

2015

HSBC Bank Canada

Regulatory Capital and

Risk Management

Pillar 3 Supplemental Disclosures

as at June 30, 2015



Index & Notes to Users

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Notes to Users

Regulatory Capital and Risk Management Pillar 3 Disclosures

The Office of the Superintendent of Financial Institutions ("OSFI") supervises HSBC Bank Canada (the "Bank") on a consolidated basis. OSFI has approved the Bank's application to apply the Advanced Internal Ratings Based ("AIRB") approach to credit risk on our portfolio and the Standardized Approach for measuring Operational Risk. Please refer to the Annual Report and Accounts 2014 for further information on the Bank's risk and capital management framework. Further information regarding HSBC Group Risk Management Processes can be found in HSBC Holdings plc Capital and Risk Management Pillar 3 Disclosures available on HSBC Group's investor relations web site.

The Pillar 3 Supplemental Disclosures are additional summary descriptions and quantitative financial information which supplement those already made in the Annual Report and Accounts 2014 for the disclosure requirements under OSFI's Pillar 3 Disclosure Requirements Advisory issued September 29, 2006 consistent with the "International Convergence of Capital Measurement and Capital Standards" ("Basel II") issued by the Basel Committee on Banking Supervision (BCBS) in June 2006 and the "Composition of capital disclosure requirements" ("Basel III") issued by the BCBS in June 2012 under OSFI's advisory letter requirements issued in July 2013 and revised April 2014.

Pillar 3 complements the minimum capital requirements and the supervisory review process. Its aim is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess certain specified information on the scope of application of Basel II/III ('the Basel rules'), capital, particular risk exposures, risk assessment processes, and hence the capital adequacy of the institution.

The supervisory objectives of BCBS are to promote safety and soundness in the financial system and maintain an appropriate level of capital in the system, enhance competitive equality, constitute a more comprehensive approach to addressing risks, and focus on internationally active banks. The Basel rules are structured around three "pillars": pillar 1, minimum capital requirements, pillar 2, supervisory review and pillar 3, market discipline.

On June 26, 2012, the BCBS issued the Basel III rules on the information banks must publicly disclose when detailing the composition of their capital, which set out a framework to ensure that the components of banks capital bases are publicly disclosed in standardised formats across and within jurisdictions for banks subject to Basel III.

Basel III builds on Basel II. It also increases the level of risk-weighted assets for significant investments and deferred tax amounts due to temporary timing differences under defined thresholds, exposures to large or unregulated financial institutions meeting specific criteria, exposures to centralized counterparties and exposures that give rise to wrong way risk. In addition Basel III places a greater emphasis on common equity by introducing a new category of capital, Common Equity Tier 1 (CET1), which consists primarily of common shareholders equity net of regulatory adjustments. These regulatory adjustments include goodwill, intangible assets, deferred tax assets, pension assets and investments in financial institutions over certain thresholds. Overall, the Basel III rules increase the level of regulatory deductions relative to Basel II.

Effective November 1, 2012, Canadian banks are subject to the revised capital adequacy requirements of Basel III as published by the BCBS. OSFI announced its decision to implementation of the Credit Valuation Adjustment (CVA) on Bilateral OTC derivatives starting Q1 2014.

Effective with public disclosures beginning in Q1, 2013, Banks are subject to disclosure requirements under OSFI's Guidelines on Residential Mortgage Underwriting Practices and Procedures (B-20).

Effective with public disclosures beginning in Q1, 2014 and Q3 2014, non-Domestic Systemically Important Banks (non-DSIBs as determined by OSFI) are required to disclose a modified version of the Capital Disclosure as described in the OSFI Advisory "Public Capital Disclosure Requirements related to Basel III Pillar 3" date July 2013 and revised April 2013.

This report is unaudited and all amounts are in rounded millions of Canadian dollars, unless otherwise indicated.

Basel III Regulatory Capital

(\$ millions except as noted)

		All-in ¹							
Common Equity Tier 1 capital: instruments and reserves		2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014	4Q 2013	3Q 2013
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225
2	Retained earnings	3,254	3,151	3,108	3,148	3,079	2,995	2,926	2,903
3	Accumulated other comprehensive income (and other reserves)	154	233	117	113	137	149	134	113
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	na	na	na	na	na	na	na	na
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	na	na	na	na	na	na	na	na
6	Common Equity Tier 1 capital before regulatory adjustments	4,633	4,609	4,450	4,486	4,441	4,369	4,285	4,241
Common Equity Tier 1 capital: regulatory adjustments									
28	Total regulatory adjustments to Common Equity Tier 1	(190)	(236)	(170)	(172)	(205)	(219)	(228)	(201)
29	Common Equity Tier 1 capital (CET1)	4,444	4,374	4,280	4,314	4,236	4,150	4,057	4,040
Additional Tier 1 capital: instruments									
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	500	na	na	na	na	na	na	na
31	of which: classified as equity under applicable accounting standards	500	na	na	na	na	na	na	na
32	of which: classified as liabilities under applicable accounting standards	na	na	na	na	na	na	na	na
33	Directly issued capital instruments subject to phase out from Additional Tier 1	350	550	550	550	550	800	800	1,031
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	na	na	na	na	na	na	na
35	of which: instruments issued by subsidiaries subject to phase out	-	-	-	-	-	-	-	27
36	Additional Tier 1 capital before regulatory adjustments	850	550	550	550	550	800	800	1,058
Additional Tier 1 capital: regulatory adjustments									
43	Total regulatory adjustments to Additional Tier 1 capital	na	na	na	na	na	na	na	na
44	Additional Tier 1 capital (AT1)	850	550	550	550	550	800	800	1,058
45	Tier 1 capital (T1 = CET1 + AT1)	5,294	4,924	4,830	4,864	4,786	4,950	4,857	5,098
Tier 2 capital: instruments and allowances									
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	na	na	na	na	na	na	na	na
47	Directly issued capital instruments subject to phase out from Tier 2	532	532	608	608	608	608	668	684
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	na	na	na	na	na	na	na	na
49	of which: instruments issued by subsidiaries subject to phase out	na	na	na	na	na	na	na	na
50	Collective allowances	4	4	3	8	8	8	9	10
51	Tier 2 capital before regulatory adjustments	536	536	611	616	616	616	677	694
Tier 2 capital: regulatory adjustments									
57	Total regulatory adjustments to Tier 2 capital	na	1	na	na	na	na	na	na
58	Tier 2 capital (T2)	536	537	611	616	616	616	677	694
59	Total capital (TC = T1 + T2)	5,829	5,460	5,441	5,480	5,402	5,566	5,534	5,792
60	Total risk-weighted assets	na	na	na	na	38,629	38,466	36,862	36,281
60a	Common Equity Tier 1 (CET1) Capital RWA²	42,358	41,642	40,269	40,129	na	na	na	na
60b	Tier 1 Capital RWA²	42,358	41,642	40,269	40,129	na	na	na	na
60c	Total Capital RWA²	42,358	41,642	40,269	40,129	na	na	na	na

(1) "All-in" regulatory capital assumes that all Basel III regulatory adjustments are applied effective January 1, 2013 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022.

