News Release

27 October 2019

HSBC BANK CANADA
THIRD QUARTER 2019 RESULTS

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

Financial performance[1]

Total operating income: $534m for the quarter and $1.6bn for the year-to-date ended 30 September 2019, a decrease of $54m or 9.2% and $75m or 4.4%, respectively. The creation of the ServCo group[2] to manage shared services led to lower other operating income of $20m for the quarter and $50m for the year-to-date. Additionally, decreases in operating income from balance sheet management activities and our Global Banking and Markets business were partly offset by operating income growth in our Commercial Banking and Retail Banking and Wealth Management businesses. For the quarter, operating income in Commercial Banking continued to grow, while Retail Banking and Wealth Management decreased slightly.

Expected credit losses: Charge of $17m for the quarter and $45m for the year-to-date, compared to reversals of $7m and $46m, respectively, in the prior year.

Operating expenses: Decreased $13m or 4% for the quarter and remained flat for the year-to-date. The decrease was a result of a reduction in expenses from the creation of the ServCo group[2]. This was offset by our continued investments in people, efficiency and technology to grow our business.

Profit before income tax expense: Down $65m or 24% for the quarter and $166m or 22% for the year-to-date. The decrease reflects the impact of a more normalized credit environment, contrasted to elevated loan loss reversals in the prior year, continued investments to grow our businesses, as well as reduced income from balance sheet management activities and our Global Banking and Markets business. This is partly offset by increases in core operating income from our Commercial Banking and Retail Banking and Wealth Management businesses for the year-to-date, and Commercial Banking in the quarter.

Select financial metrics as at and for the nine months ended 30 September 2019:

– *Total assets:* $111.6bn (31 Dec 2018: $103.4bn)
– *Common equity tier 1 capital ratio:* 11.2% (31 Dec 2018: 11.3%)
– *Tier 1 ratio:* 13.8% (31 Dec 2018: 13.4%)
– *Total capital ratio*[3]*: 16.3%* (31 Dec 2018: 16.0%)
– *Return on average common equity*[3]: 11.2% (30 September 2018: 15.2%)

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

1. *For the quarter and nine months ended 30 September 2019 compared with the same periods in the prior year (unless otherwise stated).*
2. *Effective 1 January 2019, certain central services were transferred to a separate entity, ServCo group. The net impact of the transfer of people, systems and other supporting assets did not have a significant impact on the performance or operations of the bank. The transfer has resulted in a decrease in total operating income of $20m for the quarter and $50m for the year-to-date, and a related reduction in total operating expenses of $16m for the quarter and $43m for the year-to-date.*
3. *In measuring our performance, the financial measures that we use include those which have been derived from our reported results. However, these are not presented within the consolidated financial statements and are not defined under IFRS. These are considered non-IFRS financial measures and are unlikely to be comparable to similar measures presented by other companies. For further information on non-IFRS measures refer to the 'Use of non-IFRS financial measures' section of the Management's Discussion and Analysis ('MD&A') of the unaudited condensed interim consolidated financial statements for the quarter and nine months ended 30 September 2019.*

This news release is issued by
HSBC Bank Canada

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Overview [1]

HSBC Bank Canada reported operating income for the quarter of $534m and for the year-to-date of $1.6bn, a decrease of $54m or 9.2% and $75m or 4.4%, respectively. The creation of the ServCo group[2] to manage shared services led to lower reported other operating income of $20m for the quarter and $50m for the year-to-date, along with a related reduction in operating expenses.

For both the quarter and year-to-date, net interest income decreased from balance sheet management activities, lower operating income due to lower underwriting fees and unfavourable Markets trading and sales activities in Global Banking and Markets, and lower gains on disposal of financial investments. This decrease was partly offset by increased operating income for the year-to-date in both Commercial Banking and Retail Banking and Wealth Management of $32m or 4.5% and $15m or 2.7%, respectively. These results were driven by higher net interest income as a result of growth in lending balances and total relationship balances[3]. For the quarter, operating income in Retail Banking and Wealth Management decreased slightly by $3m or 1.6% while Commercial Banking continued to grow, increasing by $8m or 3.3%.

