2015

HSBC Bank Canada

Regulatory Capital and
Risk Management
Pillar 3 Supplemental Disclosures
as at September 30, 2015

HSBC

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Regulatory Capital and Risk Management Pillar 3 Disclosures

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

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

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

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

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

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

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

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

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

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

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Basel III Regulatory Capital
($ millions except as noted)

	Common Equity Tier 1 capital: instruments and reserves	All-in[1] 3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014	4Q 2013
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225
2	Retained earnings	3,292	3,254	3,151	3,108	3,148	3,079	2,995	2,926
3	Accumulated other comprehensive income (and other reserves)	83	154	233	117	113	137	149	134
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	na	na	na	na	na	na	na	na
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	na	na	na	na	na	na	na	na
6	Common Equity Tier 1 capital before regulatory adjustments	4,600	4,633	4,609	4,450	4,486	4,441	4,369	4,285
	Common Equity Tier 1 capital: regulatory adjustments								
28	Total regulatory adjustments to Common Equity Tier 1	(207)	(190)	(236)	(170)	(172)	(205)	(219)	(228)
29	**Common Equity Tier 1 capital (CET1)**	4,393	4,444	4,374	4,280	4,314	4,236	4,150	4,057
	Additional Tier 1 capital: instruments								
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	500	500	na	na	na	na	na	na
31	of which: classified as equity under applicable accounting standards	500	500	na	na	na	na	na	na
32	of which: classified as liabilities under applicable accounting standards	na	na	na	na	na	na	na	na
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	350	350	550	550	550	550	800	800
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
35	*of which: instruments issued by subsidiaries subject to phase out*	-	-	-	-	-	-	-	-
36	**Additional Tier 1 capital before regulatory adjustments**	850	850	550	550	550	550	800	800
	Additional Tier 1 capital: regulatory adjustments								
43	**Total regulatory adjustments to Additional Tier 1 capital**	na	na	na	na	na	na	na	na
44	**Additional Tier 1 capital (AT1)**	850	850	550	550	550	550	800	800
45	**Tier 1 capital (T1 = CET1 + AT1)**	5,243	5,294	4,924	4,830	4,864	4,786	4,950	4,857
	Tier 2 capital: instruments and allowances								
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	na	na	na	na	na	na	na	na
47	Directly issued capital instruments subject to phase out from Tier 2	532	532	532	608	608	608	608	668
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	na	na	na	na	na	na	na	na
49	*of which: instruments issued by subsidiaries subject to phase out*	na	na	na	na	na	na	na	na
50	Collective allowances	4	4	4	3	8	8	8	9
51	**Tier 2 capital before regulatory adjustments**	536	536	536	611	616	616	616	677
	Tier 2 capital: regulatory adjustments								
57	**Total regulatory adjustments to Tier 2 capital**	na	na	1	na	na	na	na	na
58	**Tier 2 capital (T2)**	536	536	537	611	616	616	616	677
59	**Total capital (TC = T1 + T2)**	5,779	5,829	5,460	5,441	5,480	5,402	5,566	5,534
60	**Total risk-weighted assets**	na	na	na	na	na	38,629	38,466	36,862
60a	**Common Equity Tier 1 (CET1) Capital RWA [2]**	42,787	42,358	41,642	40,269	40,129	na	na	na
60b	**Tier 1 Capital RWA [2]**	42,787	42,358	41,642	40,269	40,129	na	na	na
60c	**Total Capital RWA [2]**	42,787	42,358	41,642	40,269	40,129	na	na	na

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

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

Basel III Regulatory Capital (Continued)
($ millions except as noted)

