

2014

HSBC Bank Canada

**Regulatory Capital and
Risk Management**

**Pillar 3 Supplemental Disclosures
as at September 30, 2014**

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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 2013 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 2013 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		3Q 2014	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 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
2	Retained earnings	3,148	3,079	2,995	2,926	2,903	2,802	2,777
3	Accumulated other comprehensive income (and other reserves)	113	137	149	134	113	101	276
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	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
6	Common Equity Tier 1 capital before regulatory adjustments	4,486	4,441	4,369	4,285	4,241	4,128	4,278
Common Equity Tier 1 capital: regulatory adjustments								
28	Total regulatory adjustments to Common Equity Tier 1	(172)	(205)	(219)	(228)	(201)	(192)	(282)
29	Common Equity Tier 1 capital (CET1)	4,314	4,236	4,150	4,057	4,040	3,935	3,996
Additional Tier 1 capital: instruments								
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	na	na	na	na	na	na	na
31	of which: classified as equity under applicable accounting standards	na	na	na	na	na	na	na
32	of which: classified as liabilities under applicable accounting standards	na	na	na	na	na	na	na
33	Directly issued capital instruments subject to phase out from Additional Tier 1	550	550	800	800	1,031	1,031	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	27	27
36	Additional Tier 1 capital before regulatory adjustments	550	550	800	800	1,058	1,058	1,058
Additional Tier 1 capital: regulatory adjustments								
43	Total regulatory adjustments to Additional Tier 1 capital	na	na	na	na	na	na	na
44	Additional Tier 1 capital (AT1)	550	550	800	800	1,058	1,058	1,058
45	Tier 1 capital (T1 = CET1 + AT1)	4,864	4,786	4,950	4,857	5,098	4,994	5,054
Tier 2 capital: instruments and allowances								
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	na	na	na	na	na	na	na
47	Directly issued capital instruments subject to phase out from Tier 2	608	608	608	668	684	684	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
49	of which: instruments issued by subsidiaries subject to phase out	na	na	na	na	na	na	na
50	Collective allowances	8	8	8	9	10	15	16
51	Tier 2 capital before regulatory adjustments	616	616	616	677	694	699	700
Tier 2 capital: regulatory adjustments								
57	Total regulatory adjustments to Tier 2 capital	na	na	na	na	na	na	na
58	Tier 2 capital (T2)	616	616	616	677	694	699	700
59	Total capital (TC = T1 + T2)	5,480	5,402	5,566	5,534	5,792	5,692	5,754
60	Total risk-weighted assets	na	38,629	38,466	36,862	36,281	36,467	36,114
60a	Common Equity Tier 1 (CET1) Capital RWA²	40,129	na	na	na	na	na	na
60b	Tier 1 Capital RWA²	40,129	na	na	na	na	na	na
60c	Total Capital RWA²	40,129	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) At Q3 2014, CVA risk-weighted assets were calculated using the scalars of 0.57, 0.65 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		3Q 2014	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	10.8%	11.0%	10.8%	11.0%	11.1%	10.8%	11.1%
62	Tier 1 (as percentage of risk-weighted assets)	12.1%	12.4%	12.9%	13.2%	14.1%	13.7%	14.0%
63	Total capital (as percentage of risk-weighted assets)	13.7%	14.0%	14.5%	15.0%	16.0%	15.6%	15.9%
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%
70	Tier 1 capital all-in target ratio	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%		
Current cap on CET1 instruments subject to phase out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)								
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	80%	80%	90%	90%	90%	90%	
81	<i>(excess over cap after redemptions and maturities)</i>	na	na	na	na	na	na	
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	80%	80%	90%	90%	90%	90%	
83	<i>Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	0%	-	-	118	118	118	
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	80%	80%	80%	90%	90%	90%	90%
85	<i>Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	58	60	62	-	71	73	80

		Transitional Basis ²						
Capital		3Q 2014	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
29	Common Equity Tier 1 capital (CET1)	4,396	4,333	4,244	4,186	4,158	4,053	4,117
45	Tier 1 capital (T1 = CET1 + AT1)	4,921	4,858	5,022	4,955	5,193	5,088	5,146
59	Total capital (TC = T1 + T2)	5,532	5,469	5,636	5,624	5,887	5,786	5,841
60	Total risk-weighted assets	40,757	39,445	39,284	37,919	37,354	37,555	37,104
Capital ratios								
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	10.8%	11.0%	10.8%	11.0%	11.1%	10.8%	11.1%
62	Tier 1 (as percentage of risk-weighted assets)	12.1%	12.3%	12.8%	13.1%	13.9%	13.6%	13.9%
63	Total capital (as percentage of risk-weighted assets)	13.6%	13.9%	14.4%	14.8%	15.8%	15.4%	15.7%
	Assets to Capital Multiple (ACM)	16.3	16.0	15.3	15.1	14.5	14.5	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 ^{1 2}

