HSBC

News Release

24 October 2022

HSBC BANK CANADA
THIRD QUARTER 2022 RESULTS

Record quarterly profit before tax and strong revenue growth

Linda Seymour, President and Chief Executive Officer of HSBC Bank Canada[1], said:

“Thanks to the efforts of our dedicated team, we have delivered the highest quarterly profit before tax on record for the bank. All of our business segments saw increased profit in the quarter, driven by the impact of the central bank rate increases in the year and growth in our businesses. Even as we continued to grow the business and face rising inflation, we’ve held the line on expenses through prudent cost management. As always, we remain fully focused on serving our clients and supporting their plans whether they need local solutions, global connections or support on their transition to a low carbon economy."

Highlights[2] financial performance (3Q22 vs 3Q21)

- **Profit before income tax expense was $298m, up $64m or 27%** with increases in profit before tax expense and total operating income across all of our business segments.
- **Total operating income remains strong at $665m, up 19%,** as net interest margins improved and lending and client activity increased while trading income was down.
- **Change in expected credit losses ('ECL') was a charge of $42m,** primarily driven by the adverse movement in forward-looking macro-economic variables on performing loans, compared to a charge of $3m in the prior year.
- **Total operating expenses were slightly up by $2m or 0.6%** as we continue to prudently manage our costs despite inflationary pressures while making investments to grow our business.
- **Profit after income tax expense was $219m, up $48m or 28%.**

Highlights[2] financial performance (YTD 22 vs YTD 21)

- **Profit before income tax expense was $788m, up $63m or 8.7%.** Operating income was $1,834m, up 12%. Total operating expenses remained flat. This was partly offset by a charge in ECL as noted above, coupled with a significant charge in ECLs from a material stage 3 loan in the first half of 2022.
- **All business segments were profitable** with increases in profit before tax expense and total operating income across three of our four business segments.
- **Profit after income tax expense was $578m, up $48m or 9.1%.**
- **Total assets were $134.0bn, up $14.2bn or 12%.**
- **Common equity tier 1 capital ratio[3] of 11.1%, down 290 bps** from 2021 of 14.0%.
- **Return on average common equity[4] of 14.5%, up 300 bps** from 2021 of 11.5%.

1. *HSBC Bank Canada and its subsidiary undertakings (together ‘the bank’, ‘we’, ‘our’) is an indirectly wholly-owned subsidiary of HSBC Holdings plc (‘HSBC Holdings’). Throughout the document, HSBC Holdings is defined as the ‘HSBC Group’ or the ‘Group’.*
2. *For the quarter and year-to-date ended 30 September 2022 compared with the same periods in the prior year (unless otherwise stated). The abbreviations ‘$m’ and ‘$bn’ represent millions and billions of Canadian dollars, respectively.*
3. *Capital ratios and risk weighted assets are calculated using the Office of the Superintendent of Financial Institutions Canada's ('OSFI') Capital Adequacy Requirements ('CAR') guideline, and the Leverage ratio is calculated using OSFI’s Leverage Requirements ('LR') guideline. The CAR and LR guidelines are based on the Basel III guidelines.*
4. *In evaluating our performance, we use supplementary financial measures which have been calculated from International Financial Reporting Standards ('IFRS') figures. For further information on these financial measures refer to the ‘Use of supplementary financial measures’ section of this document.*

Analysis of consolidated financial results for the third quarter ended 30 September 2022[1]

Net interest income for the quarter was $449m, an increase of $134m or 43%, and $1,155m for the year-to-date, an increase of $252m or 28%. This was due to the impact of the central bank rate increases in the year and our balance sheet growth across all businesses.

Net fee income was $194m, a decrease of $3m or 1.5% for the quarter. The decrease in fee income was mainly driven by lower advisory fees in Global Banking and lower fees on investment funds under management in Wealth and Personal Banking largely due to the challenging market conditions. These decreases were partly offset by increased net fees as card and transaction activity grew in both Wealth and Personal Banking, and Commercial Banking, and volumes of bankers' acceptances increased in Commercial Banking.

For the year-to-date, net fee income was $587m, a slight decrease of $2m or 0.3% driven by the same factors as described above in the quarter, coupled with higher average investment funds under management in Wealth and Personal Banking for the year-to-date.

Net income from financial instruments held for trading for the quarter was $15m, a decrease of $11m or 42%. The decrease was mainly driven by an unfavourable change in hedge ineffectiveness. This was partly offset by higher net interest income from trading activities due to the higher interest rate environment. Net income from financial instruments held for trading was $66m for the year-to-date, a decrease of $18m or 21%. The decrease was driven by the same factors as described in the quarter, coupled with an adverse movement in the value of loan syndication facilities.