	Capital ratios	All-in Basis [1] 3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014	4Q 2013
61	**Common Equity Tier 1 (as percentage of risk-weighted assets)**	10.3%	10.5%	10.5%	10.6%	10.8%	11.0%	10.8%	11.0%
62	**Tier 1 (as percentage of risk-weighted assets)**	12.3%	12.5%	11.8%	12.0%	12.1%	12.4%	12.9%	13.2%
63	**Total capital (as percentage of risk-weighted assets)**	13.5%	13.8%	13.1%	13.5%	13.7%	14.0%	14.5%	15.0%
	OSFI all-in target								
69	**Common Equity Tier 1 capital all-in target ratio**	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
70	**Tier 1 capital all-in target ratio**	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
71	**Total capital all-in target ratio**	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
	Current cap on CET1 instruments subject to phase out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)								
80	*Current cap on CET1 instruments subject to phase out arrangements*	70%	70%	70%	80%	80%	80%	90%	90%
81	*(excess over cap after redemptions and maturities)*	na	na	na	na	na	na	na	na
82	*Current cap on AT1 instruments subject to phase out arrangements*	70%	70%	70%	80%	80%	80%	90%	90%
83	*Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	-	-	-	-	-	-	-	118
84	*Current cap on T2 instruments subject to phase out arrangements*	70%	70%	70%	80%	80%	80%	80%	90%
85	*Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)*	124	129	132	57	58	60	62	-

	Capital	Transitional Basis [2] 3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014	4Q 2013
29	**Common Equity Tier 1 capital (CET1)**	4,451	4,494	4,427	4,367	4,396	4,333	4,244	4,186
45	**Tier 1 capital (T1 = CET1 + AT1)**	5,282	5,327	4,962	4,889	4,921	4,858	5,022	4,955
59	**Total capital (TC = T1 + T2)**	5,813	5,859	5,499	5,491	5,532	5,469	5,636	5,624
60	**Total risk-weighted assets**	43,102	42,661	42,074	40,867	40,757	39,445	39,284	37,919
	Capital ratios								
61	**Common Equity Tier 1 (as percentage of risk-weighted assets)**	10.3%	10.5%	10.5%	10.7%	10.8%	11.0%	10.8%	11.0%
62	**Tier 1 (as percentage of risk-weighted assets)**	12.3%	12.5%	11.8%	12.0%	12.1%	12.3%	12.8%	13.1%
63	**Total capital (as percentage of risk-weighted assets)**	13.5%	13.7%	13.1%	13.4%	13.6%	13.9%	14.4%	14.8%
	Assets to Capital Multiple (ACM)	na	na	na	17.1	16.3	16.0	15.3	15.1
	Leverage Ratio	4.7%	4.9%	4.6%	na	na	na	na	na

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

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

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

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Risk-Weighted Assets¹

($ millions except as noted)

