

**2013**

**HSBC Bank Canada**  
Capital and Risk Management  
Pillar 3 Supplemental Disclosures  
as at March 31, 2013



## Index & Notes to Users

Index	Page	Index	Page
Regulatory Capital	2- 3	Risk Assessment - AIRB Non-Retail Credit Portfolio	11
Risk-Weighted Assets	4	Exposures Covered by Credit Risk Mitigation	12
Credit Exposure by Counterparty Type	5	AIRB Credit Risk Exposures - Credit Commitments	13
Credit Exposure by Geography	6	Securitization Disclosure	14-15
Residual Contract Maturity Breakdown	7	Securitization Exposures	16-17
Credit Risk Portfolio Exposure at Default	8	Residential Mortgages and Home Equity Lines of Credit	18
Standardized Exposures by Risk Weight Category	9	Glossary	19
Risk Assessment - IRB Retail Credit Portfolio	10		

## Notes to Users

### Capital and Risk Management Pillar 3 Disclosures

The Pillar 3 Supplemental Disclosures are additional summary descriptions and quantitative financial information which supplement those already made in the Annual Report and Accounts 2012 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 in June 2006.

The supervisory objectives of Basel II, which replaces the 1988 Basel Capital Accord, 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. Basel II is structured around three "pillars": pillar 1, minimum capital requirements, pillar 2, supervisory review and pillar 3, market discipline.

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, capital, particular risk exposures, risk assessment processes, and hence the capital adequacy of the institution.

The Office of the Superintendent of Financial Institutions ("OSFI") supervises HSBC Bank Canada (the "Bank") on a consolidated basis. Effective November 1, 2007, OSFI implemented a new regulatory capital management framework, which gives effect to Basel II. 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 2012 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.

Enhanced Basel II Pillar 3 disclosures have been included in this document from the first quarter 2012, as per the implementation requirements of OSFI's letter dated July 13 2011.

Effective November 1, 2012, Canadian banks are subject to the revised capital adequacy requirements as published by the Basel Committee on Banking Supervision (BCBS) and commonly referred to as Basel III. Basel III builds on the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II).

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).

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)

	1Q 2013	
	All-in <sup>1</sup>	Transitional <sup>2</sup>
<b>Common Equity Tier 1 capital: instruments and reserves</b>		
Directly issued qualifying common share capital plus related stock surplus	1,285	1,285
Retained earnings	2,706	2,714
Accumulated other comprehensive income (and other reserves)	118	118
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
Regulatory adjustments applied to Common Equity Tier 1 under Basel III	108	-
<b>Common Equity Tier 1 capital (CET1)</b>	<b>4,001</b>	<b>4,117</b>
<b>Additional Tier 1 capital: instruments</b>		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	-
Directly issued capital instruments subject to phase out from Additional Tier 1	1,031	1,031
Additional Tier 1 instruments (and CET1 instruments not otherwise included) issued by subsidiaries and held by third parties (amount allowed in group AT1)	1	1
<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	-
<b>Additional Tier 1 capital: regulatory adjustments</b>		
Regulatory adjustments applied to Additional Tier 1 under Basel III	-	(2)
<b>Additional Tier 1 capital (AT1)</b>	<b>1,032</b>	<b>1,030</b>
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>5,032</b>	<b>5,146</b>
<b>Tier 2 capital: instruments and provisions</b>		
Directly issued qualifying Tier 2 instruments plus related stock surplus	0	0
Directly issued capital instruments subject to phase out from Tier 2	687	687
Tier 2 instruments (and CET1 and AT1 instruments not otherwise included) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-
<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	-
Provisions	16	16
<b>Tier 2 capital: regulatory adjustments</b>		
Regulatory adjustments applied to Tier 2 under Basel III	-	(5)
<b>Tier 2 capital (T2)</b>	<b>703</b>	<b>698</b>
<b>Total capital (TC = T1 + T2)</b>	<b>5,735</b>	<b>5,844</b>
<b>Total risk weighted assets</b>	<b>36,171</b>	<b>37,432</b>
<b>Capital instruments subject to phase-out arrangements</b> <i>(only applicable between 1 Jan 2013 and 1 Jan 2022)</i>		
Current cap on CET1 instruments subject to phase out arrangements	-	-
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-
Current cap on AT1 instruments subject to phase out arrangements	90%	90%
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	115	115
Current cap on T2 instruments subject to phase out arrangements	90%	90%
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	76	76
<b>Capital Ratios</b>		
<b>Common Equity Tier 1 ratio</b>	11.1%	11.0%
<b>Tier 1 ratio</b>	13.9%	13.8%
<b>Total capital ratio</b>	15.9%	15.6%
<b>OSFI Target All-in Basis</b>		
<b>Common Equity Tier 1 minimum ratio</b>	7.0%	
<b>Asset to Capital Multiple</b>	14.1	

(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.

## Basel II Regulatory Capital <sup>1 2</sup>

(\$ millions except as noted)

Qualifying Regulatory Capital	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
	2012	2012	2012	2012	2011	2011	2011	2011
Common shares	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225
Retained earnings	2,680	2,601	2,545	2,455	2,363	2,306	2,241	2,133
Non-cumulative preferred shares	946	946	946	946	946	946	946	946
Non-controlling interests in trust and subsidiary	230	230	230	230	230	230	230	230
Securitization-related deductions and other	(5)	(5)	(10)	(9)	(9)	(9)	(12)	(11)
Goodwill	(23)	(23)	(23)	(23)	(23)	(26)	(26)	(26)
<b>Total Tier 1 capital</b>	<b>5,053</b>	<b>4,974</b>	<b>4,913</b>	<b>4,823</b>	<b>4,731</b>	<b>4,672</b>	<b>4,605</b>	<b>4,497</b>
Subordinated debentures	760	759	757	751	752	753	742	735
Other	64	100	79	95	155	157	178	186
<b>Total Tier 2 capital</b>	<b>823</b>	<b>859</b>	<b>836</b>	<b>846</b>	<b>906</b>	<b>910</b>	<b>920</b>	<b>920</b>
<b>Total capital available for regulatory purposes</b>	<b>5,876</b>	<b>5,833</b>	<b>5,749</b>	<b>5,669</b>	<b>5,637</b>	<b>5,582</b>	<b>5,524</b>	<b>5,418</b>

  

Capital Ratios <sup>3</sup>	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
	2012	2012	2012	2012	2011	2011	2011	2011
Tier 1 capital ratio	13.78%	13.51%	13.79%	13.23%	13.39%	13.43%	13.30%	13.41%
Total capital ratio	16.03%	15.84%	16.13%	15.55%	15.96%	16.05%	15.95%	16.16%
Assets to capital multiple	13.08	13.60	13.33	13.20	13.13	13.48	13.76	13.51

(1) Effective Q1 2013, this schedule has been replaced with page 2, which is computed under Basel III requirements.

