HSBC

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News Release

HSBC BANK CANADA
SECOND QUARTER 2015 RESULTS

- Profit before income tax expense for the quarter ended 30 June 2015 was C$227m, a decrease of 6.2% compared with the same period in 2014. Profit before income tax expense was C$458m for the half year ended 30 June 2015, a decrease of 3.6% compared with the same period in 2014.

- Profit attributable to the common shareholder was C$161m for the quarter ended 30 June 2015, a decrease of 6.4% compared with the same period in 2014. Profit attributable to the common shareholder was C$324m for the half year ended 30 June 2015, a decrease of 2.4% compared with the same period in 2014.

- Return on average common equity was 14.0% for the quarter ended 30 June 2015 and 14.3% for the half year ended 30 June 2015 compared with 15.6% and 15.3% respectively for the same periods in 2014.

- The cost efficiency ratio was 53.8% and 53.9% respectively for the quarter and half year ended 30 June 2015 compared with 51.1% and 51.6% for the same periods in 2014.

- Total assets were C$89.4bn at 30 June 2015 compared with C$88.2bn at 31 December 2014.

- Common equity tier 1 capital ratio was 10.5%, tier 1 ratio 12.5% and total capital ratio 13.8% at 30 June 2015 compared with 10.6%, 12.0% and 13.5% respectively at 31 December 2014.

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$227m for the second quarter of 2015, a decrease of C$15m, or 6.2%, compared with the second quarter of 2014 and a decrease of C$4m or 1.7% compared with the first quarter of 2015. Profit before income tax expense for the first half of 2015 was C$458m, a decrease of C$17m, or 3.6% compared with the first half of 2014. Compared to the second quarter of 2014, profit before tax was lower, mainly as a result of margin compression, lower gains on financial investments and higher costs, partially offset by increased credit facility and corporate finance fees. For the half year ended 30 June 2015, in addition to the factors note above, profit before tax was lower due to lower trading income from derivative fair value movements that were recycled to the income statement as a result of hedge accounting criteria not having been met. This was offset by increased fee income from wealth product sales and lower loan impairment charges, mainly from the planned consumer finance portfolio run-off.

Commercial Banking continues to make progress in growing our business and streamlining processes. We continued to see strong increases in new-to-bank customers but this was tempered by a low utilisation rate of recently authorised credit facilities. Initiatives to streamline credit application and client on-boarding processes helped to improve relationship manager productivity allowing further business development activities.

By more fully leveraging our global network on behalf of our clients, Global Banking and Markets saw increases in advisory and capital markets fees as well as lending and credit activities while the Capital Financing business had increased activity in closing significant deals during the quarter.

During the quarter, Retail Banking and Wealth Management continued to benefit from growth in residential mortgages, deposits and wealth balances, with a key focus on revenue in a highly competitive low interest rate environment.

Commenting on the results, Sandra Stuart, President and Chief Executive Officer of HSBC Bank Canada, said: “We are focused on growing our business in Canada, however, we do expect current challenges to continue including pressure on the oil sector and related industries and prevailing low interest rates. There was growth in all three business lines, with Global Banking and Markets making a particularly strong showing. Clearly customers see value in the unique expertise we bring to doing business internationally and helping internationally minded individuals to manage their finances. We are continuing to invest in making our operations more efficient, implementing HSBC’s Global Standards and developing new products and services - all to ensure a better experience for our clients across all business lines.”

Analysis of Consolidated Financial Results for the Second Quarter of 2015

Net interest income for the second quarter of 2015 was C$289m, a decrease of C$18m, or 5.9%, compared with the second quarter of 2014, and a marginal increase compared with the first quarter of 2015. Net interest income for the first half of 2015 was C$576m, a decrease of C$38m, or 6.2%, compared with the first half of 2014. The decrease over comparative periods in 2014 was primarily due to the competitive low interest rate environment including the impact of the Bank of Canada rate cut and the impact of the continuing planned run-off of the higher yielding consumer finance portfolio. This was partially offset by increases associated with the growth in commercial loans and residential mortgages. The increase over the first quarter of 2015 was primarily due to one additional day in the quarter as well as growth in commercial loans, partially offset by reductions in yields on financial investments.

