**	61.1	57.0	**57.6**	60.8
Net fee income to total operating income	**30.9**	29.1	29.7	**29.9**	27.6
Net trading income to total operating income	**6.8**	8.0	6.2	**6.8**	8.8

1 *From 1 January 2014, non-trading reverse repurchase and repurchase agreements are presented as separate lines in the balance sheet. Previously, non-trading reverse repurchase agreements were included within 'Loans and advances to banks' and 'Loans and advances to customers' and non-trading repurchase agreements were included within 'Deposits by banks' and 'Customer accounts'. Comparative data have been restated accordingly. More information relating to the change in presentation will be made available in our third quarter 2014 interim report.*

2 *Refer to the 'Use of non-IFRS financial measures' section of this document for a discussion of non-IFRS financial measures.*

3 *The measure has been aligned with that in use by the HSBC Group and comparative information has been restated. Refer to the 'Use of non-IFRS financial measures' section of this document for a description of the method in use to calculate the measure.*

	Quarter ended			Nine months ended	
	30 September 2014 C$m	30 September 2013 C$m	30 June 2014 C$m	**30 September 2014 C$m**	30 September 2013 C$m
Interest income	**478**	511	484	**1,445**	1,562
Interest expense	**(175)**	(192)	(177)	**(528)**	(567)
Net interest income	**303**	319	307	**917**	995
Fee income	**181**	174	183	**536**	521
Fee expense	**(20)**	(22)	(23)	**(60)**	(69)
Net fee income	**161**	152	160	**476**	452
Trading income excluding net interest income	**32**	31	32	**100**	111
Net interest income on trading activities	**3**	11	1	**7**	33
Net trading income	**35**	42	33	**107**	144
Net expense from financial instruments designated at fair value	**(1)**	–	(1)	**(4)**	(3)
Gains less losses from financial investments	**7**	2	27	**53**	52
Other operating income/(expense)	**15**	7	13	**42**	(3)
Total operating income	**520**	522	539	**1,591**	1,637
Loan impairment charges and other credit risk provisions	**(17)**	(9)	(27)	**(70)**	(149)
Net operating income	**503**	513	512	**1,521**	1,488
Employee compensation and benefits	**(156)**	(154)	(152)	**(467)**	(468)
General and administrative expenses	**(105)**	(105)	(111)	**(320)**	(296)
Depreciation of property, plant and equipment	**(8)**	(8)	(9)	**(25)**	(25)
Amortization and impairment of intangible assets	**(3)**	(4)	(4)	**(12)**	(11)
Total operating expenses	**(272)**	(271)	(276)	**(824)**	(800)
Operating profit	**231**	242	236	**697**	688
Share of profit in associates	**-**	9	6	**9**	14
Profit before income tax expense	**231**	251	242	**706**	702
Income tax expense	**(61)**	(65)	(60)	**(182)**	(197)
Profit for the period	**170**	186	182	**524**	505
Profit attributable to common shareholders	**163**	168	172	**495**	452
Profit attributable to preferred shareholders	**4**	15	8	**21**	45
Profit attributable to shareholders	**167**	183	180	**516**	497
Profit attributable to non-controlling interests	**3**	3	2	**8**	8
Average number of common shares outstanding (000's)	**498,668**	498,668	498,668	**498,668**	498,668
Basic earnings per common share	**C$ 0.32**	C$ 0.34	C$ 0.23	**C$ 0.99**	C$ 0.91

Figures in C$m	**At 30 September 2014**	At 30 September 2013	At 31 December 2013
ASSETS			
Cash and balances at central bank	**59**	59	165
Items in the course of collection from other banks	**89**	122	107
Trading assets	**7,707**	7,446	6,728
Derivatives	**2,953**	1,616	2,112
Loans and advances to banks[1]	**603**	564	1,149
Loans and advances to customers[1]	**41,534**	41,102	40,524
Reverse repurchase agreements – non-trading[1]	**5,979**	7,637	6,161
Financial investments	**19,786**	21,178	21,814
Other assets	**372**	434	332
Prepayments and accrued income	**223**	227	206
Customers' liability under acceptances	**5,222**	5,007	4,757
Property, plant and equipment	**126**	133	137
Goodwill and intangibles assets	**63**	69	68
Total assets	**84,716**	85,594	84,260
LIABILITIES AND EQUITY			
Liabilities			
Deposits by banks[1]	**808**	1,277	635
Customer accounts[1]	**49,698**	47,688	50,926
Repurchase agreements – non-trading[1]	**2,272**	4,214	1,487
Items in the course of transmission to other banks	**69**	86	53
Trading liabilities	**3,912**	4,420	4,396
Financial liabilities designated at fair value	**426**	427	428
Derivatives	**2,770**	1,306	1,746
Debt securities in issue	**11,292**	12,387	11,348
Other liabilities	**2,126**	2,251	2,338
Acceptances	**5,222**	5,007	4,757
Accruals and deferred income	**534**	529	551
Retirement benefit liabilities	**312**	258	271
Subordinated liabilities	**239**	327	239
Total liabilities	**79,680**	80,177	79,175
Equity			
Common shares	**1,225**	1,225	1,225
Preferred shares	**350**	946	600
Other reserves	**113**	113	134
Retained earnings	**3,148**	2,903	2,926
Total shareholders' equity	**4,836**	5,187	4,885
Non-controlling interests	**200**	230	200
Total equity	**5,036**	5,417	5,085
Total equity and liabilities	**84,716**	85,594	84,260