(2) As per the Basel II Capital Adequacy Requirement guidelines issued by OSFI.

(3) OSFI's target capital ratios under Basel II for well capitalized Canadian banks are 7% for Tier 1 Capital and 10% for Total Capital.

**Risk-Weighted Assets<sup>1</sup>**

(\$ millions except as noted)

Risk-Weighted Assets (RWA)	March 31, 2013				December 31, 2012				September 30, 2012				June 30, 2012					
	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		
(\$ millions except as noted)																		
Corporate	45,757		21,049	21,049	44,898		20,285	20,285	46,041		20,340	20,340	44,599		20,087	20,087	20,087	20,087
Sovereign	20,843		514	514	20,191		446	446	22,159		474	474	20,530		450	450	450	450
Bank	9,614	3	872	875	9,332	2	642	643	9,438	8	680	688	7,720	6	581	581	581	581
Residential Mortgages	18,106	256	1,721	1,977	18,378	282	1,741	2,023	18,707	314	1,728	2,042	18,939	349	1,753	2,103	2,103	2,103
HELOC's	5,386		755	755	5,543		781	781	5,650		786	786	5,782		808	808	808	808
Other Retail (excluding QRR and SME)	5,343	1,927	764	2,691	5,631	2,130	777	2,906	5,940	2,302	825	3,126	6,154	2,376	904	3,280	3,280	3,280
Qualifying Revolving Retail	1,109		355	355	1,127		364	364	1,141		369	369	1,140		367	367	367	367
Retail SME	732		417	417	746		409	409	827		460	460	755		414	414	414	414
<b>Exposures subject to standardized or IRB approaches</b>	<b>106,891</b>	<b>2,186</b>	<b>26,447</b>	<b>28,633</b>	<b>105,845</b>	<b>2,413</b>	<b>25,443</b>	<b>27,856</b>	<b>109,904</b>	<b>2,623</b>	<b>25,663</b>	<b>28,286</b>	<b>105,618</b>	<b>2,731</b>	<b>25,364</b>	<b>28,095</b>	<b>28,095</b>	<b>28,095</b>
Equity (3)	76		76	76	73		73	73	56		56	56	234		234	234	234	234
Securitization (4)	5	63		63	9	32		32	10	34		34	19	67		67	67	67
Other assets not included in standardized or IRB approaches	2,122			985	1,004			853	997			813	994			787	787	787
Adjustment to IRB risk-weighted assets for scaling factor				1,591				1,531				1,543				1,536	1,536	1,536
<b>Total Credit Risk</b>	<b>109,094</b>			<b>31,349</b>	<b>106,932</b>			<b>30,346</b>	<b>110,967</b>			<b>30,732</b>	<b>106,866</b>			<b>30,719</b>	<b>30,719</b>	<b>30,719</b>
Market Risk (5)																		
Operational Risk - Standardized Approach				4,183				4,154				4,186				4,216	4,216	4,216
<b>Total Risk-Weighted Assets</b>				<b>35,531</b>				<b>34,500</b>				<b>34,919</b>				<b>34,935</b>	<b>34,935</b>	<b>34,935</b>
Adjustment for Regulatory Floor (6)				640				2,168				1,899				702	702	702
<b>Total Transitional Risk-Weighted Assets</b>				<b>36,171</b>				<b>36,668</b>				<b>36,818</b>				<b>35,637</b>	<b>35,637</b>	<b>35,637</b>

Risk-Weighted Assets (RWA)	March 31, 2012				December 31, 2011				September 30, 2011				June 30, 2011					
	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		
(\$ millions except as noted)																		
Corporate	42,796		19,932	19,932	40,128		19,408	19,408	40,737		18,740	18,740	42,334		18,466	18,466	18,466	18,466
Sovereign	20,139		492	492	19,290		433	433	20,252		455	455	19,488		383	383	383	383
Bank	8,187	5	666	671	10,289		681	681	11,400		728	728	11,481		572	572	572	572
Residential Mortgages	19,019	385	1,728	2,113	18,859	394	1,702	2,096	18,685	407	1,665	2,071	18,494	419	1,625	2,043	2,043	2,043
HELOC's	5,955		832	832	6,032		848	848	6,117		852	852	6,195		869	869	869	869
Other Retail (excluding QRR and SME)	6,310	2,475	856	3,332	6,321	2,503	865	3,368	6,340	2,489	896	3,385	6,232	2,402	928	3,330	3,330	3,330
Qualifying Revolving Retail	1,154		326	326	1,158		326	326	1,167		328	328	1,163		317	317	317	317
Retail SME	805		370	370	815		356	356	853		378	378	875		394	394	394	394
<b>Exposures subject to standardized or IRB approaches</b>	<b>104,365</b>	<b>2,864</b>	<b>25,203</b>	<b>28,067</b>	<b>102,893</b>	<b>2,898</b>	<b>24,620</b>	<b>27,517</b>	<b>105,552</b>	<b>2,896</b>	<b>24,041</b>	<b>26,936</b>	<b>106,262</b>	<b>2,821</b>	<b>23,553</b>	<b>26,374</b>	<b>26,374</b>	<b>26,374</b>
Equity (3)	207		207	207	191		191	191	161		161	161	265		265	265	265	265
Securitization (4)	19	66		66	19	66		66	18	65		65	23	81		81	81	81
Other assets not included in standardized or IRB approaches	1,139			873	944			760	1,045			856	1,253			1,011	1,011	1,011
Adjustment to IRB risk-weighted assets for scaling factor				1,525				1,489				1,452				1,429	1,429	1,429
<b>Total Credit Risk</b>	<b>105,730</b>			<b>30,738</b>	<b>104,046</b>			<b>30,023</b>	<b>106,777</b>			<b>29,470</b>	<b>107,803</b>			<b>29,161</b>	<b>29,161</b>	<b>29,161</b>
Market Risk (5)																		
Operational Risk - Standardized Approach				4,207				4,212				4,222				4,173	4,173	4,173
<b>Total Risk-Weighted Assets</b>				<b>34,945</b>				<b>34,236</b>				<b>33,692</b>				<b>33,333</b>	<b>33,333</b>	<b>33,333</b>
Adjustment for Regulatory Floor (6)				1,515				1,086				1,094				1,300	1,300	1,300
<b>Total Transitional Risk-Weighted Assets</b>				<b>36,460</b>				<b>35,322</b>				<b>34,786</b>				<b>34,633</b>	<b>34,633</b>	<b>34,633</b>

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

Prior to Q1 2013, amounts were calculated in accordance with the Basel II regulatory framework.

