22 February 2016

News Release

HSBC BANK CANADA
FULL YEAR AND FOURTH QUARTER 2015 RESULTS

- Profit before income tax expense was C$617m for the year ended 31 December 2015, a decrease of C$295m, or 32.3%, compared with 2014. Loss before income tax expense was C$28m for the fourth quarter ended 31 December 2015, a decrease of C$234m compared with the same period in 2014.

- Profit attributable to the common shareholder was C$414m for the year ended 31 December 2015, a decrease of C$199m, or 32.5% compared with 2014. Loss attributable to the common shareholder was C$38m for the quarter ended 31 December 2015, a decrease of C$156m compared with the same period in 2014.

- Return on average common equity was 9.6% for the year ended 31 December 2015 and (0.9%) for the quarter ended 31 December 2015 compared with 13.9% and 10.5% respectively for the same periods in 2014.

- The cost efficiency ratio was 58.2% for the year ended 31 December 2015 and 69.4% for the quarter ended 31 December 2015 compared with 52.2% and 53.6% respectively for the same periods in 2014.

- Total assets were C$94.0bn at 31 December 2015 compared with C$88.2bn at 31 December 2014.

- Our capital ratios remain stable with common equity tier 1 capital ratio at 10.1%, tier 1 ratio at 12.1% and total capital ratio of 13.5% at 31 December 2015.

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 for 2015 of C$617m, a decrease of C$295m, or 32.3%, compared with 2014.

The decrease from 2014 was primarily due to: the competitive low interest rate environment; adverse credit valuation adjustments on derivative contracts as a result of widening customer credit spreads and the weakening Canadian dollar; increased loan impairment charges primarily arising from our energy portfolio; and higher operating expenses. The increase in operating expenses was mainly due to continued investment in:

- systems, people and processes to meet the highest global standards for detecting and deterring financial crime and other risk and compliance activities;
- digitisation to match customers' changing habits and deliver future savings;
- wealth services to drive revenue growth; as well as
- the impact of the weaker Canadian dollar on expenses denominated in foreign currencies.

These were partially offset by increased fee income from credit and wealth management products and capital markets fees.

In Commercial Banking, we continued to make progress in growing our business and streamlining processes, despite headwinds from sustained low energy and commodity prices as well as the low interest rate environment. New-to-bank activities increased 43% during 2015. We continuously re-priced for risk to reflect the dynamic credit profile of our customers, which helped to mitigate revenue challenges resulting from reduced business spending in current market conditions and subsequently lower utilisation of authorised credit facilities. Initiatives to streamline credit application and customer on-boarding processes helped to improve front-line productivity and increase focus on our customers' needs.

Our Global Banking and Markets business continued to leverage our global network on behalf of our customers and increased lending and credit activities. In addition, the Capital Financing business generated increased revenues across each product area.

During 2015, Retail Banking and Wealth Management continued to achieve sustainable and balanced growth in residential mortgages and deposits, and benefited from increases in wealth balances during the first half of the year. The business continues to deliver a resilient performance given that spread compression in the highly competitive low interest rate environment is impacting margins.

Commenting on the results, Sandra Stuart, President and Chief Executive Officer of HSBC Bank Canada, said: "Clearly our 2015 results reflect the macroeconomic challenges that mounted globally and in Canada particularly through the second half of the year. Despite prevailing low interest rates and other headwinds, we delivered strong results in the first half. Our results in the latter half were negatively impacted by the sharp decline in oil prices and depressed commodities. While expenses were up, this was largely due to investments to protect our business and our customers from financial crime, to deliver future savings, to meet customers' demand for digitisation and to drive revenue growth. To mitigate credit risk and minimise energy industry-related losses, we are partnering closely with our customers to help them weather this downturn. Pressures on the energy industry are expected to continue through 2016; though we are more optimistic about prospects for other sectors including exports and infrastructure.

"Customers continue to find value in the unique expertise we bring to helping internationally minded individuals and businesses manage their finances and in our global network that provides access to more than 90% of global GDP, trade and capital flows. With our strong capital base and liquid balance sheet, we will continue in 2016 to invest in the business here in Canada – managing prudently, and building for the future."