Other items of income for the quarter were $7m, a decrease of $15m or 68%, and $26m for the year-to-date, a decrease of $34m or 57% driven by lower gains on the disposal of financial investments from re-balancing the bank’s liquid asset portfolio.

The change in ECL for the third quarter of 2022 resulted in a charge of $42m, compared to a charge of $3m for the same period in the prior year. The charge for the quarter was primarily driven by the continued adverse movement in forward-looking macro-economic variables in performing loans. In 2021, the charge for the quarter was related to non-performing loans in the energy sector, partly offset by a release in performing loans as the forward-looking macro-economic variables continued to improve at that time.

ECL for the year-to-date resulted in a charge of $82m compared to a release of $53m in the same period in the prior year. The charge for the year-to-date was driven by a significant charge in ECL for a material stage 3 loan during the first half of 2022. ECL for performing loans resulted in a release in performing loans mainly from COVID-19 related allowances in the first quarter, supported by a relative improvement in macro-economic variables in four of the scenarios used to estimate ECL. This was partly offset by a charge in performing loans driven by an adverse movement in forward-looking macro-economic variables. In 2021, the release was primarily driven by the improvement in forward-looking macro-economic variables at that time related to performing loans, partly offset by impairment charges from non-performing loans in the energy sector.

Total operating expenses for the quarter were $325m, a slight increase of $2m or 0.6% and remained flat for the year-to-date at $964m. In the face of inflationary pressures, we continued to prudently manage costs while making investments to grow our business and support regulatory projects. For the year-to-date, increases in costs were also offset by lower expenses as a result of costs related to the move to hybrid working in the prior year.

Income tax expense: the effective tax rate for the third quarter of 2022 was 26.6%. As the statutory tax rate was 26.5%, there has been a nominal increase in tax liabilities. The effective tax rate for the third quarter of 2021 was 27.2%.

1. *For the quarter and year-to-date ended 30 September 2022 compared with the same periods in the prior year (unless otherwise stated).*

Dividends

Dividends declared in the third quarter 2022

During the third quarter of 2022, the bank declared regular quarterly dividends of $13m for the third quarter of 2022 on all series of outstanding HSBC Bank Canada Class 1 preferred shares and a second interim dividend of $90m on HSBC Bank Canada common shares in respect of the financial year ending 31 December 2022.

Dividends declared in the fourth quarter 2022

On 21 October 2022, the bank declared regular quarterly dividends for the fourth quarter of 2022 on all series of outstanding HSBC Bank Canada Class 1 preferred shares, to be paid in accordance with their terms in the usual manner on 31 December 2022 or the first business day thereafter to the shareholder of record on 15 December 2022.

As the quarterly dividends on preferred shares for the fourth quarter of 2022 were declared after 30 September 2022, the amounts have not been included in the balance sheet as a liability. At this time, no dividends have been declared on HSBC Bank Canada common shares during the fourth quarter.

Business performance in the third quarter ended 30 September 2022[1]

Commercial Banking ('CMB')

Total operating income for the quarter was $308m, an increase of $40m or 15%. Total operating income for the year-to-date was $881m, an increase of $120m or 16%. CMB has maintained positive momentum in 2022 with loans and acceptances increasing by $4.9bn in the first nine months and higher deposit balances compared to the third quarter of 2021. Net interest income has improved due to the impact of the central bank rate increases in the year and higher volumes. Non-interest income has similarly improved with higher volumes of bankers' acceptances, increased activity in corporate credit cards and in domestic and international payments.

Our ambition is to maintain our leadership position as the preferred international financial partner for our clients and to continue to support their plans to transition to a net zero carbon economy. Taking advantage of our international network and with continued investments in our front-end platforms for Global Payments Solutions[2] ('GPS') and Global Trade and Receivable Finance ('GTRF'), we are well positioned to deepen client relationships with our award-winning transaction banking capabilities and to support our clients with both their domestic and cross-border banking requirements. With this continued focus, we won Euromoney's Trade Finance Market Leader and Best Service Awards in Canada in the first quarter of 2022.

Profit before income tax expense for the quarter was $195m, an increase of $26m or 15%. Profit before income tax for the year-to-date was $528m, an increase of $17m or 3.3%. This was primarily due to higher operating income partly offset by an unfavourable change in ECL.

