News Release

4 August 2019

HSBC BANK CANADA
SECOND QUARTER 2019 RESULTS

Solid revenue growth in retail and commercial banking offset by one-time change in corporate structure

Financial performance[1]

Total operating income: $545m for the quarter and $1.1bn for the half-year ended 30 June 2019, a decrease of $25m or 4.4% and $21m or 1.9%, respectively. The creation of the ServCo group[2] to manage shared services led to lower other operating income of $17m for the quarter and $30m for the half-year, despite solid core revenue growth in our Retail Banking and Wealth Management and Commercial Banking businesses.

Expected credit losses: Charge of $40m for the quarter and $28m for the half-year, compared to reversals of $11m and $39m, respectively, in the prior year.

Operating expenses: Increased $3m or 0.9% for the quarter and $13m or 2% for the half-year as we continue our investments in people, efficiency and technology to grow our business. This increase is partly offset by a reduction in expenses from the creation of the ServCo group[2].

Profit before income tax expense: Down $79m or 32% for the quarter and $101m or 20% for the half-year. The decrease mainly reflects the impact of a more normalized credit environment, contrasted to elevated loan loss reversals in the prior year, and continued investments to grow our businesses. This is partly offset by growth momentum in core operating income from our Retail Banking and Wealth Management and Commercial Banking businesses.

Selected financial metrics as at and for the half-year ended 30 June 2019:

– *Total assets:* $115.2bn (31 Dec 2018: $103.4bn)
– *Common equity tier 1 capital ratio*[3]*:* 11.1% (31 Dec 2018: 11.3%)
– *Tier 1 ratio:* 13.1% (31 Dec 2018: 13.4%)
– *Total capital ratio*[3]*: 15.6%* (31 Dec 2018: 16.0%)
– *Return on average common equity*[3]: 11.2% (30 June 2018: 14.7%)

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

1. *For the quarter and half-year ended 30 June 2019 compared with the same periods in the prior year (unless otherwise stated).*
2. *Effective 1 January 2019, certain central services were transferred to a separate entity, ServCo group. The net impact of the transfer of people, systems and other supporting assets did not have a significant impact on the performance or operations of the bank. The transfer has resulted in a decrease in net operating income of $17m for the quarter and $30m for the half-year, and a related reduction in total operating expenses of $15m for the quarter and $28m for the half-year.*
3. *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 consolidated 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. For further information on non-IFRS measures refer to the 'Use of non-IFRS financial measures' section of the Management's Discussion and Analysis ('MD&A') of the unaudited condensed interim consolidated financial statements for the quarter and half-year ended 30 June 2019.*

This news release is issued by
HSBC Bank Canada

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Overview [1]

HSBC Bank Canada reported operating income for the quarter of $545m and for the half-year of $1.1bn a decrease of $25m or 4.4% and $21m or 1.9%, respectively. The decrease was primarily related to the creation of the ServCo group[2] to manage shared services which led to lower reported other operating income of $17m for the quarter and $30m for the half-year, along with a related reduction in operating expenses.

Two of our three business lines continued to grow revenues in the quarter. Operating income in Retail Banking and Wealth Management increase by $9m or 4.9% for the quarter and $18m or 5% for the half-year. In Commercial Banking, operating income increased by $6m or 2.5% for the quarter and $24m or 5.2% for the half-year. These results were primarily driven by higher net interest income as a result of growth in average lending balances and total relationship balances[3]. This was partly offset by balance sheet management activities which saw a decrease in net interest income and marginally lower operating income in Global Banking and Markets caused by unfavourable Markets trading and sales activities, and lower underwriting fees. For the half-year, lower gains on disposal of financial investments also contributed to the decrease.

The change in expected credit losses for the quarter and half-year resulted in a charge to the income statement compared to a reversal in the prior year. The charge in 2019 was primarily due to a change in the economic outlook partly offset by the release of provisions in the first quarter from certain customers in the energy service sector. The reversal in 2018 was mostly related to accounts in the energy service sector.

As we continue our investments in people, efficiency and technology to grow our business, operating expenses increased by $3m or 0.9% for the quarter and by $13m or 2% for the half-year. This increase is partly offset by a reduction in expenses from the creation of the ServCo group[2].

Profit before income tax expense was down $79m or 32% for the quarter and by $101m or 20% for the half-year. The decrease was mainly driven by the expected credit loss, continued investments to grow our businesses, partly offset by continued growth in operating income from our Retail Banking and Wealth Management and Commercial Banking businesses.