Risk-Weighted Assets (RWA)	September 30, 2015				June 30, 2015				March 31, 2015				December 31, 2014			
	Exposure (2)	RWA			*Exposure (2)*	RWA			*Exposure (2)*	RWA			*Exposure (2)*	RWA		
($ millions except as noted)		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total
Corporate	57,459		28,288	28,288	55,946		27,592	27,592	53,681	-	26,437	26,437	54,626	-	23,906	23,906
Sovereign	26,263		830	830	22,065		718	718	21,672	-	741	741	21,597	-	697	697
Bank	12,775		643	643	11,931		666	666	13,038		713	713	9,201		727	727
Residential Mortgages	19,099		1,761	1,761	18,699		1,687	1,687	18,266	-	1,661	1,661	18,328	105	1,709	1,814
HELOC's	2,945		626	626	2,951		617	617	2,971	-	631	631	3,046	-	652	652
Other Retail (excluding QRR and SME)	2,620	507	336	843	2,829	536	418	953	2,774	550	361	911	2,678	422	401	823
Qualifying Revolving Retail	502		196	196	506		200	200	514	-	203	203	527	-	211	211
Retail SME	508		318	318	561		354	354	554	-	350	350	593	-	369	369
Exposures subject to standardized or IRB approaches	**122,171**	**507**	**32,999**	**33,506**	**115,489**	**536**	**32,252**	**32,787**	**113,469**	**550**	**31,097**	**31,647**	**110,595**	**527**	**28,672**	**29,199**
Equity *(3)*	16		16	16	4		4	4	4	-	4	4	4	-	4	4
Securitization *(4)*															-	
Other assets not included in standardized or IRB approaches (5)	1,424			1,979	1,652			2,011	2,108	-	-	2,241	3,064	-	-	2,380
Adjustment to IRB risk-weighted assets for scaling factor				1,981				1,935	-	-	-	1,866	-	-	-	1,721
Total Credit Risk	**123,611**			**37,482**	**117,145**			**36,738**	**115,581**			**35,759**	**113,664**			**33,304**
Market Risk *(6)*																
Operational Risk - Standardized Approach				3,764				3,792				3,831				3,882
Total Risk-Weighted Assets before adjustments				**41,247**				**40,529**				**39,590**				**37,186**
Total RWA after adjustment for CVA phase-in (5)																
Common Equity Tier 1 (CET1) Capital RWA				**40,827**				**40,128**				**39,118**				**36,553**
Tier 1 Capital RWA				**40,909**				**40,206**				**39,209**				**36,671**
Total Capital RWA				**40,979**				**40,273**				**39,288**				**36,847**
Adjustment for Regulatory Floor *(7)*																
CET1 Capital RWA Floor				**1,960**				**2,229**				**2,524**				**3,716**
Tier 1 Capital RWA Floor				**1,878**				**2,151**				**2,433**				**3,598**
Total Capital RWA Floor				**1,808**				**2,084**				**2,354**				**3,422**
Adjusted Total Risk-Weighted Assets																
Adjusted Common Equity Tier 1 (CET1) Capital RWA				**42,787**				**42,358**				**41,642**				**40,269**
Adjusted Tier 1 Capital RWA				**42,787**				**42,358**				**41,642**				**40,269**
Adjusted Total Capital RWA				**42,787**				**42,358**				**41,642**				**40,269**

Risk-Weighted Assets (RWA)	September 30, 2014				June 30, 2014				March 31, 2014				December 31, 2013			
	Exposure (2)	RWA			*Exposure (2)*	RWA			*Exposure (2)*	RWA			*Exposure (2)*	RWA		
($ millions except as noted)		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	6	729	735	7,537		854	854
Residential Mortgages	18,250	135	1,679	1,814	17,873	150	1,641	1,791	17,672	167	1,615	1,782	17,690	181	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	1,116	439	1,555	4,108	1,113	703	1,817	4,124	1,150	680	1,830
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**	**105,351**	**1,266**	**27,789**	**29,055**	**109,094**	**1,286**	**27,038**	**28,325**	**107,792**	**1,331**	**26,451**	**27,783**
Equity *(3)*	28		28	28	4		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**

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

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

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

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

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

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

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

Credit Exposure by Counterparty Type

($ millions except as noted)

