2016

HSBC Bank Canada Regulatory Capital and Risk Management Pillar 3 Supplemental Disclosures as at June 30, 2016





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#### Notes to Users

**Regulatory Capital and Risk Management Pillar 3 Disclosures** 

The Office of the Superintendent of Financial Institutions ("OSFI") supervises HSBC Bank Canada (the "Bank") on a consolidate d 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 Operation and Risk. Please refer to the Annual Report and Accounts 2015 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 supple ment those already made in the Annual Report and Accounts 2015 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 a round 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 comp osition 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 su bject 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 prima rily 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" d ate July 2013 and revised April 2013.

Effective with public disclosures beginning in Q1, 2016, OSFI has authorized HSBC Bank Canada's Market Risk model. As a result, credit risk exposures exclude the trading book portfolio.

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 <sup>1</sup>			
Common Equity Tier 1 capital: instruments and reserves	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014
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	3,263	3,246	3,209	3,292	3,254	3,151	3,108	3,148
3 Accumulated other comprehensive income (and other reserves)	146	90	92	83	154	233	117	113
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	na	na	na	na	na	na	na	na
Common share capital issued by subsidiaries and held by third parties								
5 (amount allowed in group CET1)	na	na	na	na	na	na	na	na
6 Common Equity Tier 1 capital before regulatory adjustments	4.634	4.561	4.526	4.600	4.633	4.609	4.450	4.486
Common Equity Tier 1 capital: regulatory adjustments	1,001	1,001	1,020	1,000	1,000	1,000	1,100	1,100
28 Total regulatory adjustments to Common Equity Tier 1	(220)	(233)	(198)	(207)	(190)	(236)	(170)	(172)
29 Common Equity Tier 1 capital (CET1)	4,414	4,328	4,328	4,393	4,444	4.374	4,280	4,314
Additional Tier 1 capital: instruments	,	,	1	,	,	7-	,	1-
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	500	500	500	500	500	na	na	na
31 of which: classified as equity under applicable accounting standards	500	500	500	500	500	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	350	350	350	550	550	550
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by								
<sup>34</sup> <sup>34</sup> <sup>34</sup> <sup>34</sup> <sup>34</sup> <sup>34</sup> <sup>34</sup> <sup>34</sup>	-	-	-	-	-	na	na	na
35 of which: instruments issued by subsidiaries subject to phase out	-	-	-	-	-	-	-	-
36 Additional Tier 1 capital before regulatory adjustments	850	850	850	850	850	550	550	550
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	850	850	850	550	550	550
45 Tier 1 capital (T1 = CET1 + AT1)	5,264	5,178	5,178	5,243	5,294	4,924	4,830	4,864
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	447	450	532	532	532	532	608	608
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 Impairment allowances	9	49	53	4	4	4	3	8
51 Tier 2 capital before regulatory adjustments	456	499	585	536	536	536	611	616
Tier 2 capital: regulatory adjustments								
57 Total regulatory adjustments to Tier 2 capital	na	na	na	na	na	1	na	na
58 Tier 2 capital (T2)	456	499	585	536	536	537	611	616
59 Total capital (TC = T1 + T2)	5,720	5,677	5,763	5,779	5,829	5,460	5,441	5,480
60 Total risk-weighted assets	na	na	na	na	na	na	na	na
60a Common Equity Tier 1 (CET1) Capital RWA <sup>2</sup>	42,442	43,069	42,846	42,787	42,358	41,642	40,269	40,129
60b Tier 1 Capital RWA <sup>2</sup>	42,442	43,069	42,846	42,787	42,358	41,642	40,269	40,129
60c Total Capital RWA <sup>2</sup>	42,442	43,069	42,846	42,787	42,358	41,642	40,269	40,129

(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 2016, CVA risk-weighted assets were calculated using the scalars of 0.64, 0.71 and 0.77 to compute CET1 capital ratio, Tier 1 capital ratio and Total capital ratio respectively. Including Regulatory Floor Adjustment.



### **Basel III Regulatory Capital (Continued)**

(\$ millions except as noted)

					All-in E	Basis <sup>1</sup>			
	Capital ratios	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	10.4%	10.0%	10.1%	10.3%	10.5%	10.5%	10.6%	10.8%
62	Tier 1 (as percentage of risk-weighted assets)	12.4%	12.0%	12.1%	12.3%	12.5%	11.8%	12.0%	12.1%
63	Total capital (as percentage of risk-weighted assets)	13.5%	13.2%	13.5%	13.5%	13.8%	13.1%	13.5%	13.7%
	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	60%	60%	70%	70%	70%	70%	80%	80%
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	60%	60%	70%	70%	70%	70%	80%	80%
83	Amounts excluded from AT1 due to cap								
03	(excess over cap after redemptions and maturities)	-	-	-	-	-	-	-	-
84	Current cap on T2 instruments subject to phase out arrangements	60%	60%	70%	70%	70%	70%	80%	80%
85	Amounts excluded from T2 due to cap								
00	(excess over cap after redemptions and maturities)	-	-	121	124	129	132	57	58

				Transition	al Basis <sup>2</sup>			
Capital	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014
29 Common Equity Tier 1 capital (CET1)	4,444	4,385	4,391	4,451	4,494	4,427	4,367	4,396
45 Tier 1 capital (T1 = CET1 + AT1)	5,274	5,216	5,227	5,282	5,327	4,962	4,889	4,921
59 Total capital (TC = T1 + T2)	5,730	5,715	5,812	5,813	5,859	5,499	5,491	5,532
60 Total risk-weighted assets	42,659	43,267	43,141	43,102	42,661	42,074	40,867	40,757
Capital ratios								
61 Common Equity Tier 1 (as percentage of risk-weighted assets)	10.4%	10.1%	10.2%	10.3%	10.5%	10.5%	10.7%	10.8%
62 Tier 1 (as percentage of risk-weighted assets)	12.4%	12.1%	12.1%	12.3%	12.5%	11.8%	12.0%	12.1%
63 Total capital (as percentage of risk-weighted assets)	13.4%	13.2%	13.5%	13.5%	13.7%	13.1%	13.4%	13.6%
Assets to Capital Multiple (ACM)	na	na	na	na	na	na	17.1	16.3
Leverage Ratio	4.8%	4.8%	4.7%	4.7%	4.9%	4.6%	na	na

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

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

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



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

(\$ millions except as noted)