Commenting on the results, Sandra Stuart, President and Chief Executive Officer of HSBC Bank Canada, said:

“We finished the second quarter with strong growth in both Commercial Banking, where lending, receivables finance balances and trade corridor revenue increased; and in Retail Banking and Wealth Management, where total relationship balances[3] grew. Global Banking and Markets performed as expected with revenues down slightly reflecting market conditions. Profit before tax decreased reflecting our continued investments in the business, increase in expected credit losses contrasted with recoveries last year, and lower revenues in Global Banking and Markets.

“We are mindful of the changing global economic environment and remain uniquely positioned to help our customers navigate the uncertainty.”

1. *For the quarter and half-year ended 30 June 2019 compared with the same periods in the prior year (unless otherwise stated).*
2. *Effective 1 January 2019, certain central services were transferred to a separate entity, ServCo group. The net impact of the transfer of people, systems and other supporting assets did not have a significant impact on the performance or operations of the bank. The transfer has resulted in a decrease in net operating income of $17m for the quarter and $30m for the half-year, and a related reduction in total operating expenses of $15m for the quarter and $28m for the half-year.*
3. *Total relationship balances includes lending, deposits and wealth balances in the Retail Banking and Wealth Management business.*

Analysis of consolidated financial results for the second quarter and first half of 30 June 2019[1]

Net interest income for the quarter was $319m, unchanged compared with the same period in the prior year. Net interest income for the first half of 2019 was $642m, an increase of $17m or 2.7%. For the quarter, net interest income remained flat as volume increases in lending products in Commercial Banking and Retail Banking and Wealth Management were offset by lower margins in the current quarter. For the half-year, net interest income increased due to higher volume growth in lending products which was partly offset by lower margins for the half-year.

Net fee income for the quarter was $174m, a decrease of $5m or 2.8% compared with the same period in the prior year. Net fee income for the first half of 2019 was $330m, a decrease of $4m or 1.2%. The decrease for both the quarter and the half-year were driven mainly by lower underwriting fees and lower derivative sales credits in Global Banking and Markets, and higher fee expense from the online broker business. This was partly offset by an increase in credit facility fees as a result of higher volumes of bankers' acceptances.

Net income from financial instruments held for trading for the quarter was $33m, a decrease of $6m or 15% compared with the same period in the prior year. The decrease for the quarter was mainly driven by lower Rates trading, balance sheet management activities and unfavourable hedge ineffectiveness. This was partly offset by higher foreign exchange activities.

Net income from financial instruments held for trading for the first half of 2019 was $81m, an increase of $6m or 8%. The increase for the half-year was mainly driven by higher net interest from trading activities due to product mix, favourable credit and debit valuations from tightening credit spreads and higher foreign exchange revenues. This was partly offset by lower fixed income trading and balance sheet management activities.

Other items of income for the quarter were $19m, a decrease of $14m or 42% compared with the same period in the prior year. Other items of income for the first half of 2019 were $37m, a decrease of $40m or 52%. The decrease in both the quarter and the half-year was mainly driven by lower other operating income related to the creation of the ServCo group[2]. This led to a reduction in other operating income with a related decrease in operating expenses.

For the quarter, this decrease was partly offset by an increase in gains on the disposal of financial investments from the re-balancing of the bank’s liquid asset portfolio compared to the prior year.

For the half-year, lower gains on the disposal of financial investments from the re-balancing of the bank’s liquid asset portfolio also contributed to the decrease.

Change in expected credit losses for the second quarter of 2019 resulted in a charge of $40m compared to a reversal of $11m for the same period in the prior year. The charge for the quarter was primarily due to a change in the economic forecast reflecting a slowdown in GDP growth and an increase in impairment charges from non-performing loans in construction related business and agribusiness. The reversals in 2018 related to non-performing loans, mostly from accounts in the energy service sector.

The change in expected credit losses for the first half of 2019 resulted in a charge of $28m compared with a reversal of $39m for the same period in the prior year. The charge in 2019 was driven by the factors discussed above, partly offset by a release of provisions in the first quarter as a result of improvements in the outlook of certain customers in the energy service sector. The reversal in 2018 was driven by the economic forecasts at the time, which indicated improvements in several sectors, most notably energy services, and allowance reversals relating to certain construction, contracting services and real estate companies.