	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
	September 30, 2015						**June 30, 2015**					
Corporate	30,306	13,324	8,260	1,921	3,649	57,459	30,284	13,253	7,102	1,604	3,703	55,946
Sovereign	25,502	40	389	262	70	26,263	21,659	34	190	111	70	22,065
Bank	3,486		7,515	915	858	12,775	3,135		6,824	1,134	839	11,931
Total Corporate, Sovereign and Bank	59,293	13,363	16,165	3,098	4,577	96,496	55,078	13,287	14,116	2,849	4,611	89,942
Residential Mortgages	19,099					19,099	18,698	1				18,699
HELOC's	1,910	1,035				2,945	1,950	1,001				2,951
Other Retail (excluding QRR and SME)	2,411	196			13	2,620	2,620	196			13	2,829
Qualifying Revolving Retail	277	226				502	280	226				506
Retail SME	237	252			19	508	271	271			19	561
Total Retail	23,933	1,709			32	25,674	23,819	1,696			32	25,547
Total Gross Credit Exposure	**83,227**	**15,072**	**16,165**	**3,098**	**4,609**	**122,171**	**78,897**	**14,983**	**14,116**	**2,849**	**4,644**	**115,489**
	March 31, 2015						**December 31, 2014**					
Corporate	30,122	12,356	5,899	1,815	3,489	53,681	28,088	12,137	9,539	1,212	3,650	54,626
Sovereign	20,917	38	581	67	70	21,672	21,186	34	250	57	70	21,597
Bank	3,162		7,615	1,459	802	13,038	3,269		3,067	2,237	628	9,201
Total Corporate, Sovereign and Bank	54,201	12,394	14,094	3,341	4,361	88,391	52,542	12,172	12,856	3,506	4,348	85,424
Residential Mortgages	18,266					18,266	18,326	1				18,328
HELOC's	1,970	1,001				2,971	2,006	1,040				3,046
Other Retail (excluding QRR and SME)	2,573	196			4	2,774	2,451	197			30	2,678
Qualifying Revolving Retail	285	229				514	293	234				527
Retail SME	268	266			20	554	279	293			20	593
Total Retail	23,362	1,691			24	25,078	23,355	1,765			51	25,171
Total Gross Credit Exposure	**77,563**	**14,085**	**14,094**	**3,341**	**4,385**	**113,469**	**75,898**	**13,937**	**12,856**	**3,506**	**4,399**	**110,595**
	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
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
Total Corporate, Sovereign and Bank	17,672					17,672	17,688	1				17,690
Residential Mortgages	2,164	2,701				4,866	2,187	2,729				4,916
HELOC's	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**

HSBC

Credit Exposure by Geography

($ millions except as noted)

	September 30, 2015						June 30, 2015					
	Loans (Drawn)	**Commitments (Undrawn)**	**Repo Style Transactions**	**OTC**	**Other Off Balance Sheet Items**	**Total**	**Loans (Drawn)**	**Commitments (Undrawn)**	**Repo Style Transactions**	**OTC**	**Other Off Balance Sheet Items**	**Total**
British Columbia	21,149	3,445	122	227	561	25,504	20,876	3,348	52	167	567	25,010
Western Canada, excluding British Columbia	11,070	4,821		832	1,074	17,797	11,310	4,969		625	1,168	18,071
Ontario	43,707	4,565	16,043	1,509	2,101	67,924	39,556	4,419	14,065	1,642	2,042	61,723
Quebec & Atlantic provinces	7,301	2,242		530	873	10,945	7,156	2,247		416	866	10,685
Total Gross Credit Exposure	**83,227**	**15,072**	**16,165**	**3,098**	**4,609**	**122,171**	**78,897**	**14,983**	**14,116**	**2,849**	**4,644**	**115,489**

	March 31, 2015						December 31, 2014					
	Loans (Drawn)	**Commitments (Undrawn)**	**Repo Style Transactions**	**OTC**	**Other Off Balance Sheet Items**	**Total**	**Loans (Drawn)**	**Commitments (Undrawn)**	**Repo Style Transactions**	**OTC**	**Other Off Balance Sheet Items**	**Total**
British Columbia	20,614	3,021	215	205	552	24,607	20,277	3,080		109	542	24,007
Western Canada, excluding British Columbia	11,597	4,740		738	1,156	18,231	10,629	4,542		477	1,420	17,068
Ontario	38,159	4,237	13,879	1,945	1,919	60,140	38,375	4,204	12,856	2,632	1,564	59,631
Quebec & Atlantic provinces	7,193	2,087		454	759	10,492	6,617	2,110		288	873	9,888
Total Gross Credit Exposure	**77,563**	**14,085**	**14,094**	**3,341**	**4,385**	**113,469**	**75,898**	**13,937**	**12,856**	**3,506**	**4,399**	**110,595**

	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**

Residual Contract Maturity Breakdown
($ millions except as noted)

	September 30, 2015						June 30, 2015					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	29,501	9,099	16,165	1,357	3,602	59,723	29,927	9,031	14,116	1,372	3,348	57,795
1-5 years	43,633	5,771		1,176	933	51,512	40,000	5,605		997	1,215	47,816
Greater than 5 years	10,093	203		565	74	10,936	8,970	346		480	81	9,878
Total Gross Credit Exposure	**83,227**	**15,072**	**16,165**	**3,098**	**4,609**	**122,171**	**78,897**	**14,983**	**14,116**	**2,849**	**4,644**	**115,489**

