

5 August 2018

HSBC BANK CANADA SECOND QUARTER 2018 FINANCIAL RESULTS

Investments in our business lead to strong growth with total operating income up 14.9% for the quarter and 10.9% for the year-to-date

Quarter ended 30 June^{1,2}:

- Total operating income: Up \$74m or 14.9%
- Profit before income tax expense: Up \$19m or 8.3%
- Profit attributable to the common shareholder: Up \$13m or 8.2%
- Return on average common equity³: 14.7% (2017: 13.3%)
- Operating leverage/jaws³: 9.9% (2017: (11.2)%)

Half-year ended 30 June^{1,2}:

- Total operating income: Up \$109m or 10.9%
- Profit before income tax expense: Up \$27m or 5.7%
- Profit attributable to the common shareholder: Up \$9m or 2.7%
- Return on average common equity³: 14.7% (2017: 14.4%)
- Operating leverage/Jaws³: 7.3% (2017: (10.8)%)

As at 30 June 2018²:

- Total assets: \$100.5bn (31 Dec 2017: \$96.4bn)
- Common equity tier 1 capital ratio: 10.9% (31 Dec 2017: 10.5%)
- Tier 1 ratio: 13.0% (31 Dec 2017: 12.4%)
- Total capital ratio: 15.6% (31 Dec 2017: 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 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 Second Quarter 2018 Interim Report.

Overview^{1,2}

HSBC Bank Canada maintained strong momentum in operating income, up by \$74m, or 14.9%, for the second quarter of 2018, and \$109m, or 10.9%, for the first half of the year. Results were driven by strong performance across all of our global businesses led by loan growth, the benefit of higher interest rates and increased trading revenue.

Commercial Banking reported the highest lending balance growth since 2010 and double digit operating income growth in a number of business segments, including the Ontario region, commercial real estate and International Subsidiary Banking segments. This contributed to an increase in operating income of \$23m, or 10.6%, and \$33m, or 7.6%, for the quarter and half-year, respectively. In Global Banking and Markets, increased derivative sales in rates and foreign exchange products, infrastructure debt capital markets transactions and higher interest income led to an increase in operating income of \$24m, or 35.3%, and \$26m, or 18.8%, for the quarter and half-year respectively. Retail Banking and Wealth Management continued to achieve strong growth in total relationship balances (comprised of lending, deposits and wealth balances) and to grow market share in deposits and mortgages. This resulted in an increase in operating income of \$16m, or 9.5%, and \$35m, or 10.8%, for the quarter and half-year respectively.

Strong credit performance led to a net recovery position in the change in expected credit losses², 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. Operating expenses increased by \$16m, or 5%, for the second quarter and \$23m, or 3.7%, for the first half of the year. Operating expenses are starting to decrease in the Corporate Centre as certain restructuring and streamlining initiatives undertaken from 2015 to 2017 are now complete.

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

“Our investments in growing our business continue to bear fruit with progress on our strategy in all of our business lines. Revenue increased by 14.9% and profit before tax was up 8.3% over the same quarter in 2017. We are reporting assets of over \$100bn for the first time in our history due largely to significant growth in Commercial Banking lending balances and residential mortgages. And return on average equity improved to 14.7% up from 13.3% in the same quarter last year.

“We remain focused on making banking more convenient for our customers. At the same time we are simplifying and automating processes giving employees more time to serve our customers. This is particularly important as we help Canadian companies of all sizes navigate the evolving trade environment as they look to expand their businesses with an increasingly diverse set of trade partners in a challenging environment.”

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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 is 'loan impairment charges and other credit risk provisions'.

Analysis of consolidated financial results for the second quarter and first half of 2018^{1,2}

Net interest income for the second quarter of 2018 was \$319m, an increase of \$34m, or 11.9%, compared with the same period in the prior year. Net interest income for the first half of 2018 was \$625m, an increase of \$58m, or 10.2%, compared with the first half of 2017. Contributing to the increase for both the quarter and year-to-date are strong growth in both lending and deposits within Retail Banking and Wealth Management and higher loans and advances in Commercial Banking. In addition, we benefited from margin improvements as a result of the Bank of Canada interest rate increases in 2017 and early 2018. This was partially offset by lower interest recoveries on impaired loans and lower Commercial Banking deposits.