(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 II counterparty category to which the exposures relate.

(5) 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.

(6) 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
	<b>March 31, 2013</b>						<b>December 31, 2012</b>					
Corporate	26,693	10,720	4,912	1,064	2,369	45,757	26,330	11,124	4,097	1,070	2,277	44,898
Sovereign	20,663	33	58	89		20,843	20,083	29		79		20,191
Bank	3,463		3,313	2,363	475	9,614	3,598		3,259	2,127	348	9,332
<b>Total Corporate, Sovereign and Bank</b>	<b>50,819</b>	<b>10,753</b>	<b>8,282</b>	<b>3,516</b>	<b>2,845</b>	<b>76,214</b>	<b>50,011</b>	<b>11,153</b>	<b>7,356</b>	<b>3,276</b>	<b>2,625</b>	<b>74,420</b>
Residential Mortgages	18,106					18,106	18,377	1				18,378
HELOC's	2,479	2,907				5,386	2,598	2,945				5,543
Other Retail (excluding QRR and SME)	3,491	1,847			5	5,343	3,651	1,974			6	5,631
Qualifying Revolving Retail	338	771				1,109	350	776				1,127
Retail SME	409	259			64	732	421	263			61	746
<b>Total Retail</b>	<b>24,823</b>	<b>5,784</b>			<b>70</b>	<b>30,676</b>	<b>25,398</b>	<b>5,960</b>			<b>67</b>	<b>31,425</b>
<b>Total Gross Credit Exposure</b>	<b>75,642</b>	<b>16,537</b>	<b>8,282</b>	<b>3,516</b>	<b>2,914</b>	<b>106,891</b>	<b>75,409</b>	<b>17,113</b>	<b>7,356</b>	<b>3,276</b>	<b>2,692</b>	<b>105,845</b>
	<b>September 30, 2012</b>						<b>June 30, 2012</b>					
Corporate	27,147	10,759	4,878	1,096	2,162	46,041	26,562	10,577	3,906	1,197	2,357	44,599
Sovereign	22,062	29		68		22,159	20,423	21		85		20,530
Bank	3,703		3,106	2,281	349	9,438	2,829	47	2,360	2,330	154	7,720
<b>Total Corporate, Sovereign and Bank</b>	<b>52,912</b>	<b>10,788</b>	<b>7,984</b>	<b>3,444</b>	<b>2,511</b>	<b>77,639</b>	<b>49,814</b>	<b>10,646</b>	<b>6,266</b>	<b>3,612</b>	<b>2,511</b>	<b>72,849</b>
Residential Mortgages	18,707					18,707	18,936	3				18,939
HELOC's	2,656	2,994				5,650	2,716	3,066				5,782
Other Retail (excluding QRR and SME)	3,806	2,126			8	5,940	3,958	2,177			19	6,154
Qualifying Revolving Retail	354	786				1,141	353	787				1,140
Retail SME	447	319			61	827	440	273			42	755
<b>Total Retail</b>	<b>25,970</b>	<b>6,227</b>			<b>69</b>	<b>32,266</b>	<b>26,403</b>	<b>6,305</b>			<b>61</b>	<b>32,770</b>
<b>Total Gross Credit Exposure</b>	<b>78,882</b>	<b>17,015</b>	<b>7,984</b>	<b>3,444</b>	<b>2,580</b>	<b>109,904</b>	<b>76,218</b>	<b>16,951</b>	<b>6,266</b>	<b>3,612</b>	<b>2,572</b>	<b>105,618</b>
	<b>March 31, 2012</b>						<b>December 31, 2011</b>					
Corporate	26,420	10,361	2,210	991	2,814	42,796	24,762	10,179	1,402	1,017	2,769	40,128
Sovereign	20,073	25		41		20,139	19,235	25		30		19,290
Bank	3,690	795	1,323	2,178	200	8,187	3,395	785	3,656	2,295	158	10,289
<b>Total Corporate, Sovereign and Bank</b>	<b>50,183</b>	<b>11,182</b>	<b>3,533</b>	<b>3,209</b>	<b>3,015</b>	<b>71,122</b>	<b>47,392</b>	<b>10,990</b>	<b>5,058</b>	<b>3,342</b>	<b>2,927</b>	<b>69,708</b>
Residential Mortgages	19,013	5				19,019	18,853	7				18,859
HELOC's	2,832	3,123				5,955	2,889	3,143				6,032
Other Retail (excluding QRR and SME)	4,033	2,270			7	6,310	4,052	2,262			8	6,321
Qualifying Revolving Retail	359	795				1,154	367	791				1,158
Retail SME	455	315			36	805	507	270			37	815
<b>Total Retail</b>	<b>26,693</b>	<b>6,508</b>			<b>43</b>	<b>33,243</b>	<b>26,668</b>	<b>6,473</b>			<b>44</b>	<b>33,185</b>
<b>Total Gross Credit Exposure</b>	<b>76,875</b>	<b>17,690</b>	<b>3,533</b>	<b>3,209</b>	<b>3,058</b>	<b>104,365</b>	<b>74,060</b>	<b>17,462</b>	<b>5,058</b>	<b>3,342</b>	<b>2,971</b>	<b>102,893</b>
	<b>September 30, 2011</b>						<b>June 30, 2011</b>					
Corporate	23,242	9,902	2,068	1,469	4,056	40,737	23,232	9,749	4,680	806	3,868	42,334
Sovereign	20,212	15		24		20,252	19,441	16		32		19,488
Bank	3,367	786	4,735	2,385	127	11,400	2,823	795	6,052	1,780	31	11,481
<b>Total Corporate, Sovereign and Bank</b>	<b>46,822</b>	<b>10,703</b>	<b>6,803</b>	<b>3,878</b>	<b>4,182</b>	<b>72,388</b>	<b>45,496</b>	<b>10,560</b>	<b>10,732</b>	<b>2,617</b>	<b>3,899</b>	<b>73,304</b>
Residential Mortgages	18,680	6				18,685	18,486	8				18,494
HELOC's	2,989	3,129				6,117	3,050	3,145				6,195
Other Retail (excluding QRR and SME)	4,008	2,324			8	6,340	3,986	2,238			8	6,232
Qualifying Revolving Retail	375	792				1,167	371	792				1,163
Retail SME	505	310			39	853	529	311			35	875
<b>Total Retail</b>	<b>26,557</b>	<b>6,560</b>			<b>47</b>	<b>33,164</b>	<b>26,423</b>	<b>6,494</b>			<b>42</b>	<b>32,959</b>
<b>Total Gross Credit Exposure</b>	<b>73,379</b>	<b>17,263</b>	<b>6,803</b>	<b>3,878</b>	<b>4,229</b>	<b>105,552</b>	<b>71,919</b>	<b>17,053</b>	<b>10,732</b>	<b>2,617</b>	<b>3,942</b>	<b>106,262</b>