		June 3	0, 2016			March 3	31, 2016			Decembe	r 31, 2015			Septembe	r 30, 2015	
Risk-Weighted Assets (RWA)	Exposure		RWA		Exposure		RWA		Exposure		RWA		Exposure		RWA	
	(2)	Standardized	Advanced		(2)	Standardized	Advanced		(2)	Standardized	Advanced		(2)	Standardized	Advanced	
(\$ millions except as noted)		Approach	Approach	Total		Approach	Approach	Total		Approach	Approach	Total		Approach	Approach	Total
Corporate	49,261		27,758	27,758	49,747		27,040	27,040	53,899	-	27,896	27,896	57,459	-	28,288	28,288
Sovereign	21,107		624	624	21,533		676	676	25,740		850	850	26,263	-	830	830
Bank	11,083		612	612	13,636		640	640	11,953		679	679	12,775		643	643
Residential Mortgages	20,244		1,869	1,869	19,665		1,818	1,818	19,243		1,781	1,781	19,099	-	1,761	1,761
HELOC's	2,931		603	603	2,900		606	606	2,902		611	611	2,945	-	626	626
Other Retail (excluding QRR and SME)	2,261	407	318	725	2,350	434	331	765	2,506	482	365	847	2,620	507	336	843
Qualifying Revolving Retail	469		180	180	483		196	196	491	-	195	195	502	-	196	196
Retail SME	467		293	293	487		304	304	508	-	311	311	508	-	318	318
Exposures subject to standardized or IRB approaches (6)	107,822	407	32,256	32,663	110,802	434	31,613	32,046	117,241	482	32,688	33,170	122,171	507	32,999	33,506
Equity (3)	65		65	65	117		117	117	23	-	23	23	16	-	16	16
Securitization (4)															-	
Other assets not included in standardized or IRB approaches (5)	3,931			2,042	3,332			2,324	2,678	-	-	2,077	1,424	-	-	1,979
Adjustment to IRB risk-weighted assets for scaling factor				1,939				1,904	-	-	-	1,963	-	-	-	1,981
Total Credit Risk	111,818			36,709	114,251			36,391	119,942			37,232	123,611			37,482
Market Risk (6)				967				1,489								
Operational Risk - Standardized Approach				3,708				3,702				3,710				3,764
Total Risk-Weighted Assets before adjustments				41,384				41,581				40,942				41,247
Total RWA after adjustment for CVA phase-in (5)																
Common Equity Tier 1 (CET1) Capital RWA				40,970				41,112				40,519				40,827
Tier 1 Capital RWA				41,050				41,203				40,602				40,909
Total Capital RWA				41,119				41,282				40,672				40,979
Adjustment for Regulatory Floor (7)																
CET1 Capital RWA Floor				1,473				1,957				2,327				1,960
Tier 1 Capital RWA Floor				1,392				1,865				2,244				1,878
Total Capital RWA Floor				1,323				1,787				2,174				1,808
Adjusted Total Risk-Weighted Assets																
Adjusted Common Equity Tier 1 (CET1) Capital RWA				42,442				43,069				42,846				42,787
Adjusted Tier 1 Capital RWA				42,442				43,069				42,846				42,787
Adjusted Total Capital RWA				42,442				43,069				42,846				42,787

		June 3	0, 2015			March 3	1, 2015			Decembe	r 31, 2014			Septembe	er 30, 2014	
Risk-Weighted Assets (RWA)	Exposure		RWA													
(\$ millions except as noted)	(2)	Standardized Approach	Advanced Approach	Total												
Corporate	55,946		27.592	27,592	53,681	-	26,437	26,437	54,626	-	23,906	23,906	52,107	-	23,521	23,521
Sovereign	22.065	-	718	718	21.672	-	741	741	21,597	-	697	697	20.850	-	725	725
Bank	11.931		666	666	13.038		713	713	9,201		727	727	9,259		763	763
Residential Mortgages	18,699	-	1.687	1,687	18,266	-	1,661	1,661	18,328	105	1,709	1,814	18,250	135	1.679	1,814
HELOC's	2,951	-	617	617	2,971	-	631	631	3,046	_	652	652	3,047		650	650
Other Retail (excluding QRR and SME)	2.829	536	418	953	2.774	550	361	911	2,678	422	401	823	3.731	1,179	412	1,590
Qualifying Revolving Retail	506	-	200	200	514	-	203	203	527	-	211	211	537	-	210	210
Retail SME	561	-	354	354	554	-	350	350	593	-	369	369	602	-	378	378
Exposures subject to standardized or IRB approaches	115,489	536	32,252	32,787	113,469	550	31,097	31,647	110,595	527	28,672	29,199	108,383	1,313	28,338	29,651
Equity (3)	4		4	4	4		4	4	4	-	4	4	28	-	28	28
Securitization (4)									-	-	-	-	-	-	-	-
Trading Book	1,652			2,011												
Other assets not included in standardized or IRB approaches (5)	-	-	-	1,935	2,108	-	-	2,241	3,064	-	-	2,380	2,485	-	-	2,844
Adjustment to IRB risk-weighted assets for scaling factor	117,145			36,738	-	-	-	1,866	-	-	-	1,721	-	-	-	1,702
Total Credit Risk				-	115,581			35,759	113,664			33,304	110,895			34,225
Market Risk (6)				3,792												
Operational Risk - Standardized Approach				40,529				3,831				3,882				3,906
Total Risk-Weighted Assets before adjustments								39,590				37,186				38,130
Total RWA after adjustment for CVA phase-in (5)				40,128												
Common Equity Tier 1 (CET1) Capital RWA				40,206				39,118				36,553				37,328
Tier 1 Capital RWA				40,273				39,209				36,671				37,477
Total Capital RWA								39,288				36,847				37,701
Adjustment for Regulatory Floor (7)				2,229												
CET1 Capital RWA Floor				2,151				2,524				3,716				2,802
Tier 1 Capital RWA Floor				2,084				2,433				3,598				2,653
Total Capital RWA Floor								2,354				3,422				2,428
Adjusted Total Risk-Weighted Assets				42,358												
Adjusted Common Equity Tier 1 (CET1) Capital RWA				42,358				41,642				40,269				40,129
Adjusted Tier 1 Capital RWA				42,358				41,642				40,269				40,129
Adjusted Total Capital RWA				41,642				41,642				40,269				40,129

