2 November 2015

News Release

# HSBC BANK CANADA
# THIRD QUARTER 2015 RESULTS

- Profit before income tax expense for the quarter ended 30 September 2015 was C$187m, a decrease of 19.0% compared with the same period in 2014. Profit before income tax expense was C$645m for the nine months ended 30 September 2015, a decrease of 8.6% compared with the same period in 2014.

- Profit attributable to the common shareholder was C$128m for the quarter ended 30 September 2015, a decrease of 21.5% compared with the same period in 2014. Profit attributable to the common shareholder was C$452m for the nine months ended 30 September 2015, a decrease of 8.7% compared with the same period in 2014.

- Return on average common equity was 11.0% for the quarter ended 30 September 2015 and 13.1% for the nine months ended 30 September 2015 compared with 14.5% and 15.0% respectively for the same periods in 2014.

- The cost efficiency ratio was 57.5% for the quarter ended 30 September 2015 and 55.1% for the nine months ended 30 September 2015 compared with 52.3% and 51.8% respectively for the same periods in 2014.

- Total assets were C$93.6bn at 30 September 2015 compared with C$88.2bn at 31 December 2014.

- Common equity tier 1 capital ratio was 10.3%, tier 1 ratio 12.3% and total capital ratio 13.5% at 30 September 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$187m for the third quarter of 2015, a decrease of C$44m, or 19%, compared with the third quarter of 2014 and a decrease of C$40m, or 18%, compared with the second quarter of 2015. Profit before income tax expense for the year to date was C$645m, a decrease of C$61m, or 9% compared with the same period in 2014.

Profit before tax was lower, mainly as a result of lower net interest margins, lower gains on financial investments, higher loan impairment charges and higher planned costs, partially offset by increased credit facility and corporate finance fees from the comparative periods in 2014.

Commercial Banking continues to make progress in growing our business and streamlining processes. Strong momentum in new-to-bank activities continued increasing 47% year-over-year. However, the current environment has tempered utilization of authorized credit facilities and capital spending. Initiatives to streamline credit application and client on-boarding processes helped to improve front-line productivity and increase focus on our customers' needs.

By more fully leveraging our global network on behalf of our clients, Global Banking and Markets lending and credit activities and capital market fees continued to increase.

During the quarter, Retail Banking and Wealth Management continued to achieve sustainable and balanced growth in residential mortgages and deposits, and benefitted from increases in wealth balances during the first half of the year. The business continues to deliver a resilient performance given the highly competitive low interest rate environment with spread compression impacting liability margins.

Commenting on the results, Sandra Stuart, President and Chief Executive Officer of HSBC Bank Canada, said: "While the continued slow growth, low rate environment is challenging our revenue line, the prudent approach we have taken to managing our business and the risks in our portfolio has ensured that we remain profitable and well capitalized. In Retail Banking and Wealth Management, core retail banking products including mortgages continued to grow, as did wealth balances, and Commercial Banking has grown its customer base. We have had a strong performance in Global Banking and Markets attributed to capital finance, expansion of our multinational business and new mandates. In fact, year over year, we have increased our overall commitments to customers by 10%. Aside from planned investments in the risk and compliance areas, there has also been good cost discipline across all of our businesses and functions this year. On balance, our strategy to leverage our unique global network on behalf of our customers is delivering largely as expected in a difficult environment. Looking ahead, we are focused on growing our business in Canada, however, we do expect current headwinds to continue including pressure on the oil sector and related industries, and prevailing low interest rates."

**Analysis of Consolidated Financial Results for the Third Quarter of 2015**

***Net interest income*** for the third quarter of 2015 was C$285m, a decrease of C$18m, or 6%, compared with the third quarter of 2014, and a marginal decrease compared with the second quarter of 2015. Net interest income for the year to date was C$861m, a decrease of C$56m, or 6%, compared with the same period in 2014. The decrease over comparative periods in 2014 was primarily due to the competitive low interest rate environment including the impact of Bank of Canada rate cuts and the impact of the continued planned run-off of the higher yielding consumer finance portfolio. Also contributing to the decrease is the planned run-off of the mezzanine funding portfolio. This was partially offset by increases associated with the growth in commercial loans and residential mortgages. The decrease over the second quarter of 2015 was primarily due to the impact of the second Bank of Canada rate cut and the planned run-off of the consumer finance portfolio, partially offset by growth in residential mortgages and a higher ratio of low interest bearing personal deposits.

