

2014

**HSBC Bank Canada
Capital and Risk Management
Pillar 3 Supplemental Disclosures
as at March 31, 2014**



Index & Notes to Users

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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 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 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 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.

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).

On June 26, 2012, the Basel Committee on Banking Supervision (BCBS) issued its final rules on the information banks must publicly disclose when detailing the composition of their capital. Entitled, Composition of capital disclosure requirements which sets 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. Beginning with 3Q 2103 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.

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. Basel III 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 December 2012, OSFI announced its decision to defer the implementation of the Credit Valuation Adjustment (CVA) on Bilateral OTC derivatives until 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).

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		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
2	Retained earnings	2,995	2,926	2,903	2,802	2,777
3	Accumulated other comprehensive income (and other reserves)	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
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	na	na	na	na	na
6	Common Equity Tier 1 capital before regulatory adjustments	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	(219)	(228)	(201)	(192)	(282)
29	Common Equity Tier 1 capital (CET1)	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
31	of which: classified as equity under applicable accounting standards	na	na	na	na	na
32	of which: classified as liabilities under applicable accounting standards	na	na	na	na	na
33	Directly issued capital instruments subject to phase out from Additional Tier 1	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
35	of which: instruments issued by subsidiaries subject to phase out	-	-	27	27	27
36	Additional Tier 1 capital before regulatory adjustments	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
44	Additional Tier 1 capital (AT1)	800	800	1,058	1,058	1,058
45	Tier 1 capital (T1 = CET1 + AT1)	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
47	Directly issued capital instruments subject to phase out from Tier 2	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
49	of which: instruments issued by subsidiaries subject to phase out	na	na	na	na	na
50	Collective allowances	8	9	10	15	16
51	Tier 2 capital before regulatory adjustments	616	677	694	699	700
Tier 2 capital: regulatory adjustments						
57	Total regulatory adjustments to Tier 2 capital	na	na	na	na	na
58	Tier 2 capital (T2)	616	677	694	699	700
59	Total capital (TC = T1 + T2)	5,566	5,534	5,792	5,692	5,754
60	Total risk-weighted assets	38,466	36,862	36,281	36,467	36,114
Current cap on CET1 instruments subject to phase out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)						
80	Current cap on CET1 instruments subject to phase out arrangements	80%	90%	90%	90%	90%
81	Amounts excluded from CET1 due to cap (excess over cap after redemptions and maturities)	na	na	na	na	na
82	Current cap on AT1 instruments subject to phase out arrangements	80%	90%	90%	90%	90%
83	Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	118	118	118
84	Current cap on T2 instruments subject to phase out arrangements	80%	90%	90%	90%	90%
85	Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)	62	-	71	73	80

(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.

Basel III Regulatory Capital (Continued)

(\$ millions except as noted)

	All-in ¹	Transitional ²	All-in	Transitional	All-in	Transitional	All-in	Transitional
Capital	1Q 2014		4Q 2013		3Q 2013		2Q 2013	
29 Common Equity Tier 1 capital (CET1)	4,150	4,244	4,057	4,186	4,040	4,158	3,935	4,053
45 Tier 1 capital (T1 = CET1 + AT1)	4,950	5,022	4,857	4,955	5,098	5,193	4,994	5,088
59 Total capital (TC = T1 + T2)	5,566	5,636	5,534	5,624	5,792	5,887	5,692	5,786
60 Total risk-weighted assets	38,466	39,284	36,862	37,919	36,281	37,354	36,467	37,555
Capital ratios								
61 Common Equity Tier 1 (as percentage of risk-weighted assets)	10.8%	10.8%	11.0%	11.0%	11.1%	11.1%	10.8%	10.8%
62 Tier 1 (as percentage of risk-weighted assets)	12.9%	12.8%	13.2%	13.1%	14.1%	13.9%	13.7%	13.6%
63 Total capital (as percentage of risk-weighted assets)	14.5%	14.4%	15.0%	14.8%	16.0%	15.8%	15.6%	15.4%
Assets to Capital Multiple (ACM)		15.3		15.1		14.5		14.5
OSFI all-in target								
69 Common Equity Tier 1 capital all-in target ratio	7.0%		7.0%		7.0%		7.0%	
70 Tier 1 capital all-in target ratio	8.5%		8.5%		8.5%			
71 Total capital all-in target ratio	10.5%		10.5%		10.5%			