	March 31, 2015						December 31, 2014					
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	30,042	8,675	14,094	1,430	3,182	57,423	30,388	8,688	12,856	1,347	3,289	56,568
1-5 years	38,446	4,988		1,232	1,135	45,801	37,140	4,982		1,252	1,056	44,429
Greater than 5 years	9,075	423		679	68	10,245	8,370	268		907	54	9,598
Total Gross Credit Exposure	**77,563**	**14,085**	**14,094**	**3,341**	**4,385**	**113,469**	**75,898**	**13,937**	**12,856**	**3,506**	**4,399**	**110,595**

	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**

Credit Risk Portfolio Exposure at Default

($ millions except as noted)

	September 30, 2015				June 30, 2015				March 31, 2015				December 31, 2014			
	Standardized		AIRB		Standardized		AIRB		Standardized		AIRB		Standardized		AIRB	
	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn
Corporate			30,306	13,324			30,284	13,253			30,122	12,356			28,088	12,137
Sovereign			25,502	40			21,659	34			20,917	38			21,186	34
Bank			3,486				3,135				3,162				3,269	
Total Corporate, Sovereign and Bank			59,293	13,363			55,078	13,287			54,201	12,394			52,542	12,172
Residential Mortgages (1)			19,099				18,698	1			18,266		238		18,088	1
HELOC's			1,910	1,035			1,950	1,001			1,970	1,001			2,006	1,040
Other Retail (excluding QRR and SME)	670		1,741	196	708		1,912	196	726		1,847	196	560		1,891	197
Qualifying Revolving Retail			277	226			280	226			285	229			293	234
Retail SME			237	252			271	271			268	266			279	293
Total Retail	670		23,264	1,709	708		23,111	1,696	726		22,636	1,691	798		22,557	1,765
Total Gross Credit Exposure	**670**		**82,557**	**15,072**	**708**		**78,189**	**14,983**	**726**		**76,837**	**14,085**	**798**		**75,100**	**13,937**

	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**

Standardized Exposures by Risk Weight Category

($ millions except as noted)

	September 30, 2015								June 30, 2015							
	Risk Weight Category								Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate																
Sovereign																
Bank																
Total Corporate, Sovereign and Bank																
Residential Mortgages (1)																
Heloc's																
Other Retail					652	18		670					689	19		708
Retail SME																
Total Retail					**652**	**18**		**670**					**689**	**19**		**708**
Total Exposure at Default					**652**	**18**		**670**					**689**	**19**		**708**

	March 31, 2015								December 31, 2014							
	Risk Weight Category								Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate																
Sovereign																
Bank																
Total Corporate, Sovereign and Bank																
Residential Mortgages											192		34	12		238
Heloc's																
Other Retail					705	22		726					551	8	1	560
Retail SME																
Total Retail					**705**	**22**		**726**			**192**		**586**	**20**	**1**	**798**
Total Exposure at Default					**705**	**22**		**726**			**192**		**586**	**20**	**1**	**798**

	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**	**182**		**1,589**	**15**	**7**	**1,823**			**200**		**1,643**	**15**	**9**	**1,867**

Risk Assessment - IRB Retail Credit Portfolio

($ millions except as noted)

	September 30, 2015						June 30, 2015					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	18,808	2,862	1,897	370	211	24,147	18,425	2,876	2,067	372	215	23,955
Medium	256	66	49	125	289	784	241	61	48	126	339	816
Sub-Standard			1	4		6			1	4		5
Impaired/Default	36	18	4	4	7	68	33	14	5	4	8	63
Total Exposure at Default	**19,099**	**2,945**	**1,950**	**502**	**508**	**25,005**	**18,699**	**2,951**	**2,121**	**506**	**561**	**24,839**