(\$ 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)
Total Tier 1 capital	5,053	4,974	4,913	4,823	4,731	4,672	4,605	4,497
Subordinated debentures	760	759	757	751	752	753	742	735
Other	64	100	79	95	155	157	178	186
Total Tier 2 capital	823	859	836	846	906	910	920	920
Total capital available for regulatory purposes	5,876	5,833	5,749	5,669	5,637	5,582	5,524	5,418

Capital Ratios ³	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 and 3, 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 Assets¹

(\$ millions except as noted)

Risk-Weighted Assets (RWA) (\$ millions except as noted)	September 30, 2014				June 30, 2014				March 31, 2014				December 31, 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	52,107	23,521	23,521	50,717	22,906	22,906	51,536	21,990	21,990	48,839	21,258	21,258				
Sovereign	20,850	725	725	20,865	765	765	20,787	666	666	23,002	659	659				
Bank	9,259	763	763	7,868	730	730	8,506	729	735	7,537	854	854				
Residential Mortgages	18,250	1,135	1,814	17,873	1,641	1,791	17,672	1,615	1,782	17,690	1,627	1,808				
HELOC's	3,047	650	650	3,152	672	672	4,866	671	671	4,916	686	686				
Other Retail (excluding QRR and SME)	3,731	1,179	412	1,590	3,683	4,399	1,555	4,108	703	1,817	4,124	1,150				
Qualifying Revolving Retail	537	210	210	544	215	215	1,042	314	314	1,060	322	322				
Retail SME	602	378	378	649	421	421	577	350	350	624	367	367				
Exposures subject to standardized or IRB approaches	108,383	1,313	28,338	29,651	1,266	27,789	29,055	1,286	27,038	28,325	1,331	26,451				
Equity (3)	28		28	4		4	16	16	16							
Securitization (4)																
Other assets not included in standardized or IRB approaches (5)	2,485		2,844	2,411		1,944	1,670		1,777	1,686		935				
Adjustment to IRB risk-weighted assets for scaling factor			1,702			1,668			1,623			1,587				
Total Credit Risk	110,895		34,225	107,765		32,671	110,780		31,741	109,477		30,304				
Market Risk (6)																
Operational Risk - Standardized Approach			3,906			3,989			4,037			4,083				
Total Risk-Weighted Assets before adjustments			38,130			36,659			35,778			34,387				
Total RWA after adjustment for CVA phase-in (5)																
Common Equity Tier 1 (CET1) Capital RWA			37,328			36,659			35,778			34,387				
Tier 1 Capital RWA			37,477			36,659			35,778			34,387				
Total Capital RWA			37,701			36,659			35,778			34,387				
Adjustment for Regulatory Floor (7)																
CET1 Capital RWA Floor			2,802			1,969			2,688			2,475				
Tier 1 Capital RWA Floor			2,653			1,969			2,688			2,475				
Total Capital RWA Floor			2,428			1,969			2,688			2,475				
Adjusted Total Risk-Weighted Assets																
Adjusted Common Equity Tier 1 (CET1) Capital RWA			40,129			38,629			38,466			36,862				
Adjusted Tier 1 Capital RWA			40,129			38,629			38,466			36,862				
Adjusted Total Capital RWA			40,129			38,629			38,466			36,862				