Analysis of Consolidated Financial Results for Year ended 31 December 2015

Net interest income was C$1,143m, a decrease of C$69m, or 5.7%, compared with 2014. This was primarily due to the impact on the commercial loan portfolio of the competitive low interest rate environment including two Bank of Canada rate cuts in 2015. Also contributing to the decrease was the impact of the continued planned run-off of both the higher yielding consumer finance and mezzanine funding portfolios. This was partially offset by increases associated with the growth in commercial loans, residential mortgages and retail deposits.

Net fee income was C$683m, an increase of C$38m, or 5.9%, over 2014. This was primarily due to higher fees from credit products such as standby lines of credit and banker's acceptances ('BAs'), as well as increased fees from higher funds under management. In addition, in 2015 there were higher fees from advisory, debt capital market and leveraged and acquisition finance activities. This was partially offset by lower fees earned from account services resulting from the introduction of low fee customer accounts, lower credit card fees due to industry wide reductions in interchange revenues and lower immigrant investor fees resulting from the cancellation of the Canadian government's Immigrant Investor Program.

Net trading income was C$81m, a decrease of C$65m, or 44.5%, compared with 2014. Revenues were negatively impacted by credit valuation adjustments on derivative contracts due to the widening of customer credit spreads, the weakening Canadian dollar and derivative fair value movements recycled to the income statement due to hedge accounting criteria not having been met. Net interest income on trading activities is higher mainly due to lower interest expense from short position securities resulting from a reduction in customer facilitation transactions.

Net income from financial instruments designated at fair value was C$3m compared to a loss of C$5m in 2014, mainly due to widening credit spreads in 2015.

Gains less losses from financial investments were C$63m, an increase of C$7m, or 12.5%, compared with 2014 arising on sales of available-for-sale debt securities resulting from the continued re-balancing of the balance sheet management portfolio.

Other operating income was C$64m, an increase of C$8m, or 14.3% compared with 2014. The increase reflects income from the sale of a small impaired loan portfolio as well as amounts received on the settlement of a longstanding legal dispute.

Loan impairment charges and other credit risk provisions were C$234m, an increase of C$127m, or 118.7%, compared with 2014. The increase primarily arose from increases in specific provisions as well as collective and other credit risk provisions resulting from adverse economic factors impacting the bank's energy sector customers. This was partially offset by a small reduction in the charge for collectively assessed provisions in the retail portfolio and a larger reduction for the run-off consumer finance portfolio.

Total operating expenses were C$1,186m, an increase of C$84m, or 7.6%, compared with 2014. As planned, 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, continued investments in digitisation to match customers' changing habits and deliver future savings, and in wealth services to drive revenue growth as well as increased investments in efficiency initiatives. In addition, expenses have also been adversely impacted by the effect of the lower Canadian dollar on expenses denominated in foreign currencies.

Share of profit in associates for 2015 reduced to C$nil compared with income of C$11m in 2014. The share of profit of associates represents changes in the value of the bank's investments in private equity funds.

Income tax expense. The effective tax rate was 27.8% for 2015 compared with 29.2% for 2014. The lower income tax expense resulted from the resolution and closure in the prior year of multiple tax issues covering a number of years with the Canadian tax authorities.

Consolidated Balance Sheet

Total assets at 31 December 2015 were C$94.0bn, an increase of C$5.8bn from 31 December 2014. Loans and advances to customers increased by C$7.2bn. Residential mortgages increased by almost C$1.2bn although this was partially offset by the planned run-off of the consumer finance portfolio and reductions in other personal lending. Cash management accounts increased by C$1.3bn. Commercial loans in GB&M grew by almost C$0.5bn, although this was partially offset by a decrease in commercial loans in CMB of C$0.3bn resulting from the reduced economic demand driven by reductions in energy prices. Customer demand for loan facilities provided through BAs increased by about C$0.8bn overall, but reduced market demand for the BAs meant that direct lending increased by about C$1.2bn and reduced customers' liability under acceptances by the same amount. Part of the increase in loans and advances resulted from a change in categorisation of customers' BA loans. Previously customer BA loans, which amounted to C$3.2bn at 31 December 2014, were categorised as trading assets. Increased liquidity resulted in growth in financial investments of C$3.8bn. Derivatives increased by C$0.8bn due to changes in the value of the US dollar on values of forward foreign exchange contracts with customers. Trading assets decreased by C$5.0bn due to a reduction of client settlement accounts of C$2.0bn and changes in categorisation of customer BA loans noted above.