	March 31, 2015						December 31, 2014					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,982	2,889	1,990	376	340	23,578	17,768	2,929	2,052	390	355	23,493
Medium	249	63	52	130	204	698	281	100	61	131	228	801
Sub-Standard			1	4		6			2	2		4
Impaired/Default	35	18	4	4	9	70	40	17	4	4	9	75
Total Exposure at Default	**18,266**	**2,971**	**2,047**	**514**	**554**	**24,351**	**18,090**	**3,046**	**2,118**	**527**	**593**	**24,373**

	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**

HSBC

Risk Assessment - AIRB Non-Retail Credit Portfolio [1]

($ millions except as noted)

Internal Rating	September 30, 2015				June 30, 2015				March 31, 2015				December 31, 2014			
	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	**2,349**	0.04	45	15	**2,105**	0.04	47	17	**1,772**	0.04	45	15	**1,692**	0.04	45	15
Low Risk	**5,358**	0.11	41	24	**5,063**	0.11	40	23	**5,418**	0.11	42	29	**5,528**	0.11	42	28
Satisfactory Risk	**22,542**	0.41	37	50	**22,683**	0.41	37	48	**22,949**	0.41	36	46	**21,674**	0.41	35	44
Fair Default Risk	**12,628**	1.15	34	69	**12,547**	1.13	34	69	**11,731**	1.12	34	68	**11,516**	1.13	34	67
Moderate Default Risk	**3,467**	3.00	32	86	**3,441**	2.73	33	83	**3,186**	2.93	32	85	**2,644**	2.85	31	83
Significant Default Risk	**1,241**	6.95	30	107	**1,444**	6.83	30	105	**1,316**	6.49	35	124	**843**	6.63	31	109
High Default Risk	**743**	10.12	28	116	**889**	10.08	32	132	**719**	10.30	28	119	**613**	10.39	30	124
Special Management	**425**	41.42	36	162	**343**	46.78	31	117	**344**	42.61	33	132	**261**	30.46	32	148
Default	**455**	100.00	50	191	**354**	100.00	53	156	**360**	100.00	47	152	**354**	100.00	45	141
Total Corporate	**49,208**	**2.32**	**37**	**58**	**48,869**	**2.12**	**37**	**56**	**47,795**	**2.07**	**36**	**56**	**45,125**	**1.89**	**36**	**53**
Sovereign																
Minimal Risk	**25,668**	0.02	10	3	**21,700**	0.02	10	3	**18,897**	0.02	10	3	**19,911**	0.02	10	3
Low Risk	**201**	0.07	12	9	**170**	0.07	13	9	**2,189**	0.07	14	6	**1,430**	0.07	12	6
Satisfactory Risk	**3**	0.33	40	40	**3**	0.34	40	35	**5**	0.32	57	51	**6**	0.30	46	41
Fair Default Risk	**1**	1.05	37	83												
Default																
Total Sovereign	**25,873**	**0.02**	**10**	**3**	**21,873**	**0.02**	**10**	**3**	**21,091**	**0.03**	**11**	**3**	**21,347**	**0.02**	**10**	**3**
Bank																
Minimal Risk	**3,614**	0.03	21	8	**3,567**	0.03	22	8	**3,790**	0.03	22	9	**4,951**	0.03	23	10
Low Risk	**1,547**	0.11	27	19	**1,329**	0.12	27	20	**1,426**	0.11	28	18	**1,051**	0.11	28	19
Satisfactory Risk	**126**	0.37	33	32	**193**	0.34	32	32	**195**	0.33	34	33	**123**	0.31	33	29
Fair Default Risk	**11**	1.54	38	79	**57**	1.62	29	60	**43**	1.28	29	62	**4**	1.31	47	84
Moderate Default Risk	**1**	4.11	50	134	**1**	3.97	57	140	**26**	3.09	28	82	**5**	3.07	27	82
Significant Default Risk	**6**	5.75	38	109												
High Default Risk	**1**	10.00	59	217	**1**	10.00	59	217	**7**	10.02	47	173	**6**	10.02	49	183
Special Management																
Default																
Total Bank	**5,306**	**0.08**	**23**	**12**	**5,148**	**0.09**	**24**	**13**	**5,487**	**0.10**	**24**	**13**	**6,140**	**0.07**	**24**	**12**