## Credit Exposure by Geography

(\$ millions except as noted)

	March 31, 2013						December 31, 2012					
	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	20,598	4,863	140	60	600	26,261	20,519	4,938	51	55	578	26,141
Western Canada, excluding British Columbia	10,457	4,652		411	573	16,093	10,237	4,784		359	588	15,968
Ontario	37,617	4,965	8,142	2,814	1,139	54,677	37,373	5,225	7,305	2,624	1,007	53,533
Quebec & Atlantic provinces	6,970	2,056		232	602	9,860	7,280	2,166		238	519	10,203
<b>Total Gross Credit Exposure</b>	<b>75,642</b>	<b>16,537</b>	<b>8,282</b>	<b>3,516</b>	<b>2,914</b>	<b>106,891</b>	<b>75,409</b>	<b>17,113</b>	<b>7,356</b>	<b>3,276</b>	<b>2,692</b>	<b>105,845</b>

	September 30, 2012						June 30, 2012					
	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	21,187	4,985	53	61	605	26,891	21,421	5,105	120	68	622	27,336
Western Canada, excluding British Columbia	10,655	4,533		349	574	16,112	10,419	4,456		408	530	15,813
Ontario	39,529	5,360	7,931	2,827	757	56,405	37,089	5,175	6,146	2,882	782	52,074
Quebec & Atlantic provinces	7,511	2,136		207	643	10,497	7,289	2,215		254	637	10,395
<b>Total Gross Credit Exposure</b>	<b>78,882</b>	<b>17,015</b>	<b>7,984</b>	<b>3,444</b>	<b>2,580</b>	<b>109,904</b>	<b>76,218</b>	<b>16,951</b>	<b>6,266</b>	<b>3,612</b>	<b>2,572</b>	<b>105,618</b>

	March 31, 2012						December 31, 2011					
	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	21,697	5,801		57	660	28,215	21,714	5,933		72	701	28,420
Western Canada, excluding British Columbia	10,609	4,483		307	749	16,148	10,607	4,324		274	756	15,961
Ontario	37,584	5,197	3,533	2,645	918	49,878	35,137	5,071	5,058	2,783	915	48,965
Quebec & Atlantic provinces	6,985	2,208		200	730	10,124	6,602	2,133		212	599	9,547
<b>Total Gross Credit Exposure</b>	<b>76,875</b>	<b>17,690</b>	<b>3,533</b>	<b>3,209</b>	<b>3,058</b>	<b>104,365</b>	<b>74,060</b>	<b>17,462</b>	<b>5,058</b>	<b>3,342</b>	<b>2,971</b>	<b>102,893</b>

	September 30, 2011						June 30, 2011					
	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	21,347	5,868		108	1,060	28,383	21,739	5,709		58	999	28,504
Western Canada, excluding British Columbia	10,087	4,435		349	1,016	15,887	9,607	4,560		236	1,022	15,425
Ontario	35,417	4,952	6,803	2,976	1,434	51,582	33,863	4,861	10,732	2,125	1,318	52,898
Quebec & Atlantic provinces	6,529	2,009		445	718	9,700	6,710	1,924		197	603	9,435
<b>Total Gross Credit Exposure</b>	<b>73,379</b>	<b>17,263</b>	<b>6,803</b>	<b>3,878</b>	<b>4,229</b>	<b>105,552</b>	<b>71,919</b>	<b>17,053</b>	<b>10,732</b>	<b>2,617</b>	<b>3,942</b>	<b>106,262</b>

## Residual Contract Maturity Breakdown

(\$ millions except as noted)

	March 31, 2013						December 31, 2012					
	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	31,323	12,811	8,282	1,160	2,372	55,948	31,961	15,399	6,994	1,133	2,524	58,011
1-5 years	35,991	3,363		1,508	535	41,397	36,378	1,521		1,438	167	39,505
Greater than 5 years	8,328	363		848	7	9,546	7,070	192	362	704	1	8,329
<b>Total Gross Credit Exposure</b>	<b>75,642</b>	<b>16,537</b>	<b>8,282</b>	<b>3,516</b>	<b>2,914</b>	<b>106,891</b>	<b>75,409</b>	<b>17,113</b>	<b>7,356</b>	<b>3,276</b>	<b>2,692</b>	<b>105,845</b>

	September 30, 2012						June 30, 2012					
	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	37,496	15,413	7,984	1,241	2,258	64,392	33,544	15,297	6,266	1,250	2,413	58,771
1-5 years	37,125	1,413		1,422	321	40,281	39,091	1,459		1,584	158	42,293
Greater than 5 years	4,261	189		782	0	5,232	3,582	195		777	0	4,554
<b>Total Gross Credit Exposure</b>	<b>78,882</b>	<b>17,015</b>	<b>7,984</b>	<b>3,444</b>	<b>2,580</b>	<b>109,904</b>	<b>76,218</b>	<b>16,951</b>	<b>6,266</b>	<b>3,612</b>	<b>2,572</b>	<b>105,618</b>