(2) At Q2 2015, CVA risk-weighted assets were calculated using the scalars of 0.64, 0.71 and 0.77 to compute CET1 capital ratio, Tier 1 capital ratio and Total capital ratio respectively. Including Regulatory Floor Adjustment.

Basel III Regulatory Capital (Continued)

(\$ millions except as noted)

		All-in Basis ¹							
Capital ratios		2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014	4Q 2013	3Q 2013
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	10.5%	10.5%	10.6%	10.8%	11.0%	10.8%	11.0%	11.1%
62	Tier 1 (as percentage of risk-weighted assets)	12.5%	11.8%	12.0%	12.1%	12.4%	12.9%	13.2%	14.1%
63	Total capital (as percentage of risk-weighted assets)	13.8%	13.1%	13.5%	13.7%	14.0%	14.5%	15.0%	16.0%
OSFI all-in target									
69	Common Equity Tier 1 capital all-in target ratio	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
70	Tier 1 capital all-in target ratio	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
71	Total capital all-in target ratio	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Current cap on CET1 instruments subject to phase out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)									
80	Current cap on CET1 instruments subject to phase out arrangements	70%	70%	80%	80%	80%	90%	90%	90%
81	(excess over cap after redemptions and maturities)	na	na	na	na	na	na	na	na
82	Current cap on AT1 instruments subject to phase out arrangements	70%	70%	80%	80%	80%	90%	90%	90%
83	Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-	118	118
84	Current cap on T2 instruments subject to phase out arrangements	70%	70%	80%	80%	80%	80%	90%	90%
85	Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)	129	132	57	58	60	62	-	71

		Transitional Basis ²							
Capital		2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014	4Q 2013	3Q 2013
29	Common Equity Tier 1 capital (CET1)	4,494	4,427	4,367	4,396	4,333	4,244	4,186	4,158
45	Tier 1 capital (T1 = CET1 + AT1)	5,327	4,962	4,889	4,921	4,858	5,022	4,955	5,193
59	Total capital (TC = T1 + T2)	5,859	5,499	5,491	5,532	5,469	5,636	5,624	5,887
60	Total risk-weighted assets	42,661	42,074	40,867	40,757	39,445	39,284	37,919	37,354
Capital ratios									
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	10.5%	10.5%	10.7%	10.8%	11.0%	10.8%	11.0%	11.1%
62	Tier 1 (as percentage of risk-weighted assets)	12.5%	11.8%	12.0%	12.1%	12.3%	12.8%	13.1%	13.9%
63	Total capital (as percentage of risk-weighted assets)	13.7%	13.1%	13.4%	13.6%	13.9%	14.4%	14.8%	15.8%
	Assets to Capital Multiple (ACM)	na	na	17.1	16.3	16.0	15.3	15.1	14.5
	Leverage Ratio	4.9%	4.6%	na	na	na	na	na	na

(1) "All-in" regulatory capital assumes that all Basel III regulatory adjustments are applied effective January 1, 2013 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022.

(2) Transitional regulatory capital assumes that all Basel III regulatory capital adjustments are phased in from January 1, 2014 to January 1, 2018 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022.

(3) Leverage ratio was introduced and has replaced the assets to capital (ACM) ratio beginning in the first quarter of 2015.

Risk-Weighted Assets¹

(\$ millions except as noted)

Risk-Weighted Assets (RWA)	June 30, 2015				March 31, 2015				December 31, 2014				September 30, 2014			
	Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA		
		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total
Corporate	55,946		27,592	27,592	53,681		26,437	26,437	54,626		23,906	23,906	52,107		23,521	23,521
Sovereign	22,065		718	718	21,672		741	741	21,597		697	697	20,850		725	725
Bank	11,931		666	666	13,038		713	713	9,201		727	727	9,259		763	763
Residential Mortgages	18,699		1,687	1,687	18,266		1,661	1,661	18,328	105	1,709	1,814	18,250	135	1,679	1,814
HELOC's	2,951		617	617	2,971		631	631	3,046		652	652	3,047		650	650
Other Retail (excluding QRR and SME)	2,829	536	418	953	2,774	550	361	911	2,678	422	401	823	3,731	1,179	412	1,590
Qualifying Revolving Retail	506		200	200	514		203	203	527		211	211	537		210	210
Retail SME	561		354	354	554		350	350	593		369	369	602		378	378
Exposures subject to standardized or IRB approaches	115,489	536	32,252	32,787	113,469	550	31,097	31,647	110,595	527	28,672	29,199	108,383	1,313	28,338	29,651
Equity (3)	4		4	4	4		4	4	4		4	4	28		28	28
Securitization (4)																
Other assets not included in standardized or IRB approaches (5)	1,652			2,011	2,108			2,241	3,064			2,380	2,485			2,844
Adjustment to IRB risk-weighted assets for scaling factor				1,935	1,866			1,866	-			1,721	-		-	1,702
Total Credit Risk	117,145			36,738	115,581			35,759	113,664			33,304	110,895			34,225
Market Risk (6)																
Operational Risk - Standardized Approach				3,792				3,831					3,882			3,906
Total Risk-Weighted Assets before adjustments				40,529				39,590					37,186			38,130
Total RWA after adjustment for CVA phase-in (5)																
Common Equity Tier 1 (CET1) Capital RWA				40,128				39,118					36,553			37,328
Tier 1 Capital RWA				40,206				39,209					36,671			37,477
Total Capital RWA				40,273				39,288					36,847			37,701
Adjustment for Regulatory Floor (7)																
CET1 Capital RWA Floor				2,229				2,524					3,716			2,802
Tier 1 Capital RWA Floor				2,151				2,433					3,598			2,653
Total Capital RWA Floor				2,084				2,354					3,422			2,428
Adjusted Total Risk-Weighted Assets																
Adjusted Common Equity Tier 1 (CET1) Capital RWA				42,358				41,642					40,269			40,129
Adjusted Tier 1 Capital RWA				42,358				41,642					40,269			40,129
Adjusted Total Capital RWA				42,358				41,642					40,269			40,129