Effective Q1 2013, amounts are calculated in accordance with the Basel III regulatory framework, and are presented based on the "all-in" methodology.
 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 reservively. (6) Market Risk is the risk that the value of a portfolio will decrease due to movements in market factors, such as interest rates, foreign exchange rates, credit spreads, equity prices and commodity prices. Effective Q1 2016, OSFI has authorised HSBC Bank Canada's Market Risk model. As a result, credit risk exposures exclude the trading portfolio.
(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	отс	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total
			June 3	0, 2016					March 3	1, 2016		
Corporate	28,411	12,306	3,785	1,255	3,504	49,261	28,364	12,143	4,506	1,287	3,447	49,747
Sovereign	20,122	235	511	170	70	21,107	20,786	229	349	99	70	21,533
Bank	3,752		5,477	989	864	11,083	2,878		8,302	1,846	610	13,636
Total Corporate, Sovereign and Bank (1)	52,284	12,541	9,773	2,414	4,438	81,451	52,028	12,372	13,156	3,233	4,127	84,916
Residential Mortgages	20,240	4				20,244	19,665					19,665
HELOC's	1,882	1,049				2,931	1,855	1,045				2,900
Other Retail (excluding QRR and SME)	2,079	179			2	2,261	2,170	178			3	2,350
Qualifying Revolving Retail	250	219				469	261	223				483
Retail SME	209	241			17	467	216	253			18	487
Total Retail	24,660	1,692			19	26,371	24,167	1,699			21	25,886
Total Gross Credit Exposure	76,944	14,233	9,773	2,414	4,458	107,822	76,195	14,071	13,156	3,233	4,147	110,802

			December	r 31, 2015					Septembe	er 30, 2015		
Corporate	29,569	12,995	5,908	1,917	3,511	53,899	30,306	13,324	8,260	1,921	3,649	57,459
Sovereign	24,807	195	262	406	70	25,740	25,502	40	389	262	70	26,263
Bank	3,511		6,738	1,222	482	11,953	3,486		7,515	915	858	12,775
Total Corporate, Sovereign and Bank	57,886	13,190	12,908	3,545	4,063	91,592	59,293	13,363	16,165	3,098	4,577	96,496
Residential Mortgages	19,239	4				19,243	19,099					19,099
HELOC's	1,862	1,040				2,902	1,910	1,035				2,945
Other Retail (excluding QRR and SME)	2,315	186			5	2,506	2,411	196			13	2,620
Qualifying Revolving Retail	267	224				491	277	226				502
Retail SME	228	262			18	508	237	252			19	508
Total Retail	23,911	1,716			23	25,649	23,933	1,709			32	25,674
Total Gross Credit Exposure	81,797	14,906	12,908	3,545	4,086	117,241	83,227	15,072	16,165	3,098	4,609	122,171

			June 3	0, 2015					March 3	31, 2015		
Corporate	30,284	13,253	7,102	1,604	3,703	55,946	30,122	12,356	5,899	1,815	3,489	53,681
Sovereign	21,659	34	190	111	70	22,065	20,917	38	581	67	70	21,672
Bank	3,135		6,824	1,134	839	11,931	3,162		7,615	1,459	802	13,038
Total Corporate, Sovereign and Bank	55,078	13,287	14,116	2,849	4,611	89,942	54,201	12,394	14,094	3,341	4,361	88,391
Residential Mortgages	18,698	1				18,699	18,266					18,266
HELOC's	1,950	1,001				2,951	1,970	1,001				2,971
Other Retail (excluding QRR and SME)	2,620	196			13	2,829	2,573	196			4	2,774
Qualifying Revolving Retail	280	226				506	285	229				514
Retail SME	271	271			19	561	268	266			20	554
Total Retail	23,819	1,696			32	25,547	23,362	1,691			24	25,078
Total Gross Credit Exposure	78,897	14,983	14,116	2,849	4,644	115,489	77,563	14,085	14,094	3,341	4,385	113,469

			December	r 31, 2014					Septembe	er 30, 2014		
Corporate	28,088	12,137	9,539	1,212	3,650	54,626	28,236	11,175	7,545	1,629	3,521	52,107
Sovereign	21,186	34	250	57	70	21,597	20,530	25		222	73	20,850
Bank	3,269		3,067	2,237	628	9,201	2,685		2,698	3,322	554	9,259
Bank	52,542	12,172	12,856	3,506	4,348	85,424	51,451	11,199	10,243	5,174	4,149	82,216
Total Corporate, Sovereign and Bank	18,326	1				18,328	18,250					18,250
Residential Mortgages	2,006	1,040				3,046	2,041	1,006				3,047
HELOC's	2,451	197			30	2,678	2,541	1,165			25	3,731
Qualifying Revolving Retail	293	234				527	302	235				537
Retail SME	279	293			20	593	294	287			22	602
Total Retail	23,355	1,765			51	25,171	23,428	2,693			46	26,167
Total Gross Credit Exposure	75,898	13,937	12,856	3,506	4,399	110,595	74,879	13,892	10,243	5,174	4,195	108,383



### Credit Exposure by Geography

(\$ millions except as noted)

			June 3	0, 2016					March 3	31, 2016		
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total
British Columbia	22,887	3,299	75	115	522	26,898	22,687	3,273		139	529	26,628
Western Canada, excluding British Columbia	9,664	4,369		743	1,149	15,924	9,870	4,433		628	1,168	16,100
Ontario	37,690	4,568	9,691	1,357	1,955	55,260	36,820	4,394	13,156	2,245	1,673	58,288
Quebec & Atlantic provinces	6,704	1,998	7	199	832	9,740	6,817	1,971		220	777	9,785
Total Gross Credit Exposure (1)	76,944	14,233	9,773	2,414	4,458	107,822	76,195	14,071	13,156	3,233	4,147	110,802

			Decembe	r 31, 2015			September 30, 2015						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total	
British Columbia	21,579	3,517		221	523	25,840	21,149	3,445	122	227	561	25,504	
Western Canada, excluding British Columbia	10,458	4,644		786	1,176	17,064	11,070	4,821		832	1,074	17,797	
Ontario	42,585	4,531	12,908	1,924	1,594	63,542	43,707	4,565	16,043	1,509	2,101	67,924	
Quebec & Atlantic provinces	7,175	2,214		614	793	10,796	7,301	2,242		530	873	10,945	
Total Gross Credit Exposure	81,797	14,906	12,908	3,545	4,086	117,241	83,227	15,072	16,165	3,098	4,609	122,171	

			June 3	0, 2015					March 3	31, 2015		
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total
British Columbia	20,876	3,348	52	167	567	25,010	20,614	3,021	215	205	552	24,607
Western Canada, excluding British Columbia	11,310	4,969		625	1,168	18,071	11,597	4,740		738	1,156	18,231
Ontario	39,556	4,419	14,065	1,642	2,042	61,723	38,159	4,237	13,879	1,945	1,919	60,140
Quebec & Atlantic provinces	7,156	2,247		416	866	10,685	7,193	2,087		454	759	10,492
Total Gross Credit Exposure	78,897	14,983	14,116	2,849	4,644	115,489	77,563	14,085	14,094	3,341	4,385	113,469