	March 31, 2012						December 31, 2011					
	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	33,912	16,148	3,241	1,159	2,873	57,334	34,158	15,931	4,449	1,160	2,801	58,499
1-5 years	38,913	1,297	292	1,420	185	42,105	36,424	1,280	610	1,477	170	39,961
Greater than 5 years	4,051	245		630	0	4,926	3,477	251		704	0	4,432
<b>Total Gross Credit Exposure</b>	<b>76,875</b>	<b>17,690</b>	<b>3,533</b>	<b>3,209</b>	<b>3,058</b>	<b>104,365</b>	<b>74,060</b>	<b>17,462</b>	<b>5,058</b>	<b>3,342</b>	<b>2,971</b>	<b>102,893</b>

	September 30, 2011						June 30, 2011					
	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	32,386	16,777	5,004	1,588	4,081	59,836	33,629	15,805	8,953	1,070	3,775	63,232
1-5 years	37,038	375	1,799	1,613	148	40,973	34,686	1,139	1,779	1,194	166	38,963
Greater than 5 years	3,954	111		676	0	4,742	3,603	110		354	1	4,068
<b>Total Gross Credit Exposure</b>	<b>73,379</b>	<b>17,263</b>	<b>6,803</b>	<b>3,878</b>	<b>4,229</b>	<b>105,552</b>	<b>71,919</b>	<b>17,053</b>	<b>10,732</b>	<b>2,617</b>	<b>3,942</b>	<b>106,262</b>



## Credit Risk Portfolio Exposure at Default

(\$ millions except as noted)

	March 31, 2013				December 31, 2012				September 30, 2012				June 30, 2012			
	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			26,693	10,720			26,330	11,124			27,147	10,759			26,562	10,577
Sovereign			20,663	33			20,083	29			22,062	29			20,423	21
Bank	16		3,447		8		3,591		39		3,664		30		2,799	47
<b>Total Corporate, Sovereign and Bank</b>	<b>16</b>		<b>50,803</b>	<b>10,753</b>	<b>8</b>		<b>50,003</b>	<b>11,153</b>	<b>39</b>		<b>52,873</b>	<b>10,788</b>	<b>30</b>		<b>49,784</b>	<b>10,646</b>
Residential Mortgages	481		17,625		528		17,849	1	586		18,122		657		18,279	3
HELOC's			2,479	2,907			2,598	2,945			2,656	2,994			2,716	3,066
Other Retail (excluding QRR and SME)	1,284	1,244	2,207	603	1,445	1,358	2,206	615	1,535	1,496	2,271	630	1,615	1,518	2,343	659
Qualifying Revolving Retail			338	771			350	776			354	786			353	787
Retail SME			409	259			421	263			447	319			440	273
<b>Total Retail</b>	<b>1,765</b>	<b>1,244</b>	<b>23,058</b>	<b>4,540</b>	<b>1,973</b>	<b>1,358</b>	<b>23,425</b>	<b>4,601</b>	<b>2,120</b>	<b>1,496</b>	<b>23,850</b>	<b>4,731</b>	<b>2,272</b>	<b>1,518</b>	<b>24,132</b>	<b>4,787</b>
<b>Total Gross Credit Exposure</b>	<b>1,781</b>	<b>1,244</b>	<b>73,861</b>	<b>15,293</b>	<b>1,981</b>	<b>1,358</b>	<b>73,428</b>	<b>15,754</b>	<b>2,160</b>	<b>1,496</b>	<b>76,723</b>	<b>15,519</b>	<b>2,302</b>	<b>1,518</b>	<b>73,916</b>	<b>15,433</b>

	March 31, 2012				December 31, 2011				September 30, 2011				June 30, 2011			
	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			26,420	10,361			24,762	10,179			23,242	9,902			23,232	9,749
Sovereign			20,073	25			19,235	25			20,212	15			19,441	16
Bank	23		3,668	795			3,395	785			3,367	786	1		2,823	795
<b>Total Corporate, Sovereign and Bank</b>	<b>23</b>		<b>50,160</b>	<b>11,182</b>			<b>47,392</b>	<b>10,990</b>			<b>46,822</b>	<b>10,703</b>	<b>1</b>		<b>45,495</b>	<b>10,560</b>
Residential Mortgages	725	4	18,289	2	749	4	18,103	3	773	3	17,907	3	805	3	17,681	5
HELOC's			2,832	3,123			2,889	3,143			2,989	3,129			3,050	3,145
Other Retail (excluding QRR and SME)	1,670	1,595	2,362	676	1,723	1,580	2,329	682	1,673	1,610	2,336	714	1,632	1,537	2,354	701
Qualifying Revolving Retail			359	795			367	791			375	792			371	792
Retail SME			455	315			507	270			505	310			529	311
<b>Total Retail</b>	<b>2,395</b>	<b>1,598</b>	<b>24,298</b>	<b>4,909</b>	<b>2,472</b>	<b>1,583</b>	<b>24,196</b>	<b>4,889</b>	<b>2,446</b>	<b>1,613</b>	<b>24,111</b>	<b>4,948</b>	<b>2,437</b>	<b>1,540</b>	<b>23,985</b>	<b>4,954</b>
<b>Total Gross Credit Exposure</b>	<b>2,418</b>	<b>1,598</b>	<b>74,458</b>	<b>16,091</b>	<b>2,472</b>	<b>1,583</b>	<b>71,588</b>	<b>15,879</b>	<b>2,446</b>	<b>1,613</b>	<b>70,933</b>	<b>15,650</b>	<b>2,438</b>	<b>1,540</b>	<b>69,481</b>	<b>15,513</b>

## Standardized Exposures by Risk Weight Category

(\$ millions except as noted)

	March 31, 2013								December 31, 2012							
	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		16						16		8						8
Total Corporate, Sovereign and Bank		16						16		8						8
Residential Mortgages Heloc's			276		184	21		481			301		201	26		528
Other Retail Retail SME					2,487		41	2,528					2,768		36	2,804
Total Retail			276		2,670	21	41	3,009			301		2,968	26	36	3,332
<b>Total Exposure at Default</b>		16	276		2,670	21	41	3,025		8	301		2,968	26	36	3,340