Wealth and Personal Banking ('WPB')

Total operating income for the quarter was $270m, an increase of $58m or 27%. Total operating income for the year-to-date was $719m, an increase of $91m or 14%. The increases were driven by strong volume growth in lending and deposit balances and improved margins as a result of the central bank rate increases, partly offset by lower treasury-related income.

We continued to grow our client base, with strategic focus on international clients, as we offer market competitive products to meet our clients' needs. We also continue to invest in our acquisition and distribution channels and digital enhancements to improve the client experience. As a result of these initiatives, we were recognized by Cosmopolitan The Daily for the Best International Onboarding Experience and Best Small Business Bank in Canada during the year.

We had record[3] profit before income tax expense for the quarter and year-to-date. Profit before income tax expense for the quarter was $83m, an increase of $31m or 60%. Profit before income tax for the year-to-date was $208m, an increase of $65m or 45%. This was primarily due to higher operating income, partly offset by an increase in ECL.

Global Banking ('GB')[4]

Total operating income for the quarter was $58m, an increase of $2m or 3.6%. Total operating income for the year-to-date was $144m, a decrease of $24m or 14%. Growth in transaction banking activities remain strong, due in part to higher spreads and volume. This was offset by lower revenues from capital market and advisory fees, largely due to the challenging market conditions and elevated prior year performance. For the year-to-date, the decrease was also impacted by the adverse movement in the value of a loan syndication facility.

GB continues to pursue its well-established strategy to provide tailored, wholesale banking solutions, leveraging HSBC's extensive distribution network to provide products and solutions to meet our global clients' needs.

We continue to work closely with our clients to understand their unique challenges, support them as they look to return to growth and in their plans to transition to a net zero carbon economy.

Profit before income tax expense for the quarter was $32m, an increase of $10m or 45%. The increase in the quarter was as a result of higher net interest income and lower charges in expected credit losses. Profit before income tax expense for the year-to-date was $70m, a decrease of $40m or 36%. This was driven mainly by a decrease in non-interest income and an unfavourable change in ECL, partly offset by an increase in net interest income.

Markets and Securities Services ('MSS')[4]

Total operating income for the quarter was $26m, an increase of $4m or 18%. Total operating income for the year-to-date was $83m, an increase of $16m or 24%. The increase was a result of the central bank rate increases in the year and higher foreign exchange trading income.

MSS continues to pursue its well-established strategy to provide tailored solutions, leveraging HSBC's extensive distribution network to provide products and solutions to meet our global clients' needs.

We continue to work closely with our clients to understand their unique challenges, support them as they look to return to growth and in their plans to transition to a net zero carbon economy.

Profit before income tax expense for the quarter was $13m, an increase of $2m or 18%. Profit before income tax expense for the year-to-date was $44m, an increase of $14m or 47%. This was mainly due to higher operating income, partly offset by higher operating expenses.

Corporate Centre[5]

Profit before income tax expense for the quarter was a loss of $25m, compared a loss of $20m for the same period in the prior year due to increased costs to support the business. Profit before income tax for the year-to-date was a loss of $62m, an improvement from a loss of $69m for the same period in the prior year. This was mainly due to a decrease in operating expenses related to the move to hybrid working in the prior year and higher net interest income due to central bank rate increases, partly offset by lower non-interest income.

1. *For the quarter and year-to-date ended 30 September 2022 compared with the same periods in the prior year (unless otherwise stated).*
2. *Effective for the third quarter of 2022, Global Liquidity and Cash Management ('GLCM') was renamed as Global Payments Solutions ('GPS').*
3. *Record for the quarter and nine months since inception of WPB as a single global business in 2011.*
4. *Effective from the fourth quarter of 2021, we have separated the business segment previously named 'Global Banking and Markets' into 'Global Banking' and 'Markets and Securities Services' to reflect our new operating segments. All comparatives have been aligned to conform to current period presentation.*
5. *Corporate Centre is not an operating segment of the bank. The numbers included above provides a reconciliation between operating segments and the entity results.*

In evaluating our performance, we use supplementary financial measures which have been calculated from International Financial Reporting Standards ('IFRS') figures. Following is a glossary of the relevant measures used throughout this document but not presented within the consolidated financial statements. The following supplementary financial measures include average balances and annualized income statement figures, as noted, are used throughout this document.

Return on average common shareholder's equity is calculated as annualized profit attributable to the common shareholder for the period divided by average[1] common equity.

Return on average risk-weighted assets is calculated as the annualized profit before income tax expense divided by the average[1] risk-weighted assets.