Net fee income for the second quarter of 2015 was C$181m, an increase of C$21m, or 13.1%, compared with the second quarter of 2014 and an increase of C$9m, or 5.2%, compared with the first quarter of 2015. Net fee income for the first half of 2015 was C$353m, an increase of C$38m, or 12.1%, compared with the first half of 2014. Net fee income from the same periods last year and the first quarter of 2015 was higher primarily due to increased fees from advisory, debt capital market and leveraged and acquisition finance activities and higher fees from credit products such as standby lines of credit and banker's acceptances as well as continued growth in wealth management.

Net trading income for the second quarter of 2015 was C$41m, an increase of C$8m, or 24.2% compared with the second quarter of 2014, and an increase of C$26m, or 173.3%, compared with the first quarter of 2015. Net trading income for the first half of 2015 was C$56m, a decrease of C$16m, or 22.2%, compared with the first half of 2014. Net trading income increased compared with the second quarter of 2014 mainly due to debit valuation adjustments on derivative contracts arising from the narrowing of our own credit spreads and hedge ineffectiveness recorded in the second quarter of 2014. In the first quarter of 2015, derivative fair value movements were recycled to the income statement due to hedge accounting criteria not having been met, negatively impacting net trading income. This impact on net trading income, which was not repeated in the second quarter of 2015, also negatively affected the first half of 2015 compared to the first half of 2014.

Net income from financial instruments designated at fair value was C$nil for the second quarter of 2015 compared to an expense of C$1m in the second quarter of 2014 and income of C$2m in the first quarter of 2015. The bank has previously designated certain of its own subordinated debentures to be recorded at fair value. The net income from financial instruments designated at fair value results from marginal widening of the bank's own credit spread in the first quarter of 2015 which decreased the fair value of these subordinated debentures. This compared with an expense recorded in comparative periods in 2014 which arose from the narrowing of the bank's own credit spread.

Gains less losses from financial investments for the second quarter of 2015 were C$18m, a decrease of C$9m, or 33.3%, compared with the second quarter of 2014 and a decrease of C$18m, or 50.0%, compared with the first quarter of 2015. Gains less losses from financial investments for the first half of 2015 was C$54m, an increase of C$8m, or 17.4%, compared with the first half of 2014. The bank realises 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. In the first quarter of 2015 we benefitted from higher gains on disposals of financial investments arising from re-balancing of the bank's portfolio. In addition, in the second quarter of 2014 C$16m was recorded on the disposal of certain available-for-sale securities in our Commercial Banking business that was not repeated in 2015.

Other operating income for the second quarter of 2015 was C$12m, marginally lower than the second quarter of 2014, and C$6m lower than the first quarter of 2015 which included income from the sale of a small impaired loan portfolio. Other operating income for the first half of 2015 was C$30m, an increase of C$3m, or 11.1%, compared with the first half of 2014, primarily due to the sale of impaired loans

Loan impairment charges and other credit risk provisions for the second quarter of 2015 were C$23m, C$4m or 14.8% less than the second quarter of 2014 and C$7m, or 43.8%, more than the first quarter of 2015. Loan impairment charges and other credit risk provisions for the first half of 2015 were C$39m, C$14m or 26.4%, less than the first half of 2014. Specific allowances for commercial customers and impairment charges related to the continuing planned run-off of the consumer finance portfolio decreased compared to the same periods in 2014. As a result of deteriorating credit metrics in the energy sector, loan impairment charges are higher than in the first quarter of 2015.

Total operating expenses for the second quarter of 2015 were C$291m, an increase of C$15m, or 5.4% and C$5m, or 1.7%, compared with the second quarter of 2014 and the first quarter of 2015 respectively. Total operating expenses for the first half of 2015 was C$577m, C$25m, or 4.5% higher than the first half of 2014. HSBC has continued to invest in Global Standards implementation and other risk and compliance activities and also incurred increased costs related to efficiency initiatives. General and administrative expenses are higher than in the first quarter of 2015 mainly due to the timing of certain donation, marketing and training expenditures.

Share of profit in associates represents changes in the values of bank's investment in certain private equity funds, which for the second quarter of 2015 was C$nil, compared to C$6m in the second quarter of 2014, and C$3m in the first quarter of 2015.

Income tax expense. The effective tax rate in the second quarter of 2015 was 26.2%, compared with 25.0% in the second quarter of 2014 and 26.8% in the first quarter of 2015. Income tax expense for the comparative quarter of 2014 includes the effect of an income tax refund.