Total operating expenses for the quarter were $337m, an increase of $3m or 0.9% compared with the same period in the prior year. Total operating expenses for the first half of 2019 were $665m, an increase of $13m or 2%. Reflecting our strategic investments to grow our businesses and make it more convenient for our customers to bank with us. Partly offsetting the increase is the reduction in operating expenses as a result of the creation of the ServCo group[2].

Income tax expense: the effective tax rate for the second quarter of 2019 was 27.3% which is close to the statutory tax rate of 26.8%. The effective tax rate for the second quarter of 2018 was 27.1%.

1. *For the quarter and half-year ended 30 June 2019 compared with the same periods in the prior year (unless otherwise stated).*
2. *Effective 1 January 2019, certain central services were transferred to a separate entity, ServCo group. The net impact of the transfer of people, systems and other supporting assets did not have a significant impact on the performance or operations of the bank. The transfer has resulted in a decrease in net operating income of $17m for the quarter and $30m for the half-year, and a related reduction in total operating expenses of $15m for the quarter and $28m for the half-year.*

Dividends

Dividends declared in the second quarter 2019

During the second quarter of 2019, the bank declared a first interim dividend of $80m on HSBC Bank Canada common shares in respect of the financial year ended 31 December 2019 and regular quarterly dividends of $9m for the second quarter of 2019 on all series of HSBC Bank Canada Class 1 preferred shares.

Dividends declared in third quarter 2019

On 1 August 2019, the bank declared regular quarterly dividends for the third quarter of 2019 on all series of HSBC Bank Canada Class 1 preferred shares, to be paid in accordance with their terms in the usual manner on 30 September 2019 or the first business day thereafter to shareholder of record on 15 September 2019.

On 1 August 2019, the bank also declared a second interim dividend of $80m on HSBC Bank Canada common shares in respect of the financial year ending 31 December 2019, which will be paid on or before 30 September 2019 to the shareholder of record on 1 August 2019.

As the quarterly dividends on preferred shares for the third quarter of 2019 and the second interim dividend on common shares for 2019 were declared after 30 June 2019, the amounts have not been included in the balance sheet as a liability.

Business performance in the second quarter and first half of 2019[1]

Commercial Banking

Total operating income for the second quarter of 2019 was $245m, an increase of $6m or 2.5% compared with the second quarter of 2018. Total operating income for the first half of 2019 was $489m, an increase of $24m or 5.2% compared with the first half of 2018.

Commercial Banking continued its strong momentum in growing average lending balances during the quarter. Growth in average lending balances of 7% in the first half of 2019 was achieved by continuing our focus on increasing market share, deepening relationships with our existing customers, and leveraging our global network and product offerings. Balances of Receivable Finance, a recent addition to our trade product suite, grew more than 92% for the half-year. Trade corridor revenue saw double-digit growth in the first half of 2019 despite market uncertainties.

We continue to make progress in simplifying, streamlining and re-engineering our banking processes as evidenced by our improved customer satisfaction scores. We continue to prioritize our focus on assisting our customers with their financial needs to help them thrive.

Profit before income tax for the second quarter of 2019 was $116m, a decrease of $34m or 23% compared with the second quarter of 2018. Profit before income tax for the first half of 2019 was $273m, a decrease of $34m or 11% compared with the first half of 2018. This was primarily a result of a variance of $39m for the quarter and $59m for the half-year in expected credit losses compared to the prior year, partly offset by higher operating income.

Global Banking and Markets

Total operating income for the second quarter of 2019 was $79m, a decrease of $13m or 14% compared with the second quarter of 2018. Total operating income for the first half of 2019 was $159m, a decrease of $5m or 3% compared with the first half of 2018. This was driven by decreased Markets trading and sales activities and lower underwriting fees.

We continue to leverage the Group's global network to provide products and solutions to meet our global clients' needs. Our Multinational business continued to grow as we improved product penetration with existing customers.

Profit before income tax for the second quarter of 2019 was $31m, a decrease of $18m or 37% compared with the second quarter of 2018. Profit before income tax for the first half of 2019 was $70m, a decrease of $16m or 19% compared with the first half of 2018, due to lower operating income and a higher change in expected credit losses charge for the period.

Retail Banking and Wealth Management

Total operating income for the second quarter of 2019 was $193m, an increase of $9m or 4.9% compared with the second quarter of 2018. Total operating income for the first half of 2019 was $377m, an increase of $18m or 5% compared with the first half of 2018. The increases in both periods are primarily due to higher net interest income and strong growth in total relationship balances[2]. This was partly offset by the continued run-off of our consumer finance portfolio, resulting in a $1m and $2m decrease in revenues for the quarter and half-year, respectively.