Total liabilities at 31 December 2015 were C$88.6bn, an increase of C$5.4bn from 31 December 2014. Customer accounts increased by C$4.2bn arising from growth in the underlying business including C$1.3bn in cash management accounts. Repurchase agreements and deposits by banks increased by $2.6bn and C$1.4bn respectively as a result of balance sheet management activities. Derivatives increased by C$1.1bn due to the effect of changes in the value of the US dollar on customers forward contracts. This was offset by decreases in trading liabilities of C$2.5bn mainly from lower securities short positions arising from a reduction in client facilitation trading as well as lower liabilities under customer acceptances of C$1.2bn due to reduced demand as noted above.

Total equity at 31 December 2015 was C$5.4bn, an increase of C$0.4bn from 31 December 2014, primarily due to an issue of C$0.5bn in preferred shares to the Bank's parent and profits generated in the year. This was partially offset by the redemption of C$0.2bn in HSBC Canada Asset Trust Securities which reduced non-controlling interests.

Results for the fourth quarter ended 31 December 2015

Overview

The bank reported a loss before income tax expense of C$28m for the fourth quarter of 2015, a decrease of C$234m, compared with the fourth quarter of 2014, and a decrease of C$215m compared with the third quarter of 2015.

Performance by income and expense item

Net interest income was C$282m, a decrease of C$13m, or 4.4%, compared with the fourth quarter of 2014 and a decrease of C$3m, or 1.1%, compared with the third quarter of 2015. Net interest income decreased compared to the same period in 2014 primarily due to the impact of two Bank of Canada rate cuts and the planned run-offs of the consumer finance and mezzanine funding portfolios. Compared to the previous quarter, net interest income decreased due to reductions in commercial and retail loan volumes.

Net fee income was C$165m, a decrease of C$4m, or 2.4%, compared with the fourth quarter of 2014 and unchanged from the third quarter of 2015. The decreases were primarily due to small reductions in a number of fee categories.

Net trading loss was C$23m, compared with income of C$39m and C$48m in the fourth quarter of 2014 and third quarter of 2015 respectively. Trading revenue for the fourth quarter was negatively impacted by credit valuation adjustments on derivative contracts due to the widening of customer credit spreads and the weakening Canadian dollar as well as derivative fair value movements recycled to the income statement due to hedge accounting criteria not having been met.

Net income/(expense) from financial instruments designated at fair value was a loss of C$1m, unchanged from the fourth quarter of 2014 and decreased from the third quarter of 2015 due to the narrowing of credit spreads.

Gains less losses from financial investments were C$7m, an increase of C$4m and C$5m respectively compared with the fourth quarter of 2014 and the third quarter of 2015. Balance sheet management recognised lower gains on sales of available-for-sale debt securities as a result of the continued re-balancing of the portfolio for balance sheet management purposes.

Other operating income was C$18m, an increase of C$4m and C$2m respectively compared with the fourth quarter of 2014 and the third quarter of 2015 mainly resulting from amounts received on settlement of a longstanding legal dispute.

Loan impairment charges and other credit risk provisions were C$164m, an increase of C$127m and C$133m respectively, compared with the fourth quarter of 2014 and the third quarter of 2015. This resulted from increases in individual provisions as well as collectively assessed and other credit risk provisions resulting primarily from the bank's energy sector exposures.

Operating expenses were C$311m, increases of C$33m, or 11.9%, and C$13m or 4.4% compared with the fourth quarter of 2014 and the third quarter of 2015 respectively. The increase over the fourth quarter of 2014 was largely due to increased investments in global standards, continued investment in digitisation and other efficiency initiatives to deliver future savings, and in wealth services to drive revenue growth. Expenses have also been adversely impacted by the foreign exchange impact of the lower Canadian dollar. The increase over the third quarter of 2015 is due to increased investments in efficiency initiatives.

Share of profit in associates for the fourth quarter of 2015 was a loss of C$1m, compared with income of C$2m in the fourth quarter of 2014 and a loss of C$2m in the third quarter of 2015. This arose from adjustments to the fair values of the underlying investments in private equity funds.