Risk-Weighted Assets (RWA)	June 30, 2014				March 31, 2014				December 31, 2013				September 30, 2013			
	Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA		
		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total
Corporate	50,717		22,906	22,906	51,536		21,990	21,990	48,839		21,258	21,258	48,493		21,282	21,282
Sovereign	20,865		765	765	20,787		666	666	23,002		659	659	22,618		596	596
Bank	7,868		730	730	8,506		729	735	7,537		854	854	10,838		774	775
Residential Mortgages	17,873	150	1,641	1,791	17,672	167	1,615	1,782	17,690	181	1,627	1,808	17,771	202	1,625	1,827
HELOC's	3,152		672	672	4,866		671	671	4,916		686	686	5,034		702	702
Other Retail (excluding QRR and SME)	3,683	1,116	439	1,555	4,108	1,113	703	1,817	4,124	1,150	680	1,830	4,209	1,150	705	1,855
Qualifying Revolving Retail	544		215	215	1,042		314	314	1,060		322	322	1,075		330	330
Retail SME	649		421	421	577		350	350	624		367	367	706		403	403
Exposures subject to standardized or IRB approaches	105,351	1,266	27,789	29,055	109,094	1,286	27,038	28,325	107,792	1,331	26,451	27,783	110,744	1,353	26,417	27,770
Equity (3)	4		4	4	16		16	16	-		-	-	-		-	-
Securitization (4)																
Other assets not included in standardized or IRB approaches(5)	2,411			1,944	1,670			1,777	1,686			935	2,094			1,122
Adjustment to IRB risk-weighted assets for scaling factor				1,668	1,623			1,623				1,587				1,585
Total Credit Risk	107,765			32,671	110,780			31,741	109,477			30,304	112,838			30,477
Market Risk (6)																
Operational Risk - Standardized Approach				3,989				4,037					4,083			4,153
Total Risk-Weighted Assets before adjustments				36,659				35,778					34,387			34,631
Total RWA after adjustment for CVA phase-in (5)																
Common Equity Tier 1 (CET1) Capital RWA				36,659				35,778					34,387			34,631
Tier 1 Capital RWA				36,659				35,778					34,387			34,631
Total Capital RWA				36,659				35,778					34,387			34,631
Adjustment for Regulatory Floor (7)																
CET1 Capital RWA Floor				1,969				2,688					2,475			1,650
Tier 1 Capital RWA Floor				1,969				2,688					2,475			1,650
Total Capital RWA Floor				1,969				2,688					2,475			1,650
Adjusted Total Risk-Weighted Assets																
Adjusted Common Equity Tier 1 (CET1) Capital RWA				38,629				38,466					36,862			36,281
Adjusted Tier 1 Capital RWA				38,629				38,466					36,862			36,281
Adjusted Total Capital RWA				38,629				38,466					36,862			36,281

(1) Effective Q1 2013, amounts are calculated in accordance with the Basel III regulatory framework, and are presented based on the "all-in" methodology.

(2) Exposure represents gross exposure at default before allowances and credit risk mitigation.

(3) Under OSFI guidelines the Bank is exempt from using the AIRB approach based on materiality. Accordingly equity investments are risk weighted at 100%.

(4) Securitization exposures are currently treated as on balance sheet exposures and included in the Basel III counterparty category to which the exposures relate.

(5) Commencing 2014, a new CVA regulatory capital charge has been added. For Q1 and Q2 2014 the CVA regulatory capital charge has been reflected in RWAs included in Other assets and is calculated using the standardized method and a scalar of .57. Commencing Q1 2015 the CVA risk-weighted assets were calculated using the scalars of 0.64, 0.71 and 0.77 to compute CET1 capital RWA, Tier 1 capital RWA and Total capital RWA respectively.

(6) Under OSFI guidelines the value of the bank's trading assets or liabilities do not meet the threshold for the capital adequacy requirements for market risk.

(7) The Bank is subject to a regulatory capital floor according to transitional arrangements prescribed by OSFI. OSFI has given the Bank their approval to reduce the capital floor to 90% commencing with the third quarter 2008 regulatory reporting period.

Credit Exposure by Counterparty Type

(\$ millions except as noted)

	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
June 30, 2015						March 31, 2015						
Corporate	30,284	13,253	7,102	1,604	3,703	55,946	30,122	12,356	5,899	1,815	3,489	53,681
Sovereign	21,659	34	190	111	70	22,065	20,917	38	58	67	70	21,672
Bank	3,135		6,824	1,134	839	11,931	3,162		7,615	1,459	802	13,038
Total Corporate, Sovereign and Bank	55,078	13,287	14,116	2,849	4,611	89,942	54,201	12,394	14,094	3,341	4,361	88,391
Residential Mortgages	18,698	1				18,699	18,266					18,266
HELOC's	1,950	1,001				2,951	1,970	1,001				2,971
Other Retail (excluding QRR and SME)	2,620	196			13	2,829	2,573	196			4	2,774
Qualifying Revolving Retail	280	226				506	285	229				514
Retail SME	271	271			19	561	268	266			20	554
Total Retail	23,819	1,696			32	25,547	23,362	1,691			24	25,078
Total Gross Credit Exposure	78,897	14,983	14,116	2,849	4,644	115,489	77,563	14,085	14,094	3,341	4,385	113,469
December 31, 2014						September 30, 2014						
Corporate	28,088	12,137	9,539	1,212	3,650	54,626	28,236	11,175	7,545	1,629	3,521	52,107
Sovereign	21,186	34	250	57	70	21,597	20,530	25		222	73	20,850
Bank	3,269		3,067	2,237	628	9,201	2,685		2,698	3,322	554	9,259
Total Corporate, Sovereign and Bank	52,542	12,172	12,856	3,506	4,348	85,424	51,451	11,199	10,243	5,174	4,149	82,216
Residential Mortgages	18,326	1				18,328	18,250					18,250
HELOC's	2,006	1,040				3,046	2,041	1,006				3,047
Other Retail (excluding QRR and SME)	2,451	197			30	2,678	2,541	1,165			25	3,731
Qualifying Revolving Retail	293	234				527	302	235				537
Retail SME	279	293			20	593	294	287			22	602
Total Retail	23,355	1,765			51	25,171	23,428	2,693			46	26,167
Total Gross Credit Exposure	75,898	13,937	12,856	3,506	4,399	110,595	74,879	13,892	10,243	5,174	4,195	108,383
June 30, 2014						March 31, 2014						
Corporate	28,115	10,878	7,430	1,216	3,079	50,717	27,739	11,561	7,881	1,340	3,015	51,536
Sovereign	20,530	47		215	73	20,865	20,392	31		291	73	20,787
Bank	1,961		2,706	2,655	547	7,868	2,879		2,721	2,392	515	8,506
Total Corporate, Sovereign and Bank	50,605	10,926	10,135	4,085	3,700	79,451	51,010	11,592	10,601	4,023	3,603	80,829
Residential Mortgages	17,871	1				17,873	17,672					17,672
HELOC's	2,118	1,033				3,152	2,164	2,701				4,866
Other Retail (excluding QRR and SME)	2,612	1,063			8	3,683	2,702	1,397			9	4,108
Qualifying Revolving Retail	305	240				544	313	729				1,042
Retail SME	314	312			24	649	347	204			25	577
Total Retail	23,220	2,649			31	25,900	23,199	5,032			34	28,264
Total Gross Credit Exposure	73,825	13,574	10,135	4,085	3,731	105,351	74,209	16,624	10,601	4,023	3,637	109,094
December 31, 2013						September 30, 2013						
Corporate	26,456	11,636	6,519	1,278	2,950	48,839	26,806	11,237	6,651	1,105	2,694	48,493
Sovereign	22,696	18	10	278		23,002	22,363	26	113	115		22,618
Bank	3,275		1,384	2,409	469	7,537	2,951		5,424	2,021	442	10,838
Total Corporate, Sovereign and Bank	52,427	11,653	7,913	3,965	3,418	79,377	52,120	11,263	12,189	3,242	3,136	81,949
Residential Mortgages	17,688	1				17,690	17,771					17,771
HELOC's	2,187	2,729				4,916	2,270	2,764				5,034
Other Retail (excluding QRR and SME)	2,726	1,395			4	4,124	2,809	1,397			4	4,209
Qualifying Revolving Retail	321	739				1,060	329	746				1,075
Retail SME	357	224			43	624	381	281			44	706
Total Retail	23,280	5,088			47	28,415	23,559	5,188			47	28,795
Total Gross Credit Exposure	75,707	16,741	7,913	3,965	3,465	107,792	75,679	16,451	12,189	3,242	3,183	110,744