Movement in Financial Position

Total assets at 30 June 2015 were C$89.4bn, an increase of C$1.2bn from 31 December 2014. Increases in commercial customer lending and residential mortgages resulted in a C$1.6bn growth in loans and advances to customers. An increase in financial investments of C$0.8bn was offset by small declines including those in trading assets and derivatives.

Total liabilities at 30 June 2015 were C$83.9bn, an increase of C$0.7bn from 31 December 2014. There were increases in non-trading repurchase agreements of C$0.7bn resulting from balance sheet management activities and trading liabilities of C$0.7bn, primarily due to higher balances from pending trade settlements and short position securities. However these were partially offset by small declines in derivatives.

Total equity at 30 June 2015 was C$5.5bn, an increase of C$0.5bn from 31 December 2014. The increase was due to an issue of C$0.5bn in preferred shares to an HSBC Group company, profits generated in the period and an increase in other reserves of C$0.2bn offset by a reduction in non-controlling interests resulting from the redemption of C$0.2bn in HSBC Canada Asset Trust Securities.

Business Performance in the Second Quarter of 2015

Commercial Banking

Profit before income tax expense was C$118m for the second quarter of 2015, a decrease of C$38m, or 24%, compared with the second quarter of 2014 and a decrease of C$18m or 13%, compared with the first quarter of 2015. Profit before income tax expense for the first half of 2015 was C$254m, a decrease of C$51m, or 17%, compared with the first half of 2014.

The decrease in profit before income tax expense compared with the same periods last year was primarily driven by margin compression in a competitive low interest rate environment, including the impact of the Bank of Canada rate cut, portfolio repositioning and gains on sales of asset-for-sales securities in 2014 that was not repeated in 2015. Increased loan impairment charges, driven by deteriorating credit metrics in the energy sector and increased software and global delivery costs also contributed to the decrease in profit before income tax expense compared with the first quarter in 2015.

Global Banking and Markets

Profit before income tax expense was C$94m for the second quarter of 2015, an increase of C$30m, or 47%, compared with the second quarter of 2014 and an increase of C$13m or 16% compared with the first quarter of 2015. Profit before income tax expense was C$175m for the first half of 2015, an increase of C$34m, or 24% compared with the first half of 2014. The increase in profit before income tax expense compared with the same periods in 2014 was mainly due to increased advisory and capital markets fees, gains on disposals from re-balancing of the financial investments portfolio and increased trading income resulting from debit valuation adjustments on derivatives resulting from narrowing of our own credit spreads recorded in 2014. The increase in profit over the first quarter of 2015 arose from increased fees as well as the impact in the first quarter of 2015 of derivative fair value movements recycled to the income statement due to hedge accounting criteria not having been met, partially offset by lower realised gains from financial investments arising from balance sheet management activities.

Retail Banking and Wealth Management

Profit before income tax expense was C$18m for the second quarter of 2015, a decrease of C$6m, or 25%, compared with the second quarter of 2014 and a decrease of C$5m, or 22%, compared with the first quarter of 2015. Profit before income tax expense was C$41m for the first half of 2015, an increase of C$2m, or 5% compared with the first half of 2014.

Profit before income tax expense relating to ongoing business (excluding the continuing planned run-off of the consumer finance portfolio) was C$9m, a decrease of C$6m, or 40%, compared with the second quarter of 2014 and a decrease of C$2m, or 18%, compared with the first quarter of 2015. Profit before income tax expense relating to ongoing business was C$20m for the first half of 2015, a decrease of C$4m, or 17%, compared with the first half of 2014. The decreases over comparative periods were primarily due to increased business operating expenses and investment in HSBC's Global Standards and risk and compliance activities.

Profit before income tax expense relating to the run-off consumer finance portfolio for the second quarter of 2015 was C$9m, unchanged from the second quarter of 2014 and a decrease of C$3m or 25% from the first quarter of 2015. Profit before income tax expense for this business was C$21m for the first half of 2015, an increase of C$6m, or 40% compared with the first half of 2014. The increase compared to the same periods in 2014 was primarily due to lower loan impairment charges and lower operating expenses from the continuing planned run-off of the portfolio partially offset by lower interest income from declining loan balances. In addition, the results for the first quarter of 2015 benefitted from income on the sale of a small impaired loan 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 information technology services provided to HSBC Group companies on an arm's length basis. Loss before income tax expense was C$3m for the quarter ended 30 June 2015, little changed from the second quarter of 2014, but reduced compared to first quarter of 2015. That quarter reflected foreign exchange losses on settlements of US dollar denominated services provided by HSBC Group companies as well as the timing of recoveries from other Group companies. This also impacted the increase in operating expenses for the first half of 2015 compared to the same period in 2014.