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**

[1] Net of collateral, guarantees and credit derivates

"EAD" - Exposure at Default, "PD" - Probablitilty 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)

	September 30, 2015			June 30, 2015			March 31, 2015			December 31, 2014		
	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB
Counterparty Type	**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			1,274			1,294			1,283			1,294
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			1,274			1,294			1,283			1,294
Residential Mortgages			2,213			2,483			2,448			2,437
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			2,213			2,483			2,448			2,437
Total			**3,487**			**3,777**			**3,730**			**3,731**

	September 30, 2014			June 30, 2014			March 31, 2014			December 31, 2013		
	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB
Counterparty Type	**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**

HSBC

AIRB Credit Risk Exposures - Credit Commitments
($ millions except as noted)

Counterparty Type	September 30, 2015 Notional Undrawn	September 30, 2015 EAD on Undrawn	June 30, 2015 Notional Undrawn	June 30, 2015 EAD on Undrawn	March 31, 2015 Notional Undrawn	March 31, 2015 EAD on Undrawn	December 31, 2014 Notional Undrawn	December 31, 2014 EAD on Undrawn
Corporate	32,775	13,324	32,619	13,253	30,479	12,356	29,974	12,137
Sovereign	137	40	124	34	123	38	116	34
Bank	79		89		58		88	
Total Corporate, Sovereign and Bank	32,992	13,363	32,832	13,287	30,660	12,394	30,178	12,172
Residential Mortgages	25		24	1	27		30	1
HELOC's	3,260	1,035	3,176	1,001	3,165	1,001	3,144	1,040
Other Retail (excluding QRR and SME)	675	196	679	196	694	196	691	197
Qualifying Revolving Retail	920	226	926	226	936	229	941	234
Retail SME	257	252	283	271	269	266	294	293
Total Retail	5,137	1,709	5,089	1,696	5,090	1,691	5,101	1,765
Total	**38,129**	**15,072**	**37,921**	**14,983**	**35,751**	**14,085**	**35,279**	**13,937**

Counterparty Type	September 30, 2014 Notional Undrawn	September 30, 2014 EAD on Undrawn	June 30, 2014 Notional Undrawn	June 30, 2014 EAD on Undrawn	March 31, 2014 Notional Undrawn	March 31, 2014 EAD on Undrawn	December 31, 2013 Notional Undrawn	December 31, 2013 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**

HSBC

Securitization

Securitization strategy

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

Our roles in the securitization process are as follows:
Originator: where we originate the assets being securitized;
Sponsor: where we establish and manage a securitization programme that purchases exposures from third parties and provide derivatives or liquidity facilities; and
Investor: where we invest in a securitization transaction directly.

HSBC as an originator

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

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

HSBC as sponsor

We act as financial services agent for a multi-seller asset-backed commercial paper conduit program (‘multi-seller conduit’) and also provide swap and liquidity facilities.
This multi-seller conduit provides the bank’s clients with alternate sources of financing through the securitization of their assets. Clients sell financial assets to the conduit and the conduit funds its purchase of such financial assets through the issuance of short-term asset-backed commercial paper to investors. Each client continues to service the financial assets they have sold to the multi-seller conduit and absorbs the first losses associated with such assets. The bank has no rights to the assets as they are owned by the multi-seller conduit.

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

Securitization

HSBC as investor

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

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

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

Valuation of securitization positions

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

Securitization activities during 2015

There has not been any securitization activity during 2015.