Income tax expense. The effective tax rate in the fourth quarter of 2015 was 0% compared to a rate of 39.7% in the fourth quarter of 2014 and a rate of 26.7% in the third quarter of 2015. The tax credit that would otherwise have arisen was offset by a small number of additional amounts set aside to cover certain tax issues. In 2014, additional amounts were set aside for resolution and closure of multiple tax issues covering a number of years with Canadian tax authorities.

Business Performance in the Year and the Fourth Quarter of 2015

Commercial Banking

Profit before income tax expense for 2015 was C$324m, a decrease of C$243m, or 42.9%, compared with 2014. The decrease was primarily driven by lower net interest income including the impact of Bank of Canada rate cuts, higher loan impairment charges driven by the adverse economic factors impacting the bank's energy sector customers, the continued wind-down of our Mezzanine funding portfolio and higher operating expenses primarily from increased investments in systems, people and processes to meet the highest global standards for detecting and deterring financial, and other risk and compliance activities as well as efficiency initiatives.

Loss before income tax expense for the fourth quarter of 2015 was C$33m, a decrease of C$152m compared with the fourth quarter of 2014 and a decrease of C$136m compared with the third quarter of 2015. The reductions from comparative periods were driven by the low interest rate environment, higher energy related loan impairment charges and higher operating expenses primarily from increased investments in risk and compliance activities as well as efficiency initiatives.

Global Banking and Markets

Profit before income tax expense was C$238m for 2015, a decrease of C$26m, or 9.8% compared with 2014. This resulted from the adverse impact on trading income of credit valuation adjustments on derivatives as well as derivate fair value movements being recycled to the income statement due to hedge accounting criteria not having been met, as well as increased costs, partially offset by higher capital markets fees.

Loss before income tax expense for the fourth quarter of 2015 was C$6m, a decrease of C$65m compared with the fourth quarter of 2014 and a decrease of C$75m compared with the third quarter of 2015. The reductions resulted from the adverse impact on trading income of credit valuation adjustments as well as derivate fair value movements being recycled to the income statement due to hedge accounting criteria not having been met.

Retail Banking and Wealth Management

Profit before income tax expense was C$75m for 2015, a decrease of C$31m, or 29.2%, compared with 2014. Profit before income tax expense relating to ongoing business (excluding the run-off consumer finance portfolio) was C$38m for 2015, a decrease of C$38m, or 50.0%, compared with 2014. Profit before income tax expense relating to ongoing business declined from last year primarily due to increased expenses for the implementation of investments in systems, people and processes to meet the highest global standards for detecting and deterring financial crime, and other risk and compliance activities, increased investment in wealth services 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 consumer finance portfolio was C$37m, compared with C$30m for 2014. Results were positively impacted by a release of loan loss provisions from the continuing planned run-off of the portfolio, lower operating expenses and income on the sale of an impaired loan portfolio. This was partially offset by lower interest income on loan balances which reduced from C$635m at the beginning of 2014 to C$228m at the end of 2015.

Profit before income tax expense for the fourth quarter of 2015 was $16m, a decrease of C$20m, or 56%, compared with the fourth quarter of 2014 and a decrease of C$2m, or 11.0%, compared with the third quarter of 2015. Profit before income tax expense relating to ongoing business (excluding the run-off consumer finance portfolio) for the fourth quarter of 2015 was C$9m, a decrease of C$19m, or 68%, compared with the fourth quarter of 2014 and unchanged from the third quarter of 2015. The decrease from the fourth quarter of 2014 was primarily driven by an increase in collective loan impairment charges driven the effect of lower energy prices on the bank's retail portfolio as well as increased costs noted above.

Profit before income tax expense relating to the run-off consumer finance portfolio was C$7m for the fourth quarter of 2015 little changed from comparative periods. The reduction in net interest income was accompanied by a reduction in costs.

Other

Loss before income tax expense was C$20m for the year ended 31 December 2015, compared with a loss of C$25m for 2014. The reduced loss mainly arose from the impact of widening credit spreads on financial instruments designated at fair value partially offset by increased costs not specifically allocated to global business lines.

Dividends

During the fourth quarter of 2015, the bank declared and paid C$68m in dividends on HSBC Bank Canada common shares, compared with C$160m in the fourth quarter of 2014. Total common share dividends declared and paid in 2015 were C$332m compared with C$400m in 2014.