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



#### **Residual Contract Maturity Breakdown**

(\$ millions except as noted)

			June 3	0, 2016					March 3	31, 2016		
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total
Within 1 year	24,096	8,466	9,773	956	3,506	46,797	24,297	8,432	13,156	1,412	3,167	50,464
1-5 years	44,193	5,360		816	896	51,266	41,915	5,441		1,037	913	49,307
Greater than 5 years	8,655	407		642	55	9,759	9,982	199		783	67	11,031
Total Gross Credit Exposure (1)	76,944	14,233	9,773	2,414	4,458	107,822	76,195	14,071	13,156	3,233	4,147	110,802

			Decembe	r 31, 2015					Septembe	r 30, 2015		
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total
Within 1 year	24,670	8,766	12,908	1,760	3,145	51,249	29,501	9,099	16,165	1,357	3,602	59,723
1-5 years	45,243	5,777		1,230	875	53,125	43,633	5,771		1,176	933	51,512
Greater than 5 years	11,884	363		555	65	12,867	10,093	203		565	74	10,936
Total Gross Credit Exposure	81,797	14,906	12,908	3,545	4,086	117,241	83,227	15,072	16,165	3,098	4,609	122,171

			June 3	0, 2015					March 3	31, 2015		
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	отс	Other Off Balance Sheet Items	Total
Within 1 year	29,927	9,031	14,116	1,372	3,348	57,795	30,042	8,675	14,094	1,430	3,182	57,423
1-5 years	40,000	5,605		997	1,215	47,816	38,446	4,988		1,232	1,135	45,801
Greater than 5 years	8,970	346		480	81	9,878	9,075	423		679	68	10,245
Total Gross Credit Exposure	78,897	14,983	14,116	2,849	4,644	115,489	77,563	14,085	14,094	3,341	4,385	113,469

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



#### Credit Risk Portfolio Exposure at Default

(\$ millions except as noted)

		June 3	0, 2016			March 3	31, 2016			Decembe	r 31, 2015			Septembe	r 30, 2015	
	Standa	ardized	AI	RB	Standa	ardized	AI	RB	Standa	ardized	AI	RB	Stand	ardized	AI	RB
	Loans (Drawn)	Credit Equivalent Amount on Undrawn														
Corporate			28,411	12,306			28,364	12,143			29,569	12,995			30,306	13,324
Sovereign			20,122	235			20,786	229			24,807	195			25,502	40
Bank			3,752				2,878				3,511				3,486	
Total Corporate, Sovereign and Bank (1)			52,284	12,541			52,028	12,372			57,886	13,190			59,293	13,363
Residential Mortgages			20,240	4			19,665				19,239	4			19,099	
HELOC's			1,882	1,049			1,855	1,045			1,862	1,040			1,910	1,035
Other Retail (excluding QRR and SME)	539		1,540	179	573		1,597	178	638		1,678	186	670		1,741	196
Qualifying Revolving Retail			250	219			261	223			267	224			277	226
Retail SME			209	241			216	253			228	262			237	252
Total Retail	539		24,121	1,692	573		23,593	1,699	638		23,273	1,716	670		23,264	1,709
Total Gross Credit Exposure	539		76,405	14,233	573		75,621	14,071	638		81,159	14,906	670		82,557	15,072

		June 3	0, 2015			March 3	1, 2015			Decembe	r 31, 2014			Septembe	r 30, 2014	
	Standa	ardized	AI	RB	Standa	ardized	AI	RB	Standa	ardized	AI	RB	Stand	ardized	AI	RB
	Loans (Drawn)	Credit Equivalent Amount on Undrawn														
Corporate			30,284	13,253			30,122	12,356			28,088	12,137			28,236	11,175
Sovereign			21,659	34			20,917	38			21,186	34			20,530	25
Bank			3,135				3,162				3,269				2,685	
Total Corporate, Sovereign and Bank			55,078	13,287			54,201	12,394			52,542	12,172			51,451	11,199
Residential Mortgages			18,698	1			18,266		238		18,088	1	258		17,992	
HELOC's			1,950	1,001			1,970	1,001			2,006	1,040			2,041	1,006
Other Retail (excluding QRR and SME)	708		1,912	196	726		1,847	196	560		1,891	197	592	974	1,949	191
Qualifying Revolving Retail			280	226			285	229			293	234			302	235
Retail SME			271	271			268	266			279	293			294	287
Total Retail	708	-	23,111	1,696	726	-	22,636	1,691	798	-	22,557	1,765	850	974	22,578	1,719
Total Gross Credit Exposure	708	-	78,189	14,983	726	-	76,837	14,085	798	-	75,100	13,937	850	974	74,029	12,918



# Standardized Exposures by Risk Weight Category (\$ millions except as noted)

				June 3	0, 2016							March 3	31, 2016			
				Risk Weigh	t Category							Risk Weigl	nt 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					527	12		539					558	15		573
Retail SME																
Total Retail					527	12		539					558	15		573
Total Exposure at Default					527	12		539					558	15		573

]				Decembe	r 31, 2015							Septembe	er 30, 2015			
				Risk Weigh	nt Category							Risk Weigl	ht Category			
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate																
Sovereign																
Bank																
Total Corporate, Sovereign and Bank																
Residential Mortgages																
Heloc's																
Other Retail					621	16		638					652	18		670
Retail SME																
Total Retail					621	16		638					652	18		670
Total Exposure at Default					621	16		638					652	18		670

				June 3	0, 2015							March 3	31, 2015			
				Risk Weigh	nt Category							Risk Weigh	nt Category			
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate																
Sovereign																
Bank																
Total Corporate, Sovereign and Bank																
Residential Mortgages																
Heloc's																
Other Retail					689	19		708					705	22		726
Retail SME																
Total Retail					689	19		708					705	22		726
Total Exposure at Default					689	19		708					705	22		726

				Decembe	r 31, 2014							Septembe	er 30, 2014			·
				Risk Weigh	nt Category							Risk Weigl	ht 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			154		95	10		258
Heloc's																
Other Retail					551	8	1	560					1,560		6	1,566
Retail SME																
Total Retail			192		586	20	1	798			154		1,655	10	6	1,824
Total Exposure at Default			192		586	20	1	798			154		1,655	10	6	1,824



### **Risk Assessment - IRB Retail Credit Portfolio**

(\$ millions except as noted)

			June 3	0, 2016					March 3	31, 2016		
	Residential Mortgages	HELOC	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	HELOC	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	19,904	2,836	1,662	345	198	24,945	19,323	2,794	1,719	352	199	24,387
Medium	300	85	54	117	262	818	307	94	51	123	282	857
Sub-Standard			1	5		6			1	5		7
Impaired/Default	40	10	5	2	6	64	35	12	6	4	6	63
Total Exposure at Default	20,244	2,931	1,722	469	467	25.832	19,665	2,900	1,777	483	487	25,313