***Net fee income*** for the third quarter of 2015 was C$165m, an increase of C$4m, or 2%, compared with the third quarter of 2014 and a decrease of C$16m, or 9%, compared with the second quarter of 2015. Net fee income for the year to date was C$518m, an increase of C$42m, or 9%, compared with the same period in 2014. Net fee income compared to the same periods last year was higher primarily due to increased fees from standby lines of credit and banker's acceptances as well as from higher sales of wealth management products. In addition, year to date there were higher fees from advisory, debt capital market and leveraged and acquisition finance activities, although there was a reduction in these fees in the third quarter of 2015 compared to the second quarter.

***Net trading income*** for the third quarter of 2015 was C$48m, an increase of C$13m, or 37%, compared with the third quarter of 2014, and C$7m, or 17%, compared with the second quarter of 2015. Net trading income for the year to date was C$104m, a decrease of C$3m, or 3%, compared with the same period in 2014. Net trading income increased compared with the third quarter of 2014 and the second quarter of 2015 mainly due to the impact of debit valuation adjustments on derivative contracts arising from the widening of our own credit spreads in the current quarter as well as hedge ineffectiveness recorded in the third quarter of 2014. Derivative fair value movements were recycled to the income statement due to hedge accounting criteria not having been met negatively impacted net trading income for the year to date compared to the same period in 2014, although this was largely offset by the impact of debit valuation adjustments on derivative contracts and lower short positions.

***Net income from financial instruments designated at fair value*** was C$2m for the third quarter of 2015 compared to an expense of C$1m in the third quarter of 2014. 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 third quarter of 2015 which decreased the fair value of these subordinated debentures. This compares 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 third quarter of 2015 were C$2m, a decrease of C$5m, or 71%, compared with the third quarter of 2014 and a decrease of C$16m, or 89%, compared with the second quarter of 2015. Gains less losses from financial investments for the year to date were C$56m, an increase of C$3m, or 6%, compared with the same period in 2014. 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. In the second quarter of 2015 we benefited from higher gains on disposals of financial investments arising from re-balancing of the bank's portfolio.

***Other operating income*** for the third quarter of 2015 was C$16m, little changed from the third quarter of 2014, and C$4m higher than the second quarter of 2015. Other operating income for the year to date was C$46m, an increase of C$4m, or 10%, compared with the same period in 2014, primarily due to income from the sale of an impaired loan portfolio.

***Loan impairment charges and other credit risk provisions*** for the third quarter of 2015 were C$31m, C$14m, or 82%, higher than the third quarter of 2014 and C$8m, or 35%, more than the second quarter of 2015. Loan impairment charges and other credit risk provisions for the year to date were C$70m, unchanged from the same period in 2014. The increases in loan impairment charges over the third quarter of 2014 as well as the second quarter of 2015 are mainly driven by energy sector exposures. We continue to closely manage exposures, including enhancing client monitoring, repricing to compensate for increased risk as well as working with clients to understand their needs in the challenging environment.

As planned, ***total operating expenses*** have increased due to our investment in systems, people and processes to meet the highest global standards for detecting and deterring financial crime as well as other costs related to efficiency initiatives. In addition, expenses have also been adversely impacted by the foreign exchange impact of the lower Canadian dollar. As a result, total operating expenses for the third quarter of 2015 were C$298m, an increase of C$26m, or 10% and C$7m, or 2%, compared with the third quarter of 2014 and the second quarter of 2015 respectively. Total operating expenses the year to date was C$875m, C$51m, or 6%, higher than the same period in 2014. General and administrative expenses are higher than in the second quarter of 2015 mainly due to timing of certain expenditures such as marketing, repairs and maintenance as well as increased expenditures in third party services to support risk and compliance related activities.