Net fee income for the second quarter of 2018 was \$179m, an increase of \$14m, or 8.5%, compared with the same period in the prior year. Net fee income for the first half of 2018 was \$334m, an increase of \$9m, or 2.8%, compared with the first half of 2017. The growth for both the quarter and year-to-date were driven by higher volumes in both credit facility fees and credit card fees, and higher underwriting fees and payment facilitation fees in Global Banking and Markets. This was partially offset by an increase in fee expenses 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 second quarter of 2018 was \$39m, an increase of \$17m, or 77.3%, compared with the same period in the prior year. This was primarily due to an increase in net interest from trading activities from higher yields on trading instruments. In addition, we benefited from increased derivative sales in rates and foreign exchange products, and hedge ineffectiveness led to a gain in the current year compared with a loss in 2017.

Net income from financial instruments held for trading for the first half of 2018 was \$75m, an increase of \$22m, or 41.5%, compared with the first half of 2017 for the same reasons as stated for the quarter.

Other items of income for the second quarter of 2018 were \$33m, an increase of \$9m, or 37.5%. Other items of income for the first half of 2018 were \$77m, an increase of \$20m, or 35.1%, compared with the first half of 2017. The increase for both the quarter and year-to-date is primarily due to higher income from HSBC Group entities for software development activities performed by the bank and higher gains on the disposal of financial investments arising from the re-balancing of the bank's liquid asset portfolio.

Change in expected credit losses: The change in expected credit losses for the quarter resulted in a recovery of \$11m compared with loan impairment recoveries and other credit risk provisions of \$46m for the same period of the prior year. The recovery in the quarter is primarily as a result of provision releases from improving credit conditions for specific energy services customers and improvements in forward looking economic factors. This was partially offset by a charge of \$10m in the non-performing portfolio mainly relating to the construction industry.

The change in expected credit losses for the year-to-date resulted in a recovery of \$39m compared with loan impairment recoveries and other credit risk provisions of \$95m for the same period of the prior year. The recovery in the current year is driven by the effects discussed above, together with the continuing improvements in several sectors, most notably energy services together with allowance reversals relating to certain construction, contracting services and real estate companies.

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 second quarter of 2018 were \$334m, an increase of \$16m, or 5%, compared with the same period in the prior year. The increase relates to strategic investments in our global businesses to drive future growth, such as investing in our people and technology. This was partially offset by lower operating expenses in the Corporate Centre as certain restructuring and streamlining initiatives undertaken from 2015 to 2017 are now complete, and lower costs related to a reduction in our office space.

Total operating expenses for the first half of 2018 were \$652m, an increase of \$23m, or 3.7%, compared with the first half of 2017. In addition to the factors affecting the quarter, there was also a one-off provision release in the first quarter of 2018.

Share of profit/loss in associates for the second quarter and first half of 2018 was nil compared with a gain of \$4m and \$3m for the same periods 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 second quarter of 2018 was 27.1%, which is close to the statutory tax rate. The effective tax rate for the second quarter of 2017 was 26.3%.

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Business performance in the second quarter and first half of 2018^{1,2}**Commercial Banking**

Total operating income for the second quarter of 2018 was \$239m, an increase of \$23m, or 10.6%, compared with the second quarter of 2017. Total operating income for the first half of 2018 was \$465m, an increase of \$33m, or 7.6%, compared with the first half of 2017. The increase was driven by higher net interest income for both the quarter and year-to-date due to growth in loans and advances and improved margins from the Bank of Canada interest rate increases, which were partly offset by lower interest recoveries on impaired loans and lower deposit balances. In addition, non-interest income grew for both the quarter and year-to-date due to higher acceptance balances, as well as higher foreign exchange and interest rate swaps revenue.