			December	r 31, 2015					Septembe	r 30, 2015		
	Residential Mortgages	HELOC	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	HELOC	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	18,919	2,786	1,811	363	210	24,088	18,808	2,862	1,897	370	211	24,147
Medium	284	101	52	120	291	848	256	66	49	125	289	784
Sub-Standard			1	4	1	6			1	4		6
Impaired/Default	40	15	5	4	6	69	36	18	4	4	7	68
Total Exposure at Default	19,243	2,902	1,868	491	508	25,011	19,099	2,945	1,950	502	508	25,005

			June 3	0, 2015					March 3	31, 2015		
	Residential Mortgages	HELOC	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	HELOC	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	18,425	2,876	2,067	372	215	23,955	17,982	2,889	1,990	376	340	23,578
Medium	241	61	48	126	339	816	249	63	52	130	204	698
Sub-Standard			1	4		5			1	4		6
Impaired/Default	33	14	5	4	8	63	35	18	4	4	9	70
Total Exposure at Default	18,699	2,951	2,121	506	561	24,839	18,266	2,971	2,047	514	554	24,351

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



#### Risk Assessment - AIRB Non-Retail Credit Portfolio (1)

(\$ millions except as noted)

		June 3	0, 2016			March 3	31, 2016		[	Decembe	r 31 <u>,</u> 2015		5	Septembe	er 30, 201	
	EAD	PD (%)	LGD (%)	Risk Weight	EAD	PD (%)	LGD (%)	Risk Weight	EAD	PD (%)	LGD (%)	Risk Weight	EAD	PD (%)	LGD (%)	Risk Weight
Internal Rating	$\vdash$	( /0 )	( /0 )	(%)		(70)	(70)	(%)		(70)	(/9)	(%)		(/0)	( /0)	(%)
Corporate																
Minimal Risk	990	0.04	42	11	1,160	0.04	43	12	2,070	0.04	47	16	2,349	0.04	45	15
Low Risk	4,814	0.11	40	25	4,447	0.11	39	23	5,408	0.11	41	24	5,358	0.11	41	24
Satisfactory Risk	21,160	0.43	36	48	21,515	0.43	37	48	21,600	0.43	37	49	22,542	0.41	37	50
Fair Default Risk	11,428	1.15	34	69	11,224	1.14	34	68	12,119	1.13	34	67	12,628	1.15	34	69
Moderate Default Risk	3,218	2.92	31	84	3,226	2.86	33	86	3,637	2.94	34	90	3,467	3.00	32	86
Significant Default Risk	1,373	6.75	34	119	1,214	6.54	33	116	982	6.84	34	122	1,241	6.95	30	107
High Default Risk	883	10.05	34	141	1,256	10.03	32	134	1,154	10.07	26	109	743	10.12	28	116
Special Management	752	32.51	34	162	550	33.22	31	150	427	38.98	32	143	425	41.42	36	162
Default	869	100.00	49	188	656	100.00	51	172	609	100.00	49	176	455	100.00	50	191
Total Corporate (2)	45,487	3.55	36	61	45,248	3.01	36	60	48,006	2.71	37	58	49,208	2.32	37	58
Sovereign																
Minimal Risk	20,486	0.02	8	3	20,994	0.02	8	3	25,245	0.02	10	3	25,668	0.02	10	3
Low Risk	112	0.08	13	13	182	0.07	12	8	225	0.07	11	8	201	0.07	12	9
Satisfactory Risk	4	0.37	49	63	5	0.40	48	68	5	0.39	48	66	3	0.33	40	40
Fair Default Risk	1	0.93	45	93	2	0.98	42	88	2	0.91	45	97	1	1.05	37	83
Default	ļļ															
Total Sovereign (2)	20,603	0.02	8	3	21,184	0.02	8	3	25,478	0.02	10	3	25,873	0.02	10	3
Bank																
Minimal Risk	4,520	0.03	22	8	4,482	0.03	23	9	3,773	0.03	22	9	3,614	0.03	21	8
Low Risk	1,092	0.12	28	17	844	0.11	32	24	1,311	0.10	26	16	1,547	0.11	27	19
Satisfactory Risk	90	0.36	35	36	65	0.40	34	34	107	0.41	34	37	126	0.37	33	32
Fair Default Risk	6	1.36	47	90	3	1.30	36	65	65	1.59	45	132	11	1.54	38	79
Moderate Default Risk	3	3.47	53	139	1	3.99	35	104	1	3.79	61	153	1	4.11	50	134
Significant Default Risk	1	5.75	51	149	1	5.75	47	139	1	5.75	37	108	6	5.75	38	109
High Default Risk	1	10.00	59	215	1	10.00	59	215	1	10.00	59	215	1	10.00	59	217
Special Management																
Default																
Total Bank (2)	5,713	0.06	24	10	5,397	0.06	24	12	5,259	0.08	24	13	5,306	0.08	23	12
		June 3	0, 2015			March 3	31, 2015		1	Decembe	r 31, 2014	ļ	5	Septembe	er 30, 201	4
		PD	LGD	Risk		PD	LGD	Risk		PD	LGD	Risk		PD	LGD	Risk
Internal Rating	EAD	(%)	(%)	Weight (%)	EAD	(%)	(%)	Weight (%)	EAD	(%)	(%)	Weight (%)	EAD	(%)	(%)	Weight (%)
				(70)				(70)				(%)				(%)
Corporate																
Corporate Minimal Risk	2 105	0.04	47	17	1 772	0.04	45	15	1 602	0.04	45	15	1 781	0.04	45	13
Minimal Risk	2,105	0.04	47	17	1,772	0.04	45	15	1,692	0.04	45	15 28	1,781	0.04	45	13
Minimal Risk Low Risk	5,063	0.11	40	23	5,418	0.11	42	29	5,528	0.11	42	28	5,051	0.11	44	29
Minimal Risk Low Risk Satisfactory Risk	5,063 22,683	0.11 0.41	40 37	23 48	5,418 22,949	0.11 0.41	42 36	29 46	5,528 21,674	0.11 0.41	42 35	28 44	5,051 21,983	0.11 0.40	44 35	29 44
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk	5,063 22,683 12,547	0.11 0.41 1.13	40 37 34	23 48 69	5,418 22,949 11,731	0.11 0.41 1.12	42 36 34	29 46 68	5,528 21,674 11,516	0.11 0.41 1.13	42 35 34	28 44 67	5,051 21,983 11,121	0.11 0.40 1.11	44 35 34	29 44 67
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk	5,063 22,683 12,547 3,441	0.11 0.41 1.13 2.73	40 37 34 33	23 48 69 83	5,418 22,949 11,731 3,186	0.11 0.41 1.12 2.93	42 36 34 32	29 46 68 85	5,528 21,674 11,516 2,644	0.11 0.41 1.13 2.85	42 35 34 31	28 44 67 83	5,051 21,983 11,121 2,549	0.11 0.40 1.11 2.90	44 35 34 31	29 44 67 83
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk	5,063 22,683 12,547 3,441 1,444	0.11 0.41 1.13 2.73 6.83	40 37 34 33 30	23 48 69 83 105	5,418 22,949 11,731 3,186 1,316	0.11 0.41 1.12 2.93 6.49	42 36 34 32 35	29 46 68 85 124	5,528 21,674 11,516 2,644 843	0.11 0.41 1.13 2.85 6.63	42 35 34 31 31	28 44 67 83 109	5,051 21,983 11,121 2,549 752	0.11 0.40 1.11 2.90 6.55	44 35 34 31 30	29 44 67 83 104