	All-in	Transitional
Capital	1Q 2013	
29 Common Equity Tier 1 capital (CET1)	3,996	4,117
45 Tier 1 capital (T1 = CET1 + AT1)	5,054	5,146
59 Total capital (TC = T1 + T2)	5,754	5,841
60 Total risk-weighted assets	36,114	37,104
Capital ratios		
61 Common Equity Tier 1 (as percentage of risk-weighted assets)	11.1%	11.1%
62 Tier 1 (as percentage of risk-weighted assets)	14.0%	13.9%
63 Total capital (as percentage of risk-weighted assets)	15.9%	15.7%
Assets to Capital Multiple (ACM)		14.1
OSFI all-in target		
69 Common Equity Tier 1 capital all-in target ratio	7.0%	
70 Tier 1 capital all-in target ratio		
71 Total capital all-in target ratio		

(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)	March 31, 2014				December 31, 2013				September 30, 2013				June 30, 2013					
	Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA				
		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		
(\$ millions except as noted)																		
Corporate	51,536		21,990	21,990	48,839		21,258	21,258	48,493		21,282	21,282	45,883		21,132	21,132	21,132	
Sovereign	20,787		666	666	23,002		659	659	22,618		596	596	20,441		535	535	535	
Bank	8,506	6	729	735	7,537		854	854	10,838	1	774	775	11,433		833	833	833	
Residential Mortgages	17,672	167	1,615	1,782	17,690	181	1,627	1,808	17,771	202	1,625	1,827	17,799	227	1,652	1,879	1,879	
HELOC's	4,866		671	4,916	4,916		686	686	5,034		702	702	5,195		740	740	740	
Other Retail (excluding QRR and SME)	4,108	1,113	703	1,817	4,124	1,150	680	1,830	4,209	1,150	705	1,855	5,254	1,898	725	2,623	2,623	
Qualifying Revolving Retail	1,042		314	314	1,060		322	322	1,075		330	330	1,087		343	343	343	
Retail SME	577		350	350	624		367	367	706		403	403	698		423	423	423	
Exposures subject to standardized or IRB approaches	109,094	1,286	27,038	28,325	107,792	1,331	26,451	27,783	110,744	1,353	26,417	27,770	107,791	2,125	26,382	28,507	28,507	
Equity (3)	16		16	16	-		-	-	-		-	-	89		89	89	89	
Securitization (4)													2		19	19	19	
Other assets not included in standardized or IRB approaches (5)	1,389			1,777	1,686			935	2,094			1,122	2,043			988	988	
Adjustment to IRB risk-weighted assets for scaling factor				1,623				1,587				1,585				1,588	1,588	
Total Credit Risk	110,499			31,741	109,477			30,304	112,838			30,477	109,924			31,192	31,192	
Market Risk (6)																		
Operational Risk - Standardized Approach				4,037				4,083				4,153				4,151	4,151	
Total Risk-Weighted Assets				35,778				34,387				34,631				35,343	35,343	
Adjustment for Regulatory Floor (7)				2,688				2,475				1,650				1,124	1,124	
Adjusted Risk-Weighted Assets				38,466				36,862				36,281				36,467	36,467	

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
Sovereign	20,843		514	514	20,191		446	446	22,159		474	474	20,530		450	450	450
Bank	9,614	3	872	875	9,332	2	642	643	9,438	8	680	688	7,720	6	581	587	587
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
HELOC's	5,386		755	755	5,543		781	781	5,650		786	786	5,782		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
Qualifying Revolving Retail	1,109		355	355	1,127		364	364	1,141		369	369	1,140		367	367	367
Retail SME	732		417	417	746		409	409	827		460	460	755		414	414	414
Exposures subject to standardized or IRB approaches	106,891	2,186	26,447	28,633	105,845	2,413	25,443	27,856	109,904	2,623	25,663	28,286	105,618	2,731	25,364	28,095	28,095
Equity (3)	76		76	76	73		73	73	56		56	56	234		234	234	234
Securitization (4)	5	63	63	63	9	32	32	32	10	34	34	34	19	67	67	67	67
Other assets not included in standardized or IRB approaches (5)	2,122			974	1,004			853	997			813	994			787	787
Adjustment to IRB risk-weighted assets for scaling factor				1,591				1,531				1,543				1,536	1,536
Total Credit Risk	109,094			31,337	106,932			30,346	110,967			30,732	106,866			30,719	30,719
Market Risk (6)																	
Operational Risk - Standardized Approach				4,183				4,154				4,186				4,216	4,216
Total Risk-Weighted Assets				35,520				34,500				34,919				34,935	34,935
Adjustment for Regulatory Floor (7)				594				2,168				1,899				702	702
Adjusted Risk-Weighted Assets				36,114				36,668				36,818				35,637	35,637

(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 1Q 2014, a new CVA regulatory capital charge has been added. For 1Q 2014, CVA regulatory capital charge was calculated using the standardized method applied at a phased in factor of 57%. The charge has been reflected in RWAs and included in Other assets.