Credit Exposure by Geography

(\$ millions except as noted)

	June 30, 2015						March 31, 2015					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	20,876	3,348	52	167	567	25,010	20,614	3,021	215	205	552	24,607
Western Canada, excluding British Columbia	11,310	4,969		625	1,168	18,071	11,597	4,740		738	1,156	18,231
Ontario	39,556	4,419	14,065	1,642	2,042	61,723	38,159	4,237	13,879	1,945	1,919	60,140
Quebec & Atlantic provinces	7,156	2,247		416	866	10,685	7,193	2,087		454	759	10,492
Total Gross Credit Exposure	78,897	14,983	14,116	2,849	4,644	115,489	77,563	14,085	14,094	3,341	4,385	113,469

	December 31, 2014						September 30, 2014					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	20,277	3,080		109	542	24,007	20,622	3,377		74	559	24,632
Western Canada, excluding British Columbia	10,629	4,542		477	1,420	17,068	10,413	4,369		540	1,385	16,707
Ontario	38,375	4,204	12,856	2,632	1,564	59,631	36,947	4,294	10,243	3,984	1,500	56,968
Quebec & Atlantic provinces	6,617	2,110		288	873	9,888	6,898	1,851		576	751	10,075
Total Gross Credit Exposure	75,898	13,937	12,856	3,506	4,399	110,595	74,879	13,892	10,243	5,174	4,195	108,383

	June 30, 2014						March 31, 2014					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	20,447	3,391	103	58	674	24,673	19,817	4,618	12	59	696	25,201
Western Canada, excluding British Columbia	10,438	4,213		484	903	16,039	10,227	4,440		522	842	16,032
Ontario	36,344	4,145	10,032	3,247	1,418	55,187	37,238	5,541	10,589	3,107	1,351	57,826
Quebec & Atlantic provinces	6,595	1,825		296	735	9,452	6,927	2,024		335	749	10,035
Total Gross Credit Exposure	73,825	13,574	10,135	4,085	3,731	105,351	74,209	16,624	10,601	4,023	3,637	109,094

	December 31, 2013						September 30, 2013					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	20,095	4,679	6	50	747	25,578	20,338	4,811		48	669	25,865
Western Canada, excluding British Columbia	10,315	4,356		506	773	15,950	10,553	4,355		353	681	15,943
Ontario	38,543	5,445	7,907	3,060	1,293	56,249	37,739	5,358	12,189	2,549	1,190	59,024
Quebec & Atlantic provinces	6,753	2,262		348	652	10,015	7,050	1,927		292	643	9,912
Total Gross Credit Exposure	75,707	16,741	7,913	3,965	3,465	107,792	75,679	16,451	12,189	3,242	3,183	110,744

Residual Contract Maturity Breakdown

(\$ millions except as noted)

	June 30, 2015						March 31, 2015					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	29,927	9,031	14,116	1,372	3,348	57,795	30,042	8,675	14,094	1,430	3,182	57,423
1-5 years	40,000	5,605		997	1,215	47,816	38,446	4,988		1,232	1,135	45,801
Greater than 5 years	8,970	346		480	81	9,878	9,075	423		679	68	10,245
Total Gross Credit Exposure	78,897	14,983	14,116	2,849	4,644	115,489	77,563	14,085	14,094	3,341	4,385	113,469

	December 31, 2014						September 30, 2014					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	30,388	8,688	12,856	1,347	3,289	56,568	28,139	9,231	10,243	2,452	3,518	53,583
1-5 years	37,140	4,982		1,252	1,056	44,429	38,556	4,509		1,596	621	45,282
Greater than 5 years	8,370	268		907	54	9,598	8,184	152		1,125	56	9,519
Total Gross Credit Exposure	75,898	13,937	12,856	3,506	4,399	110,595	74,879	13,892	10,243	5,174	4,195	108,383

	June 30, 2014						March 31, 2014					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	27,652	8,746	10,135	1,603	2,516	50,653	28,665	12,229	10,601	1,438	2,428	55,357
1-5 years	37,664	4,655		1,455	1,174	44,948	37,786	4,240		1,564	1,177	44,767
Greater than 5 years	8,509	173		1,027	41	9,750	7,758	154		1,021	38	8,970
Total Gross Credit Exposure	73,825	13,574	10,135	4,085	3,731	105,351	74,209	16,624	10,601	4,023	3,637	109,094

	December 31, 2013						September 30, 2013					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	30,028	12,641	7,913	1,407	2,274	54,263	30,233	12,413	11,857	1,052	2,372	57,925
1-5 years	38,393	3,964		1,574	1,178	45,109	38,847	3,818	332	1,471	788	45,256
Greater than 5 years	7,285	137		984	13	8,420	6,599	220		719	24	7,562
Total Gross Credit Exposure	75,707	16,741	7,913	3,965	3,465	107,792	75,679	16,451	12,189	3,242	3,183	110,744

Credit Risk Portfolio Exposure at Default

(\$ millions except as noted)