Risk-Weighted Assets (RWA) (\$ millions except as noted)	September 30, 2013				June 30, 2013				March 31, 2013				December 31, 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
Corporate	48,493	21,282	21,282	45,883	21,132	21,132	45,757	21,049	21,049	44,898	20,285	20,285				
Sovereign	22,618	596	596	20,441	535	535	20,843	514	514	20,191	446	446				
Bank	10,838	774	775	11,433	833	833	9,614	872	875	9,332	642	643				
Residential Mortgages	17,771	202	1,827	17,799	227	1,652	1,879	256	1,721	1,977	282	1,741				
HELOC's	5,034	702	702	5,195	740	740	5,386	755	755	5,543	781	781				
Other Retail (excluding QRR and SME)	4,209	1,150	705	5,254	1,898	725	2,623	764	2,691	5,631	2,130	777				
Qualifying Revolving Retail	1,075	330	330	1,087	343	343	1,109	355	355	1,127	364	364				
Retail SME	706	403	403	698	423	423	732	417	417	746	409	409				
Exposures subject to standardized or IRB approaches	110,744	1,353	26,417	27,770	2,125	26,382	28,507	2,186	26,447	28,633	2,413	25,443				
Equity (3)				89		89	76		76		73	73				
Securitization (4)				2	19		19	63		63	32					
Other assets not included in standardized or IRB approaches (5)	2,094		1,122	2,043		988	2,122		974	1,004		853				
Adjustment to IRB risk-weighted assets for scaling factor			1,585			1,588			1,591			1,531				
Total Credit Risk	112,838		30,477	109,924		31,192	109,094		31,337	106,932		30,346				
Market Risk (6)																
Operational Risk - Standardized Approach			4,153			4,151			4,183			4,154				
Total Risk-Weighted Assets before adjustments			34,631			35,343			35,520			34,500				
Total RWA after adjustment for CVA phase-in (5)																
Common Equity Tier 1 (CET1) Capital RWA			34,631			35,343			35,520			na				
Tier 1 Capital RWA			34,631			35,343			35,520			34,500				
Total Capital RWA			34,631			35,343			35,520			34,500				
Adjustment for Regulatory Floor (7)																
CET1 Capital RWA Floor			1,650			1,124			594			na				
Tier 1 Capital RWA Floor			1,650			1,124			594			2,168				
Total Capital RWA Floor			1,650			1,124			594			2,168				
Adjusted Total Risk-Weighted Assets																
Adjusted Common Equity Tier 1 (CET1) Capital RWA			36,281			36,467			36,114			na				
Adjusted Tier 1 Capital RWA			36,281			36,467			36,114			36,668				
Adjusted Total Capital RWA			36,281			36,467			36,114			36,668				

(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 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 Q3 2014 the CVA risk-weighted assets were calculated using the scalars of 0.57, 0.65 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
September 30, 2014						June 30, 2014						
Corporate	28,236	11,175	7,545	1,629	3,521	52,107	28,115	10,878	7,430	1,216	3,079	50,717
Sovereign	20,530	25		222	73	20,850	20,530	47		215	73	20,865
Bank	2,685		2,698	3,322	554	9,259	1,961		2,706	2,655	547	7,868
Total Corporate, Sovereign and Bank	51,451	11,199	10,243	5,174	4,149	82,216	50,605	10,926	10,135	4,085	3,700	79,451
Residential Mortgages	18,250					18,250	17,871	1				17,873
HELOC's	2,041	1,006				3,047	2,118	1,033				3,152
Other Retail (excluding QRR and SME)	2,541	1,165			25	3,731	2,612	1,063			8	3,683
Qualifying Revolving Retail	302	235				537	305	240				544
Retail SME	294	287			22	602	314	312			24	649
Total Retail	23,428	2,693			46	26,167	23,220	2,649			31	25,900
Total Gross Credit Exposure	74,879	13,892	10,243	5,174	4,195	108,383	73,825	13,574	10,135	4,085	3,731	105,351
March 31, 2014						December 31, 2013						
Corporate	27,739	11,561	7,881	1,340	3,015	51,536	26,456	11,636	6,519	1,278	2,950	48,839
Sovereign	20,392	31		291	73	20,787	22,696	18	10	278		23,002
Bank	2,879		2,721	2,392	515	8,506	3,275		1,384	2,409	469	7,537
Total Corporate, Sovereign and Bank	51,010	11,592	10,601	4,023	3,603	80,829	52,427	11,653	7,913	3,965	3,418	79,377
Residential Mortgages	17,672					17,672	17,688	1				17,690
HELOC's	2,164	2,701				4,866	2,187	2,729				4,916
Other Retail (excluding QRR and SME)	2,702	1,397			9	4,108	2,726	1,395			4	4,124
Qualifying Revolving Retail	313	729				1,042	321	739				1,060
Retail SME	347	204			25	577	357	224			43	624
Total Retail	23,199	5,032			34	28,264	23,280	5,088			47	28,415
Total Gross Credit Exposure	74,209	16,624	10,601	4,023	3,637	109,094	75,707	16,741	7,913	3,965	3,465	107,792
September 30, 2013						June 30, 2013						
Corporate	26,806	11,237	6,651	1,105	2,694	48,493	26,926	10,699	4,405	1,244	2,610	45,883
Sovereign	22,363	26	113	115		22,618	20,326	37		78		20,441
Bank	2,951		5,424	2,021	442	10,838	3,102		5,573	2,320	439	11,433
Total Corporate, Sovereign and Bank	52,120	11,263	12,189	3,242	3,136	81,949	50,354	10,736	9,977	3,642	3,048	77,757
Residential Mortgages	17,771					17,771	17,797	2				17,799
HELOC's	2,270	2,764				5,034	2,373	2,822				5,195
Other Retail (excluding QRR and SME)	2,809	1,397			4	4,209	3,349	1,901			4	5,254
Qualifying Revolving Retail	329	746				1,075	330	757				1,087
Retail SME	381	281			44	706	397	240			62	698
Total Retail	23,559	5,188			47	28,795	24,246	5,721			66	30,033
Total Gross Credit Exposure	75,679	16,451	12,189	3,242	3,183	110,744	74,600	16,457	9,977	3,642	3,114	107,791
March 31, 2013						December 31, 2012						
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
Total Corporate, Sovereign and Bank	50,819	10,753	8,282	3,516	2,845	76,214	50,011	11,153	7,356	3,276	2,625	74,420
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
Total Retail	24,823	5,784			70	30,676	25,398	5,960			67	31,425
Total Gross Credit Exposure	75,642	16,537	8,282	3,516	2,914	106,891	75,409	17,113	7,356	3,276	2,692	105,845