(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
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
September 30, 2012						June 30, 2012						
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
Total Corporate, Sovereign and Bank	52,912	10,788	7,984	3,444	2,511	77,639	49,814	10,646	6,266	3,612	2,511	72,849
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
Total Retail	25,970	6,227			69	32,266	26,403	6,305			61	32,770
Total Gross Credit Exposure	78,882	17,015	7,984	3,444	2,580	109,904	76,218	16,951	6,266	3,612	2,572	105,618

Credit Exposure by Geography

(\$ millions except as noted)

	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

	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
Total Gross Credit Exposure	78,882	17,015	7,984	3,444	2,580	109,904	76,218	16,951	6,266	3,612	2,572	105,618

Residual Contract Maturity Breakdown

(\$ millions except as noted)

	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

	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
Total Gross Credit Exposure	78,882	17,015	7,984	3,444	2,580	109,904	76,218	16,951	6,266	3,612	2,572	105,618

Credit Risk Portfolio Exposure at Default

(\$ millions except as noted)

	March 31, 2014				December 31, 2013				September 30, 2013				June 30, 2013			
	Standardized		AIRB		Standardized		AIRB		Standardized		AIRB		Standardized		AIRB	
	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn
Corporate			27,739	11,561			26,456	11,636			26,806	11,237			26,926	10,699
Sovereign			20,392	31			22,696	18			22,363	26			20,326	37
Bank	30		2,849				3,275		4		2,947				3,102	
Total Corporate, Sovereign and Bank	30		50,980	11,592			52,427	11,653	4		52,115	11,263			50,354	10,736
Residential Mortgages	315		17,357		343		17,346	1	381		17,390		427		17,370	2
HELOC's			2,164	2,701			2,187	2,729			2,270	2,764			2,373	2,822
Other Retail (excluding QRR and SME)	629	849	2,073	548	697	828	2,029	567	700	823	2,108	574	1,186	1,319	2,162	582
Qualifying Revolving Retail			313	729			321	739			329	746			330	757
Retail SME			347	204			357	224			381	281			397	240
Total Retail	943	849	22,255	4,182	1,039	828	22,240	4,260	1,081	823	22,478	4,365	1,613	1,319	22,633	4,402
Total Gross Credit Exposure	973	849	73,235	15,774	1,039	828	74,667	15,914	1,085	823	74,594	15,628	1,613	1,319	72,987	15,138

	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
Total Corporate, Sovereign and Bank	16		50,803	10,753	8		50,003	11,153	39		52,873	10,788	30		49,784	10,646
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
Total Retail	1,765	1,244	23,058	4,540	1,973	1,358	23,425	4,601	2,120	1,496	23,850	4,731	2,272	1,518	24,132	4,787
Total Gross Credit Exposure	1,781	1,244	73,861	15,293	1,981	1,358	73,428	15,754	2,160	1,496	76,723	15,519	2,302	1,518	73,916	15,433

Standardized Exposures by Risk Weight Category

(\$ millions except as noted)

	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					1,471		7	1,478					1,515		9	1,524
Other Retail																
Retail SME																
Total Retail			182		1,589	15	7	1,793			200		1,643	15	9	1,867
Total Exposure at Default		30	182		1,589	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					1,513		10	1,523					2,480		25	2,505
Other Retail																
Retail SME																
Total Retail			220		1,656	18	10	1,904			245		2,641	20	25	2,932
Total Exposure at Default		4	220		1,656	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					2,487		41	2,528					2,768		36	2,804
Other Retail																
Retail SME																
Total Retail			276		2,670	21	41	3,009			301		2,968	26	36	3,332
Total Exposure at Default		16	276		2,670	21	41	3,025			8		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			333		221	32		586			378		249	31		657
Heloc's					2,992		38	3,031					3,098		35	3,133
Other Retail																
Retail SME																
Total Retail			333		3,214	32	38	3,616			378		3,347	31	35	3,790
Total Exposure at Default		39	333		3,214	32	38	3,656			30		3,347	31	35	3,820

