News Release

28 October 2018

# HSBC BANK CANADA
# THIRD QUARTER 2018 FINANCIAL RESULTS

***Investments in building a simpler, better, faster bank lead to double digit growth in total operating income and profit before tax***

**Quarter ended 30 September[1,2]:**

– *Total operating income*: $588m, up $60m or 11.4%
– *Profit before income tax expense*: $271m, up $53m or 24.3%
– *Profit attributable to the common shareholder:* $189m, up $36m or 23.5%
– *Return on average common equity[3]*: 16.5% (2017: 12.7%)

**Nine months ended 30 September[1,2]:**

– *Total operating income*: $1,699m, up $169m or 11%
– *Profit before income tax expense*: $769m, up $80m or 11.6%
– *Profit attributable to the common shareholder*: $533m, up $45m or 9.2%
– *Return on average common equity[1]:* 15.2% (2017:13.8%)

**As at 30 September 2018[2]:**

– *Total assets:* $103.7bn (31 Dec 2017: $96.4bn)
– *Common equity tier 1 capital ratio:* 11.1% (31 Dec 2017: 10.5%)
– *Tier 1 ratio:* 13.3% (31 Dec 2017: 12.4%)
– *Total capital ratio:* 15.9% (31 Dec 2017: 14.7%)

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

1 *For the quarter and nine months ended 30 September 2018 compared with the same periods in the prior year (unless otherwise stated).*

2 *Effective 1 January 2018 the bank adopted IFRS 9 Financial Instruments ('IFRS 9') on a retrospective basis without restatement of prior periods. Results from prior periods are reported in accordance with IAS 39 Financial Instruments: Recognition and Measurement ('IAS 39').*

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 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 Third Quarter 2018 Interim Report.*

This news release is issued by

**HSBC Bank Canada**

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## Overview[1,2]

HSBC Bank Canada reported strong results for the quarter and year-to-date, with double digit growth for both total operating income and profit before income tax expense. Total operating income grew for all of our global businesses as we continue to execute our strategy and focus on growth and value creation.

Our results were driven by loan growth across all of our global businesses: Commercial Banking, Retail Banking and Wealth Management and Global Banking and Markets. Higher interest rates and increased revenue from information technology services provided to affiliated Group companies also contributed to our results.

In Commercial Banking, loan growth was at its highest level since 2010 and operating income growth was seen across most business segments. This led to an increase in operating income of $26m, or 12%, for the quarter and $59m, or 9.1%, for the year-to-date.

In Global Banking and Markets, total operating income grew by $4m, or 4.5%, for the quarter and $30m, or 13.2%, for the year-to-date, as we continued to leverage HSBC's global network to provide products and solutions to meet our global clients' needs.

In Retail Banking and Wealth Management, we continued to achieve strong growth in total relationship balances and to grow market share in deposits and mortgages. This led to an increase in total operating income of $19m, or 10.9%, for the quarter and $54m, or 10.8%, for the year-to-date.

Favourable credit conditions, together with active risk management, led to a net recovery position in the change in expected credit losses[2] for both the quarter and year-to-date, although this has reduced from the elevated recovery levels experienced in 2017.

We continue to invest in growing our business and making it more convenient for our customers to bank with us, resulting in an increase in operating expenses of $20m, or 2.1%, for the year-to-date. For the quarter, operating expenses decreased by $3m, or 0.9%.

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

“We continue to build our business and Q3 was no exception. Our team has continued to help our retail, corporate and institutional customers make the most of opportunities as they pursue their domestic and global growth ambitions. Revenues and asset growth remain strong across all of our business lines, and profit before tax is up 24.3% over the same period last year as we bring more of HSBC to Canadian customers. Our strategy is yielding results and we remain focused on our customer relationships and building business one customer at a time.”