Credit Exposure by Geography

(\$ millions except as noted)

	September 30, 2014						June 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	20,622	3,377		74	559	24,632	20,447	3,391	103	58	674	24,673
Western Canada, excluding British Columbia	10,413	4,369		540	1,385	16,707	10,438	4,213		484	903	16,039
Ontario	36,947	4,294	10,243	3,984	1,500	56,968	36,344	4,145	10,032	3,247	1,418	55,187
Quebec & Atlantic provinces	6,898	1,851		576	751	10,075	6,595	1,825		296	735	9,452
Total Gross Credit Exposure	74,879	13,892	10,243	5,174	4,195	108,383	73,825	13,574	10,135	4,085	3,731	105,351

	March 31, 2014						December 31, 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	19,817	4,618	12	59	696	25,201	20,095	4,679	6	50	747	25,578
Western Canada, excluding British Columbia	10,227	4,440		522	842	16,032	10,315	4,356		506	773	15,950
Ontario	37,238	5,541	10,589	3,107	1,351	57,826	38,543	5,445	7,907	3,060	1,293	56,249
Quebec & Atlantic provinces	6,927	2,024		335	749	10,035	6,753	2,262		348	652	10,015
Total Gross Credit Exposure	74,209	16,624	10,601	4,023	3,637	109,094	75,707	16,741	7,913	3,965	3,465	107,792

	September 30, 2013						June 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	20,338	4,811		48	669	25,865	20,296	4,819	150	56	622	25,944
Western Canada, excluding British Columbia	10,553	4,355		353	681	15,943	10,790	4,537		448	644	16,419
Ontario	37,739	5,358	12,189	2,549	1,190	59,024	36,344	5,143	9,827	2,853	1,196	55,363
Quebec & Atlantic provinces	7,050	1,927		292	643	9,912	7,171	1,957		285	652	10,065
Total Gross Credit Exposure	75,679	16,451	12,189	3,242	3,183	110,744	74,600	16,457	9,977	3,642	3,114	107,791

	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
Total Gross Credit Exposure	75,642	16,537	8,282	3,516	2,914	106,891	75,409	17,113	7,356	3,276	2,692	105,845

Residual Contract Maturity Breakdown

(\$ millions except as noted)

	September 30, 2014						June 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	28,139	9,231	10,243	2,452	3,518	53,583	27,652	8,746	10,135	1,603	2,516	50,653
1-5 years	38,556	4,509		1,596	621	45,282	37,664	4,655		1,455	1,174	44,948
Greater than 5 years	8,184	152		1,125	56	9,519	8,509	173		1,027	41	9,750
Total Gross Credit Exposure	74,879	13,892	10,243	5,174	4,195	108,383	73,825	13,574	10,135	4,085	3,731	105,351

	March 31, 2014						December 31, 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	28,665	12,229	10,601	1,438	2,423	55,357	30,028	12,641	7,913	1,407	2,274	54,263
1-5 years	37,786	4,240		1,564	1,177	44,767	38,393	3,964		1,574	1,178	45,109
Greater than 5 years	7,758	154		1,021	38	8,970	7,285	137		984	13	8,420
Total Gross Credit Exposure	74,209	16,624	10,601	4,023	3,637	109,094	75,707	16,741	7,913	3,965	3,465	107,792

	September 30, 2013						June 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	30,233	12,413	11,857	1,052	2,372	57,927	29,292	12,265	9,977	1,266	2,508	55,308
1-5 years	38,847	3,818	332	1,471	788	45,256	38,462	3,914		1,593	605	44,575
Greater than 5 years	6,599	220		719	24	7,562	6,846	278		783	1	7,907
Total Gross Credit Exposure	75,679	16,451	12,189	3,242	3,183	110,744	74,600	16,457	9,977	3,642	3,114	107,791