The change in expected credit losses for the quarter and year-to-date resulted in a charge to the income statement compared to a reversal in the prior year. The charge in 2019 was primarily due to the impact of a weakening economic outlook and impairment charges from non-performing loans which were partly offset by the release of provisions in the first quarter from certain customers in the energy service sector. The reversal in 2018 was mostly related to accounts in the energy service, manufacturing and real estate sectors.

Total operating expenses decreased by $13m or 4% for the quarter and remain flat for the year-to-date. The decrease was a result of a reduction in expenses from the creation of the ServCo group[2]. This was offset by our continued strategic investments to grow our businesses, simplify our processes and provide the digital services our customers are asking for.

Profit before income tax expense was down $65m or 24% for the quarter and $166m or 22% for the year-to-date. The decrease was mainly driven by the variance in expected credit losses and lower operating income in Global Banking and Markets, and continued investments to grow our businesses, partly offset by continued growth in operating income from Commercial Banking and Retail Banking and Wealth Management for the year-to-date, and Commercial Banking in the quarter.

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

“Despite challenging market conditions and a declining interest rate environment, we again grew lending and total relationship balances in both Commercial Banking and Retail Banking and Wealth Management. There was a charge in expected credit losses compared to a reversal in the prior year and results in Global Banking and Markets remained soft reflecting market conditions. We continue to make investments in our technological capabilities, to grow our branch footprint, and offer competitive products and services across all our business lines.

“As we make banking more convenient, we are also helping our clients to adapt to the evolving global trade environment, enabling them to leverage our global network as they adjust supply chains and form new trading relationships.”

1. *For the quarter and nine months ended 30 September 2019 compared with the same periods in the prior year (unless otherwise stated).*
2. *Effective 1 January 2019, certain central services were transferred to a separate entity, ServCo group. The net impact of the transfer of people, systems and other supporting assets did not have a significant impact on the performance or operations of the bank. The transfer has resulted in a decrease in total operating income of $20m for the quarter and $50m for the year-to-date, and a related reduction in total operating expenses of $16m for the quarter and $43m for the year-to-date.*
3. *Total relationship balances includes lending, deposits and wealth balances in the Retail Banking and Wealth Management business.*

Analysis of consolidated financial results for the third quarter and nine months ended 30 September 2019[1]

Net interest income for the quarter was $313m, a decrease of $19m or 5.7% compared with the same period in the prior year. Net interest income for 2019 year-to-date was $955m, a decrease of $2m or 0.2%. The decrease in both the quarter and year-to-date was a result of higher costs to fund the growth in lending balances, and lower contribution from balance sheet management activities.

Net fee income for the quarter was $168m, a decrease of $7m or 4% compared with the same period in the prior year. Net fee income for 2019 year-to-date was $498m, a decrease of $11m or 2.2%. The decrease for both the quarter and the year-to-date were driven mainly by lower underwriting fees and higher fee expense from higher costs associated with clearing, promotional campaigns and the online broker business. This was partly offset by an increase in credit facility fees as a result of higher volumes of bankers' acceptances.

Net income from financial instruments held for trading for the quarter was $36m, an increase of $1m or 2.9% compared with the same period in the prior year. The increase for the quarter was mainly driven by higher net interest from trading activities due to product mix and balance sheet management activities. This was partly offset by lower credit and debit valuations.

Net income from financial instruments held for trading for 2019 year-to-date was $117m, an increase of $7m or 6.4%. The increase for the year-to-date was mainly driven by higher net interest from trading activities due to product mix, and favourable credit and debit valuations from tightening credit spreads. This was partly offset by lower fixed income trading activities.

Other items of income for the quarter were $17m, a decrease of $29m or 63% compared with the same period in the prior year. Other items of income for 2019 year-to-date were $54m, a decrease of $69m or 56%. The decrease in both the quarter and the year-to-date was driven by lower other operating income related to the creation of the ServCo group[2]. This led to a reduction in other operating income with a related decrease in operating expenses. Lower gains on the disposal of financial investments from the re-balancing of the bank's liquid asset portfolio also contributed to the decrease.