Regular quarterly dividends of 31.875 and 31.25 cents per share have been declared on HSBC Bank Canada Class 1 Preferred Shares – Series C and D respectively. Dividends will be paid on 31 March 2016, for shareholders of record on 15 March 2016.

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:

Performance ratios

Performance ratios are useful for management to evaluate profitability on equity, assets and risk-weighted assets.

Return on average common shareholder's equity is calculated as annual profit attributable to the common shareholder divided by average common equity (determined using month-end balances).

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

Pre-tax return on average risk-weighted assets is calculated as profit before income tax expense divided by the average monthly balances of risk-weighted assets for the year. Risk-weighted assets are calculated using guidelines issued by the Office of the Superintendent of Financial Institutions Canada ('OSFI') in accordance with the Basel III capital adequacy framework.

Credit coverage ratios

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 year.

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.

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 annual total operating expenses as a percentage of annual net operating income before loan impairment charges and other credit risk provisions.

Revenue mix ratio

This measure demonstrates the contribution of each of the primary revenue streams to total income.

Net interest income, net fee income and net trading income as a percentage of total operating income is calculated as annual net interest income, annual net fee income and annual net trading income divided by annual net operating income before loan impairment charges and other credit risk provisions.

Financial ratios
These measures are indicators of the stability of the bank's balance sheet and the degree to which 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 for the year (determined using month-end balances) with average total assets (determined using month-end balances) for the year.

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$2,410bn at 31 December 2015. Linked by advanced technology, HSBC serves customers worldwide through an international network of around 6,000 offices in 71 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 Annual Report and Accounts 2015 will be sent to shareholders in March 2016.

(Figures in C$m, except where otherwise stated)	Quarter ended			Year ended	
	31 December 2015	31 December 2014	30 September 2015	**31 December 2015**	31 December 2014
Financial performance for the period					
Total operating income	**448**	519	518	**2,037**	2,110
(Loss)/Profit before income tax expense	**(28)**	206	187	**617**	912
(Loss)/Profit attributable to the common shareholder	**(38)**	118	128	**414**	613
Basic (loss)/earnings per common share (C$)	**(0.08)**	0.24	0.26	**0.83**	1.23
Financial position at period-end					
Loan and advances to customers	**48,378**	41,219	42,908		
Customer accounts	**55,089**	50,843	51,837		
Ratio of customer advances to customer accounts (%)[1]	**87.8**	81.1	82.8		
Shareholders' equity	**5,376**	4,800	5,450		
Average total shareholders' equity to average total assets (%)[1]	**5.8**	5.5	6.0		
Capital measures[2]					
Common equity tier 1 capital ratio (%)	**10.1**	10.6	10.3		
Tier 1 ratio (%)	**12.1**	12.0	12.3		
Total capital ratio (%)	**13.5**	13.5	13.5		
Leverage ratio (%)[3]	**4.7**	n/a	4.7		
Assets-to-capital multiple-number of times[3]	**n/a**	17.1	n/a		
Risk-weighted assets	**42,846**	40,269	42,787		
Performance ratios (%)[1]					
Return ratios (%)					
Return on average common shareholders' equity	**(0.9)**	10.5	11.0	**9.6**	13.9
Post-tax return on average total assets	**(0.16)**	0.54	0.56	**0.45**	0.72
Pre-tax return on average risk-weighted assets[2]	**(0.3)**	2.0	1.7	**1.4**	2.3
Credit coverage ratios (%)					
Loan impairment charges to total operating income	**36.6**	7.0	6.0	**11.5**	5.1
Loan impairment charges to average gross customer advances and acceptances	**1.5**	0.3	0.3	**0.6**	0.3
Total impairment allowances to impaired loans and acceptance at period-end	**83.4**	69.9	71.5	**83.4**	69.9
Efficiency and revenue mix ratios (%)					
Cost efficiency ratio	**69.4**	53.6	57.5	**58.2**	52.2
As a percentage of total operating income:					
– net interest income	**62.9**	56.8	55.0	**56.1**	57.4
– net fee income	**36.8**	32.6	31.9	**33.5**	30.6
– net trading income	**(5.1)**	7.5	9.3	**4.0**	6.9