	September 30, 2012								June 30, 2012							
	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		39						39		30						30
Total Corporate, Sovereign and Bank		39						39		30						30
Residential Mortgages Heloc's			333		221	32		586			378		249	31		657
Other Retail Retail SME					2,992		38	3,031					3,098		35	3,133
Total Retail			333		3,214	32	38	3,616			378		3,347	31	35	3,790
<b>Total Exposure at Default</b>		39	333		3,214	32	38	3,656		30	378		3,347	31	35	3,820

	March 31, 2012								December 31, 2011							
	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		23						23								
Total Corporate, Sovereign and Bank		23						23								
Residential Mortgages Heloc's			422		277	29		728			445		278	30		753
Other Retail Retail SME					3,230		35	3,265					3,267		36	3,302
Total Retail			422		3,507	29	35	3,993			445		3,545	30	36	4,055
<b>Total Exposure at Default</b>		23	422		3,507	29	35	4,016			445		3,545	30	36	4,055

	September 30, 2011								June 30, 2011							
	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										1						1
Total Corporate, Sovereign and Bank										1						1
Residential Mortgages Heloc's			460		279	36		776			489		289	31		809
Other Retail Retail SME					3,247		36	3,283					3,134		34	3,168
Total Retail			460		3,526	36	36	4,058			489		3,423	31	34	3,977
<b>Total Exposure at Default</b>			460		3,526	36	36	4,058		1	489		3,423	31	34	3,978

## Risk Assessment - IRB Retail Credit Portfolio

(\$ millions except as noted)

	March 31, 2013						December 31, 2012					
	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	17,280	5,275	2,717	770	334	26,375	17,506	5,430	2,700	780	539	26,956
Medium	255	87	85	329	384	1,140	249	91	116	335	193	985
Sub-Standard			5	6	5	16			3	7	2	12
Impaired/Default	90	24	8	4	10	136	95	22	8	4	11	140
<b>Total Exposure at Default</b>	<b>17,625</b>	<b>5,386</b>	<b>2,815</b>	<b>1,109</b>	<b>732</b>	<b>27,667</b>	<b>17,850</b>	<b>5,543</b>	<b>2,827</b>	<b>1,127</b>	<b>746</b>	<b>28,093</b>

	September 30, 2012						June 30, 2012					
	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	17,750	5,526	2,783	787	594	27,440	17,904	5,652	2,876	791	563	27,786
Medium	286	103	112	342	209	1,053	274	106	128	339	177	1,024
Sub-Standard			3	7	12	22			3	6	2	11
Impaired/Default	86	21	11	4	12	135	104	23	14	4	12	158
<b>Total Exposure at Default</b>	<b>18,122</b>	<b>5,650</b>	<b>2,910</b>	<b>1,141</b>	<b>827</b>	<b>28,650</b>	<b>18,282</b>	<b>5,782</b>	<b>3,021</b>	<b>1,140</b>	<b>755</b>	<b>28,980</b>

	March 31, 2012						December 31, 2011					
	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	17,914	5,819	2,889	797	603	28,022	17,720	5,887	2,865	802	614	27,888
Medium	258	111	142	346	187	1,043	275	122	137	344	187	1,065
Sub-Standard			2	7	1	10			2	8	2	12
Impaired/Default	119	25	13	4	14	175	112	23	14	4	12	165
<b>Total Exposure at Default</b>	<b>18,290</b>	<b>5,955</b>	<b>3,045</b>	<b>1,154</b>	<b>805</b>	<b>29,250</b>	<b>18,106</b>	<b>6,032</b>	<b>3,019</b>	<b>1,158</b>	<b>815</b>	<b>29,130</b>

	September 30, 2011						June 30, 2011					
	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	17,534	5,999	2,912	807	642	27,894	17,269	6,061	2,910	809	660	27,709
Medium	258	94	125	350	195	1,022	305	108	130	343	198	1,085
Sub-Standard			2	7	2	10			2	6	1	10
Impaired/Default	118	25	19	4	14	180	112	26	21	4	15	178
<b>Total Exposure at Default</b>	<b>17,910</b>	<b>6,117</b>	<b>3,058</b>	<b>1,167</b>	<b>853</b>	<b>29,106</b>	<b>17,686</b>	<b>6,195</b>	<b>3,063</b>	<b>1,163</b>	<b>875</b>	<b>28,981</b>



## Exposures Covered By Credit Risk Mitigation

(\$ millions except as noted)

Counterparty Type	March 31, 2013			December 31, 2012			September 30, 2012			June 30, 2012		
	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 Sovereign Bank			966			1,359			1,264			1,238
Total Corporate, Sovereign and Bank			966			1,359			1,264			1,238
Residential Mortgages HELOC's Other Retail (excluding QRR and SME) Qualifying Revolving Retail Retail SME			4,772			5,152			5,897			6,657
Total Retail			4,772			5,152			5,897			6,657
<b>Total</b>			<b>5,738</b>			<b>6,512</b>			<b>7,162</b>			<b>7,895</b>

Counterparty Type	March 31, 2012			December 31, 2011			September 30, 2011			June 30, 2011		
	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 Sovereign Bank			1,131			1,100			1,259			1,234
Total Corporate, Sovereign and Bank			1,131			1,100			1,259			1,234
Residential Mortgages HELOC's Other Retail (excluding QRR and SME) Qualifying Revolving Retail Retail SME			7,139			7,673			7,675			7,934
Total Retail			7,139			7,673			7,675			7,934
<b>Total</b>			<b>8,270</b>			<b>8,773</b>			<b>8,934</b>			<b>9,168</b>

## AIRB Credit Risk Exposures - Credit Commitments

(\$ millions except as noted)