Change in expected credit losses for the third quarter of 2019 resulted in a charge of $17m compared to a reversal of $7m for the same period in the prior year. The charge for the quarter primarily related to impairment charges from non-performing loans in agriculture and energy, and the impact of unfavourable economic outlook on performing loans. The reversals in 2018 related to non-performing loans, mostly from accounts in the energy service sector.

The change in expected credit losses for 2019 year-to-date resulted in a charge of $45m compared with a reversal of $46m for the same period in the prior year. The charge in 2019 was driven by the factors discussed above, change in the economic forecast reflecting a slowdown in GDP growth compared to the prior year, and charges from non-performing loans in construction-related business and agribusiness in the second quarter. This was partly offset by a release of provisions in the first quarter as a result of improvements in the outlook of certain customers in the energy service sector. The reversal in 2018 was driven by the economic forecasts at the time, which indicated improvements in several sectors, most notably energy services, manufacturing and real estate sectors.

Total operating expenses for the quarter were $311m, a decrease of $13m or 4% compared with the same period in the prior year. Total operating expenses for 2019 year-to-date were $976m, and remained flat compared with the same period in the prior year. The decrease was a result of a reduction in expenses from the creation of the ServCo group[2]. This was offset by our continued strategic investments in our people, efficiency and technology to grow our businesses and make it more convenient for our customers to bank with us.

Income tax expense: the effective tax rate for the third quarter of 2019 was 27.7% which is close to the statutory tax rate of 26.8%. The effective tax rate for the third quarter of 2018 was 27.1%.

1. *For the quarter and nine months ended 30 September 2019 compared with the same periods in the prior year (unless otherwise stated).*
2. *Effective 1 January 2019, certain central services were transferred to a separate entity, ServCo group. The net impact of the transfer of people, systems and other supporting assets did not have a significant impact on the performance or operations of the bank. The transfer has resulted in a decrease in total operating income of $20m for the quarter and $50m for the year-to-date, and a related reduction in total operating expenses of $16m for the quarter and $43m for the year-to-date.*

Dividends

Dividends declared in the third quarter 2019

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

Dividends declared in the fourth quarter 2019

On 25 October 2019, the bank declared regular quarterly dividends for the fourth quarter of 2019 on HSBC Bank Canada Class 1 preferred shares Series G and I. An initial dividend of $4m has been declared on HSBC Bank Canada Class 1 preferred shares Series K. The dividends will be paid in accordance with their terms in the usual manner on 31 December 2019 or the first business day thereafter to shareholder of record on 15 December 2019.

On 25 October 2019, the bank also declared a third interim dividend of $130m on HSBC Bank Canada common shares in respect of the financial year ending 31 December 2019, which will be paid on or before 31 December 2019 to the shareholder of record on 25 October 2019.

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

Business performance in the third quarter and nine months ended 30 September 2019[1]

Commercial Banking

Total operating income for the third quarter of 2019 was $250m, an increase of $8m or 3.3% compared with the third quarter of 2018. Total operating income for 2019 year-to-date was $739m, an increase of $32m or 4.5% compared with 2018 year-to-date.

Commercial Banking continued its strong momentum in growing lending and deposit balances during the quarter. Growth in lending balances of 1% and growth in deposits of 2.5% in the third quarter of 2019 was achieved by continuing our focus on increasing market share, deepening relationships with our existing customers, and leveraging our global network and product offerings. The business grew both the Leasing and Trade propositions in 2019 despite the market uncertainties. Commercial Banking continued to benefit from HSBC's global network with trade corridor revenue seeing double-digit growth year-to-date.

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

Profit before income tax for the third quarter of 2019 was $141m, flat compared with the third quarter of 2018. Profit before income tax for 2019 year-to-date was $414m, a decrease of $34m or 7.6% compared with 2018 year-to-date. This was primarily a result of a variance of $11m for the quarter and $70m for the year-to-date in expected credit losses compared to the prior year following reversals in 2018 relating to non-performing loans, mostly from accounts in the energy sector, offset by higher total operating income.