	June 30, 2015				March 31, 2015				December 31, 2014				September 30, 2014			
	Standardized		AIRB		Standardized		AIRB		Standardized		AIRB		Standardized		AIRB	
	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn
Corporate			30,284	13,253			30,122	12,356			28,088	12,137			28,236	11,175
Sovereign			21,659	34			20,917	38			21,186	34			20,530	25
Bank			3,135				3,162				3,269				2,685	
Total Corporate, Sovereign and Bank			55,078	13,287			54,201	12,394			52,542	12,172			51,451	11,199
Residential Mortgages (1)			18,698	1			18,266		238		18,088	1	258		17,992	
HELOC's			1,950	1,001			1,970	1,001			2,006	1,040			2,041	1,006
Other Retail (excluding QRR and SME)	708		1,912	196	726		1,847	196	560		1,891	197	592	974	1,949	191
Qualifying Revolving Retail			280	226			285	229			293	234			302	235
Retail SME			271	271			268	266			279	293			294	287
Total Retail	708		23,111	1,696	726		22,636	1,691	798		22,557	1,765	850	974	22,578	1,719
Total Gross Credit Exposure	708		78,189	14,983	726		76,837	14,085	798		75,100	13,937	850	974	74,029	12,918

	June 30, 2014				March 31, 2014				December 31, 2013				September 30, 2013			
	Standardized		AIRB		Standardized		AIRB		Standardized		AIRB		Standardized		AIRB	
	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn
Corporate			28,115	10,878			27,739	11,561			26,456	11,636			26,806	11,237
Sovereign			20,530	47			20,392	31			22,696	18			22,363	26
Bank			1,961		30		2,849				3,275		4		2,947	
Total Corporate, Sovereign and Bank			50,605	10,926	30		50,980	11,592			52,427	11,653	4		52,115	11,263
Residential Mortgages	284		17,587	1	315		17,357		343		17,346	1	381		17,390	
HELOC's			2,118	1,033			2,164	2,701			2,187	2,729			2,270	2,764
Other Retail (excluding QRR and SME)	619	864	1,993	198	629	849	2,073	548	697	828	2,029	567	700	828	2,108	574
Qualifying Revolving Retail			305	240			313	729			321	739			329	746
Retail SME			314	312			347	204			357	224			381	281
Total Retail	903	864	22,317	1,784	943	849	22,255	4,182	1,039	828	22,240	4,260	1,081	828	22,478	4,365
Total Gross Credit Exposure	903	864	72,922	12,710	973	849	73,235	15,774	1,039	828	74,667	15,914	1,085	828	74,594	15,628

Standardized Exposures by Risk Weight Category

(\$ millions except as noted)

	June 30, 2015								March 31, 2015							
	Risk Weight Category								Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate Sovereign Bank																
Total Corporate, Sovereign and Bank																
Residential Mortgages (1) Heloc's																
Other Retail					689		19	708					705		22	726
Retail SME																
Total Retail					689		19	708					705		22	726
Total Exposure at Default					689		19	708					705		22	726

	December 31, 2014								September 30, 2014							
	Risk Weight Category								Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate Sovereign Bank																
Total Corporate, Sovereign and Bank																
Residential Mortgages Heloc's			192		34		12	238			154		95		10	258
Other Retail					551		8	560					1,560		6	1,566
Retail SME																
Total Retail			192		586		20	798			154		1,655		10	1,824
Total Exposure at Default			192		586		20	798			154		1,655		10	1,824

	June 30, 2014								March 31, 2014							
	Risk Weight Category								Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate Sovereign Bank																
Total Corporate, Sovereign and Bank										30						30
Residential Mortgages Heloc's			166		105		13	284		30		182		117	15	315
Other Retail					1,478			1,483					1,471		7	1,478
Retail SME																
Total Retail			166		1,583		13	1,767			182		1,589		15	1,793
Total Exposure at Default			166		1,583		13	1,767		30	182		1,589		15	1,823

	December 31, 2013								September 30, 2013							
	Risk Weight Category								Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate Sovereign Bank																
Total Corporate, Sovereign and Bank										4						4
Residential Mortgages Heloc's			200		128		15	343			220		142		18	381
Other Retail					1,515			1,524					1,513		10	1,523
Retail SME																
Total Retail			200		1,643		15	1,867			220		1,656		18	1,904
Total Exposure at Default			200		1,643		15	1,867		4	220		1,656		18	1,908

Risk Assessment - IRB Retail Credit Portfolio

(\$ millions except as noted)

	June 30, 2015						March 31, 2015					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	18,425	2,876	2,067	372	215	23,955	17,982	2,889	1,990	376	340	23,578
Medium	241	61	48	126	339	816	249	63	52	130	204	698
Sub-Standard			1	4		5			1	4		6
Impaired/Default	33	14	5	4	8	63	35	18	4	4	9	70
Total Exposure at Default	18,699	2,951	2,121	506	561	24,839	18,266	2,971	2,047	514	554	24,351

	December 31, 2014						September 30, 2014					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,768	2,929	2,052	390	355	23,493	17,685	2,966	2,095	396	368	23,510
Medium	281	100	61	131	228	801	259	63	64	133	224	743
Sub-Standard			2	2		4			1	4		6
Impaired/Default	40	17	4	4	9	75	49	18	4	4	10	85
Total Exposure at Default	18,090	3,046	2,118	527	593	24,373	17,992	3,047	2,165	537	602	24,343

	June 30, 2014						March 31, 2014					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,257	3,072	2,126	400	375	23,230	17,084	4,786	2,550	745	267	25,430
Medium	289	58	67	136	265	815	212	57	70	290	294	922
Sub-Standard			2	4	1	7			6	5	5	15
Impaired/Default	42	22	5	4	9	81	61	24	4	3	11	104
Total Exposure at Default	17,588	3,152	2,199	544	649	24,133	17,357	4,866	2,630	1,042	577	26,472

	December 31, 2013						September 30, 2013					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,046	4,819	2,509	757	292	25,423	17,117	4,938	2,595	763	355	25,768
Medium	242	79	66	294	319	1,000	208	74	80	303	339	1,004
Sub-Standard			21	6	3	30			4	4	2	11
Impaired/Default	59	18	5	3	10	95	66	22	7	4	10	107
Total Exposure at Default	17,347	4,916	2,600	1,060	624	26,547	17,390	5,034	2,686	1,075	706	26,891

Risk Assessment - AIRB Non-Retail Credit Portfolio ¹

(\$ millions except as noted)