***Share of profit in associates*** represents changes in the values of bank's investment in certain private equity funds, which for the third quarter was a loss of C$2m.

***Income tax expense.*** The effective tax rate in the third quarter of 2015 was 26.7% unchanged from the third quarter of 2014 and 26.2% little changed compared to the second quarter of 2015.

**Movement in Financial Position**

Total assets at 30 September 2015 were C$93.6bn, an increase of C$5.4bn from 31 December 2014. New commercial customer and residential mortgage lending grew loans and advances to customers by C$1.7bn. Balance sheet management activities resulted in an increase of C$5.3bn in financial investments, although this was partially offset by a reduction of non-trading reverse repurchase agreements of C$0.9bn. Changes in foreign exchange and interest rates increased derivatives by C$0.7bn. Trading assets were C$1.2bn lower, mainly due to timing of settlements.

Total liabilities at 30 September 2015 were C$88.1bn, an increase of C$4.9bn from 31 December 2014. Customer accounts increased by C$1.0bn, driven primarily by our Retail Banking and Wealth Management business. Balance sheet management activities increased non-trading repurchase agreements and deposits by banks of C$3.2bn and C$1.4bn respectively. Changes in foreign exchange and interest rates increased derivatives by C$1.2bn. Issues of medium term notes, net of maturities, increased debt securities in issue by C$0.8bn. This was partially offset by a reduction in trading liabilities of C$2.3bn primarily related to lower short positions.

Total equity at 30 September 2015 was C$5.5bn, an increase of C$0.5bn from 31 December 2014 due to a second quarter 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. This was offset by the redemption of C$0.2bn in HSBC Canada Asset Trust Securities which reduced non-controlling interests in the second quarter of 2015.

## Business Performance in the Third Quarter of 2015

### Commercial Banking

Profit before income tax expense was C$103m for the third quarter of 2015, a decrease of C$40m, or 28%, compared with the third quarter of 2014 and a decrease of C$15m, or 13%, compared with the second quarter of 2015. Profit before income tax expense for year to date was C$357m, a decrease of C$91m, or 20%, compared with the same period in 2014. The decrease in profit before income tax expense compared with the same periods last year was primarily driven by lower margins in a competitive low interest rate environment, including the impact of Bank of Canada rate cuts, portfolio repositioning and gains on sales of available-for-sale securities in 2014 that were not repeated in 2015. In addition results were also impacted by increased loan impairment charges, driven mainly by energy sector exposures as well as an increase in costs from information technology and processing as well as those relating to risk and compliance activities.

### Global Banking and Markets

Profit before income tax expense was C$69m for the third quarter of 2015, an increase of C$5m, or 8%, compared with the third quarter of 2014 and a decrease of C$25m, or 27%, compared with the second quarter of 2015. Profit before income tax expense was C$244m for the year to date, an increase of C$39m, or 19%, compared with the same period in 2014. The increase in profit before income tax expense compared with the same periods in 2014 was mainly due to increased corporate finance and other capital markets fees, gains on disposals from re-balancing of the financial investments portfolio and the impact of debit valuation adjustments on derivatives resulting from widening of our own credit spreads. The decrease in profit over the second quarter of 2015 arose from lower advisory fees and lower realized gains from financial investments arising from balance sheet management activities although this was partially offset by increased trading income.

### Retail Banking and Wealth Management

Profit before income tax expense was C$18m for the third quarter of 2015, a decrease of C$13m, or 42%, compared with the third quarter of 2014 and unchanged from the second quarter of 2015. Profit before income tax expense for the year to date was C$59m, a decrease of C$11m, or 16%, compared with the same period in 2014.