Global Banking and Markets

Total operating income for the third quarter of 2019 was $75m, a decrease of $18m or 19% compared with the third quarter of 2018. Total operating income for 2019 year-to-date was $234m, a decrease of $23m or 8.9% compared with 2018 year-to-date. This was driven by lower underwriting fees and decreased Markets trading and sales activities.

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

Profit before income tax for the third quarter of 2019 was $31m, a decrease of $23m or 43% compared with the third quarter of 2018. Profit before income tax for 2019 year-to-date was $101m, a decrease of $39m or 28% compared with 2018 year-to-date, due to lower operating income and a higher change in expected credit losses charge for the period.

Retail Banking and Wealth Management

Total operating income for the third quarter of 2019 was $190m, an increase of $3m or 1.6% compared with the third quarter of 2018. Total operating income for 2019 year-to-date was $567m, an increase of $15m or 2.7% compared with 2018 year-to-date. The increases in both periods are primarily due to higher net interest income and strong growth in total relationship balances[2]. This was partly offset by the continued run-off of our consumer finance portfolio, resulting in a $1m and $3m decrease in revenues for the quarter and year-to-date, respectively.

Investments in our branches and digital technologies, along with competitive products, helped us grow our customer base and total relationship balances[2]. As a result of our initiatives, we welcomed more than 47,000 new customers to Retail Banking and Wealth Management for 2019 year-to-date.

Profit before income tax for the third quarter of 2019 was $15m, a decrease of $24m or 62% compared with the third quarter of 2018. Profit before income tax for 2019 year-to-date was $33m, a decrease of $28m or 46% compared with 2018 year-to-date. This was mostly due to higher operating expenses from the investments noted above and higher charges related to the expected credit losses. These decreases were partly offset by higher revenues due to higher spreads and strong growth in total relationship balances[2].

Corporate Centre

Total operating income for the third quarter of 2019 was $19m, a decrease of $41m or 68% compared with the third quarter of 2018. Total operating income for 2019 year-to-date was $84m, a decrease of $99m or 54% compared with 2018 year-to-date. The decrease for both the quarter and year-to-date was primarily due to lower non-interest income related to the creation of the ServCo group[3]. Also contributing to the decrease were lower net interest income from balance sheet management activities and the negative impact from lower yields. Lower gains on the disposal of financial investments compared to the prior year also contributed to the decrease.

Operating expenses for the third quarter of 2019 were nil, a decrease of $23m or 100% compared with the third quarter of 2018. Operating expenses for 2019 year-to-date were $29m, a decrease of $34m or 54% compared with 2018 year-to-date. The decrease in both the quarter and year-to-date are primarily related to the creation of the ServCo group[3] partly offset by investments in our support functions.

Profit before income tax for the third quarter of 2019 was $19m, a decrease of $18m or 49% compared with the third quarter of 2018. Profit before income tax for 2019 year-to-date was $55m, a decrease of $65m or 54% compared with 2018 year-to-date, as a result of all the above movements.

1. *For the quarter and nine months ended 30 September 2019 compared with the same periods in the prior year (unless otherwise stated).*
2. *Total relationship balances includes comprised of lending, deposits and wealth balances.*
3. *Effective 1 January 2019, certain central services were transferred to a separate entity, ServCo group. The net impact of the transfer of people, systems and other supporting assets did not have a significant impact on the performance or operations of the bank. The transfer has resulted in a decrease in total operating income of $20m for the quarter and $50m for the year-to-date, and a related reduction in total operating expenses of $16m for the quarter and $43m for the year-to-date.*