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. For example, this quarter, we introduced HSBCnet mobile app facial recognition and Aki, our first digital employee, speeding up routine transactions. Customers are recognizing the value of our efforts: with lending balance growth at its highest level since 2010; and all customers rating our domestic account onboarding as good or excellent in the most recent month.

Profit before income tax for the second quarter of 2018 was \$150m, a decrease of \$18m, or 10.7%, compared with the same period in the prior year. Profit before income tax for the first half of 2018 was \$307m, a decrease of \$22m, or 6.7%, compared with the first half of 2017. The decrease was driven by lower recoveries on expected credit losses and anticipated higher operating expenses to drive business growth, partially offset by higher operating income.

Global Banking and Markets

Total operating income for the second quarter of 2018 was \$92m, an increase of \$24m, or 35.3%, compared with the same period in the prior year. Total operating income for the first half of 2018 was \$164m, an increase of \$26m, or 18.8%, compared with the same period in the prior year. This was driven by increased derivative sales in rates and foreign exchange products, infrastructure debt capital markets transactions and higher interest income from the impact of increased interest rates.

We continued to leverage HSBC's global network to provide products and solutions to meet our global clients' needs with growth focused on the North American and China trade corridors.

Profit before income tax expense was \$49m for the second quarter and \$86m for the first half of 2018, an increase of \$13m, or 36.1%, and \$10m, or 13.2%, respectively, compared with the same periods in the prior year. The increase was driven by higher operating income, partially offset by lower loan impairment recoveries for the year-to-date compared with the elevated levels seen in 2017, and higher risk and compliance costs.

Retail Banking and Wealth Management

Retail Banking and Wealth Management total operating income for the second quarter and for the first half of 2018 was \$184m and \$359m, respectively, an increase of \$16m, or 9.5%, and \$35m, or 10.8%, compared with the same periods in the prior year. The increases in both periods are primarily due to higher net interest income from improved margins on deposits and growth in both lending and deposit balances.

We continued to achieve strong growth in total relationship balances (comprised of lending, deposits and wealth balances) and to grow market share in deposits and mortgages, due to strong branding, innovation and strategic investments to make our bank simpler, faster and better for our clients.

Profit before income tax expense for the second quarter of 2018 was \$19m, an increase of \$5m, or 35.7%, compared with the second quarter of 2017. Profit before income tax expense for the first half of 2018 was \$22m, a decrease of \$13m, or 37.1%, compared with the first half of 2017. The decrease is primarily due to the continued investment in growth 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. We also continued to invest in digital technologies to improve customer experience, for example, launching a new mobile banking app and digital customer on-boarding during the quarter. The increased costs were partly offset by higher revenues due to business growth and higher interest rates.

Corporate Centre

Total operating income for the second quarter of 2018 was \$55m, an increase of \$11m, or 25%, compared with the same period in the prior year. Total operating income for the first half of 2018 was \$123m, an increase of \$15m, or 13.9%, compared with the same period in the prior year.

Contributing to the increase in both the quarter and year-to-date are gains from the disposal of securities as part of balance sheet management activities. In addition, other income from HSBC Group entities for software development activities performed by the bank increased in the current year and trading income was higher due to the impact of higher yields on trading instruments.

Operating expenses decreased \$12m, or 31.6%, for the second quarter and \$40m, or 50%, for the half-year compared to the same periods in the prior year as we completed certain restructuring and streamlining initiatives undertaken from 2015 to 2017.

The impact of all of these movements was an increase in profit before income tax of \$19m for the second quarter and \$52m for the first half of the year.

Dividends

During the second quarter of 2018, the bank declared and paid \$470m in dividends on HSBC Bank Canada common shares, comprising a first interim dividend of \$70m and a special dividend of \$400m, and \$9m in dividends on all series of HSBC Bank Canada Class 1 preferred shares.

On 2 August 2018, the bank declared regular quarterly dividends for the third 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 30 September 2018 or the first business day thereafter to shareholders of record on 15 September 2018.