Profit before income tax expense relating to ongoing business (excluding the run-off consumer finance portfolio) was C$9m, a decrease of C$15m, or 63%, compared with the third quarter of 2014 and unchanged from the second quarter of 2015. Profit before income tax expense relating to ongoing business for the year to date was C$29m, a decrease of C$19m, or 40%, compared with the same period in 2014. The decreases over comparative periods were primarily due to increased business expense to support HSBC’s Global Standards and risk and compliance activities, increased business investment in Wealth to drive revenue growth, and a change in the inter-segment allocation methodology of branch network support costs, although this was partially offset by increased revenues.

Profit before income tax expense relating to the run-off consumer finance portfolio for the third quarter of 2015 was C$9m, an increase of C$2m, or 29%, over the third quarter of 2014 and unchanged from the second quarter of 2015. Profit before income tax expense for this business for the year to date was C$30m, an increase of C$8m, or 36%, compared with the same period in 2014. The increase compared to the same periods in 2014 was primarily due to a release of loan loss provisions resulting from the continuing planned run-off of the portfolio and lower operating expenses partially offset by lower interest income from declining loan balances. In addition, the results for 2015 benefited from income on the sale of an 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' includes 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 September 2015, compared to a loss of C$7m in the third quarter of 2014, and a loss of C$3m in the second quarter of 2015. The decreased loss in the third quarter of 2015 was mainly due to the impact of changes in the fair value of the bank's financial instruments designated at fair value. This resulted from marginal widening of the bank's own credit spread in the third quarter of 2015 compared to 2014 when credit spreads narrowed.

### Dividends

During the third 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 31 December 2015, for shareholders of record on 15 December 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.

Return ratios
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).

Efficiency ratios
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.

Revenue mix ratio
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$2,549bn at 30 September 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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|---|---|---|
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Copies of HSBC Bank Canada's third quarter 2015 interim report will be sent to shareholders in November 2015.

| *(Figures in C$m, except where otherwise stated)* | Quarter ended | | | Nine months ended | |
|---|---|---|---|---|---|
| | **30 September 2015** | 30 September 2014 | 30 June 2015 | **30 September 2015** | 30 September 2014 |
| **Financial performance for the period** | | | | | |
| Total operating income | **518** | 520 | 541 | **1,589** | 1,591 |
| Profit before income tax expense | **187** | 231 | 227 | **645** | 706 |
| Profit attributable to the common shareholder | **128** | 163 | 161 | **452** | 495 |
| Basic earnings per common share (C$) | **0.26** | 0.32 | 0.32 | **0.91** | 0.99 |
| **Financial position at period-end** | | | | | |
| Loan and advances to customers | **42,908** | 41,534 | 42,866 | | |
| Customer accounts | **51,837** | 49,698 | 50,362 | | |
| Ratio of customer advances to customer accounts (%)[1] | **82.8** | 83.6 | 85.1 | | |
| Shareholders' equity | **5,450** | 4,836 | 5,483 | | |
| Average total shareholders' equity to average total assets (%)[1] | **6.0** | 5.8 | 5.6 | | |
| **Capital measures**[2] | | | | | |
| Common equity tier 1 capital ratio (%) | **10.3** | 10.8 | 10.5 | | |
| Tier 1 ratio (%) | **12.3** | 12.1 | 12.5 | | |
| Total capital ratio (%) | **13.5** | 13.7 | 13.8 | | |
| Assets-to-capital multiple-number of times[3] | **n/a** | 16.8 | n/a | | |
| Leverage ratio (%)[3] | **4.7** | n/a | 4.9 | | |
| Risk-weighted assets | **42,787** | 40,129 | 42,358 | | |
| **Performance ratios (%)**[1] | | | | | |
| **Return ratios (%)** | | | | | |
| Return on average common shareholder's equity | **11.0** | 14.5 | 14.0 | **13.1** | 15.0 |
| Post-tax return on average total assets | **0.56** | 0.77 | 0.71 | **0.66** | 0.78 |
| Pre-tax return on average risk-weighted assets[2] | **1.7** | 2.3 | 2.2 | **2.0** | 2.4 |
| **Credit coverage ratios (%)** | | | | | |
| Loan impairment charges to total operating income | **6.0** | 3.4 | 4.3 | **4.5** | 4.4 |
| Loan impairment charges to average gross customer advances and acceptances | **0.3** | 0.2 | 0.2 | **0.2** | 0.2 |
| Total impairment allowances to impaired loans and acceptances at period-end | **71.5** | 70.8 | 81.1 | **71.5** | 70.8 |
| **Efficiency and revenue mix ratios (%)** | | | | | |
| Cost efficiency ratio | **57.5** | 52.3 | 53.8 | **55.1** | 51.8 |
| Adjusted cost efficiency ratio | **57.8** | 52.2 | 53.8 | **55.2** | 51.7 |
| As a percentage of total operating income: | | | | | |
| – net interest income | **55.0** | 58.3 | 53.4 | **54.2** | 57.6 |
| – net fee income | **31.9** | 30.9 | 33.5 | **32.6** | 29.9 |
| – net trading income | **9.3** | 6.8 | 7.6 | **6.5** | 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.*