Counterparty Type	March 31, 2013		December 31, 2012		September 30, 2012		June 30, 2012	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	26,699	10,720	26,874	11,124	26,429	10,759	25,797	10,577
Sovereign	82	33	71	29	71	29	52	21
Bank	402		450		2,284		116	47
<b>Total Corporate, Sovereign and Bank</b>	<b>27,183</b>	<b>10,753</b>	<b>27,395</b>	<b>11,153</b>	<b>28,784</b>	<b>10,788</b>	<b>25,965</b>	<b>10,646</b>
Residential Mortgages	20		23	1	23		30	3
HELOC's	3,288	2,907	3,310	2,945	3,299	2,994	3,363	3,066
Other Retail (excluding QRR and SME)	802	603	1,208	615	1,146	630	1,274	659
Qualifying Revolving Retail	1,011	771	1,015	776	1,020	786	1,020	787
Retail SME	299	259	627	263	459	319	562	273
<b>Total Retail</b>	<b>5,420</b>	<b>4,540</b>	<b>6,183</b>	<b>4,601</b>	<b>5,948</b>	<b>4,731</b>	<b>6,250</b>	<b>4,787</b>
<b>Total</b>	<b>32,603</b>	<b>15,293</b>	<b>33,578</b>	<b>15,754</b>	<b>34,732</b>	<b>15,519</b>	<b>32,214</b>	<b>15,433</b>

Counterparty Type	March 31, 2012		December 31, 2011		September 30, 2011		June 30, 2011	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	25,271	10,361	24,828	10,179	24,150	9,902	23,778	9,749
Sovereign	61	25	61	25	36	15	38	16
Bank	1,940	795	1,915	785	1,917	786	1,940	795
<b>Total Corporate, Sovereign and Bank</b>	<b>27,273</b>	<b>11,182</b>	<b>26,804</b>	<b>10,990</b>	<b>26,104</b>	<b>10,703</b>	<b>25,755</b>	<b>10,560</b>
Residential Mortgages	27	2	33	3	94	3	35	5
HELOC's	3,385	3,123	3,397	3,143	3,336	3,129	3,312	3,145
Other Retail (excluding QRR and SME)	1,293	676	1,458	682	1,481	714	1,521	701
Qualifying Revolving Retail	1,024	795	1,017	791	1,013	792	1,014	792
Retail SME	487	315	1,545	270	646	310	505	311
<b>Total Retail</b>	<b>6,216</b>	<b>4,909</b>	<b>7,451</b>	<b>4,889</b>	<b>6,570</b>	<b>4,948</b>	<b>6,387</b>	<b>4,954</b>
<b>Total</b>	<b>33,489</b>	<b>16,091</b>	<b>34,255</b>	<b>15,879</b>	<b>32,674</b>	<b>15,650</b>	<b>32,143</b>	<b>15,513</b>

## 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 a program-wide credit enhancement facility, swap facilities 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 and program-wide credit enhancement facility outlined above, refer to the note on contingent liabilities, contractual commitments and guarantees, Annual Report and Accounts 2012.

## 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 2012.

### *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 did not change during 2012. Further details may be found in the notes on significant account policies and fair value of financial instruments, Annual Report and Accounts 2012.

### *Securitization activities during 2013*

Activities consisted of structural changes to the sponsored multi-selelr conduit and disposals of investments in third party securitizations.

### *Calculation of risk-weighted assets for securitization exposures*

Securitization exposures are currently treated as on balance sheet and included in the Basel II 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 2012.



## Securitization Exposures

(\$ millions except as noted)

### Securitization exposure - by trading and banking book<sup>1 2</sup>

	At March 31, 2013			At December 31, 2012			At September 30, 2012			At June 30, 2012		
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
<b>As Sponsor<sup>3</sup></b>												
Trade receivables	-	970	970	-	1,007	1,007	-	965	965	-	712	712
<b>As Investor</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>5</b>	<b>9</b>	<b>14</b>	<b>282</b>	<b>10</b>	<b>292</b>	<b>226</b>	<b>19</b>	<b>245</b>
Residential mortgages	-	5	5	-	9	9	-	10	10	-	19	19
Trade receivables	3	-	3	5	-	5	282	-	282	226	-	226
	<b>3</b>	<b>975</b>	<b>978</b>	<b>5</b>	<b>1,016</b>	<b>1,021</b>	<b>282</b>	<b>975</b>	<b>1,257</b>	<b>226</b>	<b>731</b>	<b>957</b>

  

	At 31 March 2012			At 31 December 2011		
	Trading	Banking	Total	Trading	Banking	Total
<b>As Sponsor<sup>3</sup></b>						
Trade receivables	-	695	695	-	721	721
<b>As Investor</b>	<b>46</b>	<b>19</b>	<b>65</b>	<b>20</b>	<b>19</b>	<b>39</b>
Residential mortgages	-	19	19	-	19	19
Trade receivables	46	-	46	20	-	20
	<b>46</b>	<b>714</b>	<b>760</b>	<b>20</b>	<b>740</b>	<b>760</b>

<sup>1</sup> 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.

<sup>2</sup> 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 \$8 million (\$7 million at December 2012)

in respect of derivative contracts with the bank sponsored multi-seller conduit.

<sup>3</sup> 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 March 31
		As sponsor	As investor	
<b>2013</b>				
Aggregate amount of securitization exposures (retained or purchased)	9	-	(4)	5
Residential mortgages	1,012	(37)	(2)	973
Trade receivables	<b>1,021</b>	<b>(37)</b>	<b>(6)</b>	<b>978</b>

### Securitization exposure - asset values and impairment charges

	At March 31, 2013			At December 31, 2012			At September 30, 2012			At June 30, 2012		
	Underlying assets	Securitization exposures	Impairment charge	Underlying assets	Securitization exposures	Impairment charge	Underlying assets	Securitization exposures	Impairment charge	Underlying assets	Securitization exposures	Impairment charge
Total	Impaired & past due	Total		Impaired & past due	Total		Impaired & past due	Total		Impaired & past due		
<b>As Sponsor</b>												
Trade receivables	1,326	-	-	1,328	-	-	1,270	-	-	1,267	-	-
<b>As Investor<sup>1</sup></b>												
Residential mortgages			-			-			-			-
Trade receivables			-			-			-			-
			-			-			-			-

  

	At 31 March 2012			At 31 December 2011		
	Underlying assets	Securitization exposures	Impairment charge	Underlying assets	Securitization exposures	Impairment charge
Total	Impaired & past due	Total		Impaired & past due		
<b>As Sponsor</b>						
Trade receivables	914	-	-	933	-	-
<b>As Investor<sup>1</sup></b>			1			-
Residential mortgages			1			-
Trade receivables			-			-
			<b>1</b>			<b>-</b>