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2 *Effective 1 January 2018 the bank adopted IFRS 9 on a retrospective basis without restatement of prior periods. Results from prior periods are reported in accordance with IAS 39. Under IFRS 9 the term ‘change in expected credit losses’ is used. The equivalent term prior to 1 January 2018 under IAS 39 was ’loan impairment charges and other credit risk provisions’.*

## Analysis of consolidated financial results for the quarter and year-to-date ended 30 September 2018[1,2]

***Net interest income*** for the quarter was $332m, an increase of $40m, or 13.7%, compared to the same quarter in the prior year. Net interest income for the year-to-date was $957m, an increase of $98m, or 11.4%, compared to the same period in the prior year. Contributing to the increase for both the quarter and the year-to-date were volume growth in both lending and deposits within Retail Banking and Wealth Management, in particular residential mortgage balances and personal deposits, and higher loans and advances in Commercial Banking. In addition, we benefited from improved margins as a result of higher interest rates. This was partially offset by lower interest from impaired loans.

***Net fee income*** for the quarter was $175m, an increase of $6m, or 3.6%. Net fee income for the year-to-date was $509m, an increase of $15m, or 3%. The growth in fee income for both the quarter and the year-to-date were driven by higher volumes for credit facility fees, fees generated from funds under management and credit card fees. This was partially offset by an increase in fee expenses, primarily relating to enhanced credit card rewards and incentives together with higher trustee and investment advisory fees.

***Net income from financial instruments held for trading*** for the quarter was $35m, a decrease of $6m, or 14.6%. Contributing to the decrease was lower income from trading activities due to accounting volatility from balance sheet management activities. In addition, hedge ineffectiveness led to a modest loss in the current quarter compared to a modest gain for the same period in the prior year.

Net income from financial instruments held for trading for the year-to-date was $110m, an increase of $16m, or 17%, primarily due to earning higher net interest from trading activities from higher yields. This was partially offset by the loss relating to accounting volatility as noted for the quarter.

***Other items of income*** for the quarter and year-to-date were $46m and $123m, an increase of $20m, or 76.9% and $40m, or 48.2%, respectively. The increase for both the quarter and the year-to-date was primarily due to higher gains on the disposal of financial investments arising from the re-balancing of the bank's liquid asset portfolio, and higher income from HSBC Group entities for information technology services performed by the bank.

***Change in expected credit losses:*** The change in expected credit losses for the quarter was a recovery of $7m compared with loan impairment recoveries and other credit risk provisions of $14m for the same period in the prior year.

The recovery in the current quarter is primarily as a result of provision releases of $6m in the non-performing portfolio from improving credit conditions primarily relating to specific energy services and manufacturing customers. This was partially offset by a charge in the non-performing portfolio in Retail Banking and Wealth Management of $2m as a result of write-offs.

The change in expected credit losses for the year-to-date was a recovery of $46m compared with loan impairment recoveries and other credit risk provisions of $109m for the same period of the prior year. The recovery in the current year was driven by credit quality improvements in the non–performing portfolio, most notably in the energy services, manufacturing and real estate sectors, which led to recoveries and transfers to the performing portfolio. These recoveries were partially offset by charges against specific clients in the construction and manufacturing industry.

The elevated recoveries in 2017 were driven by significant reversals of specific provisions in the oil and gas industry, as well as releases in collective provisions, reflecting overall improvements in credit quality.

***Total operating expenses*** for the quarter were $324m, a decrease of $3m, or 0.9%. Total operating expenses for the year-to-date were $976m, an increase of $20m, or 2.1%. Contributing to the year-to-date increase was higher costs associated with the provision of information technology services to Group companies, with a related recovery increasing other operating income. In addition, employee compensation and benefits increased in our global businesses as we continue to invest to grow. This was partially offset by lower operating expenses in the Corporate Centre as certain transformation and streamlining initiatives undertaken from 2015 to 2017 are now complete. We also benefited from lower costs related to a reduction in our office space.

***Share of profit/loss in associates*** for the quarter and year-to-date was nil compared with a gain of $3m and $6m respectively, in the prior year. The share of profits represents changes in the value of the bank's investments in private equity funds.

**Income taxes expense:** The effective tax rate in the third quarter of 2018 was 27.1%, which is close to the statutory tax rate. The effective tax rate for the third quarter of 2017 was 25.7%.