Preferred Shares

The bank issued to its parent on 30 June 2015, C$500m Class 1 Preferred Shares Series G. Each share yields 4%, payable quarterly, as and when declared and are non-cumulative. Subject to regulatory approval, HBCA may on 30 June 2020 and every 5 years thereafter, redeem a portion or all of the Series G shares at par value in cash. The shares include non-viability contingency capital provisions, necessary for the shares to qualify as tier 1 regulatory capital under Basel III.

Non-Controlling Interests

HSBC Canada Asset Trust Securities Series 2015 were redeemed at the issue price on 30 June 2015 for a total cost of C$200m.

Dividends

During the second quarter of 2015, the bank declared and paid C$88m in dividends on HSBC Bank Canada common shares, an increase of C$8m from the same quarter in 2014.

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 30 September 2015, for shareholders of record on 15 September 2015.

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 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 annualised 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 annualised 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 annualised 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 annualised 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 similar 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 the country. We help companies and individuals across Canada to do business and manage their finances internationally through three global business lines: Commercial Banking, Global Banking and Markets, and Retail Banking and Wealth Management. Canada is a priority market for the HSBC Group – one of the world's largest banking and financial services groups with assets of US$2,572bn at 30 June 2015. Linked by advanced technology, HSBC serves customers worldwide through an international network of around 6,100 offices in 72 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa.

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Copies of HSBC Bank Canada's second quarter 2015 interim report will be sent to shareholders in August 2015.

(Figures in C$m, except where otherwise stated)	Quarter ended			Half-year ended	
	30 June 2015	30 June 2014	31 March 2015	**30 June 2015**	30 June 2014
Financial performance for the period					
Total operating income	**541**	539	530	**1,071**	1,071
Profit before income tax expense	**227**	242	231	**458**	475
Profit attributable to the common shareholder	**161**	172	163	**324**	332
Basic earnings per common share (C$)	**0.32**	0.35	0.33	**0.65**	0.67
Financial position at period-end					
Loan and advances to customers	**42,866**	41,549	42,660		
Customer accounts	**50,362**	49,329	50,490		
Ratio of customer advances to customer accounts(%)[1]	**85.1**	84.2	84.5		
Shareholders' equity	**5,483**	4,791	4,959		
Average total shareholders' equity to average total assets(%)[1]	**5.6**	5.8	5.4		
Capital measures[2]					
Common equity tier 1 capital ratio (%)	**10.5**	11.0	10.5		
Tier 1 ratio (%)	**12.5**	12.4	11.8		
Total capital ratio (%)	**13.8**	14.0	13.1		
Assets-to-capital multiple-number of times[3]	**n/a**	16.0	n/a		
Leverage ratio (%)[3]	**4.9**	n/a	4.6		
Risk-weighted assets	**42,358**	38,629	41,659		
Performance ratios (%)[1]					
Return ratios (%)					
Return on average common shareholder's equity	**14.0**	15.6	14.5	**14.3**	15.3
Post-tax return on average total assets	**0.71**	0.81	0.73	**0.72**	0.79
Pre-tax return on average risk-weighted assets[2]	**2.2**	2.5	2.3	**2.2**	2.5
Credit coverage ratios (%)					
Loan impairment charges to total operating income	**4.3**	5.0	3.0	**3.6**	4.9
Loan impairment charges to average gross customer advances and acceptances	**0.2**	0.3	0.2	**0.2**	0.4
Total impairment allowances to impaired loans and acceptances at period-end	**81.1**	67.7	74.8	**81.1**	67.7
Efficiency and revenue mix ratios (%)					
Cost efficiency ratio	**53.8**	51.1	54.0	**53.9**	51.6
Adjusted cost efficiency ratio	**53.8**	51.0	54.2	**54.0**	51.4
As a percentage of total operating income:					
– net interest income	**53.4**	57.0	54.2	**53.8**	57.3
– net fee income	**33.5**	29.7	32.5	**32.9**	29.4
– net trading income	**7.6**	6.2	2.8	**5.2**	6.8

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

2 *The bank assesses capital adequacy against standards established in guidelines issued by OSFI in accordance with the Basel III capital adequacy frameworks*