1 *From 1 January 2014, non-trading reverse repurchase and repurchase agreements are presented as separate lines in the balance sheet. Previously, non-trading reverse repurchase agreements were included within 'Loans and advances to banks' and 'Loans and advances to customers' and non-trading repurchase agreements were included within 'Deposits by banks' and 'Customer accounts'. Comparative data have been restated accordingly. More information relating to the change in presentation will be made available in our third quarter 2014 interim report.*

Condensed Consolidated Statement of Cash Flows (Unaudited)

Figures in C$m	Quarter ended			Nine months ended	
	30 September 2014	30 September 2013	30 June 2014	**30 September 2014**	30 September 2013
Cash flows generated from/(used in):					
– operating activities	**(9)**	82	(15)	**(1,865)**	2,755
– investing activities	**(25)**	(976)	(212)	**2,008**	(517)
– financing activities	**(88)**	(108)	(340)	**(520)**	(323)
Net increase/(decrease) in cash and cash equivalents	**(122)**	(1,002)	(567)	**(377)**	1,915
Cash and cash equivalents, beginning of period	**1,641**	4,670	2,208	**1,896**	1,753
Cash and cash equivalents, end of period	**1,519**	3,668	1,641	**1,519**	3,668
Represented by:					
– Cash and balances at central bank	**59**	59	66	**59**	59
– Items in the course of transmission from/(to) other banks, net	**20**	36	(132)	**20**	36
– Loans and advances to banks of one month or less	**603**	564	438	**603**	564
– Reverse repurchase agreements with banks of one month or less	**524**	2,017	992	**524**	2,017
– Treasury bills and certificates of deposits of three months or less	**313**	992	277	**313**	992
Cash and cash equivalents, end of period	**1,519**	3,668	1,641	**1,519**	3,668

Figures in C$m	Quarter ended			Nine months ended	
	30 September 2014	30 September 2013	30 June 2014	**30 September 2014**	30 September 2013
Commercial Banking					
Net interest income	**164**	169	165	**497**	502
Net fee income	**79**	78	81	**239**	235
Net trading income	**6**	7	7	**19**	22
Gains less losses from financial investments	**–**	–	16	**16**	–
Other operating income/(expense)	**5**	(5)	3	**14**	(37)
Total operating income	**254**	249	272	**785**	722
Loan impairment (charges)/reversals and other credit risk provisions	**(11)**	5	(18)	**(41)**	(95)
Net operating income	**243**	254	254	**744**	627
Total operating expenses	**(100)**	(96)	(104)	**(305)**	(278)
Operating profit	**143**	158	150	**439**	349
Share of profit in associates	**–**	9	6	**9**	14
Profit before income tax expense	**143**	167	156	**448**	363
Global Banking and Markets					
Net interest income	**45**	37	46	**135**	119
Net fee income	**26**	22	22	**72**	60
Net trading income	**16**	24	15	**52**	86
Gains less losses from financial investments	**7**	2	11	**37**	48
Other operating income	**–**	–	1	**1**	–
Total operating expenses	**94**	85	95	**297**	313
Loan impairment charges and other credit risk provisions	**–**	(1)	(2)	**(3)**	(1)
Net operating income	**94**	84	93	**294**	312
Total operating expenses	**(30)**	(28)	(29)	**(89)**	(86)
Profit before income tax expense	**64**	56	64	**205**	226
Retail Banking and Wealth Management					
Net interest income	**105**	120	104	**311**	395
Net fee income	**56**	52	57	**165**	157
Net trading income	**4**	4	3	**12**	15
Gain less losses from financial investments	**-**	-	–	**-**	4
Other operating income	**3**	4	2	**7**	11
Total operating income	**168**	180	166	**495**	582
Loan impairment charges and other credit risk provisions	**(6)**	(13)	(7)	**(26)**	(53)
Net operating income	**162**	167	159	**469**	529
Total operating expenses	**(131)**	(137)	(135)	**(399)**	(408)
Profit before income tax expense	**31**	30	24	**70**	121
Attributable as follows:					
Ongoing Retail Banking and Wealth Management business	**24**	15	15	**48**	51
Run-off consumer finance portfolio	**7**	15	9	**22**	70
Profit before income tax expense	**31**	30	24	**70**	121

Figures in C$m	Quarter ended			Nine months ended	
	30 September 2014	30 September 2013	30 June 2014	**30 September 2014**	30 September 2013
Other					
Net interest expense	**(11)**	(7)	(8)	**(26)**	(21)
Net trading income	**9**	7	8	**24**	21
Net expense from financial instruments designated at fair value	**(1)**	–	(1)	**(4)**	(3)
Other operating income	**7**	8	7	**20**	23
Net operating income/(expense)	**4**	8	6	**14**	20
Total operating expenses	**(11)**	(10)	(8)	**(31)**	(28)
Loss before income tax expense	**(7)**	(2)	(2)	**(17)**	(8)