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## Business performance for the quarter and year-to-date ended 30 September 2018[1,2]

### Commercial Banking

Total operating income for the quarter and year-to-date was $242m and $707m, an increase of $26m, or 12% and $59m, or 9.1%, respectively. Growth was seen across most business segments, and was most notable in the Ontario region, Commercial Real Estate and International Subsidiary Banking.

Building on the expansion started in 2017 we have invested in sales transformation and streamlined processes to increase customer acquisition and product penetration, and improve our position in key trade corridors. Customers are recognizing the value of our efforts: lending balances grew at the highest level since 2010; and our customer survey has shown marked improvement, with 71% of customers rating the onboarding journey as excellent in July 2018, compared with 36% in December 2017.

Profit before income tax for the quarter was $141m, an increase of $19m, or 15.6%, driven by higher operating income. Profit before income tax for the year-to-date was $448m, a decrease of $3m, or 0.7%, as higher operating income was more than offset by lower loan impairment recoveries and higher operating expenses to drive business growth.

### Global Banking and Markets

Global Banking and Markets total operating income for the quarter was $93m, an increase of $4m, or 4.5%. The increase was mainly due to infrastructure debt capital markets transactions. Total operating income for the year-to-date was $257m, an increase of $30m, or 13.2%, driven by increased infrastructure debt capital markets transactions, increased interest rates, and higher sales and trading in rates and foreign exchange products.

We continue to leverage HSBC's global network to provide products and solutions to meet our global clients' needs. We have also increased the scale of our Multinational business by improving product penetration with existing customers.

Profit before income tax expense for the quarter was $54m, a decrease of $10m, or 15.6%, driven by higher loan impairment recoveries in the prior year together with higher costs in the current quarter relating to investments in Global Banking client coverage and risk and compliance initiatives. This was partially offset by higher operating income. For the year-to-date, profit before income tax was $140m, unchanged from the prior year.

### Retail Banking and Wealth Management

Total operating income in Retail Banking and Wealth Management for the quarter and year-to-date was $193m and $552m, an increase of $19m, or 10.9%, and $54m, or 10.8%, respectively. We continued to achieve strong growth in total relationship balances and to grow market share primarily in deposits and mortgages, due to strong branding, innovation and strategic investments to make our bank simpler, faster and better for our clients.

During the quarter, we introduced competitive qualification criteria for customers in our Advance proposition, launched a Mortgage Centre to better serve our customers, and waived our foreign exchange fees on outgoing transfers up to a certain limit. We also continued to invest in digital technologies, for example, we launched HSBC Wealth Compass™, a simple way to receive advice and invest online, improved our mobile banking app, automated mortgage renewals to reduce processing time and introduced online originations of credit cards to all customers.

Profit before income tax expense for the quarter was $39m, an increase of $23m, or 143.8%, due to higher revenue from business growth and higher interest rates. Profit before income tax expense for the year-to-date was $61m, an increase of $10m, or 19.6%, due to higher revenues, partly offset by continued investments and the higher cost base associated with our enhanced service model, and the growth already achieved. For example, we continued to invest in the roll-out of retail business banking, unsecured lending and Jade, an exclusive service for high-net-worth customers.

### Corporate Centre

Net operating income was $60m for the quarter and $183m for the year-to-date, an increase of $11m, or 22.4%, and $26m, or 16.6%, respectively.

Contributing to the increase in both the quarter and year-to-date are higher gains from the disposal of securities as part of balance sheet management activities and increased revenue for information technology services provided to affiliated Group companies. This was partially offset by a decline in net income from financial instruments held for trading due to a number of smaller movements together with impact of accounting volatility from balance sheet management activities.

Operating expenses decreased for both the quarter and year-to-date, as we completed certain transformation and streamlining initiatives undertaken from 2015 to 2017.

The impact of these movements was an increase in profit before income tax of $21m, to $37m, for the quarter, and $73m, to $120m for the year-to-date.

### Dividends

During the third quarter of 2018, the bank declared $70m in dividends on HSBC Bank Canada common shares (paid within the quarter) and $9m in dividends on all series of HSBC Bank Canada Class 1 preferred shares (paid in accordance with their terms in the usual manner on 30 September 2018 or the first business day thereafter).