3 *Leverage ratio replaced assets-to-capital multiple effective 1 January 2015.*

Figures in C$m (except per share amounts)	Quarter ended			Half-year ended	
	30 June 2015 $m	30 June 2014 $m	31 March 2015 $m	**30 June 2015 $m**	30 June 2014 $m
Interest income	**427**	484	434	**861**	967
Interest expense	**(138)**	(177)	(147)	**(285)**	(353)
Net interest income	**289**	307	287	**576**	614
Fee income	**198**	183	191	**389**	355
Fee expense	**(17)**	(23)	(19)	**(36)**	(40)
Net fee income	**181**	160	172	**353**	315
Trading income excluding net interest income	**33**	32	8	**41**	68
Net interest income on trading activities	**8**	1	7	**15**	4
Net trading income	**41**	33	15	**56**	72
Net income/(expense) from financial instruments designated at fair value	**–**	(1)	2	**2**	(3)
Gains less losses from financial investments	**18**	27	36	**54**	46
Other operating income	**12**	13	18	**30**	27
Total operating income	**541**	539	530	**1,071**	1,071
Loan impairment charges and other credit risk provisions	**(23)**	(27)	(16)	**(39)**	(53)
Net operating income	**518**	512	514	**1,032**	1,018
Employee compensation and benefits	**(168)**	(152)	(169)	**(337)**	(311)
General and administrative expenses	**(112)**	(111)	(106)	**(218)**	(215)
Depreciation of property, plant and equipment	**(8)**	(9)	(7)	**(15)**	(17)
Amortisation and impairment of intangible assets	**(3)**	(4)	(4)	**(7)**	(9)
Total operating expenses	**(291)**	(276)	(286)	**(577)**	(552)
Operating profit	**227**	236	228	**455**	466
Share of profit in associates	**–**	6	3	**3**	9
Profit before income tax expense	**227**	242	231	**458**	475
Income tax expense	**(59)**	(60)	(61)	**(120)**	(121)
Profit for the period	**168**	182	170	**338**	354
Profit attributable to common shareholders	**161**	172	163	**324**	332
Profit attributable to preferred shareholders	**5**	8	4	**9**	17
Profit attributable to shareholders	**166**	180	167	**333**	349
Profit attributable to non-controlling interests	**2**	2	3	**5**	5
Average number of common shares outstanding (000's)	**498,688**	498,668	498,668	**498,668**	498,668
Basic earnings per common share (C$)	**0.32**	0.35	0.33	**0.65**	0.67

Figures in C$m	**30 June 2015 $m**	30 June 2014 $m	31 December 2014 $m
ASSETS			
Cash and balances at central bank	**60**	66	73
Items in the course of collection from other banks	**96**	87	76
Trading assets	**8,563**	6,525	8,914
Derivatives	**3,753**	2,139	4,082
Loans and advances to banks	**965**	438	1,264
Loans and advances to customers	**42,866**	41,549	41,219
Reverse repurchase agreements – non-trading	**6,698**	6,178	6,714
Financial investments	**20,896**	19,774	20,122
Other assets	**341**	418	345
Prepayments and accrued income	**198**	189	186
Customers' liability under acceptances	**4,780**	5,586	5,023
Property, plant and equipment	**115**	132	124
Goodwill and intangible assets	**63**	65	62
Total assets	**89,394**	83,146	88,204
LIABILITIES AND EQUITY			
Liabilities			
Deposits by banks	**851**	912	681
Customer accounts	**50,362**	49,329	50,843
Repurchase agreements – non-trading	**4,744**	2,246	4,054
Items in the course of transmission to other banks	**245**	219	105
Trading liabilities	**4,956**	3,492	4,227
Financial liabilities designated at fair value	**422**	429	425
Derivatives	**3,595**	1,880	3,885
Debt securities in issue	**10,689**	10,829	10,610
Other liabilities	**2,274**	2,202	2,279
Acceptances	**4,780**	5,586	5,023
Accruals and deferred income	**443**	499	524
Retirement benefit liabilities	**311**	293	309
Subordinated liabilities	**239**	239	239
Total liabilities	**83,911**	78,155	83,204
Equity			
Common shares	**1,225**	1,225	1,225
Preferred shares	**850**	350	350
Other	**154**	138	117
Retained earnings	**3,254**	3,078	3,108
Total shareholders' equity	**5,483**	4,791	4,800
Non-controlling interests	**–**	200	200
Total equity	**5,483**	4,991	5,000
Total equity and liabilities	**89,394**	83,146	88,204