Financial performance and position

	Quarter ended		Nine months ended	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
Financial performance for the period				
Total operating income	**534**	588	**1,624**	1,699
Profit before income tax expense	**206**	271	**603**	769
Profit attributable to the common shareholder	**141**	189	**411**	533
Change in expected credit losses and other credit impairment charges - (charge)/release	**(17)**	7	**(45)**	46
Operating expenses	**(311)**	(324)	**(976)**	(976)
Basic and diluted earnings per common share ($)	**0.28**	0.38	**0.82**	1.07
Financial measures %[1]				
Return on average common shareholder's equity	**11.2**	16.5	**11.2**	15.2
Return on average risk-weighted assets[2]	**1.9**	2.7	**2.0**	2.5
Cost efficiency ratio	**58.2**	55.1	**60.1**	57.4
Operating leverage/jaws	**(5.2)**	12.3	**(4.4)**	9.0
Net interest margin[3]	**1.32**	1.53	**1.40**	1.54
Change in expected credit losses to average gross loans and advances and acceptances[4]	**0.11**	n/a	**0.10**	n/a
Change in expected credit losses on stage 3 loans and advances and acceptances to average gross loans and advances and acceptances[4]	**0.09**	n/a	**0.07**	n/a
Total stage 3 allowance for expected credit losses to gross stage 3 loans and advances and acceptances	**29.0**	36.9	**29.0**	36.9
Net write-offs as a percentage of average loans and advances and acceptances	**0.06**	0.10	**0.08**	0.14

Financial and capital measures

	At	
	30 Sep 2019	31 Dec 2018
Financial position at period end		
Total assets	**111,629**	103,406
Loans and advances to customers	**58,028**	57,123
Customer accounts	**61,397**	59,812
Ratio of customer advances to customer accounts (%)[1]	**94.5**	95.5
Common shareholder's equity	**4,999**	4,733
Capital measures[2]		
Common equity tier 1 capital ratio (%)	**11.2**	11.3
Tier 1 ratio (%)	**13.8**	13.4
Total capital ratio (%)	**16.3**	16.0
Leverage ratio (%)	**4.7**	4.6
Risk-weighted assets ($m)	**42,116**	40,142
Liquidity coverage ratio (%)	**140**	132

1. *In measuring our performance, the financial measures that we use include those which have been derived from our reported results. However, these are not presented within the consolidated financial statements and are not defined under IFRS. These are considered non-IFRS financial measures and are unlikely to be comparable to similar measures presented by other companies. For further information on non-IFRS measures refer to the 'Use of non-IFRS financial measures' section of the Management's Discussion and Analysis ('MD&A') of the unaudited condensed interim consolidated financial statements for the quarter and nine months ended 30 September 2019.*
2. *The bank assesses capital adequacy against standards established in guidelines issued by OSFI in accordance with the Basel III capital adequacy framework.*
3. *Certain prior period amounts have been restated to conform to the current period presentation.*
4. *n/a is shown where the bank is in a net recovery position resulting in a negative ratio.*

(Figures in $m, except per share amounts)	Quarter ended		Nine months ended	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
Interest income	**712**	631	**2,095**	1,747
Interest expense	**(399)**	(299)	**(1,140)**	(790)
Net interest income	**313**	332	**955**	957
Fee income	**197**	195	**575**	573
Fee expense	**(29)**	(20)	**(77)**	(64)
Net fee income	**168**	175	**498**	509
Net income from financial instruments held for trading	**36**	35	**117**	110
Gains less losses from financial investments	**10**	18	**28**	45
Dividend income	**—**	1	**—**	1
Other operating income	**7**	27	**26**	77
Total operating income	**534**	588	**1,624**	1,699
Change in expected credit losses and other credit impairment charges - (charge)/release	**(17)**	7	**(45)**	46
Net operating income	**517**	595	**1,579**	1,745
Employee compensation and benefits	**(169)**	(179)	**(514)**	(539)
General and administrative expenses	**(117)**	(131)	**(389)**	(401)
Depreciation	**(18)**	(8)	**(53)**	(24)
Amortization and impairment of intangible assets	**(7)**	(6)	**(20)**	(12)
Total operating expenses	**(311)**	(324)	**(976)**	(976)
Profit before income tax expense	**206**	271	**603**	769
Income tax expense	**(56)**	(73)	**(165)**	(208)
Profit for the period	**150**	198	**438**	561
Profit attributable to the common shareholder	**141**	189	**411**	533
Profit attributable to the preferred shareholder	**9**	9	**27**	28
Profit attributable to shareholder	**150**	198	**438**	561
Average number of common shares outstanding (000's)	**498,668**	498,668	**498,668**	498,668
Basic and diluted earnings per common share ($)	**0.28**	0.38	**0.82**	1.07