## Consolidated Income Statement (Unaudited)

| *Figures in C$m (except per share amounts)* | Quarter ended | | | Nine months ended | |
|---|---|---|---|---|---|
| | **30 September 2015 $m** | 30 September 2014 $m | 30 June 2015 $m | **30 September 2015 $m** | 30 September 2014 $m |
| Interest income | **422** | 478 | 427 | **1,283** | 1,445 |
| Interest expense | **(137)** | (175) | (138) | **(422)** | (528) |
| Net interest income | **285** | 303 | 289 | **861** | 917 |
| Fee income | **186** | 181 | 198 | **575** | 536 |
| Fee expense | **(21)** | (20) | (17) | **(57)** | (60) |
| Net fee income | **165** | 161 | 181 | **518** | 476 |
| Trading income excluding net interest income | **35** | 32 | 33 | **76** | 100 |
| Net interest income on trading activities | **13** | 3 | 8 | **28** | 7 |
| Net trading income | **48** | 35 | 41 | **104** | 107 |
| Net income/(expense) from financial instruments designated at fair value | **2** | (1) | – | **4** | (4) |
| Gains less losses from financial investments | **2** | 7 | 18 | **56** | 53 |
| Other operating income | **16** | 15 | 12 | **46** | 42 |
| **Total operating income** | **518** | 520 | 541 | **1,589** | 1,591 |
| Loan impairment charges and other credit risk provisions | **(31)** | (17) | (23) | **(70)** | (70) |
| **Net operating income** | **487** | 503 | 518 | **1,519** | 1,521 |
| Employee compensation and benefits | **(167)** | (156) | (168) | **(504)** | (467) |
| General and administrative expenses | **(121)** | (105) | (112) | **(339)** | (320) |
| Depreciation of property, plant and equipment | **(7)** | (8) | (8) | **(22)** | (25) |
| Amortization of intangible assets | **(3)** | (3) | (3) | **(10)** | (12) |
| **Total operating expenses** | **(298)** | (272) | (291) | **(875)** | (824) |
| **Operating profit** | **189** | 231 | 227 | **644** | 697 |
| Share of profit in associates | **(2)** | – | – | **1** | 9 |
| **Profit before income tax expense** | **187** | 231 | 227 | **645** | 706 |
| Income tax expense | **(50)** | (61) | (59) | **(170)** | (182) |
| **Profit for the period** | **137** | 170 | 168 | **475** | 524 |
| Profit attributable to common shareholder | **128** | 163 | 161 | **452** | 495 |
| Profit attributable to preferred shareholders | **9** | 4 | 5 | **18** | 21 |
| Profit attributable to shareholders | **137** | 167 | 166 | **470** | 516 |
| Profit attributable to non-controlling interests | **–** | 3 | 2 | **5** | 8 |
| Average number of common shares outstanding (000's) | **498,688** | 498,668 | 498,668 | **498,668** | 498,668 |
| Basic earnings per common share (C$) | **$ 0.26** | $ 0.32 | $ 0.32 | **$ 0.91** | $ 0.99 |