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

Operating leverage ratio is calculated as the difference between the rates of change for operating income and operating expenses.

Net interest margin is net interest income expressed as an annualized percentage of average[1] interest earning assets.

Change in expected credit losses to average gross loans and advances and acceptances is calculated as the annualized change in expected credit losses[2] as a percentage of average[1] gross loans and advances to customers and customers' liabilities under acceptances.

Change in expected credit losses on stage 3 loans and advances and acceptances to average gross loans and advances and acceptances is calculated as the annualized change in expected credit losses[2] on stage 3 assets as a percentage of average[1] gross loans and advances to customers and customers' liabilities under acceptances.

Total stage 3 allowance for expected credit losses to gross stage 3 loans and advances and acceptances is calculated as the total allowance for expected credit losses[2] relating to stage 3 loans and advances to customers and customers' liabilities under acceptances as a percentage of stage 3 loans and advances to customers and customers' liabilities under acceptances.

Net write-offs as a percentage of average customer advances and acceptances is calculated as annualized net write-offs as a percentage of average[1] net customer advances and customers' liabilities under acceptances.

Ratio of customer advances to customer accounts is calculated as loans and advances to customers as a percentage of customer accounts.

1. *The net interest margin is calculated using daily average balances. All other financial measures use average balances that are calculated using quarter-end balances.*
2. *Change in expected credit losses relates primarily to loans, acceptances and commitments.*

(Figures in $m, except where otherwise stated)

Financial performance and position

	Quarter ended		Nine months ended	
	30 Sep 2022	30 Sep 2021	**30 Sep 2022**	30 Sep 2021
Financial performance for the period				
Total operating income	**665**	560	**1,834**	1,636
Profit before income tax expense	**298**	234	**788**	725
Profit attributable to the common shareholder	**206**	159	**542**	496
Change in expected credit losses and other credit impairment charges - (charge)/release	**(42)**	(3)	**(82)**	53
Operating expenses	**(325)**	(323)	**(964)**	(964)
Basic and diluted earnings per common share ($)	**0.38**	0.29	**0.99**	0.90
Financial ratios %[1]				
Return on average common shareholder's equity	**17.6**	10.9	**14.5**	11.5
Return on average risk-weighted assets	**2.7**	2.4	**2.5**	2.4
Cost efficiency ratio	**48.9**	57.7	**52.6**	58.9
Operating leverage ratio	**18.1**	16.8	**12.1**	5.9
Net interest margin	**1.62**	1.20	**1.42**	1.19
Change in expected credit losses to average gross loans and advances and acceptances[2]	**0.21**	0.02	**0.14**	n/a
Change in expected credit losses on stage 3 loans and advances and acceptances to average gross loans and advances and acceptances	**0.08**	0.14	**0.15**	0.09
Total stage 3 allowance for expected credit losses to gross stage 3 loans and advances and acceptances	**29.0**	45.3	**29.0**	45.3
Net write-offs as a percentage of average loans and advances and acceptances	**0.01**	0.08	**0.23**	0.08

Financial and capital measures

	At	
	30 Sep 2022	31 Dec 2021
Financial position at period end		
Total assets	**134,047**	119,853
Loans and advances to customers	**75,672**	68,699
Customer accounts	**81,500**	73,626
Ratio of customer advances to customer accounts (%)[1]	**92.8**	93.3
Common shareholder's equity	**4,636**	5,776
Capital, leverage and liquidity measures		
Common equity tier 1 capital ratio (%)[3]	**11.1**	14.0
Tier 1 ratio (%)[3]	**13.5**	16.8
Total capital ratio (%)[3]	**15.8**	19.3
Leverage ratio (%)[3]	**4.3**	5.8
Risk-weighted assets ($m)[3]	**44,481**	39,836
Liquidity coverage ratio (%)[4]	**153**	147

1. *Refer to the 'Use of supplementary financial measures' section of this document for a glossary of the measures used.*
2. *n/a is shown where the bank is in a net recovery position resulting in a negative ratio.*
3. *Capital ratios and risk weighted assets are calculated using the Office of the Superintendent of Financial Institutions Canada's ('OSFI') Capital Adequacy Requirements ('CAR') guideline, and the Leverage ratio is calculated using OSFI's Leverage Requirements ('LR') guideline. The CAR and LR guidelines are based on the Basel III guidelines.*
4. *The Liquidity coverage ratio is calculated using OSFI's Liquidity Adequacy Requirements ('LAR') guideline, which incorporates the Basel liquidity standards. The LCR in this table has been calculated using averages of the three month-end figures in the quarter.*