On 26 October 2018, the bank declared regular quarterly dividends for the fourth quarter 2018 on all series of HSBC Bank Canada Class 1 preferred shares, to be paid in accordance with their terms in the usual manner on 31 December 2018 or the first business day thereafter to shareholders of record on 15 December 2018.

On 26 October 2018, the bank also declared a third interim dividend of $70m on HSBC Bank Canada common shares in respect of the financial year ending 31 December 2018, and will be paid on or before 31 December 2018 to the shareholder of record on 26 October 2018.

| *(Figures in $m, except where otherwise stated)* | Quarter ended | | Nine months ended | |
|---|---|---|---|---|
| | **30 Sep 2018[1]** | 30 Sep 2017 | **30 Sep 2018[1]** | 30 Sep 2017 |
| **Financial performance for the period** | | | | |
| Total operating income | **588** | 528 | **1,699** | 1,530 |
| Profit before income tax expense | **271** | 218 | **769** | 689 |
| Profit attributable to the common shareholder | **189** | 153 | **533** | 488 |
| Change in expected credit losses- recovery | **7** | n/a | **46** | n/a |
| Loan impairment recoveries and other credit risk provisions | **n/a** | 14 | **n/a** | 109 |
| Operating expenses | **(324)** | (327) | **(976)** | (956) |
| Basic and diluted earnings per common share ($) | **0.38** | 0.31 | **1.07** | 0.98 |
| **Financial measures[2]** | | | | |
| Return on average common shareholder's equity (%) | **16.5** | 12.7 | **15.2** | 13.8 |
| Return on average risk-weighted assets[3,4] (%) | **2.7** | 2 | **2.5** | 2.1 |
| Cost efficiency ratio (%) | **55.1** | 61.9 | **57.4** | 62.5 |
| Operating leverage/jaws (%) | **12.3** | 6.3 | **9** | (5.2) |
| Net interest margin (%) | **1.59** | 1.48 | **1.54** | 1.47 |
| Change in expected credit losses to average gross loans and advances and acceptances[5] (%) | **n/a** | n/a | **n/a** | n/a |
| Change in expected credit losses on stage 3 loans and advances and acceptances to average gross loans and advances and acceptances[5] (%) | **n/a** | — | **n/a** | n/a |
| Total stage 3 allowance for expected credit losses to gross stage 3 loans and advances and acceptances[5] (%) | **36.9** | 39.6 | **36.9** | 39.6 |
| Net write-offs as a percentage of average loans and advances and acceptances (%) | **0.1** | 0.12 | **0.14** | 0.13 |

| | At period ended | |
|---|---|---|
| | **30 Sep 2018[1]** | 31 Dec 2017 |
| **Financial position at period end** | | |
| Total assets | **103,677** | 96,379 |
| Loans and advances to customers | **54,114** | 50,337 |
| Customer accounts | **57,982** | 57,054 |
| Ratio of loans and advances to customer accounts (%) | **93.3** | 88.2 |
| Common shareholders' equity | **4,576** | 4,860 |
| **Capital measures[3]** | | |
| Common equity tier 1 capital ratio ('CET1') (%) | **11.1** | 10.5 |
| Tier 1 ratio (%) | **13.3** | 12.4 |
| Total capital ratio (%) | **15.9** | 14.7 |
| Leverage ratio (%) | **4.5** | 4.9 |
| Risk-weighted assets[4] | **39,618** | 45,035 |
| Liquidity coverage ratio (%) | **135** | 137 |

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3 *The bank assesses capital adequacy against standards established in guidelines issued by OFSI in accordance with the Basel III capital adequacy framework.*

4 *In January 2018, OSFI announced its decision to update the existing capital floor for institutions using advanced approaches for credit risk and operational risk. Effective for the second quarter of 2018, the capital floor is based on the Standardized approach under Basel II framework with the floor factor transitioned in over three quarters. The floor factor is set at 70% for the second quarter of 2018, increasing to 72.5% in the third quarter of 2018 and 75% in the fourth quarter of 2018.*