Figures in C$m	Quarter ended			Half-year ended	
	30 June 2015	30 June 2014	31 March 2015	**30 June 2015**	30 June 2014
Cash flows generated from/(used in):					
– operating activities	**2,210**	(15)	(1,373)	**837**	(1,856)
– investing activities	**(1,487)**	(212)	684	**(803)**	2,033
– financing activities	**205**	(340)	(95)	**110**	(432)
Net increase/(decrease) in cash and cash equivalents	**928**	(567)	(784)	**144**	(255)
Cash and cash equivalents, beginning of period	**1,553**	2,208	2,337	**2,337**	1,896
Cash and cash equivalents, end of period	**2,481**	1,641	1,553	**2,481**	1,641
Represented by:					
– Cash and balances at central bank	**60**	66	64	**60**	66
– Items in the course of transmission to other banks, net	**(149)**	(132)	(14)	**(149)**	(132)
– Loans and advances to banks of one month or less	**965**	438	950	**965**	438
– Reverse repurchase agreements with banks of one month or less	**777**	992	402	**777**	992
– Treasury bills and certificates of deposits of three months or less	**828**	277	151	**828**	277
Cash and cash equivalents, end of period	**2,481**	1,641	1,553	**2,481**	1,641

	Quarter ended			Half-year ended	
	30 June 2015	30 June 2014	31 March 2015	**30 June 2015**	30 June 2014
Figures in C$m	**$m**	$m	$m	**$m**	$m
Commercial Banking					
Net interest income	**152**	165	152	**304**	333
Net fee income	**78**	81	80	**158**	160
Net trading income	**8**	7	8	**16**	13
Gains less losses from financial investments	**–**	16	–	**–**	16
Other operating income	**5**	3	5	**10**	9
Total operating income	**243**	272	245	**488**	531
Loan impairment charges and other credit risk provisions	**(19)**	(18)	(11)	**(30)**	(30)
Net operating income	**224**	254	234	**458**	501
Total operating expenses	**(106)**	(104)	(101)	**(207)**	(205)
Operating profit	**118**	150	133	**251**	296
Share of profit in associates	**–**	6	3	**3**	9
Profit before income tax expense	**118**	156	136	**254**	305
Global Banking and Markets					
Net interest income	**43**	46	48	**91**	90
Net fee income	**48**	22	35	**83**	46
Net trading income/(loss)	**20**	15	(6)	**14**	36
Gain less losses from financial investments	**18**	11	36	**54**	30
Other operating income	**–**	1	–	**–**	1
Total operating income	**129**	95	113	**242**	203
Loan impairment charges and other credit risk provisions	**(1)**	(2)	(1)	**(2)**	(3)
Net operating income	**128**	93	112	**240**	200
Total operating expenses	**(34)**	(29)	(31)	**(65)**	(59)
Profit before income tax expense	**94**	64	81	**175**	141
Retail Banking and Wealth Management					
Net interest income	**100**	104	94	**194**	206
Net fee income	**55**	57	57	**112**	109
Net trading income	**6**	3	6	**12**	8
Other operating income	**3**	2	6	**9**	4
Total operating income	**164**	166	163	**327**	327
Loan impairment charges and other credit risk provisions	**(3)**	(7)	(4)	**(7)**	(20)
Net operating income	**161**	159	159	**320**	307
Total operating expenses	**(143)**	(135)	(136)	**(279)**	(268)
Profit before income tax expense	**18**	24	23	**41**	39

Figures in C$m	Quarter ended **30 June 2015 $m**	Quarter ended 30 June 2014 $m	Quarter ended 31 March 2015 $m	Half-year ended **30 June 2015 $m**	Half-year ended 30 June 2014 $m
Other					
Net interest expense	**(6)**	(8)	(7)	**(13)**	(15)
Net trading income	**7**	8	7	**14**	15
Net income/(expense) from financial instruments designated at fair value	**–**	(1)	2	**2**	(3)
Other operating income	**4**	7	7	**11**	13
Net operating income	**5**	6	9	**14**	10
Total operating expenses	**(8)**	(8)	(18)	**(26)**	(20)
Loss before income tax expense	**(3)**	(2)	(9)	**(12)**	(10)