(Figures in $m, except per share amounts)	Quarter ended		Nine months ended	
	30 Sep 2022	30 Sep 2021	**30 Sep 2022**	30 Sep 2021
Interest income	**934**	451	**2,035**	1,348
Interest expense	**(485)**	(136)	**(880)**	(445)
Net interest income	**449**	315	**1,155**	903
Fee income	**223**	225	**669**	671
Fee expense	**(29)**	(28)	**(82)**	(82)
Net fee income	**194**	197	**587**	589
Net income from financial instruments held for trading	**15**	26	**66**	84
Changes in fair value of other financial instruments mandatorily measured at fair value through profit and loss	**—**	1	**(1)**	4
Gains less losses from financial investments	**—**	13	**2**	35
Other operating income	**7**	8	**25**	21
Total operating income	**665**	560	**1,834**	1,636
Change in expected credit losses and other credit impairment charges - (charge)/release	**(42)**	(3)	**(82)**	53
Net operating income	**623**	557	**1,752**	1,689
Employee compensation and benefits	**(148)**	(145)	**(451)**	(456)
General and administrative expenses	**(146)**	(150)	**(426)**	(405)
Depreciation and impairment of property, plant and equipment	**(18)**	(17)	**(49)**	(64)
Amortization and impairment of intangible assets	**(13)**	(11)	**(38)**	(39)
Total operating expenses	**(325)**	(323)	**(964)**	(964)
Profit before income tax expense	**298**	234	**788**	725
Income tax expense	**(79)**	(63)	**(210)**	(195)
Profit for the period	**219**	171	**578**	530
Profit attributable to the common shareholder	**206**	159	**542**	496
Profit attributable to the preferred shareholder	**13**	12	**36**	34
Profit attributable to shareholder	**219**	171	**578**	530
Average number of common shares outstanding (000's)	**548,668**	548,668	**548,668**	548,668
Basic and diluted earnings per common share ($)	**0.38**	0.29	**0.99**	0.90

(Figures in $m)	At 30 Sep 2022	31 Dec 2021
ASSETS		
Cash and balances at central bank	**4,092**	13,955
Items in the course of collection from other banks	**17**	9
Trading assets	**7,372**	2,907
Other financial assets mandatorily measured at fair value through profit or loss	**18**	18
Derivatives	**6,751**	2,773
Loans and advances to banks	**900**	1,659
Loans and advances to customers	**75,672**	68,699
Reverse repurchase agreements – non-trading	**8,331**	9,058
Financial investments	**23,279**	14,969
Other assets	**3,256**	1,377
Prepayments and accrued income	**374**	186
Customers' liability under acceptances	**3,161**	3,548
Current tax assets	**221**	148
Property, plant and equipment	**317**	263
Goodwill and intangible assets	**196**	181
Deferred tax assets	**90**	103
Total assets	**134,047**	119,853
LIABILITIES AND EQUITY		
Liabilities		
Deposits by banks	**821**	1,313
Customer accounts	**81,500**	73,626
Repurchase agreements – non-trading	**7,723**	8,044
Items in the course of transmission to other banks	**156**	253
Trading liabilities	**6,347**	3,598
Derivatives	**7,157**	2,978
Debt securities in issue	**14,903**	14,339
Other liabilities	**4,733**	3,517
Acceptances	**3,170**	3,556
Accruals and deferred income	**537**	401
Retirement benefit liabilities	**208**	267
Subordinated liabilities	**1,011**	1,011
Provisions	**45**	74
Total liabilities	**128,311**	112,977
Equity		
Common shares	**1,125**	1,725
Preferred shares	**1,100**	1,100
Other reserves	**(766)**	(23)
Retained earnings	**4,277**	4,074
Total shareholder's equity	**5,736**	6,876
Total liabilities and equity	**134,047**	119,853