On 2 August 2018, the bank also declared a second 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 30 September 2018 to the shareholder of record on 2 August 2018.

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\$2,607bn at 30 June 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.

(Figures in \$m, except where otherwise stated)

	Quarter ended		Half-year ended	
	30 Jun 2018 ¹	30 Jun 2017	30 Jun 2018 ¹	30 Jun 2017
Financial performance for the period				
Total operating income	570	496	1,111	1,002
Profit before income tax expense	247	228	498	471
Profit attributable to the common shareholder	171	158	344	335
Change in expected credit losses	11	n/a	39	n/a
Loan impairment recoveries and other credit risk provisions	n/a	46	n/a	95
Operating expenses	(334)	(318)	(652)	(629)
Basic and diluted earnings per common share (\$)	0.34	0.32	0.69	0.67
Financial measures²				
Return on average common shareholder's equity (%)	14.7	13.3	14.7	14.4
Return on average risk-weighted assets ^{3,5} (%)	2.4	2.1	2.3	2.2
Cost efficiency ratio (%)	58.6	64.1	58.7	62.8
Operating leverage/jaws (%)	9.9	(11.2)	7.3	(10.8)
Net interest margin (%)	1.62	1.49	1.54	1.47
Change in expected credit losses to average gross loans and advances and acceptances ⁴ (%)	n/a	n/a	n/a	n/a
Change in expected credit losses on stage 3 loans and advances and acceptances ⁴ to average gross loans and advances and acceptances ⁴ (%)	0.1	n/a	n/a	n/a
Total stage 3 allowance for expected credit losses to gross stage 3 loans and advances and acceptances ⁴ (%)	39.9	33.8	39.9	33.8
Net write-offs as a percentage of average loans and advances and acceptances (%)	0.17	0.10	0.16	0.13
At period ended				
	30 Jun 2018 ¹	31 Dec 2017		
Financial position at period end				
Total assets	100,529	96,379		
Loans and advances to customers	52,907	50,337		
Customer accounts	57,103	57,054		
Ratio of loans and advances to customer accounts (%)	92.7	88.2		
Common shareholders' equity	4,506	4,860		
Capital measures³				
Common equity tier 1 capital ratio ('CET1') (%)	10.9	10.5		
Tier 1 ratio (%)	13.0	12.4		
Total capital ratio (%)	15.6	14.7		
Leverage ratio (%)	4.4	4.9		
Risk-weighted assets ⁵	39,841	45,035		
Liquidity coverage ratio (%)	130	137		

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2 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 Second Quarter 2018 Interim Report.

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

4 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.

5 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.

(Figures in \$m, except per share amounts)

	Quarter ended		Half-year ended	
	30 June 2018 ¹	30 June 2017	30 June 2018 ¹	30 June 2017
Interest income	576	452	1,116	903
Interest expense	(257)	(167)	(491)	(336)
Net interest income	319	285	625	567
Fee income	202	183	378	360
Fee expense	(23)	(18)	(44)	(35)
Net fee income	179	165	334	325
Net income from financial instruments held for trading (2017: Net trading income)	39	22	75	53
Changes in fair value of long-term debt (2017: Net expense from financial instruments designated at fair value)	—	(1)	—	(4)
Gains less losses from financial investments	5	3	27	21
Other operating income	28	22	50	40
Total operating income	570	496	1,111	1,002
Change in expected credit losses	11	n/a	39	n/a
Loan impairment recoveries and other credit risk provisions	n/a	46	n/a	95
Net operating income	581	542	1,150	1,097
Employee compensation and benefits	(178)	(173)	(360)	(354)
General and administrative expenses	(144)	(133)	(270)	(254)
Depreciation of property, plant and equipment	(8)	(9)	(16)	(16)
Amortization of intangible assets	(4)	(3)	(6)	(5)
Total operating expenses	(334)	(318)	(652)	(629)
Operating profit	247	224	498	468
Share of profit/(loss) in associates	—	4	—	3
Profit before income tax expense	247	228	498	471
Income tax expense	(67)	(60)	(135)	(117)
Profit for the period	180	168	363	354
Profit attributable to the common shareholder	171	158	344	335
Profit attributable to preferred shareholders	9	10	19	19
Profit attributable to shareholders	180	168	363	354
Average number of common shares outstanding (000's).....	498,668	498,668	498,668	498,668
Basic and diluted earnings per common share (\$)	\$ 0.34	\$ 0.32	\$ 0.69	\$ 0.67

¹ 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.