	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
Total Gross Credit Exposure	75,642	16,537	8,282	3,516	2,914	106,891	75,409	17,113	7,356	3,276	2,692	105,845

Credit Risk Portfolio Exposure at Default

(\$ millions except as noted)

	September 30, 2014				June 30, 2014				March 31, 2014				December 31, 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			28,236	11,175			28,115	10,878			27,739	11,561			26,456	11,636
Sovereign			20,530	25			20,530	47			20,392	31			22,696	18
Bank			2,685				1,961		30		2,849				3,275	
Total Corporate, Sovereign and Bank			51,451	11,199			50,605	10,926	30		50,980	11,592			52,427	11,653
Residential Mortgages	258		17,992		284		17,587	1	315		17,357		343		17,346	1
HELOC's			2,041	1,006			2,118	1,033			2,164	2,701			2,187	2,729
Other Retail (excluding QRR and SME)	592	974	1,949	191	619	864	1,993	198	629	849	2,073	548	697	828	2,029	567
Qualifying Revolving Retail			302	235			305	240			313	729			321	739
Retail SME			294	287			314	312			347	204			357	224
Total Retail	850	974	22,578	1,719	903	864	22,317	1,784	943	849	22,255	4,182	1,039	828	22,240	4,260
Total Gross Credit Exposure	850	974	74,029	12,918	903	864	72,922	12,710	973	849	73,235	15,774	1,039	828	74,667	15,914

	September 30, 2013				June 30, 2013				March 31, 2013				December 31, 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			26,806	11,237			26,926	10,699			26,693	10,720			26,330	11,124
Sovereign			22,363	26			20,326	37			20,663	33			20,083	29
Bank	4		2,947				3,102		16		3,447		8		3,591	
Total Corporate, Sovereign and Bank	4		52,115	11,263			50,354	10,736	16		50,803	10,753	8		50,003	11,153
Residential Mortgages	381		17,390		427		17,370	2	481		17,625		528		17,849	1
HELOC's			2,270	2,764			2,373	2,822			2,479	2,907			2,598	2,945
Other Retail (excluding QRR and SME)	700	823	2,108	574	1,186	1,319	2,162	582	1,284	1,244	2,207	603	1,445	1,358	2,206	615
Qualifying Revolving Retail			329	746			330	757			338	771			350	776
Retail SME			381	281			397	240			409	259			421	263
Total Retail	1,081	823	22,478	4,365	1,613	1,319	22,633	4,402	1,765	1,244	23,058	4,540	1,973	1,358	23,425	4,601
Total Gross Credit Exposure	1,085	823	74,594	15,628	1,613	1,319	72,987	15,138	1,781	1,244	73,861	15,293	1,981	1,358	73,428	15,754

Standardized Exposures by Risk Weight Category

(\$ millions except as noted)

	September 30, 2014								June 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			154		95	10		258			166		105	13		284
Heloc's																
Other Retail					1,560		6	1,566					1,478		5	1,483
Retail SME																
Total Retail			154		1,655	10	6	1,824			166		1,583	13	5	1,767
Total Exposure at Default			154		1,655	10	6	1,824			166		1,583	13	5	1,767

	March 31, 2014								December 31, 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			30					30								
Total Corporate, Sovereign and Bank			30					30								
Residential Mortgages			182		117	15		315			200		128	15		343
Heloc's																
Other Retail					1,471		7	1,478					1,515		9	1,524
Retail SME																
Total Retail			182		1,589	15	7	1,793			200		1,643	15	9	1,867
Total Exposure at Default			30		1,823	15	7	1,823			200		1,643	15	9	1,867

	September 30, 2013								June 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			4					4								
Total Corporate, Sovereign and Bank			4					4								
Residential Mortgages			220		142	18		381			245		161	20		427
Heloc's																
Other Retail					1,513		10	1,523					2,480		25	2,505
Retail SME																
Total Retail			220		1,656	18	10	1,904			245		2,641	20	25	2,932
Total Exposure at Default			4		1,908	18	10	1,908			245		2,641	20	25	2,932

	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			276		184	21		481			301		201	26		528
Heloc's																
Other Retail					2,487		41	2,528					2,768		36	2,804
Retail SME																
Total Retail			276		2,670	21	41	3,009			301		2,968	26	36	3,332
Total Exposure at Default			16		2,670	21	41	3,025			8		2,968	26	36	3,340

Risk Assessment - IRB Retail Credit Portfolio

(\$ millions except as noted)

	September 30, 2014						June 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	17,685	2,966	2,095	396	368	23,510	17,257	3,072	2,126	400	375	23,230
Medium	259	63	64	133	224	743	289	58	67	136	265	815
Sub-Standard			1	4		6			2	4	1	7
Impaired/Default	49	18	4	4	10	85	42	22	5	4	9	81
Total Exposure at Default	17,992	3,047	2,165	537	602	24,343	17,588	3,152	2,199	544	649	24,133