Investments in our distribution channels and digital technologies, along with competitive products and qualification criteria for Jade, Premier and Advance propositions, helped us grow our customer base and total relationship balances[2]. For example, we opened new branches in key urban centres and launched HSBC +Rewards MasterCard. As a result of our initiatives, we welcomed more than 27,000 new customers to Retail Banking and Wealth Management for the first half of 2019.

Profit before income tax for the second quarter of 2019 was $11m, a decrease of $8m or 42% compared with the second quarter of 2018. Profit before income tax for the first half of 2019 was $18m, a decrease of $4m or 18% compared with the first half of 2018. This was mostly due to higher operating expenses from the investments noted above. We also continued to invest in the roll-out of retail business banking, credit cards, and Jade, an exclusive service for high-net-worth customers. In addition, the current quarter had a charge related to expected credit losses, compared to a release in the prior year. These were partly offset by higher revenues due to higher spreads and strong growth in total relationship balances[2].

Corporate Centre

Total operating income for the second quarter of 2019 was $28m, a decrease of $27m or 49% compared with the second quarter of 2018. Total operating income for the first half of 2019 was $65m, a decrease of $58m or 47% compared with the first half of 2018. The decrease for the quarter was primarily due to lower non-interest income related to the creation of the ServCo group[3]. Also contributing to the decrease were lower net interest income from balance sheet management activities and the negative impact from lower yields. For the half-year, operating income was also impacted by lower gains on the disposal of financial investments from the re-balancing of the bank's liquid asset portfolio compared to the prior year.

Operating expenses for the second quarter of 2019 were $18m, a decrease of $8m or 31% compared with the second quarter of 2018. Operating expenses for the first half of 2019 were $29m, a decrease of $11m or 28% compared with the first half of 2018. The decrease in both the quarter and half-year are primarily related to the creation of the ServCo group[3] partly offset by investments in our support functions.

Profit before income tax for the second quarter of 2019 was $10m, a decrease of $19m or 66% compared with the second quarter of 2018. Profit before income tax for the first half of 2019 was $36m, a decrease of $47m or 57% compared with the first half of 2018, as a result of all the above movements.

1. *For the quarter and half-year ended 30 June 2019 compared with the same periods in the prior year (unless otherwise stated).*
2. *Total relationship balances includes comprised of lending, deposits and wealth balances.*
3. *Effective 1 January 2019, certain central services were transferred to a separate entity, ServCo group. The net impact of the transfer of people, systems and other supporting assets did not have a significant impact on the performance or operations of the bank. The transfer has resulted in a decrease in net operating income of $17m for the quarter and $30m for the half-year, and a related reduction in total operating expenses of $15m for the quarter and $28m for the half-year.*

Financial performance and position

	Quarter ended		Half-year ended	
	30 Jun 2019	30 Jun 2018	**30 Jun 2019**	30 Jun 2018
Financial performance for the period				
Total operating income	**545**	570	**1,090**	1,111
Profit before income tax expense	**168**	247	**397**	498
Profit attributable to the common shareholder	**112**	171	**270**	344
Change in expected credit losses and other credit impairment charges - (charge)/release	**(40)**	11	**(28)**	39
Operating expenses	**(337)**	(334)	**(665)**	(652)
Basic and diluted earnings per common share ($)	**0.22**	0.34	**0.54**	0.69
Financial measures %[1]				
Return on average common shareholder's equity	**9.1**	14.7	**11.2**	14.7
Return on average risk-weighted assets[2]	**1.6**	2.4	**1.9**	2.3
Cost efficiency ratio	**61.8**	58.6	**61.0**	58.7
Operating leverage/jaws	**(5.3)**	9.9	**(3.9)**	7.3
Net interest margin[3]	**1.39**	1.55	**1.44**	1.54
Change in expected credit losses to average gross loans and advances and acceptances[4]	**0.26**	n/a	**0.09**	n/a
Change in expected credit losses on non-performing loans and advances and acceptances to average gross loans and advances and acceptances[4]	**0.10**	0.07	**0.06**	n/a
Total non-performing allowance for expected credit losses to gross non-performing loans and advances and acceptances	**29.0**	39.9	**29.0**	39.9
Net write-offs as a percentage of average loans and advances and acceptances	**0.08**	0.17	**0.09**	0.16