Risk Assessment - IRB Retail Credit Portfolio

(\$ millions except as noted)

	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

	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
Total Exposure at Default	18,122	5,650	2,910	1,141	827	28,650	18,282	5,782	3,021	1,140	755	28,980

Risk Assessment - AIRB Non-Retail Credit Portfolio

(\$ millions except as noted)

Internal Rating	March 31, 2014				December 31, 2013				September 30, 2013				June 30, 2013			
	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	2,330	0.04	36	11	2,580	0.04	36	10	2,426	0.04	34	10	1,790	0.04	40	12
Low Risk	5,454	0.11	44	27	4,979	0.11	45	29	4,928	0.11	45	30	5,091	0.11	45	28
Satisfactory Risk	22,360	0.41	34	43	21,900	0.40	35	43	21,289	0.41	35	44	21,848	0.42	35	44
Fair Default Risk	10,385	1.12	33	64	9,810	1.11	33	64	10,337	1.14	32	63	10,063	1.11	32	62
Moderate Default Risk	1,493	2.94	29	78	1,396	2.79	30	79	1,304	2.84	30	79	1,245	2.98	29	78
Significant Default Risk	367	6.67	31	107	293	6.66	31	110	253	6.28	30	102	202	6.39	29	100
High Default Risk	831	10.21	32	133	771	10.05	32	131	828	10.05	33	137	774	10.07	31	125
Special Management	272	31.11	32	147	339	35.87	34	151	191	32.61	32	148	221	35.66	32	153
Default	398	100.00	45	213	384	100.00	45	208	469	100.00	47	231	515	100.00	47	201
Total Corporate	43,890	1.94	35	50	42,452	1.99	35	50	42,025	2.09	35	51	41,749	2.23	35	50
Sovereign																
Minimal Risk	19,640	0.02	10	3	21,747	0.02	10	3	21,271	0.02	10	2	19,177	0.02	10	2
Low Risk	1,139	0.08	13	7	1,244	0.08	17	9	1,234	0.08	16	8	1,263	0.08	14	7
Satisfactory Risk	5	0.24	21	16		0.37	56	55		0.22	56	40				
Fair Default Risk	3	1.62	30	60												
Default																
Total Sovereign	20,787	0.02	10	3	22,991	0.02	11	3	22,505	0.02	11	2	20,440	0.02	10	2
Bank																
Minimal Risk	4,686	0.04	25	10	5,083	0.04	25	11	4,517	0.04	25	12	4,978	0.04	25	12
Low Risk	911	0.11	29	20	907	0.12	28	22	799	0.12	28	23	794	0.11	29	22
Satisfactory Risk	155	0.31	31	34	162	0.30	31	35	85	0.24	31	33	83	0.23	29	32
Fair Default Risk	8	1.15	38	86	9	1.16	45	93	28	0.97	37	63	34	1.08	38	68
Moderate Default Risk	9	2.90	39	121	8	2.31	43	136	7	2.45	44	141	3	2.74	41	115
Significant Default Risk					1	7.85	79	279	4	6.02	55	176	5	5.99	52	165
High Default Risk	1	13.00	79	341						10.00	81	317	1	10.31	81	321
Special Management																
Default																
Total Bank	5,770	0.07	26	13	6,170	0.06	26	14	5,440	0.06	26	14	5,898	0.06	25	14