<sup>1</sup> 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

	Exposure value at March 31, 2013			Exposure value at December 31, 2012			Exposure value at September 30, 2012			Exposure value at June 30, 2012		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
<b>Category risk weights</b>												
≤ 10%	-	959	959	-	996	996	-	810	810	-	555	555
> 10% ≤ 20%	3	-	3	5	-	5	282	-	282	226	-	226
> 20% ≤ 50%	-	11	11	-	11	11	-	155	155	-	157	157
> 50% ≤ 100%	-	-	-	-	-	-	-	-	-	-	-	-
> 100% ≤ 650%	-	-	-	-	-	-	-	-	-	-	-	-
> 650% < 1250%	-	-	-	-	-	-	-	-	-	-	-	-
Deductions from capital / 1250%	-	5	5	-	9	9	-	10	10	-	19	19
<b>Total</b>	<b>3</b>	<b>975</b>	<b>978</b>	<b>5</b>	<b>1,016</b>	<b>1,021</b>	<b>282</b>	<b>975</b>	<b>1,257</b>	<b>226</b>	<b>731</b>	<b>957</b>

	Exposure value at March 31, 2012			Exposure value at December 31, 2011		
	Trading book	Banking book	Total	Trading book	Banking book	Total
<b>Category risk weights</b>						
≤ 10%	-	543	543	-	564	564
> 10% ≤ 20%	35	-	35	7	-	7
> 20% ≤ 50%	11	152	163	13	157	170
> 50% ≤ 100%	-	-	-	-	-	-
> 100% ≤ 650%	-	-	-	-	-	-
> 650% < 1250%	-	-	-	-	-	-
Deductions from capital / 1250%	-	19	19	-	19	19
<b>Total</b>	<b>46</b>	<b>714</b>	<b>760</b>	<b>20</b>	<b>740</b>	<b>760</b>

### Capital required by risk weighting

	Capital required at March 31, 2013			Capital required at December 31, 2012			Capital required at September 30, 2012			Capital required at June 30, 2012		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
<b>Category risk weights</b>												
≤ 10%	-	3	3	-	4	4	-	3	3	-	2	2
> 10% ≤ 20%	-	-	-	-	-	-	4	-	4	3	-	3
> 20% ≤ 50%	-	1	1	-	-	-	-	5	5	-	5	5
> 50% ≤ 100%	-	-	-	-	-	-	-	-	-	-	-	-
> 100% ≤ 650%	-	-	-	-	-	-	-	-	-	-	-	-
> 650% < 1250%	-	-	-	-	-	-	-	-	-	-	-	-
Deductions from capital / 1250%	-	5	5	-	9	9	-	10	10	-	19	19
<b>Total</b>	<b>0</b>	<b>9</b>	<b>9</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>4</b>	<b>18</b>	<b>22</b>	<b>3</b>	<b>26</b>	<b>29</b>

	Capital required at March 31, 2012			Capital required at 31 December 2011		
	Trading book	Banking book	Total	Trading book	Banking book	Total
<b>Category risk weights</b>						
≤ 10%	-	2	2	-	2	2
> 10% ≤ 20%	1	-	1	-	-	-
> 20% ≤ 50%	-	5	5	1	5	6
> 50% ≤ 100%	-	-	-	-	-	-
> 100% ≤ 650%	-	-	-	-	-	-
> 650% < 1250%	-	-	-	-	-	-
Deductions from capital / 1250%	-	19	19	-	19	19
<b>Total</b>	<b>1</b>	<b>26</b>	<b>27</b>	<b>1</b>	<b>26</b>	<b>27</b>

## 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 <sup>(1)</sup>	March 31, 2013						
	Residential mortgages					HELOC <sup>(2)</sup>	
	Insured <sup>(3)</sup>		Uninsured		Total	Uninsured	
	Amount	% insured	Amount	% uninsured	Amount	Amount	% uninsured
(\$ millions except as noted)							
British Columbia	2,542	23 %	8,317	77 %	10,859	1,273	100 %
Western Canada excluding British Columbia	486	31 %	1,087	69 %	1,573	288	100 %
Ontario	1,384	27 %	3,750	73 %	5,134	803	100 %
Quebec and Atlantic provinces	360	33 %	721	67 %	1,081	115	100 %
<b>Total Canada</b>	<b>4,772</b>	<b>26 %</b>	<b>13,874</b>	<b>74 %</b>	<b>18,646</b>	<b>2,479</b>	<b>100 %</b>
Other jurisdictions		- %		- %			100 %
<b>Total</b>	<b>4,772</b>	<b>26 %</b>	<b>13,874</b>	<b>74 %</b>	<b>18,646</b>	<b>2,479</b>	<b>100 %</b>

Amortization period <sup>(4)</sup>	March 31, 2013				
	Residential mortgages				
	< 20 years	20-24 years	25-29 years	30-34 years	35 years and greater
Canada	29 %	42 %	23 %	5 %	1 %
Other jurisdictions	- %	- %	- %	- %	- %

Average loan-to-value ratios of new originations <sup>(5)</sup>	For the 3 months ended: March 31, 2013	
	Uninsured %LTV <sup>(6)</sup>	
	Residential mortgages	HELOC <sup>(2)</sup>
British Columbia	57 %	50 %
Western Canada excluding British Columbia	61 %	61 %
Ontario	64 %	58 %
Quebec and Atlantic provinces	62 %	56 %
<b>Total Canada</b>	<b>60 %</b>	<b>55 %</b>
Other jurisdictions	- %	- %
<b>Total</b>	<b>60 %</b>	<b>55 %</b>

(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 Canada Housing and Mortgage Corporation or other accredited private insurers.

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

(5) All new loans 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 in the event

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.

**Bank** - Includes exposures to deposit taking institutions, securities firms and certain public sector entities.

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

**Corporate** - Includes exposures to corporations, partnerships and proprietorships.

**Drawn** - The amount of 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's)** - 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** - Includes over-the-counter derivatives contracts.

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

**Other Retail** - Includes all other personal loans.

**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)** - Includes credit cards and unsecured lines of credit extended to individuals.

**Repo-Style Transactions** - Includes repurchase and reverse repurchase agreements and securities borrowing and lending.

**Retail SME** - Includes small business loans.

**Sovereign** - Includes 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.