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			Year ended	
	31 December 2015	31 December 2014	30 September 2015	**31 December 2015**	31 December 2014
Interest income	**417**	441	422	**1,700**	1,886
Interest expense	**(135)**	(146)	(137)	**(557)**	(674)
Net interest income	**282**	295	285	**1,143**	1,212
Fee income	**183**	187	186	**758**	723
Fee expense	**(18)**	(18)	(21)	**(75)**	(78)
Net fee income	**165**	169	165	**683**	645
Trading (loss)/income excluding net interest income	**(34)**	28	35	**41**	128
Net interest income on trading activities	**11**	11	13	**40**	18
Net trading (loss)/income	**(23)**	39	48	**81**	146
Net (expense)/income from financial instruments designated at fair value	**(1)**	(1)	2	**3**	(5)
Gains less losses from financial investments	**7**	3	2	**63**	56
Other operating income	**18**	14	16	**64**	56
Total operating income	**448**	519	518	**2,037**	2,110
Loan impairment charges and other credit risk provisions	**(164)**	(37)	(31)	**(234)**	(107)
Net operating income	**284**	482	487	**1,803**	2,003
Employee compensation and benefits	**(170)**	(152)	(167)	**(673)**	(619)
General and administrative expenses	**(130)**	(114)	(121)	**(470)**	(434)
Depreciation of property, plant and equipment	**(8)**	(8)	(7)	**(30)**	(33)
Amortisation of intangible assets	**(3)**	(4)	(3)	**(13)**	(16)
Total operating expenses	**(311)**	(278)	(298)	**(1,186)**	(1,102)
Operating (loss)/profit	**(27)**	204	189	**617**	901
Share of (loss)/profit in associates	**(1)**	2	(2)	**–**	11
(Loss)/Profit before income tax expense	**(28)**	206	187	**617**	912
Income tax expense	**–**	(81)	(50)	**(170)**	(263)
(Loss)/Profit for the period	**(28)**	125	137	**447**	649
(Loss)/Profit attributable to the common shareholder	**(38)**	118	128	**414**	613
Profit attributable to preferred shareholders	**10**	5	9	**28**	26
(Loss)/Profit attributable to shareholders	**(28)**	123	137	**442**	639
Profit attributable to non-controlling interests	**–**	2	–	**5**	10
Average number of common shares outstanding (000's)	**498,668**	498,668	498,668	**498,668**	498,668
Basic (loss)/earnings per common share (C$)	**$ (0.08)**	$ 0.24	$ 0.26	**$ 0.83**	$ 1.23

Figures in C$m	**At 31 December 2015**	At 31 December 2014
ASSETS		
Cash and balances at central bank	**65**	73
Items in the course of collection from other banks	**73**	76
Trading assets	**3,893**	8,914
Derivatives	**4,909**	4,082
Loans and advances to banks	**1,400**	1,264
Loans and advances to customers	**48,378**	41,219
Reserve repurchase agreements – non-trading	**6,807**	6,714
Financial investments	**23,935**	20,122
Other assets	**365**	345
Prepayments and accrued income	**194**	186
Customers' liability under acceptances	**3,834**	5,023
Property, plant and equipment	**110**	124
Goodwill and intangibles assets	**61**	62
Total assets	**94,024**	88,204
LIABILITIES AND EQUITY		
Liabilities		
Deposits by banks	**2,049**	681
Customer accounts	**55,089**	50,843
Repurchase agreements	**6,606**	4,054
Items in the course of transmission to other banks	**219**	105
Trading liabilities	**1,713**	4,227
Financial liabilities designated at fair value	**414**	425
Derivatives	**5,005**	3,885
Debt securities in issue	**10,896**	10,610
Other liabilities	**1,822**	2,279
Acceptances	**3,834**	5,023
Accruals and deferred income	**474**	524
Retirement benefit liabilities	**288**	309
Subordinated liabilities	**239**	239
Total liabilities	**88,648**	83,204
Equity		
Common shares	**1,225**	1,225
Preferred shares	**850**	350
Other reserves	**92**	117
Retained earnings	**3,209**	3,108
Total shareholders' equity	**5,376**	4,800
Non-controlling interests	**–**	200
Total equity	**5,376**	5,000
Total equity and liabilities	**94,024**	88,204