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk	5,063 22,683 12,547 3,441 1,444 889	0.11 0.41 1.13 2.73 6.83 10.08	40 37 34 33 30 32	23 48 69 83 105 132	5,418 22,949 11,731 3,186 1,316 719	0.11 0.41 1.12 2.93 6.49 10.30	42 36 34 32 35 28	29 46 68 85 124 119	5,528 21,674 11,516 2,644 843 613	0.11 0.41 1.13 2.85 6.63 10.39	42 35 34 31 31 30	28 44 67 83 109 124	5,051 21,983 11,121 2,549 752 766	0.11 0.40 1.11 2.90 6.55 10.34	44 35 34 31 30 30	29 44 67 83 104 125
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management	5,063 22,683 12,547 3,441 1,444 889 343	0.11 0.41 1.13 2.73 6.83 10.08 46.78	40 37 34 33 30 32 31	23 48 69 83 105 132 117	5,418 22,949 11,731 3,186 1,316 719 344	0.11 0.41 1.12 2.93 6.49 10.30 42.61	42 36 34 32 35 28 33	29 46 85 124 119 132	5,528 21,674 11,516 2,644 843 613 261	0.11 0.41 1.13 2.85 6.63 10.39 30.46	42 35 34 31 31 30 32	28 44 67 83 109 124 148	5,051 21,983 11,121 2,549 752 766 250	0.11 0.40 1.11 2.90 6.55 10.34 29.26	44 35 34 31 30 30 33	29 44 67 83 104 125 155
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default	5,063 22,683 12,547 3,441 1,444 889 343 354	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00	40 37 34 33 30 32 31 53	23 48 69 83 105 132 117 156	5,418 22,949 11,731 3,186 1,316 719 344 360	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00	42 36 34 32 35 28 33 47	29 46 68 124 119 132 152	5,528 21,674 11,516 2,644 843 613 261 354	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00	42 35 34 31 31 30 32 45	28 44 67 83 109 124 148 141	5,051 21,983 11,121 2,549 752 766 250 329	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00	44 35 34 31 30 30 33 46	29 44 67 83 104 125 155 173
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate	5,063 22,683 12,547 3,441 1,444 889 343	0.11 0.41 1.13 2.73 6.83 10.08 46.78	40 37 34 33 30 32 31	23 48 69 83 105 132 117	5,418 22,949 11,731 3,186 1,316 719 344	0.11 0.41 1.12 2.93 6.49 10.30 42.61	42 36 34 32 35 28 33	29 46 85 124 119 132	5,528 21,674 11,516 2,644 843 613 261	0.11 0.41 1.13 2.85 6.63 10.39 30.46	42 35 34 31 31 30 32	28 44 67 83 109 124 148	5,051 21,983 11,121 2,549 752 766 250	0.11 0.40 1.11 2.90 6.55 10.34 29.26	44 35 34 31 30 30 33	29 44 67 83 104 125 155
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b>	40 37 34 33 30 32 31 53 <b>37</b>	23 48 69 83 105 132 117 156 <b>56</b>	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b>	42 36 34 35 28 33 47 <b>36</b>	29 46 68 124 119 132 152 <b>56</b>	5,528 21,674 11,516 2,644 843 613 261 354 45,125	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b>	42 35 34 31 30 32 45 <b>36</b>	28 44 67 83 109 124 148 141 <b>53</b>	5,051 21,983 11,121 2,549 752 766 250 329 44,582	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b>	44 35 34 31 30 30 33 46 <b>36</b>	29 44 67 83 104 125 155 173 <b>53</b>
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default <b>Total Corporate</b> Sovereign Minimal Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b> 0.02	40 37 34 33 30 32 31 53 53 <b>37</b> 10	23 48 69 83 105 132 117 156 56 3	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795 18,897	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b> 0.02	42 36 34 32 35 28 33 34 7 <b>36</b> 30 10	29 46 68 85 124 119 132 152 56 3	5,528 21,674 11,516 2,644 843 613 261 354 45,125 19,911	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02	42 35 34 31 31 30 32 45 <b>36</b> 10	28 44 67 83 109 124 148 141 <b>53</b> 3	5,051 21,983 11,121 2,549 752 766 250 329 44,582 19,381	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02	44 35 34 31 30 30 33 46 <b>36</b> 10	29 44 67 83 104 125 155 173 <b>53</b> 3
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b> 0.02 0.07	40 37 34 33 30 32 31 53 <b>37</b> 10 13	23 48 69 83 105 132 117 156 56 3 9	5,418 22,949 11,731 3,186 719 344 <u>360</u> 47,795 18,897 2,189	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b> 0.02 0.07	42 36 34 35 28 33 47 <b>36</b> 10 14	29 46 68 85 124 119 132 152 <b>56</b> 3 6	5,528 21,674 11,516 2,644 843 613 261 354 45,125 19,911 1,430	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07	42 35 34 31 31 30 32 45 <b>36</b> 10 12	28 44 67 83 109 124 148 141 <b>53</b> 3 6	5,051 21,983 11,121 2,549 752 766 250 329 44,582 19,381 1,456	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08	44 35 34 30 30 33 46 <b>36</b> 10 15	29 44 67 83 104 125 155 173 <b>53</b> 3 8
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default <b>Total Corporate</b> Sovereign Minimal Risk Low Risk Satisfactory Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b> 0.02	40 37 34 33 30 32 31 53 53 <b>37</b> 10	23 48 69 83 105 132 117 156 56 3	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795 18,897	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b> 0.02	42 36 34 32 35 28 33 34 7 <b>36</b> 30 10	29 46 68 85 124 119 132 152 56 3	5,528 21,674 11,516 2,644 843 613 261 354 45,125 19,911	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02	42 35 34 31 31 30 32 45 <b>36</b> 10	28 44 67 83 109 124 148 141 <b>53</b> 3	5,051 21,983 11,121 2,549 752 766 250 329 44,582 19,381 1,456 7	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24	44 35 34 30 30 33 46 <b>36</b> 10 15 27	29 44 67 83 104 125 155 173 <b>53</b> 3 8 21