Internal Rating	June 30, 2015				March 31, 2015				December 31, 2014				September 30, 2014			
	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	2,105	0.04	47	17	1,772	0.04	45	15	1,692	0.04	45	15	1,781	0.04	45	13
Low Risk	5,063	0.11	40	23	5,418	0.11	42	29	5,528	0.11	42	28	5,051	0.11	44	29
Satisfactory Risk	22,683	0.41	37	48	22,949	0.41	36	46	21,674	0.41	35	44	21,983	0.40	35	44
Fair Default Risk	12,547	1.13	34	69	11,731	1.12	34	68	11,516	1.13	34	67	11,121	1.11	34	67
Moderate Default Risk	3,441	2.73	33	83	3,186	2.93	32	85	2,644	2.85	31	83	2,549	2.90	31	83
Significant Default Risk	1,444	6.83	30	105	1,316	6.49	35	124	843	6.63	31	109	752	6.55	30	104
High Default Risk	889	10.08	32	132	719	10.30	28	119	613	10.39	30	124	766	10.34	30	125
Special Management	343	46.78	31	117	344	42.61	33	132	261	30.46	32	148	250	29.26	33	155
Default	354	100.00	53	156	360	100.00	47	152	354	100.00	45	141	329	100.00	46	173
Total Corporate	48,869	2.12	37	56	47,795	2.07	36	56	45,125	1.89	36	53	44,582	1.84	36	53
Sovereign																
Minimal Risk	21,700	0.02	10	3	18,897	0.02	10	3	19,911	0.02	10	3	19,381	0.02	10	3
Low Risk	170	0.07	13	9	2,189	0.07	14	6	1,430	0.07	12	6	1,456	0.08	15	8
Satisfactory Risk	3	0.34	40	35	5	0.32	57	51	6	0.30	46	41	7	0.24	27	21
Fair Default Risk													5	1.30	34	54
Default																
Total Sovereign	21,873	0.02	10	3	21,091	0.03	11	3	21,347	0.02	10	3	20,849	0.03	11	3
Bank																
Minimal Risk	3,567	0.03	22	8	3,790	0.03	22	9	4,951	0.03	23	10	5,292	0.04	23	10
Low Risk	1,329	0.12	27	20	1,426	0.11	28	18	1,051	0.11	28	19	1,132	0.10	27	15
Satisfactory Risk	193	0.34	32	32	195	0.33	34	33	123	0.31	33	29	120	0.32	31	30
Fair Default Risk	57	1.62	29	60	43	1.28	29	62	4	1.31	47	84	11	1.15	39	74
Moderate Default Risk	1	3.97	57	140	26	3.09	28	82	5	3.07	27	82	2	3.12	49	120
Significant Default Risk													1	7.14	73	229
High Default Risk	1	10.00	59	217	7	10.02	47	173	6	10.02	49	183	6	10.32	39	172
Special Management																
Default																
Total Bank	5,148	0.09	24	13	5,487	0.10	24	13	6,140	0.07	24	12	6,564	0.07	24	12

Internal Rating	June 30, 2014				March 31, 2014				December 31, 2013				September 30, 2013			
	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	1,298	0.04	43	14	2,330	0.04	36	11	2,580	0.04	36	10	2,426	0.04	34	10
Low Risk	4,899	0.11	44	28	5,454	0.11	44	27	4,979	0.11	45	29	4,928	0.11	45	30
Satisfactory Risk	22,027	0.41	35	44	22,360	0.41	34	43	21,900	0.40	35	43	21,289	0.41	35	44
Fair Default Risk	11,035	1.10	33	65	10,385	1.12	33	64	9,810	1.11	33	64	10,337	1.14	32	63
Moderate Default Risk	2,134	2.87	31	85	1,493	2.94	29	78	1,396	2.79	30	79	1,304	2.84	30	79
Significant Default Risk	503	6.90	30	107	367	6.67	31	107	293	6.66	31	110	253	6.28	30	102
High Default Risk	841	10.19	32	132	831	10.21	32	133	771	10.05	32	131	828	10.05	33	137
Special Management	223	30.80	31	143	272	31.11	32	147	339	35.87	34	151	191	32.61	32	148
Default	351	100.00	45	182	398	100.00	45	213	384	100.00	45	208	469	100.00	47	231
Total Corporate	43,311	1.89	35	53	43,890	1.94	35	50	42,452	1.99	35	50	42,025	2.09	35	51
Sovereign																
Minimal Risk	19,629	0.02	10	3	19,640	0.02	10	3	21,747	0.02	10	3	21,271	0.02	10	2
Low Risk	1,221	0.08	18	9	1,139	0.08	13	7	1,244	0.08	17	9	1,234	0.08	16	8
Satisfactory Risk	9	0.23	30	24	5	0.24	21	16		0.37	56	55				
Fair Default Risk	5	1.30	34	54	3	1.62	30	60								
Default																
Total Sovereign	20,864	0.02	11	3	20,787	0.02	10	3	22,991	0.02	11	3	22,505	0.02	11	2
Bank																
Minimal Risk	4,129	0.04	24	11	4,686	0.04	25	10	5,083	0.04	25	11	4,517	0.04	25	12
Low Risk	890	0.11	28	21	911	0.11	29	20	907	0.12	28	22	799	0.12	28	23
Satisfactory Risk	151	0.32	31	35	155	0.31	31	34	162	0.30	31	35	85	0.24	31	33
Fair Default Risk	10	1.07	37	77	8	1.15	38	86	9	1.16	45	93	28	0.97	37	63
Moderate Default Risk	9	2.91	40	124	9	2.90	39	121	8	2.31	43	136	7	2.45	44	141
Significant Default Risk	1	7.85	67	255					1	7.85	79	279	4	6.02	55	176
High Default Risk	1	12.03	79	331	1	13.00	79	341								
Special Management																
Default																
Total Bank	5,191	0.07	25	14	5,770	0.07	26	13	6,170	0.06	26	14	5,440	0.06	26	14

¹ Net of collateral, guarantees and credit derivatives

"EAD" - Exposure at Default, "PD" - Probability of Default, "LGD" - Loss Given Default, "Risk Weight %" is a Weighted Average based on EAD

Exposures Covered By Credit Risk Mitigation

(\$ millions except as noted)

Counterparty Type	June 30, 2015			March 31, 2015			December 31, 2014			September 30, 2014		
	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Corporate			1,294			1,283			1,294			1,207
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			1,294			1,283			1,294			1,207
Residential Mortgages			2,483			2,448			2,437			2,636
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			2,483			2,448			2,437			2,636
Total			3,777			3,730			3,731			3,843

Counterparty Type	June 30, 2014			March 31, 2014			December 31, 2013			September 30, 2013		
	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Corporate			1,207			1,185			1,181			586
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			1,207			1,185			1,181			586
Residential Mortgages			3,123			3,437			3,702			4,145
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			3,123			3,437			3,702			4,145
Total			4,330			4,623			4,883			4,730

AIRB Credit Risk Exposures - Credit Commitments

(\$ millions except as noted)

Counterparty Type	June 30, 2015		March 31, 2015		December 31, 2014		September 30, 2014	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	32,619	13,253	30,479	12,356	29,974	12,137	27,512	11,175
Sovereign	124	34	123	38	116	34	91	25
Bank	89		58		88		56	
Total Corporate, Sovereign and Bank	32,832	13,287	30,660	12,394	30,178	12,172	27,658	11,199
Residential Mortgages	24	1	27		30	1	36	
HELOC's	3,176	1,001	3,165	1,001	3,144	1,040	3,155	1,006
Other Retail (excluding QRR and SME)	679	196	694	196	691	197	703	191
Qualifying Revolving Retail	926	226	936	229	941	234	947	235
Retail SME	283	271	269	266	294	293	292	287
Total Retail	5,089	1,696	5,090	1,691	5,101	1,765	5,133	1,719
Total	37,921	14,983	35,751	14,085	35,279	13,937	32,791	12,918