	At	
(Figures in $m)	**30 Sep 2019**	**31 Dec 2018**
ASSETS		
Cash and balances at central banks	**69**	78
Items in the course of collection from other banks	**12**	8
Trading assets	**6,030**	3,875
Other financial assets mandatorily measured at fair value through profit or loss	**5**	4
Derivatives	**3,573**	4,469
Loans and advances to banks	**1,097**	1,221
Loans and advances to customers	**58,028**	57,123
Reverse repurchase agreements – non-trading	**7,615**	5,860
Financial investments	**25,702**	24,054
Other assets	**2,456**	2,200
Prepayments and accrued income	**332**	234
Customers' liability under acceptances	**6,118**	3,932
Current tax assets	**33**	51
Property, plant and equipment	**339**	101
Goodwill and intangible assets	**145**	121
Deferred tax assets	**75**	75
Total assets	**111,629**	103,406
LIABILITIES AND EQUITY		
Liabilities		
Deposits by banks	**1,074**	1,148
Customer accounts	**61,397**	59,812
Repurchase agreements – non-trading	**9,041**	8,224
Items in the course of transmission to other banks	**300**	252
Trading liabilities	**3,332**	2,164
Derivatives	**4,012**	4,565
Debt securities in issue	**15,247**	13,863
Other liabilities	**2,993**	1,891
Acceptances	**6,130**	3,937
Accruals and deferred income	**561**	574
Retirement benefit liabilities	**269**	270
Subordinated liabilities	**1,039**	1,039
Provisions	**42**	41
Current tax liabilities	**92**	43
Deferred tax liability	**1**	—
Total liabilities	**105,530**	97,823
Equity		
Common shares	**1,225**	1,225
Preferred shares	**1,100**	850
Other reserves	**41**	(111)
Retained earnings	**3,733**	3,619
Total shareholder's equity	**6,099**	5,583
Total liabilities and equity	**111,629**	103,406

(Figures in $m)	Quarter ended		Nine months ended	
	30 Sep 2019	30 Sep 2018	**30 Sep 2019**	30 Sep 2018
Commercial Banking				
Net interest income	**154**	150	**456**	434
Non-interest income	**96**	92	**283**	273
Total operating income	**250**	242	**739**	707
Change in expected credit losses - (charge)/release	**(8)**	3	**(20)**	50
Net operating income	**242**	245	**719**	757
Total operating expenses	**(101)**	(104)	**(305)**	(309)
Profit before income tax expense	**141**	141	**414**	448
Global Banking and Markets				
Net interest income	**27**	30	**77**	79
Non-interest income	**48**	63	**157**	178
Total operating income	**75**	93	**234**	257
Change in expected credit losses - (charge)/release	**(2)**	—	**(11)**	(1)
Net operating income	**73**	93	**223**	256
Total operating expenses	**(42)**	(39)	**(122)**	(116)
Profit before income tax expense	**31**	54	**101**	140
Retail Banking and Wealth Management				
Net interest income	**128**	129	**385**	363
Non-interest income	**62**	64	**182**	189
Total operating income	**190**	193	**567**	552
Change in expected credit losses - (charge)/release	**(7)**	4	**(14)**	(3)
Net operating income	**183**	197	**553**	549
Total operating expenses	**(168)**	(158)	**(520)**	(488)
Profit before income tax expense	**15**	39	**33**	61
Corporate Centre				
Net interest income	**4**	23	**37**	81
Non-interest income	**15**	37	**47**	102
Net operating income	**19**	60	**84**	183
Total operating expenses	**—**	(23)	**(29)**	(63)
Profit before income tax expense	**19**	37	**55**	120

About HSBC Bank Canada

HSBC Bank Canada, a subsidiary of HSBC Holdings plc, is the leading international bank in the country. We help companies and individuals across Canada to do business and manage their finances internationally through three global business lines: Commercial Banking, Global Banking and Markets, and Retail Banking and Wealth Management. HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 65 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US$2,728bn at 30 September 2019, HSBC is one of the world's largest banking and financial services organizations.

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

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Caution regarding forward-looking statements

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