Internal Rating	March 31, 2013				December 31, 2012				September 30, 2012				June 30, 2012			
	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	1,397	0.04	45	14	1,787	0.04	49	13	1,721	0.04	50	13	1,908	0.04	49	14
Low Risk	4,807	0.11	44	28	4,384	0.11	45	25	4,815	0.10	46	24	4,380	0.10	45	24
Satisfactory Risk	20,485	0.42	34	43	19,529	0.43	34	41	19,396	0.43	34	40	19,267	0.44	34	41
Fair Default Risk	11,382	1.11	32	63	12,340	1.12	33	62	12,541	1.13	33	61	12,359	1.13	33	62
Moderate Default Risk	1,322	2.97	30	79	1,367	2.92	29	77	1,295	2.86	29	76	1,308	2.82	29	77
Significant Default Risk	206	6.22	31	106	169	6.19	31	105	178	6.16	30	106	199	6.17	30	104
High Default Risk	636	10.13	31	125	596	10.09	30	121	504	10.15	31	128	463	10.06	31	126
Special Management	304	40.65	32	144	246	38.74	33	143	298	49.01	29	115	283	50.05	32	125
Default	527	100.00	44	210	514	100.00	45	208	562	100.00	47	225	542	100.00	43	210
Total Corporate	41,066	2.40	35	51	40,932	2.31	35	50	41,310	2.51	36	49	40,709	2.48	35	50
Sovereign																
Minimal Risk	19,649	0.02	10	2	18,965	0.01	10	2	20,645	0.01	10	2	18,863	0.01	10	2
Low Risk	1,135	0.07	10	6	1,223	0.07	11	6	1,512	0.07	10	6	1,664	0.07	10	6
Satisfactory Risk					2	0.33	56	54	2	0.33	55	53	2	0.34	55	53
Fair Default Risk	1	1.65	10	20												
Default																
Total Sovereign	20,785	0.02	10	2	20,190	0.02	10	2	22,159	0.02	10	2	20,529	0.02	10	2
Bank																
Minimal Risk	5,311	0.04	25	12	4,966	0.04	24	9	5,245	0.04	24	9	4,634	0.03	25	9
Low Risk	879	0.11	29	19	1,057	0.10	30	14	1,001	0.10	30	14	657	0.11	28	13
Satisfactory Risk	60	0.23	29	34	56	0.25	31	31	55	0.25	35	33	49	0.24	33	32
Fair Default Risk	47	1.11	35	61	14	1.38	36	67	15	1.08	37	65	45	0.88	39	61
Moderate Default Risk	7	2.33	39	91	4	2.89	56	139	4	2.88	51	128	6	3.92	39	116
Significant Default Risk	6	6.12	57	188	4	6.02	55	175	14	5.95	72	251	5	6.23	78	268
High Default Risk	1	10.08	77	330	1	10.41	69	289	2	10.00	69	292	3	10.33	64	272
Special Management																
Default																
Total Bank	6,311	0.07	25	14	6,102	0.06	25	10	6,336	0.07	26	11	5,399	0.07	25	11

EAD - Exposure at Default, see glossary for details

PD - Probability of Default, see glossary for details

LGD - Loss Given Default, see glossary for details

Risk Weight % is a Weighted Average based on EAD

Exposures Covered By Credit Risk Mitigation

(\$ millions except as noted)

Counterparty Type	March 31, 2014			December 31, 2013			September 30, 2013			June 30, 2013		
	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Corporate			1,185			1,181			586			675
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			1,185			1,181			586			675
Residential Mortgages			3,437			3,702			4,145			4,664
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			3,437			3,702			4,145			4,664
Total			4,623			4,883			4,730			5,339

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			966			1,359			1,264			1,238
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			966			1,359			1,264			1,238
Residential Mortgages			4,772			5,152			5,897			6,657
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			4,772			5,152			5,897			6,657
Total			5,738			6,512			7,162			7,895

AIRB Credit Risk Exposures - Credit Commitments

(\$ millions except as noted)

Counterparty Type	March 31, 2014		December 31, 2013		September 30, 2013		June 30, 2013	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	27,449	11,561	27,671	11,636	26,508	11,237	26,143	10,699
Sovereign	86	31	43	18	64	26	90	37
Bank	57		63		61		415	
Total Corporate, Sovereign and Bank	27,592	11,592	27,777	11,653	26,632	11,263	26,648	10,736
Residential Mortgages	32		29	1	26		22	2
HELOC's	3,143	2,701	3,161	2,729	3,176	2,764	3,213	2,822
Other Retail (excluding QRR and SME)	711	548	740	567	755	574	784	582
Qualifying Revolving Retail	962	729	973	739	979	746	995	757
Retail SME	229	204	255	224	327	281	265	240
Total Retail	5,077	4,182	5,157	4,260	5,262	4,365	5,279	4,402
Total	32,669	15,774	32,933	15,914	31,894	15,628	31,926	15,138

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
Total Corporate, Sovereign and Bank	27,183	10,753	27,395	11,153	28,784	10,788	25,965	10,646
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
Total Retail	5,420	4,540	6,183	4,601	5,948	4,731	6,250	4,787
Total	32,603	15,293	33,578	15,754	34,732	15,519	32,214	15,433

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 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 2013.