(Figures in $m)	Quarter ended		Nine months ended	
	30 Sep 2022	30 Sep 2021	**30 Sep 2022**	30 Sep 2021
Commercial Banking				
Net interest income	**187**	152	**522**	421
Non-interest income	**121**	116	**359**	340
Total operating income	**308**	268	**881**	761
Change in expected credit losses charges - (charge)/release	**(14)**	1	**(51)**	37
Net operating income	**294**	269	**830**	798
Total operating expenses	**(99)**	(100)	**(302)**	(287)
Profit before income tax expense	**195**	169	**528**	511
Wealth and Personal Banking				
Net interest income	**202**	133	**499**	395
Non-interest income	**68**	79	**220**	233
Total operating income	**270**	212	**719**	628
Change in expected credit losses charges - (charge)/release	**(22)**	8	**(22)**	12
Net operating income	**248**	220	**697**	640
Total operating expenses	**(165)**	(168)	**(489)**	(497)
Profit before income tax expense	**83**	52	**208**	143
Global Banking[1]				
Net interest income	**45**	24	**99**	69
Non-interest income	**13**	32	**45**	99
Total operating income	**58**	56	**144**	168
Change in expected credit losses charges - (charge)/release	**(6)**	(12)	**(9)**	4
Net operating income	**52**	44	**135**	172
Total operating expenses	**(20)**	(22)	**(65)**	(62)
Profit before income tax expense	**32**	22	**70**	110
Markets and Securities Services[1]				
Net interest income	**12**	6	**31**	18
Non-interest income	**14**	16	**52**	49
Net operating income	**26**	22	**83**	67
Total operating expenses	**(13)**	(11)	**(39)**	(37)
Profit before income tax expense	**13**	11	**44**	30
Corporate Centre[2]				
Net interest income	**3**	—	**4**	—
Non-interest income	**—**	2	**3**	12
Net operating income	**3**	2	**7**	12
Total operating expenses	**(28)**	(22)	**(69)**	(81)
Profit/(loss) before income tax expense	**(25)**	(20)	**(62)**	(69)

1. *Effective from the fourth quarter of 2021, we have separated the business segment previously named ‘Global Banking and Markets’ into ‘Global Banking’ and ‘Markets and Securities Services’ to reflect our new operating segments. All comparatives have been aligned to conform to current period presentation.*
2. *Corporate Centre is not an operating segment of the bank. The numbers included above provides a reconciliation between operating segments and the entity results.*

Strategic Review

The HSBC Group regularly reviews its businesses in all markets and is currently exploring a potential sale of the Group's 100% equity stake in HSBC Bank Canada. No decisions have been made and updates will be provided as required.

About HSBC Bank Canada

HSBC Bank Canada, a subsidiary of HSBC Holdings plc ('HSBC Group'), is the leading international bank in the country. We help companies and individuals across Canada to do business and manage their finances here and internationally through four businesses: Commercial Banking, Wealth and Personal Banking, Global Banking[1], and Markets and Securities Services[1].

HSBC Holdings plc, the parent company of HSBC Bank Canada is headquartered in London, UK. HSBC serves customers worldwide from offices in 63 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US$2,992bn at 30 September 2022, 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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1. *Effective from the fourth quarter of 2021, we have separated the business segment previously named 'Global Banking and Markets' into 'Global Banking' and 'Markets and Securities Services' to reflect our new operating segments. All comparatives have been aligned to conform to current period presentation.*

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 2021 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, treasury risk (inclusive of capital management, liquidity and funding risk and interest rate risk), market risk, resilience risks, regulatory compliance risk, financial crime risk, model risk and pension risk. 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, inflation, fiscal and monetary policies, changes in laws, regulations and approach to supervision, level of competition and disruptive technology, cyber threat and unauthorized access to systems, changes to our credit rating, climate change risk including transition and physical risk impacts, interbank offered rate ('IBOR') and Canadian Dollar Offered Rate ('CDOR') transition and other risks such as changes in accounting standards, changes in tax rates, tax law and policy, and its interpretation of tax authorities, risk of fraud by employees or others, unauthorized transactions by employees and human error. Furthermore HSBC Group regularly reviews its businesses in all markets and is currently exploring a potential sale of the Group's 100% equity stake in HSBC Bank Canada. Our success in delivering our strategic priorities and proactively managing the regulatory environment depends on the development and retention of our leadership and high-performing employees. The ability to continue to attract, develop *and retain competent individuals in the highly competitive and active employment market continues to prove challenging. Despite contingency plans we have in place for resilience in the event of sustained and significant operational disruption, our ability to conduct business may be adversely affected by disruption in the infrastructure that supports both our operations and the communities in which we do business, including but not limited to disruption caused by public health emergencies, pandemics, environmental disasters, terrorist acts and geopolitical events. Refer to the 'Factors that may affect future results' section of the Management's Discussion and Analysis in our Annual Report and Accounts 2021 for a description of these risk factors, as well as the 'Impact of COVID-19 and our response' section of our Annual Report and Accounts 2021. 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.*