	March 31, 2014						December 31, 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	17,084	4,786	2,550	745	267	25,430	17,046	4,819	2,509	757	292	25,423
Medium	212	57	70	290	294	922	242	79	66	294	319	1,000
Sub-Standard			6	5	5	15			21	6	3	30
Impaired/Default	61	24	4	3	11	104	59	18	5	3	10	95
Total Exposure at Default	17,357	4,866	2,630	1,042	577	26,472	17,347	4,916	2,600	1,060	624	26,547

	September 30, 2013						June 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	17,117	4,938	2,595	763	355	25,768	17,040	5,077	2,661	766	303	25,848
Medium	208	74	80	303	339	1,004	254	93	78	311	381	1,117
Sub-Standard			4	4	2	11			4	6	4	14
Impaired/Default	66	22	7	4	10	107	77	24	7	4	11	123
Total Exposure at Default	17,390	5,034	2,686	1,075	706	26,891	17,372	5,195	2,749	1,087	698	27,101

	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
Total Exposure at Default	17,625	5,386	2,815	1,109	732	27,667	17,850	5,543	2,827	1,127	746	28,093

Risk Assessment - AIRB Non-Retail Credit Portfolio ¹

(\$ millions except as noted)

Internal Rating	September 30, 2014				June 30, 2014				March 31, 2014				December 31, 2013			
	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	1,781	0.04	45	13	1,298	0.04	43	14	2,330	0.04	36	11	2,580	0.04	36	10
Low Risk	5,051	0.11	44	29	4,899	0.11	44	28	5,454	0.11	44	27	4,979	0.11	45	29
Satisfactory Risk	21,983	0.40	35	44	22,027	0.41	35	44	22,360	0.41	34	43	21,900	0.40	35	43
Fair Default Risk	11,121	1.11	34	67	11,035	1.10	33	65	10,385	1.12	33	64	9,810	1.11	33	64
Moderate Default Risk	2,549	2.90	31	83	2,134	2.87	31	85	1,493	2.94	29	78	1,396	2.79	30	79
Significant Default Risk	752	6.55	30	104	503	6.90	30	107	367	6.67	31	107	293	6.66	31	110
High Default Risk	766	10.34	30	125	841	10.19	32	132	831	10.21	32	133	771	10.05	32	131
Special Management	250	29.26	33	155	223	30.80	31	143	272	31.11	32	147	339	35.87	34	151
Default	329	100.00	46	173	351	100.00	45	182	398	100.00	45	213	384	100.00	45	208
Total Corporate	44,582	1.84	36	53	43,311	1.89	35	53	43,890	1.94	35	50	42,452	1.99	35	50
Sovereign																
Minimal Risk	19,381	0.02	10	3	19,629	0.02	10	3	19,640	0.02	10	3	21,747	0.02	10	3
Low Risk	1,456	0.08	15	8	1,221	0.08	18	9	1,139	0.08	13	7	1,244	0.08	17	9
Satisfactory Risk	7	0.24	27	21	9	0.23	30	24	5	0.24	21	16				
Fair Default Risk	5	1.30	34	54	5	1.30	34	54	3	1.62	30	60				
Default																
Total Sovereign	20,849	0.03	11	3	20,864	0.02	11	3	20,787	0.02	10	3	22,991	0.02	11	3
Bank																
Minimal Risk	5,292	0.04	23	10	4,129	0.04	24	11	4,686	0.04	25	10	5,083	0.04	25	11
Low Risk	1,132	0.10	27	15	890	0.11	28	21	911	0.11	29	20	907	0.12	28	22
Satisfactory Risk	120	0.32	31	30	151	0.32	31	35	155	0.31	31	34	162	0.30	31	35
Fair Default Risk	11	1.15	39	74	10	1.07	37	77	8	1.15	38	86	9	1.16	45	93
Moderate Default Risk	2	3.12	49	120	9	2.91	40	124	9	2.90	39	121	8	2.31	43	136
Significant Default Risk	1	7.14	73	229	1	7.85	67	255		7.85	81	287	1	7.85	79	279
High Default Risk	6	10.32	39	172	1	12.03	79	331	1	13.00	79	341				
Special Management																
Default																
Total Bank	6,564	0.07	24	12	5,191	0.07	25	14	5,770	0.07	26	13	6,170	0.06	26	14
Internal Rating	September 30, 2013				June 30, 2013				March 31, 2013				December 31, 2012			
	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	2,426	0.04	34	10	1,790	0.04	40	12	1,397	0.04	45	14	1,787	0.04	49	13
Low Risk	4,928	0.11	45	30	5,091	0.11	45	28	4,807	0.11	44	28	4,384	0.11	45	25
Satisfactory Risk	21,289	0.41	35	44	21,848	0.42	35	44	20,485	0.42	34	43	19,529	0.43	34	41
Fair Default Risk	10,337	1.14	32	63	10,063	1.11	32	62	11,382	1.11	32	63	12,340	1.12	33	62
Moderate Default Risk	1,304	2.84	30	79	1,245	2.98	29	78	1,322	2.97	30	79	1,367	2.92	29	77
Significant Default Risk	253	6.28	30	102	202	6.39	29	100	206	6.22	31	106	169	6.19	31	105
High Default Risk	828	10.05	33	137	774	10.07	31	125	636	10.13	31	125	596	10.09	30	121
Special Management	191	32.61	32	148	221	35.66	32	153	304	40.65	32	144	246	38.74	33	143
Default	469	100.00	47	231	515	100.00	47	201	527	100.00	44	210	514	100.00	45	208
Total Corporate	42,025	2.09	35	51	41,749	2.23	35	50	41,066	2.40	35	51	40,932	2.31	35	50
Sovereign																
Minimal Risk	21,271	0.02	10	2	19,177	0.02	10	2	19,649	0.02	10	2	18,965	0.01	10	2
Low Risk	1,234	0.08	16	8	1,263	0.08	14	7	1,135	0.07	10	6	1,223	0.07	11	6
Satisfactory Risk						0.22	56	40		0.23	56	42	2	0.33	56	54
Fair Default Risk									1	1.65	10	20				
Default																
Total Sovereign	22,505	0.02	11	2	20,440	0.02	10	2	20,785	0.02	10	2	20,190	0.02	10	2
Bank																
Minimal Risk	4,517	0.04	25	12	4,978	0.04	25	12	5,311	0.04	25	12	4,966	0.04	24	9
Low Risk	799	0.12	28	23	794	0.11	29	22	879	0.11	29	19	1,057	0.10	30	14
Satisfactory Risk	85	0.24	31	33	83	0.23	29	32	60	0.23	29	34	56	0.25	31	31
Fair Default Risk	28	0.97	37	63	34	1.08	38	68	47	1.11	35	61	14	1.38	36	67
Moderate Default Risk	7	2.45	44	141	3	2.74	41	115	7	2.33	39	91	4	2.89	56	139
Significant Default Risk	4	6.02	55	176	5	5.99	52	165	6	6.12	57	188	4	6.02	55	175
High Default Risk					1	10.31	81	321	1	10.08	77	330	1	10.41	69	289
Special Management																
Default																
Total Bank	5,440	0.06	26	14	5,898	0.06	25	14	6,311	0.07	25	14	6,102	0.06	25	10