| *Figures in C$m* | **30 September 2015 $m** | 30 September 2014 $m | 31 December 2014 $m |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances at central bank | **59** | 59 | 73 |
| Items in the course of collection from other banks | **104** | 89 | 76 |
| Trading assets | **7,701** | 7,707 | 8,914 |
| Derivatives | **4,733** | 2,953 | 4,082 |
| Loans and advances to banks | **1,373** | 603 | 1,264 |
| Loans and advances to customers | **42,908** | 41,534 | 41,219 |
| Reverse repurchase agreements – non-trading | **5,825** | 5,979 | 6,714 |
| Financial investments | **25,393** | 19,786 | 20,122 |
| Other assets | **354** | 372 | 345 |
| Prepayments and accrued income | **257** | 223 | 186 |
| Customers' liability under acceptances | **4,690** | 5,222 | 5,023 |
| Property, plant and equipment | **111** | 126 | 124 |
| Goodwill and intangible assets | **64** | 63 | 62 |
| Total assets | **93,572** | 84,716 | 88,204 |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities** | | | |
| Deposits by banks | **2,059** | 808 | 681 |
| Customer accounts | **51,837** | 49,698 | 50,843 |
| Repurchase agreements – non-trading | **7,271** | 2,272 | 4,054 |
| Items in the course of transmission to other banks | **239** | 69 | 105 |
| Trading liabilities | **1,907** | 3,912 | 4,227 |
| Financial liabilities designated at fair value | **417** | 426 | 425 |
| Derivatives | **5,126** | 2,770 | 3,885 |
| Debt securities in issue | **11,403** | 11,292 | 10,610 |
| Other liabilities | **2,163** | 2,126 | 2,279 |
| Acceptances | **4,690** | 5,222 | 5,023 |
| Accruals and deferred income | **456** | 534 | 524 |
| Retirement benefit liabilities | **315** | 312 | 309 |
| Subordinated liabilities | **239** | 239 | 239 |
| Total liabilities | **88,122** | 79,680 | 83,204 |
| **Equity** | | | |
| Common shares | **1,225** | 1,225 | 1,225 |
| Preferred shares | **850** | 350 | 350 |
| Other reserves | **83** | 113 | 117 |
| Retained earnings | **3,292** | 3,148 | 3,108 |
| Total shareholders' equity | **5,450** | 4,836 | 4,800 |
| Non-controlling interests | **–** | 200 | 200 |
| Total equity | **5,450** | 5,036 | 5,000 |
| Total equity and liabilities | **93,572** | 84,716 | 88,204 |

| *Figures in C$m* | Quarter ended | | | Nine months ended | |
|---|---|---|---|---|---|
| | **30 September 2015** | 30 September 2014 | 30 June 2015 | **30 September 2015** | 30 September 2014 |
| | **$m** | $m | $m | **$m** | $m |
| Cash flows generated from/(used in): | | | | | |
| – operating activities | **4,958** | (9) | 2,210 | **5,795** | (1,865) |
| – investing activities | **(4,579)** | (25) | (1,487) | **(5,382)** | 2,008 |
| – financing activities | **(97)** | (88) | 205 | **13** | (520) |
| Net increase/(decrease) in cash and cash equivalents | **282** | (122) | 928 | **426** | (377) |
| Cash and cash equivalents, beginning of period | **2,481** | 1,641 | 1,553 | **2,337** | 1,896 |
| Cash and cash equivalents, end of period | **2,763** | 1,519 | 2,481 | **2,763** | 1,519 |
| Represented by: | | | | | |
| – Cash and balances at central bank | **59** | 59 | 60 | **59** | 59 |
| – Items in the course of transmission to other banks, net | **(135)** | 20 | (149) | **(135)** | 20 |
| – Loans and advances to banks of one month or less | **1,373** | 603 | 965 | **1,373** | 603 |
| – Reverse repurchase agreements with banks of one month or less | **493** | 524 | 777 | **493** | 524 |
| – Treasury bills and certificates of deposits of three months or less | **973** | 313 | 828 | **973** | 313 |
| Cash and cash equivalents, end of period | **2,763** | 1,519 | 2,481 | **2,763** | 1,519 |