Calculation of risk-weighted assets for securitization exposures

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

Securitization accounting treatment

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

Securitization Exposures

($ millions except as noted)

Securitization exposure - by trading and banking book[1] [2]

	At September 30, 2015			At June 30, 2015			At March 31, 2015			At December 31, 2014		
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor[3]												
Trade receivables		245	**245**		245	**245**		245	**245**		245	**245**
As Investor												
Residential mortgages												
Trade receivables												
		245	**245**		**245**	**245**		**245**	**245**		**245**	**245**

	At 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 Sponsor[3]												
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**

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

Securitization exposure - asset values and impairment charges

	At September 30, 2015			At June 30, 2015			At March 31, 2015			At December 31, 2014		
	Underlying assets[1]		Securitization exposures	Underlying assets[1]		Securitization exposures	Underlying assets[1]		Securitization exposures	Underlying assets[1]		Securitization exposures
	Total	Impaired & past due	Impairment charge	Total	Impaired & past due	Impairment charge	Total	Impaired & past due	Impairment charge	Total	Impaired & past due	Impairment charge
As Sponsor												
Trade receivables	343			334			350			355		
As Investor[1]												
Residential mortgages												
Trade receivables												

	At September 30, 2014			At June 30, 2014			At March 31, 2014			At December 31, 2013		
	Underlying assets[1]		Securitization exposures	Underlying assets[1]		Securitization exposures	Underlying assets[1]		Securitization exposures	Underlying assets[1]		Securitization exposures
	Total	Impaired & past due	Impairment charge	Total	Impaired & past due	Impairment charge	Total	Impaired & past due	Impairment charge	Total	Impaired & past due	Impairment charge
As Sponsor												
Trade receivables	364			375			1,400			1,341		
As Investor[1]												
Residential mortgages												
Trade receivables												

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

HSBC

Securitization Exposures

($ millions except as noted)

Securitization exposures by risk weighting

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

	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**

Capital required by risk weighting

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

	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**

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 as well as benefitting from borrower default insurance. In addition the bank maintains strong underwriting and portfolio monitoring standards to ensure the quality of its portfolio is maintained.

Insurance and geographic distribution (1)

	September 30, 2015						
	Residential mortgages					HELOC(2)	
	Insured (3)		Uninsured		Total	Uninsured	
($ millions except as noted)	Amount	% insured	Amount	% uninsured	Amount	Amount	% uninsured
British Columbia	1,080	9 %	10,832	91 %	11,912	930	100 %
Western Canada excluding British Columbia	252	19 %	1,107	81 %	1,359	252	100 %
Ontario	709	13 %	4,818	87 %	5,527	615	100 %
Quebec and Atlantic provinces	172	15 %	955	85 %	1,127	113	100 %
Total September 30, 2015	**2,213**	**11 %**	**17,711**	**89 %**	**19,924**	**1,910**	**100 %**
Total June 30, 2015	**2,483**	**13 %**	**17,073**	**87 %**	**19,556**	**1,950**	**100 %**

Amortization period (4)

	September 30, 2015				
	Residential mortgages				
	< 20 years	20-24 years	25-29 years	30-34 years	35 years and greater
Total September 30, 2015	**26.2 %**	**36.7 %**	**35.9 %**	**1.3 %**	**0.0 %**
Total June 30, 2015	**27.5 %**	**37.2 %**	**33.7 %**	**1.6 %**	**0.0 %**

Average loan-to-value ratios of new originations (5)

For the 3 months ended:	September 30, 2015	
	Uninsured %LTV (6)	
	Residential mortgages	HELOC (2)
British Columbia	60.8 %	49.6 %
Western Canada excluding British Columbia	64.5 %	59.6 %
Ontario	64.9 %	56.7 %
Quebec and Atlantic provinces	59.6 %	56.3 %
Total September 30, 2015	**62.6 %**	**53.6 %**
Total June 30, 2015	**61.6 %**	**54.5 %**

(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.

HSBC

Glossary

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

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

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

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

Corporate - Exposures to corporations, partnerships and proprietorships.

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

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

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

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

OTC Derivatives - Over-the-counter derivatives contracts.

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

Other Retail - Personal loans not captured in Retail Mortages, 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.