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	September 30, 2014			June 30, 2014			March 31, 2014			December 31, 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			1,207			1,185			1,181
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			1,207			1,207			1,185			1,181
Residential Mortgages			2,636			3,123			3,437			3,702
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			2,636			3,123			3,437			3,702
Total			3,843			4,330			4,623			4,883

Counterparty Type	September 30, 2013			June 30, 2013			March 31, 2013			December 31, 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			586			675			966			1,359
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			586			675			966			1,359
Residential Mortgages			4,145			4,664			4,772			5,152
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			4,145			4,664			4,772			5,152
Total			4,730			5,339			5,738			6,512

AIRB Credit Risk Exposures - Credit Commitments

(\$ millions except as noted)

Counterparty Type	September 30, 2014		June 30, 2014		March 31, 2014		December 31, 2013	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	27,512	11,175	26,623	10,878	27,449	11,561	27,671	11,636
Sovereign	91	25	122	47	86	31	43	18
Bank	56		55		57		63	
Total Corporate, Sovereign and Bank	27,658	11,199	26,801	10,926	27,592	11,592	27,777	11,653
Residential Mortgages	36		34	1	32		29	1
HELOC's	3,155	1,006	3,185	1,033	3,143	2,701	3,161	2,729
Other Retail (excluding QRR and SME)	703	191	720	198	711	548	740	567
Qualifying Revolving Retail	947	235	960	240	962	729	973	739
Retail SME	292	287	317	312	229	204	255	224
Total Retail	5,133	1,719	5,217	1,784	5,077	4,182	5,157	4,260
Total	32,791	12,918	32,017	12,710	32,669	15,774	32,933	15,914