5 *Effective 1 January 2018 under IFRS 9 the terms 'Change in expected credit losses' and 'stage 3 assets' are used. The equivalent terms prior to 1 January 2018 under IAS 39 are 'Loan impairment charges and other credit risk provisions' and 'impaired assets' respectively. 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 | | Nine months ended | |
|---|---|---|---|---|
| | **30 Sep 2018**[1] | 30 Sep 2017 | **30 Sep 2018**[1] | 30 Sep 2017 |
| Interest income | **631** | 481 | **1,747** | 1,384 |
| Interest expense | **(299)** | (189) | **(790)** | (525) |
| Net interest income | **332** | 292 | **957** | 859 |
| Fee income | **195** | 187 | **573** | 547 |
| Fee expense | **(20)** | (18) | **(64)** | (53) |
| Net fee income | **175** | 169 | **509** | 494 |
| Net income from financial instruments held for trading (2017: Net trading income) | **35** | 41 | **110** | 94 |
| Changes in fair value of long-term debt (2017: Net expense from financial instruments designated at fair value) | **—** | — | **—** | (4) |
| Gains less losses from financial investments | **18** | 4 | **45** | 25 |
| Dividend income | **1** | — | **1** | — |
| Other operating income | **27** | 22 | **77** | 62 |
| **Total operating income** | **588** | 528 | **1,699** | 1,530 |
| Change in expected credit losses | **7** | n/a | **46** | n/a |
| Loan impairment recoveries and other credit risk provisions | **n/a** | 14 | **n/a** | 109 |
| **Net operating income** | **595** | 542 | **1,745** | 1,639 |
| Employee compensation and benefits | **(179)** | (183) | **(539)** | (537) |
| General and administrative expenses | **(131)** | (134) | **(401)** | (388) |
| Depreciation of property, plant and equipment | **(8)** | (7) | **(24)** | (23) |
| Amortization of intangible assets | **(6)** | (3) | **(12)** | (8) |
| **Total operating expenses** | **(324)** | (327) | **(976)** | (956) |
| **Operating profit** | **271** | 215 | **769** | 683 |
| Share of profit in associates | **—** | 3 | **—** | 6 |
| **Profit before income tax expense** | **271** | 218 | **769** | 689 |
| Income tax expense | **(73)** | (56) | **(208)** | (173) |
| **Profit for the period** | **198** | 162 | **561** | 516 |
| Profit attributable to the common shareholder | **189** | 153 | **533** | 488 |
| Profit attributable to preferred shareholders | **9** | 9 | **28** | 28 |
| Profit attributable to shareholders | **198** | 162 | **561** | 516 |
| Average number of common shares outstanding (000's) | **498,668** | 498,668 | **498,668** | 498,668 |
| Basic and diluted earnings per common share ($) | **$ 0.38** | $ 0.31 | **$ 1.07** | $ 0.98 |

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| (Figures in $m) | 30 Sep 2018[1] | 31 Dec 2017 |
|---|---|---|
| **ASSETS** | | |
| Cash and balances at central bank | **69** | 411 |
| Items in the course of collection from other banks | **37** | 25 |
| Trading assets | **4,008** | 5,373 |
| Other financial assets mandatorily measured at fair value through profit or loss | **5** | — |
| Derivatives | **3,413** | 3,675 |
| Loans and advances to banks | **1,348** | 1,221 |
| Loans and advances to customers | **54,114** | 50,337 |
| Reverse repurchase agreements – non-trading | **7,765** | 6,153 |
| Financial investments | **23,978** | 22,913 |
| Other assets | **2,654** | 899 |
| Prepayments and accrued income | **308** | 213 |
| Customers' liability under acceptances | **5,627** | 4,801 |
| Current tax assets | **48** | 44 |
| Property, plant and equipment | **92** | 106 |
| Goodwill and intangible assets | **112** | 90 |
| Deferred taxes | **99** | 118 |
| Total assets | **103,677** | 96,379 |
| **LIABILITIES AND EQUITY** | | |
| **Liabilities** | | |
| Deposits by banks | **1,110** | 1,696 |
| Customer accounts | **57,982** | 57,054 |
| Repurchase agreements – non-trading | **8,793** | 4,604 |
| Items in the course of transmission to other banks | **227** | 299 |
| Trading liabilities | **1,634** | 3,701 |
| Derivatives | **3,202** | 3,516 |
| Debt securities in issue | **13,345** | 10,820 |
| Other liabilities | **4,462** | 2,217 |
| Acceptances | **5,635** | 4,801 |
| Accruals and deferred income | **454** | 475 |
| Retirement benefit liabilities | **303** | 346 |
| Subordinated liabilities | **1,039** | 1,039 |
| Provisions | **35** | 61 |
| Current tax liabilities | **30** | 40 |
| Total liabilities | **98,251** | **90,669** |
| **Equity** | | |
| Common shares | **1,225** | 1,225 |
| Preferred shares | **850** | 850 |
| Other reserves | **(179)** | (61) |
| Retained earnings | **3,530** | 3,696 |
| Total equity | **5,426** | 5,710 |
| Total liabilities and equity | **103,677** | 96,379 |