Counterparty Type	June 30, 2014		March 31, 2014		December 31, 2013		September 30, 2013	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	26,623	10,878	27,449	11,561	27,671	11,636	26,508	11,237
Sovereign	122	47	86	31	43	18	64	26
Bank	55		57		63		61	
Total Corporate, Sovereign and Bank	26,801	10,926	27,592	11,592	27,777	11,653	26,632	11,263
Residential Mortgages	34	1	32		29	1	26	
HELOC's	3,185	1,033	3,143	2,701	3,161	2,729	3,176	2,764
Other Retail (excluding QRR and SME)	720	198	711	548	740	567	755	574
Qualifying Revolving Retail	960	240	962	729	973	739	979	746
Retail SME	317	312	229	204	255	224	327	281
Total Retail	5,217	1,784	5,077	4,182	5,157	4,260	5,262	4,365
Total	32,017	12,710	32,669	15,774	32,933	15,914	31,894	15,628

Securitization

Securitization strategy

HSBC acts as originator, sponsor, investor, liquidity provider and derivative counterparty to its own originated and sponsored securitizations, as well as those of third party securitizations. Our strategy is to use securitizations to meet our needs for aggregate funding or capital management, to the extent that market regulatory treatments and other conditions are suitable, and for customer facilitation.

Our roles in the securitization process are as follows:

Originator: where we originate the assets being securitized;

Sponsor: where we establish and manage a securitization programme that purchases exposures from third parties and provide derivatives or liquidity facilities; and

Investor: where we invest in a securitization transaction directly.

HSBC as an originator

We securitize National Housing Act ('NHA') mortgage backed securities ('MBS') through programs sponsored by the Canada Mortgage and Housing Corporation. Under International Financial Reporting Standards ('IFRS'), the terms of the transaction do not meet the de-recognition criteria included within IAS 39 because the pass-through test is not met. Therefore, the transaction is accounted for as a secured borrowing with the underlying mortgages of the MBS remaining on balance sheet and a liability recognized for the funding received, with no recognition of gains or losses on transfer.

Risk weighted assets are calculated on the mortgage pools and no regulatory relief is taken on the securitization. As a result, these are not considered securitization exposures and have been excluded from all securitization quantitative disclosures.

HSBC as sponsor

We act as financial services agent for a multi-seller asset-backed commercial paper conduit program ('multi-seller conduit') and also provide swap and liquidity facilities.

This multi-seller conduit provides the bank's clients with alternate sources of financing through the securitization of their assets. Clients sell financial assets to the conduit and the conduit funds its purchase of such financial assets through the issuance of short-term asset-backed commercial paper to investors. Each client continues to service the financial assets they have sold to the multi-seller conduit and absorbs the first losses associated with such assets. The bank has no rights to the assets as they are owned by the multi-seller conduit.

For more detail on the liquidity facilities outlined above, refer to the note on contingent liabilities, contractual commitments and guarantees, Annual Report and Accounts 2014.

Securitization

HSBC as investor

We have exposure to third party securitizations in the form of NHA MBS, Canada Housing Trust bullet bonds, non-NHA residential mortgage securitizations and asset backed commercial paper.

These securitization positions are managed by a dedicated team that uses a combination of market standard systems and third party data providers to monitor performance data and manage market and credit risks.

For a description of the bank's credit and market risk policies please refer to the credit risk and market risk sections in Management's Discussion and Analysis, Annual Report and Accounts 2014.

Valuation of securitization positions

The valuation process of our investments in securitization exposures primarily focuses on quotations from third parties, observed trade levels and calibrated valuations from market standard models. This process has not changed during 2015. Further details may be found in the notes on significant account policies and fair value of financial instruments, Annual Report and Accounts 2014.

Securitization activities during 2015

There has not been any securitization activity during 2015.

Calculation of risk-weighted assets for securitization exposures

Securitization exposures are currently treated as on balance sheet and included in the Basel III category to which the exposures relate. The bank uses the Advanced Internal Ratings Based approach (AIRB). This approach uses the bank's own historical experience of probability of default (PD), loss given default (LGD) and exposure at default (EAD) and other key risk assumptions to calculate credit risk capital requirements.

Securitization accounting treatment

For information on the bank's securitization accounting treatment, please refer to the note on significant account policies, Annual Report and Accounts 2014.

Securitization Exposures

(\$ millions except as noted)

Securitization exposure - by trading and banking book^{1,2}

	At June 30, 2015			At March 31, 2015			At December 31, 2014			At September 30, 2014		
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor³												
Trade receivables		245	245		245	245		245	245		245	245
As Investor												
Residential mortgages												
Trade receivables												
		245	245		245	245		245	245		245	245

	At June 30, 2014			At March 31, 2014			At December 31, 2013			At September 30, 2013		
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor³												
Trade receivables		245	245		1,042	1,042		967	967		967	967
As Investor												
Residential mortgages							4		4	3		3
Trade receivables							4		4	3		3
		245	245		1,042	1,042	4	967	971	3	967	970

¹ All securitizations exposures result from traditional securitizations. National Housing Association MBS and bonds issued by Canada Housing Trust are not considered securitization exposures and are excluded.

² All securitization exposures in role of Investor are recorded on-Balance Sheet; exposures in role of Sponsor are off-Balance Sheet with the exception of \$4 million at March 2014 (zero for periods thereafter) in respect of derivative contracts with the bank sponsored multi-seller conduit.

³ Securitization exposures in role of sponsor are reported pre credit conversion factor.

Securitization exposure - movement year to date

	Total at January 1	Year to date movement		Total at June 30
		As sponsor	As investor	
2015				
Aggregate amount of securitization exposures (retained or purchased)				
Residential mortgages				
Trade receivables	245	-	-	245
	245	-	-	245

Securitization exposure - asset values and impairment charges

	At June 30, 2015			At March 31, 2015			At December 31, 2014			At September 30, 2014		
	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge
	Total	Impaired & past due		Total	Impaired & past due		Total	Impaired & past due		Total	Impaired & past due	
As Sponsor												
Trade receivables	334			350			355			364		
As Investor¹												
Residential mortgages												
Trade receivables												

	At June 30, 2014			At March 31, 2014			At December 31, 2013			At September 30, 2013		
	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge
	Total	Impaired & past due		Total	Impaired & past due		Total	Impaired & past due		Total	Impaired & past due	
As Sponsor												
Trade receivables	375			1,400			1,341			1,341		
As Investor¹												
Residential mortgages												
Trade receivables												

¹ For securitisations where HSBC acts as investor, information on third-party underlying assets is not available.