(Figures in \$m)

30 June 2018¹ 31 Dec 2017

ASSETS

Cash and balances at central bank	58	411
Items in the course of collection from other banks	23	25
Trading assets	5,649	5,373
Other financial assets mandatorily measured at fair value through profit or loss	4	—
Derivatives	3,524	3,675
Loans and advances to banks	726	1,221
Loans and advances to customers	52,907	50,337
Reverse repurchase agreements – non-trading	5,286	6,153
Financial investments	22,655	22,913
Other assets	3,331	899
Prepayments and accrued income	238	213
Customers' liability under acceptances	5,776	4,801
Current tax assets	49	44
Property, plant and equipment	97	106
Goodwill and intangible assets	103	90
Deferred taxes	103	118
Total assets	<u>100,529</u>	<u>96,379</u>

LIABILITIES AND EQUITY

Liabilities

Deposits by banks	1,001	1,696
Customer accounts	57,103	57,054
Repurchase agreements – non-trading	6,415	4,604
Items in the course of transmission to other banks	300	299
Trading liabilities	3,301	3,701
Derivatives	3,415	3,516
Debt securities in issue	12,092	10,820
Other liabilities	3,908	2,217
Acceptances	5,782	4,801
Accruals and deferred income	439	475
Retirement benefit liabilities	315	346
Subordinated liabilities	1,039	1,039
Provisions	35	61
Current tax liabilities	28	40
Total liabilities	<u>95,173</u>	<u>90,669</u>

Equity

Common shares	1,225	1,225
Preferred shares	850	850
Other reserves	(120)	(61)
Retained earnings	3,401	3,696
Total equity	<u>5,356</u>	<u>5,710</u>
Total liabilities and equity	<u>100,529</u>	<u>96,379</u>

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(Figures in \$m)

	Quarter ended		Half-year ended	
	30 June 2018 ¹	30 June 2017	30 June 2018 ¹	30 June 2017
Commercial Banking				
Net interest income	145	130	284	263
Non-interest income	94	86	181	169
Total operating income	239	216	465	432
Change in expected credit losses	13	n/a	47	n/a
Loan impairment recoveries and other credit risk provisions	n/a	47	n/a	86
Net operating income	252	263	512	518
Total operating expenses	(102)	(95)	(205)	(189)
Profit before income tax expense	150	168	307	329
Global Banking and Markets				
Net interest income	26	25	49	46
Non-interest income	66	43	115	92
Total operating income	92	68	164	138
Change in expected credit losses	(4)	n/a	(1)	n/a
Loan impairment recoveries and other credit risk provisions	n/a	—	n/a	5
Net operating income	88	68	163	143
Total operating expenses	(39)	(32)	(77)	(67)
Profit before income tax expense	49	36	86	76
Retail Banking and Wealth Management				
Net interest income	120	104	234	200
Non-interest income	64	64	125	124
Total operating income	184	168	359	324
Change in expected credit losses	2	n/a	(7)	n/a
Loan impairment (charges)/recoveries and other credit risk provisions	n/a	(1)	n/a	4
Net operating income	186	167	352	328
Total operating expenses	(167)	(153)	(330)	(293)
Profit before income tax expense	19	14	22	35
Corporate Centre				
Net interest income	28	26	58	58
Non-interest income	27	18	65	50
Net operating income	55	44	123	108
Total operating expenses	(26)	(38)	(40)	(80)
Operating profit	29	6	83	28
Share of profit/(loss) in associates	—	4	—	3
Profit before income tax expense	29	10	83	31

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