| *Figures in C$m* | Quarter ended<br>**30 September 2015 $m** | 30 September 2014 $m | 30 June 2015 $m | Nine months ended<br>**30 September 2015 $m** | 30 September 2014 $m |
|---|---|---|---|---|---|
| **Commercial Banking** | | | | | |
| Net interest income | **149** | 164 | 152 | **453** | 497 |
| Net fee income | **80** | 79 | 78 | **238** | 239 |
| Net trading income | **9** | 6 | 8 | **25** | 19 |
| Gains less losses from financial investments | **–** | – | – | **–** | 16 |
| Other operating income | **6** | 5 | 5 | **16** | 14 |
| Total operating income | **244** | 254 | 243 | **732** | 785 |
| Loan impairment charges and other credit risk provisions | **(30)** | (11) | (19) | **(60)** | (41) |
| Net operating income | **214** | 243 | 224 | **672** | 744 |
| Total operating expenses | **(109)** | (100) | (106) | **(316)** | (305) |
| Operating profit | **105** | 143 | 118 | **356** | 439 |
| Share of (loss)/profit in associates | **(2)** | – | – | **1** | 9 |
| Profit before income tax expense | **103** | 143 | 118 | **357** | 448 |
| **Global Banking and Markets** | | | | | |
| Net interest income | **42** | 45 | 43 | **133** | 135 |
| Net fee income | **29** | 26 | 48 | **112** | 75 |
| Net trading income | **28** | 16 | 20 | **42** | 52 |
| Gain less losses from financial investments | **2** | 7 | 18 | **56** | 38 |
| Total operating income | **101** | 94 | 129 | **343** | 297 |
| Loan impairment charges and other credit risk provisions | **–** | – | (1) | **(2)** | (3) |
| Net operating income | **101** | 94 | 128 | **341** | 294 |
| Total operating expenses | **(32)** | (30) | (34) | **(97)** | (89) |
| Profit before income tax expense | **69** | 64 | 94 | **244** | 205 |
| **Retail Banking and Wealth Management** | | | | | |
| Net interest income | **101** | 105 | 100 | **295** | 311 |
| Net fee income | **56** | 56 | 55 | **168** | 165 |
| Net trading income | **5** | 4 | 6 | **17** | 12 |
| Other operating income | **2** | 3 | 3 | **11** | 7 |
| Total operating income | **164** | 168 | 164 | **491** | 495 |
| Loan impairment charges and other credit risk provisions | **(1)** | (6) | (3) | **(8)** | (26) |
| Net operating income | **163** | (162) | 161 | **483** | 469 |
| Total operating expenses | **(145)** | (131) | (143) | **(424)** | (399) |
| Profit before income tax expense | **18** | 31 | 18 | **59** | 70 |
| Attributable as follows: | | | | | |
| Ongoing Retail Banking and Wealth Management business | **9** | 24 | 9 | **29** | 48 |
| Run-off consumer finance portfolio | **9** | 7 | 9 | **30** | 22 |
| Profit before income tax expense | **18** | 31 | 18 | **59** | 70 |

| | Quarter ended | | | Nine months ended | |
|---|---|---|---|---|---|
| | **30 September 2015** | 30 September 2014 | 30 June 2015 | **30 September 2015** | 30 September 2014 |
| *Figures in C$m* | **$m** | $m | $m | **$m** | $m |
| **Other** | | | | | |
| Net interest expense | **(7)** | (11) | (6) | **(20)** | (26) |
| Net trading income | **6** | 9 | 7 | **20** | 24 |
| Net income/(expense) from financial instruments designated at fair value | **2** | (1) | – | **4** | (4) |
| Other operating income | **8** | 7 | 4 | **19** | 20 |
| Net operating income | **9** | 4 | 5 | **23** | 14 |
| Total operating expenses | **(12)** | (11) | (8) | **(38)** | (31) |
| Loss before income tax expense | **(3)** | (7) | (3) | **(15)** | (17) |