Figures in C$m	Quarter ended			Year ended	
	31 December 2015	31 December 2014	30 September 2015	**31 December 2015**	31 December 2014
Cash flows generated (used in)/from:					
– operating activities	**(2,145)**	1,319	4,958	**3,650**	(546)
– investing activities	**1,443**	(335)	(4,579)	**(3,939)**	1,673
– financing activities	**(78)**	(166)	(97)	**(65)**	(686)
Net (decrease)/increase in cash and cash equivalents	**(780)**	818	282	**(354)**	441
Cash and cash equivalents, beginning of period	**2,763**	1,519	2,481	**2,337**	1,896
Cash and cash equivalents, end of period	**1,983**	2,337	2,763	**1,983**	2,337
Represented by:					
– Cash and balances at central bank	**65**	73	59	**65**	73
– Items in the course of transmission from/(to) other banks, net	**(146)**	(29)	(135)	**(146)**	(29)
– Loans and advances to banks of one month or less	**1,400**	1,264	1,373	**1,400**	1,264
– Reverse repurchase agreements with banks of one month or less	**435**	744	493	**435**	744
– Treasury bills and certificates of deposits of three months or less	**229**	285	973	**229**	285
Cash and cash equivalents, end of period	**1,983**	2,337	2,763	**1,983**	2,337

Figures in C$m	Quarter ended			Year ended	
	31 December 2015	31 December 2014	30 September 2015	**31 December 2015**	31 December 2014
Commercial Banking					
Net interest income	**145**	161	149	**598**	658
Net fee income	**81**	85	80	**319**	324
Net trading income	**8**	7	9	**33**	26
Gain less losses from financial investments	**–**	–	–	**–**	16
Other operating income	**9**	5	6	**25**	19
Total operating income	**243**	258	244	**975**	1,043
Loan impairment charges and other credit risk provisions	**(158)**	(38)	(30)	**(218)**	(79)
Net operating income	**85**	220	214	**757**	964
Total operating expenses	**(117)**	(103)	(109)	**(433)**	(408)
Operating (loss)/profit	**(32)**	117	105	**324**	556
Share of (loss)/profit in associates	**(1)**	2	(2)	**–**	11
(Loss)/Profit before income tax expense	**(33)**	119	103	**324**	567
Global Banking and Markets					
Net interest income	**42**	44	42	**175**	179
Net fee income	**26**	26	29	**138**	98
Net trading (loss)/income	**(40)**	16	28	**2**	68
Gains less losses from financial investments	**7**	3	2	**63**	40
Other operating income	**–**	–	–	**–**	1
Total operating income	**35**	89	101	**378**	386
Loan impairment charges and other credit risk provisions	**(3)**	(2)	–	**(5)**	(5)
Net operating income	**32**	87	101	**373**	381
Total operating expenses	**(38)**	(28)	(32)	**(135)**	(117)
(Loss)/Profit before income tax expense	**(6)**	59	69	**238**	264
Retail Banking and Wealth Management					
Net interest income	**98**	102	101	**393**	413
Net fee income	**57**	58	56	**225**	223
Net trading income	**5**	6	5	**22**	18
Other operating income	**2**	1	2	**13**	8
Total operating income	**162**	167	164	**653**	662
Loan impairment (charges)/reversals and other credit risk provisions	**(3)**	3	(1)	**(11)**	(23)
Net operating income	**159**	170	163	**642**	639
Total operating expenses	**(143)**	(134)	(145)	**(567)**	(533)
Profit before income tax expense	**16**	36	18	**75**	106
Attributable as follows:					
Ongoing Retail Banking and Wealth Management business	**9**	28	9	**38**	76
Run-off consumer finance portfolio	**7**	8	9	**37**	30
Profit before income tax expense	**16**	36	18	**75**	106

Figures in C$m	Quarter ended			Year ended	
	31 December 2015	31 December 2014	30 September 2015	**31 December 2015**	31 December 2014
Other					
Net interest expense	**(3)**	(12)	(7)	**(23)**	(38)
Net fee income	**1**	–	–	**1**	–
Net trading income	**4**	10	6	**24**	34
Net (expense)/income from financial instruments designated at fair value	**(1)**	(1)	2	**3**	(5)
Other operating income	**7**	8	8	**26**	28
Net operating income	**8**	5	9	**31**	19
Total operating expenses	**(13)**	(13)	(12)	**(51)**	(44)
Loss before income tax expense	**(5)**	(8)	(3)	**(20)**	(25)