Financial and capital measures

	At	
	30 Jun 2019	31 Dec 2018
Financial position at period end		
Total assets	**115,197**	103,406
Loans and advances to customers	**56,888**	57,123
Customer accounts	**60,509**	59,812
Ratio of customer advances to customer accounts (%)[1]	**94.0**	95.5
Common shareholder's equity	**4,946**	4,733
Capital measures[2]		
Common equity tier 1 capital ratio (%)	**11.1**	11.3
Tier 1 ratio (%)	**13.1**	13.4
Total capital ratio (%)	**15.6**	16.0
Leverage ratio (%)	**4.3**	4.6
Risk-weighted assets ($m)	**42,143**	40,142
Liquidity coverage ratio (%)	**131**	138

1. *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 consolidated 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. For further information on non-IFRS measures refer to the 'Use of non-IFRS financial measures' section of the Management's Discussion and Analysis ('MD&A') of the unaudited condensed interim consolidated financial statements for the quarter and half-year ended 30 June 2019.*
2. *The bank assesses capital adequacy against standards established in guidelines issued by OSFI in accordance with the Basel III capital adequacy framework.*
3. *Certain prior period amounts have been restated to conform to the current period presentation.*
4. *n/a is shown where the bank is in a net recovery position resulting in a negative ratio.*

(Figures in $m, except per share amounts)	Quarter ended		Half-year ended	
	30 Jun 2019	30 Jun 2018	**30 Jun 2019**	30 Jun 2018
Interest income	**703**	576	**1,383**	1,116
Interest expense	**(384)**	(257)	**(741)**	(491)
Net interest income	**319**	319	**642**	625
Fee income	**199**	202	**378**	378
Fee expense	**(25)**	(23)	**(48)**	(44)
Net fee income	**174**	179	**330**	334
Net income from financial instruments held for trading	**33**	39	**81**	75
Gains less losses from financial investments	**10**	5	**18**	27
Other operating income	**9**	28	**19**	50
Total operating income	**545**	570	**1,090**	1,111
Change in expected credit losses and other credit impairment charges - (charge)/release	**(40)**	11	**(28)**	39
Net operating income	**505**	581	**1,062**	1,150
Employee compensation and benefits	**(171)**	(178)	**(345)**	(360)
General and administrative expenses	**(141)**	(144)	**(272)**	(270)
Depreciation	**(17)**	(8)	**(35)**	(16)
Amortization and impairment of intangible assets	**(8)**	(4)	**(13)**	(6)
Total operating expenses	**(337)**	(334)	**(665)**	(652)
Profit before income tax expense	**168**	247	**397**	498
Income tax expense	**(47)**	(67)	**(109)**	(135)
Profit for the period	**121**	180	**288**	363
Profit attributable to the common shareholder	**112**	171	**270**	344
Profit attributable to the preferred shareholder	**9**	9	**18**	19
Profit attributable to shareholders	**121**	180	**288**	363
Average number of common shares outstanding (000's)	**498,668**	498,668	**498,668**	498,668
Basic and diluted earnings per common share ($)	**0.22**	0.34	**0.54**	0.69

(Figures in $m)	At 30 Jun 2019	At 31 Dec 2018
ASSETS		
Cash and balances at central banks	**76**	78
Items in the course of collection from other banks	**18**	8
Trading assets	**7,596**	3,875
Other financial assets mandatorily measured at fair value through profit or loss	**5**	4
Derivatives	**3,922**	4,469
Loans and advances to banks	**717**	1,221
Loans and advances to customers	**56,888**	57,123
Reverse repurchase agreements – non-trading	**10,367**	5,860
Financial investments	**25,074**	24,054
Other assets	**3,586**	2,200
Prepayments and accrued income	**271**	234
Customers' liability under acceptances	**6,069**	3,932
Current tax assets	**60**	51
Property, plant and equipment	**344**	101
Goodwill and intangible assets	**131**	121
Deferred tax assets	**73**	75
Total assets	**115,197**	103,406
LIABILITIES AND EQUITY		
Liabilities		
Deposits by banks	**1,455**	1,148
Customer accounts	**60,509**	59,812
Repurchase agreements – non-trading	**10,414**	8,224
Items in the course of transmission to other banks	**176**	252
Trading liabilities	**4,936**	2,164
Derivatives	**4,227**	4,565
Debt securities in issue	**14,985**	13,863
Other liabilities	**4,664**	1,891
Acceptances	**6,078**	3,937
Accruals and deferred income	**524**	574
Retirement benefit liabilities	**267**	270
Subordinated liabilities	**1,039**	1,039
Provisions	**41**	41
Current tax liabilities	**86**	43
Total liabilities	**109,401**	97,823
Equity		
Common shares	**1,225**	1,225
Preferred shares	**850**	850
Other reserves	**49**	(111)
Retained earnings	**3,672**	3,619
Total shareholder's equity	**5,796**	5,583
Total liabilities and equity	**115,197**	103,406