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default <b>Total Corporate</b> <b>Sovereign</b> Minimal Risk Low Risk Satisfactory Risk Fair Default Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b> 0.02 0.07	40 37 34 33 30 32 31 53 <b>37</b> 10 13	23 48 69 83 105 132 117 156 56 3 9	5,418 22,949 11,731 3,186 719 344 <u>360</u> 47,795 18,897 2,189	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b> 0.02 0.07	42 36 34 35 28 33 47 <b>36</b> 10 14	29 46 68 85 124 119 132 152 <b>56</b> 3 6	5,528 21,674 11,516 2,644 843 613 261 354 45,125 19,911 1,430	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07	42 35 34 31 31 30 32 45 <b>36</b> 10 12	28 44 67 83 109 124 148 141 <b>53</b> 3 6	5,051 21,983 11,121 2,549 752 766 250 329 44,582 19,381 1,456	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08	44 35 34 30 30 33 46 <b>36</b> 10 15	29 44 67 83 104 125 155 173 <b>53</b> 3 8
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 3	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34	40 37 34 33 30 32 31 53 53 <b>37</b> 10 13 40	23 48 69 83 105 132 117 156 56 3 9 35	5,418 22,949 11,731 3,186 1,316 719 344 <u>360</u> 47,795 18,897 2,189 5	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b> 0.02 0.07 0.32	42 36 34 35 28 33 47 <b>36</b> 10 14 57	29 46 68 85 124 119 132 152 <b>56</b> 3 6 51	5,528 21,674 11,516 2,644 843 613 261 354 45,125 19,911 1,430 6	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07 0.30	42 35 34 31 30 32 45 <b>36</b> 10 12 46	28 44 67 83 109 124 148 141 <b>53</b> 3 6 41	5,051 21,983 11,121 2,549 752 766 250 329 44,582 19,381 1,456 7 5	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30	44 35 34 31 30 30 33 46 <b>36</b> 10 15 27 34	29 44 67 83 104 125 155 155 155 173 <b>53</b> 3 8 21 54
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default <b>Total Corporate</b> Sovereign Minimal Risk Satisfactory Risk Satisfactory Risk Fair Default Risk Default Total Sovereign	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b> 0.02 0.07	40 37 34 33 30 32 31 53 <b>37</b> 10 13	23 48 69 83 105 132 117 156 56 3 9	5,418 22,949 11,731 3,186 719 344 <u>360</u> 47,795 18,897 2,189	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b> 0.02 0.07	42 36 34 35 28 33 47 <b>36</b> 10 14	29 46 68 85 124 119 132 152 56 3 6	5,528 21,674 11,516 2,644 843 613 261 354 45,125 19,911 1,430	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07	42 35 34 31 31 30 32 45 <b>36</b> 10 12	28 44 67 83 109 124 148 141 <b>53</b> 3 6	5,051 21,983 11,121 2,549 752 766 250 329 44,582 19,381 1,456 7	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24	44 35 34 30 30 33 46 <b>36</b> 10 15 27	29 44 67 83 104 125 155 173 <b>53</b> 3 8 21
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk Significant Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 3 21,873	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b>	40 37 34 33 30 32 31 53 37 10 13 40 <b>10</b>	23 48 69 83 105 132 117 156 <b>56</b> 3 9 35 <b>3</b>	5,418 22,949 11,731 3,186 1,316 719 344 <u>360</u> 47,795 18,897 2,189 5 21,091	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b> 0.02 0.07 0.32 <b>0.03</b>	42 36 34 32 35 28 33 47 <b>36</b> 10 14 57 <b>11</b>	29 46 68 85 124 119 132 152 56 3 6 51 3 3 6 51	5,528 21,674 11,516 2,644 843 613 354 45,125 19,911 1,430 6 21,347	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b>	42 35 34 31 31 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46	28 44 67 83 109 124 148 141 53 3 6 41 3	5,051 21,983 11,121 2,549 752 766 250 329 44,582 19,381 1,456 7 5 20,849	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b>	44 35 34 30 30 33 46 <b>36</b> 10 15 27 34 41	29 44 67 83 104 125 155 173 <b>53</b> 3 8 21 54 54 <b>3</b>
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank Minimal Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 3 21,873 3,567	0.11 0.41 1.13 2.73 6.83 100.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.02	40 37 34 33 30 32 31 53 <b>37</b> 10 13 40 <b>10</b> 22	23 48 69 83 105 132 117 <u>156</u> 56 56 3 9 35 3 3 8	5,418 22,949 11,731 3,186 1,316 1,316 719 344 360 47,795 18,897 2,189 5 21,091 3,790	0.11 0.41 1.12 2.93 6.49 10.30 4.261 100.00 <b>2.07</b> 0.02 0.07 0.32 <b>0.03</b>	42 36 34 35 28 33 47 <b>36</b> 10 14 57 <b>11</b> 22	29 46 68 85 124 119 132 <u>152</u> 56 51 3 6 51 3 9	5,528 21,674 11,516 2,644 843 613 261 <u>354</u> 45,125 19,911 1,430 6 21,347 4,951	0.11 0.41 1.13 2.85 6.63 100.09 30.46 100.00 <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b> 0.02 0.03	42 35 34 31 30 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46 23	28 44 67 83 109 124 148 <u>141</u> <b>53</b> 3 6 41 <b>3</b> <b>3</b> 10	5,051 21,983 11,121 2,549 752 766 2500 329 44,582 19,381 1,456 7 5 20,849 5,292	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.03	44 35 34 30 30 33 46 <b>36</b> 10 15 27 34 <b>11</b> 23	29 44 67 83 104 125 155 173 <b>53</b> 3 8 21 54 54 <b>3</b> 10