Securitization Exposures

(\$ millions except as noted)

Securitization exposures by risk weighting

Category risk weights	Exposure value at June 30, 2015			Exposure value at March 31, 2015			Exposure value at December 31, 2014			Exposure value at September 30, 2014		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
≤ 10%												
> 10% ≤ 20%		245	245		245	245		245	245		245	245
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total		245	245		245	245		245	245		245	245

Category risk weights	Exposure value at June 30, 2014			Exposure value at March 31, 2014			Exposure value at December 31, 2013			Exposure value at September 30, 2013		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
≤ 10%					1,035	1,035		959	959		959	959
> 10% ≤ 20%		245	245				4		4			
> 20% ≤ 50%					7	7		8	8		8	8
> 50% ≤ 100%												
> 100% ≤ 650%										3		3
> 650% < 1250%												
1250%												
Total		245	245		1,042	1,042	4	967	971	3	967	970

Capital required by risk weighting

Category risk weights	Capital required at June 30, 2015			Capital required at March 31, 2015			Capital required at December 31, 2014			Capital required at September 30, 2014		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
≤ 10%												
> 10% ≤ 20%		1	1		2	2		2	2		2	2
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total		1	1		2	2		2	2		2	2

Category risk weights	Capital required at June 30, 2014			Capital required at March 31, 2014			Capital required at December 31, 2013			Capital required at September 30, 2013		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
≤ 10%					2	2		2	2		2	2
> 10% ≤ 20%		2	2									
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total		2	2		2	2		2	2		2	2

Residential Mortgages and Home Equity Lines of Credit (HELOC)

(\$ millions except as noted)

The bank's mortgage and home equity lines of credit portfolios are considered to be low-risk since the majority are secured by a first charge against the underlying real estate. The tables below detail how the bank mitigates risk further by diversifying the geographical markets in which it operates, by purchasing insurance, by keeping loan terms within reasonable time-frames and by monitoring loan-to-value ratios to assess the quality of its portfolio.

Insurance and geographic distribution ⁽¹⁾	June 30, 2015						
	Residential mortgages					HELOC ⁽²⁾	
	Insured ⁽³⁾		Uninsured		Total	Uninsured	
	Amount	% insured	Amount	% uninsured	Amount	Amount	% uninsured
(\$ millions except as noted)							
British Columbia	1,232	10 %	10,522	90 %	11,754	959	100 %
Western Canada excluding British Columbia	273	20 %	1,106	80 %	1,379	256	100 %
Ontario	800	15 %	4,503	85 %	5,303	623	100 %
Quebec and Atlantic provinces	178	16 %	942	84 %	1,120	112	100 %
Total June 30, 2015	2,483	13 %	17,073	87 %	19,556	1,950	100 %
Total March 31, 2015	2,448	13 %	16,637	87 %	19,085	1,970	100 %

Amortization period ⁽⁴⁾	June 30, 2015				
	Residential mortgages				
	< 20 years	20-24 years	25-29 years	30-34 years	35 years and greater
Total June 30, 2015	28 %	37 %	34 %	2 %	0 %
Total March 31, 2015	28 %	38 %	32 %	2 %	0 %

Average loan-to-value ratios of new originations ⁽⁵⁾	For the 3 months ended: June 30, 2015	
	Uninsured %LTV ⁽⁶⁾	
	Residential mortgages	HELOC ⁽²⁾
British Columbia	61 %	51 %
Western Canada excluding British Columbia	62 %	59 %
Ontario	63 %	57 %
Quebec and Atlantic provinces	62 %	58 %
Total June 30, 2015	62 %	55 %
Total March 31, 2015	62 %	55 %

(1) Geographic location is determined by the address of the originating branch.

(2) HELOC is an abbreviation for Home Equity Lines of Credit, which are lines of credit secured by equity in real estate.

(3) Insured mortgages are protected from potential losses caused by borrower default through the purchase of insurance coverage, either from the Canadian Mortgage and Housing Corporation or other accredited private insurers.

(4) Amortization period is based on the remaining term of the residential mortgages.

(5) All new mortgages and home equity lines of credit were originated by the bank; there were no acquisitions during the period.

(6) Loan-to-value ratios are simple averages, based on property values at the date of mortgage origination.

Potential impact of an economic downturn on residential mortgage loans and home equity lines of credit

The Bank performs stress testing on its Retail portfolio to assess the impact of increased levels of unemployment, rising interest rates, reduction in property values and changes in other relevant macro economic variables. Potential increase in losses in the mortgage portfolio under downturn economic scenarios are considered manageable given the diversified composition of the portfolio, the low loan-to-value in the portfolio and risk mitigation strategies in place.

Glossary

Advanced Internal Ratings Based (AIRB) approach for credit risk - Under this approach, banks use their own internal historical experience of PD, LGD, EAD and other key risk assumptions to calculate credit risk capital requirements.

All-in regulatory capital assumes that all Basel III regulatory adjustments are applied effective January 1, 2013 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022

Bank - Deposit taking institutions, securities firms and certain public sector entities

Commitments (Undrawn) - A credit risk exposure resulting from the unutilized portion of an authorized credit line/committed credit facility

Corporate - Exposures to corporations, partnerships and proprietorships

Drawn - A credit risk exposure resulting from loans advanced to a borrower

Exposure At Default (EAD) - An estimate of the amount of exposure to a customer at the time of default

Home Equity Lines of Credit (HELOC) - Revolving personal lines of credit secured by home equity

Loss Given Default (LGD) - An estimate of the economic loss, expressed as a percentage (0%-100%) of the exposure at default, that the Bank will incur in the event a borrower defaults

OTC Derivatives - Over-the-counter derivatives contracts.

Other Off Balance Sheet Items - Off-balance sheet arrangements other than derivatives and undrawn commitments, such as standby letters of credit and letters of guarantee.

Other Retail - Personal loans not captured in Retail Mortgages, HELOCs and QRR

Probability of Default (PD) - An estimate of the likelihood of a customer defaulting on any credit related obligation within a 1 year time horizon, expressed as a percentage.

Qualifying Revolving Retail (QRR) - Credit cards and unsecured lines of credit extended to individuals

Repo-Style Transactions - Repurchase and reverse repurchase agreements as well as securities borrowing and lending

Retail SME - Retail Small Medium Enterprises eg. small business loans

Sovereign - Exposures to central governments, central banks, multilateral development banks and certain public sector entities

Standardized Approach for credit risk - Under this approach, banks use a standardized set of risk-weights as prescribed by OSFI to calculate credit risk capital requirements. The standardized risk-weights are based on external credit assessments, where available, and other risk-related factors, including exposure asset class, collateral, etc

Transitional regulatory capital assumes that all Basel III regulatory capital adjustments are phased in from January 1, 2014 to January 1, 2018 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022