(Figures in $m)	Quarter ended		Half-year ended	
	30 Jun 2019	30 Jun 2018	**30 Jun 2019**	30 Jun 2018
Commercial Banking				
Net interest income	**151**	145	**302**	284
Non-interest income	**94**	94	**187**	181
Total operating income	**245**	239	**489**	465
Change in expected credit losses - (charge)/release	**(26)**	13	**(12)**	47
Net operating income	**219**	252	**477**	512
Total operating expenses	**(103)**	(102)	**(204)**	(205)
Profit before income tax expense	**116**	150	**273**	307
Global Banking and Markets				
Net interest income	**26**	26	**50**	49
Non-interest income	**53**	66	**109**	115
Total operating income	**79**	92	**159**	164
Change in expected credit losses - (charge)/release	**(8)**	(4)	**(9)**	(1)
Net operating income	**71**	88	**150**	163
Total operating expenses	**(40)**	(39)	**(80)**	(77)
Profit before income tax expense	**31**	49	**70**	86
Retail Banking and Wealth Management				
Net interest income	**131**	120	**257**	234
Non-interest income	**62**	64	**120**	125
Total operating income	**193**	184	**377**	359
Change in expected credit losses - (charge)/release	**(6)**	2	**(7)**	(7)
Net operating income	**187**	186	**370**	352
Total operating expenses	**(176)**	(167)	**(352)**	(330)
Profit before income tax expense	**11**	19	**18**	22
Corporate Centre				
Net interest income	**11**	28	**33**	58
Non-interest income	**17**	27	**32**	65
Net operating income	**28**	55	**65**	123
Total operating expenses	**(18)**	(26)	**(29)**	(40)
Profit before income tax expense	**10**	29	**36**	83

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. HSBC Holdings plc, the parent company of the HSBC Group, is headquarter in London. HSBC serves customers worldwide from offices in 65 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US$2,751bn at 30 June 2019, HSBC is one of the world's largest banking and financial services organizations.

For more information visit www.hsbc.ca or follow us on Twitter: @hsbc_ca or Facebook: @HSBCCanada

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Caution regarding forward-looking statements

This document contains forward-looking information, including statements regarding the business and anticipated actions of the bank. These statements can be identified by the fact that they do not pertain strictly to historical or current facts. Forward-looking statements often include words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words and terms of similar substance in connection with discussions of future operating or financial performance. By their very nature, these statements require us to make a number of assumptions and are subject to a number of inherent risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. We caution you to not place undue reliance on these statements as a number of risk factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. The risk management section in the Management's Discussion and Analysis in our Annual Report and Accounts 2018 describes the most significant risks to which the bank is exposed and, if not managed appropriately, could have a material impact on our future financial results. These risk factors include: credit risk, liquidity and funding risk, market risk, operational risks (including regulatory compliance, financial crime risk, security risk, and fiduciary risks), reputational risks, pension risks and sustainability risks. Additional factors that may cause our actual results to differ materially from the expectations expressed in such forward-looking statements include: general economic and market conditions, fiscal and monetary policies, changes in laws, regulations and approach to supervision, level of competition and disruptive technology, changes to our credit rating, operational and infrastructure risks, and other risks such as the physical risks associated with climate change, changes in accounting standards, changes in tax rates, tax law and policy, and our ability to attract, develop and retain key personnel. Refer to the 'Factors that may affect future results' section of the Management's Discussion and Analysis in our Annual Report and Accounts 2018 for a description of these risk factors. We caution you that the risk factors disclosed above are not exhaustive, and there could be other uncertainties and potential risk factors not considered here which may adversely affect our results and financial condition. Any forward-looking statements in this document speak only as of the date of this document. We do not undertake any obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise, except as required under applicable securities legislation.