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| *(Figures in $m)* | Quarter ended | | Nine months ended | |
|---|---|---|---|---|
| | **30 Sep 2018**[1] | 30 Sep 2017 | **30 Sep 2018**[1] | 30 Sep 2017 |
| **Commercial Banking** | | | | |
| Net interest income | **150** | 132 | **434** | 395 |
| Non-interest income | **92** | 84 | **273** | 253 |
| Total operating income | **242** | 216 | **707** | 648 |
| Change in expected credit losses - recovery | **3** | n/a | **50** | n/a |
| Loan impairment recoveries and other credit risk provisions | **n/a** | 4 | **n/a** | 90 |
| Net operating income | **245** | 220 | **757** | 738 |
| Total operating expenses | **(104)** | (98) | **(309)** | (287) |
| Profit before income tax expense | **141** | 122 | **448** | 451 |
| **Global Banking and Markets** | | | | |
| Net interest income | **30** | 28 | **79** | 74 |
| Non-interest income | **63** | 61 | **178** | 153 |
| Total operating income | **93** | 89 | **257** | 227 |
| Change in expected credit losses - (charge) | **—** | n/a | **(1)** | n/a |
| Loan impairment recoveries and other credit risk provisions | **n/a** | 8 | **n/a** | 13 |
| Net operating income | **93** | 97 | **256** | 240 |
| Total operating expenses | **(39)** | (33) | **(116)** | (100) |
| Profit before income tax expense | **54** | 64 | **140** | 140 |
| **Retail Banking and Wealth Management** | | | | |
| Net interest income | **129** | 111 | **363** | 311 |
| Non-interest income | **64** | 63 | **189** | 187 |
| Total operating income | **193** | 174 | **552** | 498 |
| Change in expected credit losses - recovery/(charge) | **4** | n/a | **(3)** | n/a |
| Loan impairment recoveries and other credit risk provisions | **n/a** | 2 | **n/a** | 6 |
| Net operating income | **197** | 176 | **549** | 504 |
| Total operating expenses | **(158)** | (160) | **(488)** | (453) |
| Profit before income tax expense | **39** | 16 | **61** | 51 |
| **Corporate Centre** | | | | |
| Net interest income | **23** | 21 | **81** | 79 |
| Non-interest income | **37** | 28 | **102** | 78 |
| Net operating income | **60** | 49 | **183** | 157 |
| Total operating expenses | **(23)** | (36) | **(63)** | (116) |
| Operating profit | **37** | 13 | **120** | 41 |
| Share of profit in associates | **—** | 3 | **—** | 6 |
| Profit before income tax expense | **37** | 16 | **120** | 47 |

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## 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. The HSBC Group is one of the world's largest banking and financial services groups with assets of US$2,603bn at 30 September 2018. Linked by advanced technology, the HSBC Group serves customers worldwide from around 3,800 offices in 66 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa.

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 2017 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 and structural interest rate risk. Additional risks that could cause our actual results to differ materially from the expectations expressed in such forward-looking statements include: operational risks (including compliance, regulatory, financial crime, security and fraud, and fiduciary risks) and reputational risks. Other 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, and operational and infrastructure risks. Refer to the 'Factors that may affect future results' section of our Annual Report and Accounts 2017 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.*