Securitization Exposures

(\$ millions except as noted)

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

	At March 31, 2014			At December 31, 2013			At September 30, 2013			At June 30, 2013		
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor³												
Trade receivables		1,042	1,042		967	967		967	967		966	966
As Investor				4		4	3		3	1	2	3
Residential mortgages											2	2
Trade receivables				4		4	3		3	1		1
		1,042	1,042	4	967	971	3	967	970	1	968	969

	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
As Sponsor³												
Trade receivables		970	970		1,007	1,007		965	965		712	712
As Investor	3	5	8	5	9	14	282	10	292	226	19	245
Residential mortgages		5	5		9	9		10	10		19	19
Trade receivables	3		3	5		5	282		282	226		226
	3	975	978	5	1,016	1,021	282	975	1,257	226	731	957

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 (\$5 million at December 2013) 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 March 31
		As sponsor	As investor	
2014				
Aggregate amount of securitization exposures (retained or purchased)				
Residential mortgages	0	-	-	0
Trade receivables	971	75	(4)	1,042
	971	75	(4)	1,042

Securitization exposure - asset values and impairment charges

	At March 31, 2014			At December 31, 2013			At September 30, 2013			At June 30, 2013		
	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge	Underlying assets ¹		Securitization exposures Impairment charge
	Total	Impaired & past due		Total	Impaired & past due		Total	Impaired & past due		Total	Impaired & past due	
As Sponsor												
Trade receivables	1,400			1,341			1,341			1,332		
As Investor¹												
Residential mortgages												
Trade receivables												

	At March 31, 2013			At December 31, 2012			At September 30, 2012			At June 30, 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	1,326			1,328			1,270			1,267		
As Investor¹												
Residential mortgages												
Trade receivables												

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

Securitization Exposures

(\$ millions except as noted)

Securitization exposures by risk weighting

Category risk weights	Exposure value at March 31, 2014			Exposure value at December 31, 2013			Exposure value at September 30, 2013			Exposure value at June 30, 2013		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
≤ 10%		1,035	1,035		959	959		959	959		959	959
> 10% ≤ 20%				4		4						
> 20% ≤ 50%		7	7		8	8		8	8	1	7	8
> 50% ≤ 100%												
> 100% ≤ 650%							3		3			
> 650% < 1250%											2	2
1250%												
Total		1,042	1,042	4	967	971	3	967	970	1	968	969

Category risk weights	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
≤ 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%												
1250%		5	5		9	9		10	10		19	19
Total	3	975	978	5	1,016	1,021	282	975	1,257	226	731	957

Capital required by risk weighting

Category risk weights	Capital required at March 31, 2014			Capital required at December 31, 2013			Capital required at September 30, 2013			Capital required at June 30, 2013		
	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total	Trading book	Banking book	Total
≤ 10%		2	2		2	2		2	2		1	1
> 10% ≤ 20%												
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%											2	2
Total	2	2	2	2	2	2	2	2	2	3	3	3

Category risk weights	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
≤ 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%												
1250%		5	5		9	9		10	10		19	19
Total	9	9	9	13	13	13	4	18	22	3	26	29

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⁾	March 31, 2014						
	Residential mortgages					HELOC ⁽²⁾	
	Insured ⁽³⁾		Uninsured		Total	Uninsured	
	Amount	% insured	Amount	% uninsured	Amount	Amount	% uninsured
(\$ millions except as noted)							
British Columbia	1,820	17 %	8,966	83 %	10,786	1,121	100 %
Western Canada excluding British Columbia	355	25 %	1,065	75 %	1,420	290	100 %
Ontario	1,014	20 %	3,953	80 %	4,967	626	100 %
Quebec and Atlantic provinces	249	24 %	773	76 %	1,022	127	100 %
Total March 31, 2014	3,438	19 %	14,757	81 %	18,195	2,164	100 %
December 31, 2013	3,702	20 %	14,507	80 %	18,209	2,187	100 %

Amortization period ⁽⁴⁾	March 31, 2014				
	Residential mortgages				
	< 20 years	20-24 years	25-29 years	30-34 years	35 years and greater
Total March 31, 2014	29 %	41 %	26 %	4 %	0 %
December 31, 2013	30 %	41 %	25 %	4 %	0 %

Average loan-to-value ratios of new originations ⁽⁵⁾	For the 3 months ended: March 31, 2014	
	Uninsured %LTV ⁽⁶⁾	
	Residential mortgages	HELOC ⁽²⁾
British Columbia	58 %	47 %
Western Canada excluding British Columbia	65 %	59 %
Ontario	62 %	59 %
Quebec and Atlantic provinces	60 %	55 %
Total March 31, 2014	60 %	53 %
December 31, 2013	60 %	52 %

(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 - 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.

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.