Counterparty Type	September 30, 2013		June 30, 2013		March 31, 2013		December 31, 2012	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	26,508	11,237	26,143	10,699	26,699	10,720	26,874	11,124
Sovereign	64	26	90	37	82	33	71	29
Bank	61		415		402		450	
Total Corporate, Sovereign and Bank	26,632	11,263	26,648	10,736	27,183	10,753	27,395	11,153
Residential Mortgages	26		22	2	20		23	1
HELOC's	3,176	2,764	3,213	2,822	3,288	2,907	3,310	2,945
Other Retail (excluding QRR and SME)	755	574	784	582	802	603	1,208	615
Qualifying Revolving Retail	979	746	995	757	1,011	771	1,015	776
Retail SME	327	281	265	240	299	259	627	263
Total Retail	5,262	4,365	5,279	4,402	5,420	4,540	6,183	4,601
Total	31,894	15,628	31,926	15,138	32,603	15,293	33,578	15,754

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 2013.

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 2013.

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 2014. Further details may be found in the notes on significant account policies and fair value of financial instruments, Annual Report and Accounts 2013.

Securitization activities during 2014

Activities consisted of structural changes to the sponsored multi-seller 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 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 2013.

Securitization Exposures

(\$ millions except as noted)

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

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

	At September 30, 2013			At June 30, 2013			At March 31, 2013			At December 31, 2012		
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor³												
Trade receivables		967	967		966	966		970	970		1,007	1,007
As Investor	3		3	1	2	3	3	5	8	5	9	14
Residential mortgages					2	2		5	5		9	9
Trade receivables	3		3	1		1	3		3	5		5
	3	967	970	1	968	969	3	975	978	5	1,016	1,021

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 September 30
		As sponsor	As investor	
2014				
Aggregate amount of securitization exposures (retained or purchased)				
Residential mortgages				
Trade receivables	971	(722)	(4)	245
	971	(722)	(4)	245

Securitization exposure - asset values and impairment charges

	At September 30, 2014			At June 30, 2014			At March 31, 2014			At December 31, 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	364			375			1,400			1,341		
As Investor¹												
Residential mortgages												
Trade receivables												

	At September 30, 2013			At June 30, 2013			At March 31, 2013			At December 31, 2012		
	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	1,341			1,332			1,326			1,328		
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

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

	Exposure value at September 30, 2013			Exposure value at June 30, 2013			Exposure value at March 31, 2013			Exposure value at December 31, 2012		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
Category risk weights												
≤ 10%		959	959		959	959		959	959		996	996
> 10% ≤ 20%							3		3	5		5
> 20% ≤ 50%		8	8	1	7	8		11	11		11	11
> 50% ≤ 100%												
> 100% ≤ 650%	3		3									
> 650% < 1250%					2	2		5	5		9	9
1250%												
Total	3	967	970	1	968	969	3	975	978	5	1,016	1,021

Capital required by risk weighting

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

	Capital required at September 30, 2013			Capital required at June 30, 2013			Capital required at March 31, 2013			Capital required at December 31, 2012		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
Category risk weights												
≤ 10%		2	2		1	1		3	3		4	4
> 10% ≤ 20%								1	1			
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%					2	2		5	5		9	9
1250%												
Total		2	2		3	3		9	9		13	13

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⁾	September 30, 2014						
	Residential mortgages					HELOC ⁽²⁾	
	Insured ⁽³⁾		Uninsured		Total	Uninsured	
	Amount	% insured	Amount	% uninsured	Amount	Amount	% uninsured
(\$ millions except as noted)							
British Columbia	1,376	12 %	9,826	88 %	11,202	1,030	100 %
Western Canada excluding British Columbia	284	20 %	1,113	80 %	1,397	282	100 %
Ontario	786	15 %	4,396	85 %	5,182	614	100 %
Quebec and Atlantic provinces	190	19 %	836	81 %	1,026	115	100 %
Total September 30, 2014	2,636	14 %	16,171	86 %	18,807	2,041	100 %
Total June 30, 2014	3,123	17 %	15,290	83 %	18,413	2,118	100 %

Amortization period ⁽⁴⁾	September 30, 2014				
	Residential mortgages				
	< 20 years	20-24 years	25-29 years	30-34 years	35 years and greater
Total September 30, 2014	29 %	39 %	30 %	3 %	0 %
Total June 30, 2014	29 %	40 %	28 %	3 %	0 %

Average loan-to-value ratios of new originations ⁽⁵⁾	For the 3 months ended: September 30, 2014	
	Uninsured %LTV ⁽⁶⁾	
	Residential mortgages	HELOC ⁽²⁾
British Columbia	59 %	51 %
Western Canada excluding British Columbia	64 %	61 %
Ontario	64 %	62 %
Quebec and Atlantic provinces	61 %	59 %
Total September 30, 2014	62 %	57 %
Total June 30, 2014	60 %	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'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 - 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.