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank Minimal Risk Low Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 3 21,873 3,567 1,329	0.11 0.41 1.13 2.73 6.83 10.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.07 0.34	40 37 34 33 30 32 31 53 <b>37</b> 10 13 40 <b>10</b> <b>10</b> <b>2</b> 2 22 27	23 48 69 83 105 132 117 156 56 3 3 3 35 35 3 3 8 8 20	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795 18,897 2,199 5 21,091 3,790 1,426	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 <b>2.07</b> 0.32 0.02 0.07 0.32 <b>0.03</b> 0.03 0.03 0.11	42 36 34 32 35 28 33 47 <b>36</b> 10 14 57 77 77 72 22 28	29 46 68 85 124 119 132 152 56 56 51 3 6 6 51 3 8 9 9 18	5,528 21,674 11,576 2,644 843 613 261 <u>354</u> 45,125 19,911 1,430 6 21,347 4,951 1,051	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.02 0.30 <b>0.02</b> 0.03 0.11	42 35 34 31 30 32 45 <b>36</b> 10 12 46 46 <b>10</b> 12 46 <b>10</b> 23 28	28 44 67 83 109 124 148 <u>141</u> 53 6 6 41 3 6 41 3 10 19	5,051 21,983 11,121 2,549 752 7666 250 329 44,582 19,381 1,456 7 5 20,849 5,292 1,132	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.04 0.04	44 35 34 30 30 33 46 <b>36</b> 10 15 27 34 <b>11</b> 23 27	29 44 67 83 104 155 173 <b>53</b> 3 8 21 54 54 <b>3</b> 10 15
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Significant Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank Minimal Risk Low Risk Satisfactory Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 3 3 21,873 3,567 1,329 193	0.11 0.41 1.13 2.73 6.83 100.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.07 0.34	40 37 34 33 30 32 31 53 <b>37</b> 10 13 40 <b>10</b> <b>10</b> <b>10</b> <b>2</b> 2 22 27 32	23 48 69 83 105 132 117 <u>156</u> 56 3 9 35 3 3 8 8 20 0 32	5,418 22,949 11,731 3,186 1,316 719 344 4360 47,795 18,897 2,189 5 21,091 3,790 1,425	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 0.02 0.07 0.02 0.07 0.32 0.03 0.03 0.11 0.33	42 36 34 32 35 28 33 47 10 14 57 11 11 22 28 34 34 34 35 35 35 35 35 35 35 35 35 35	29 46 68 85 124 119 132 <u>152</u> 56 51 3 6 51 3 9 9 8 33 3 8 33	5,528 21,674 11,516 2,644 843 613 354 45,125 19,911 1,430 6 21,347 4,951 1,051 123	0.11 0.41 1.13 2.85 6.63 10.39 30.46 <u>100.00</u> <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b> 0.07 0.30	42 35 34 31 30 30 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46 <b>10</b> 12 33 328 33	28 44 67 83 109 124 148 <u>141</u> 53 3 6 41 3 10 19 29	5,051 21,983 11,121 2,549 752 766 250 229 44,582 19,381 1,456 7 5 20,849 5,292 1,120	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.04 0.10	44 35 34 30 30 30 33 46 <b>36</b> 10 15 27 34 <b>11</b> 23 27 31	29 44 67 83 104 125 155 155 155 23 3 8 8 21 54 54 3 0 15 30
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Default Total Sovereign Bank Minimal Risk Low Risk Satisfactory Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 3 21,873 21,873 3,567 1,329 193 57	0.11 0.41 1.13 2.73 6.83 100.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.03 0.03 0.12 0.03 0.12 0.03 0.12	40 37 34 33 30 32 31 53 37 10 13 40 <b>10</b> <b>10</b> <b>10</b> <b>22</b> 27 32 29	23 48 69 83 105 132 117 <u>156</u> 56 56 3 3 9 35 3 3 8 8 20 32 60	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795 18,897 2,189 5 21,091 3,790 1,426 195 43	0.11 0.41 1.12 2.93 6.49 10.30 4.2.61 100.00 <b>2.07</b> 0.02 0.07 0.32 <b>0.03</b> 0.03 0.03 0.11 0.33 1.28	42 36 34 35 28 33 47 <b>36</b> 10 14 57 11 11 22 28 34 34	29 46 68 85 124 119 132 152 56 51 3 6 51 3 9 9 18 3 32	5,528 21,674 11,516 2,644 843 2611 354 45,125 19,911 1,430 6 21,347 4,951 1,051 1,051 1,23	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b> 0.03 0.11 0.31 1.31	42 35 34 31 30 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46 <b>10</b> 23 23 28 347	28 44 67 83 109 124 148 <u>141</u> <b>53</b> 3 6 41 <b>3</b> 10 19 29 84	5,051 21,983 11,121 2,549 752 766 2500 329 44,582 19,381 1,456 7 5 20,849 5,292 1,132 120	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.04 0.10 0.04 0.12 0.12	44 355 34 30 30 30 30 30 33 46 <b>36</b> 10 15 5 27 34 <b>11</b> 23 27 31 39	29 44 67 83 104 125 155 5 73 3 8 21 54 21 54 3 10 15 5 4 7 0 70 70 70 70
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 3 3 21,873 3,567 1,329 193	0.11 0.41 1.13 2.73 6.83 100.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.07 0.34	40 37 34 33 30 32 31 53 <b>37</b> 10 13 40 <b>10</b> <b>10</b> <b>10</b> <b>2</b> 2 22 27 32	23 48 69 83 105 132 117 <u>156</u> 56 3 9 35 3 3 8 8 20 0 32	5,418 22,949 11,731 3,186 1,316 719 344 4360 47,795 18,897 2,189 5 21,091 3,790 1,425	0.11 0.41 1.12 2.93 6.49 10.30 42.61 100.00 0.02 0.07 0.02 0.07 0.32 0.03 0.03 0.11 0.33	42 36 34 32 35 28 33 47 10 14 57 11 11 22 28 34 34 34 35 35 35 35 35 35 35 35 35 35	29 46 68 85 124 119 132 <u>152</u> 56 51 3 6 51 3 9 9 8 33 3 8 33	5,528 21,674 11,516 2,644 843 613 354 45,125 19,911 1,430 6 21,347 4,951 1,051 123	0.11 0.41 1.13 2.85 6.63 10.39 30.46 <u>100.00</u> <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b> 0.07 0.30	42 35 34 31 30 30 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46 <b>10</b> 12 33 328 33	28 44 67 83 109 124 148 <u>141</u> 53 3 6 41 3 10 19 29	5,051 21,983 11,121 2,549 752 7666 250 329 44,582 19,381 1,458 7 5 20,849 5,292 1,132 120 11 1	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.04 0.10 0.32 1.15	44 35 34 30 30 33 46 <b>36</b> 10 15 27 34 <b>11</b> 23 27 31 39 9 49	29 44 67 83 104 1255 155 173 <b>53</b> 3 8 8 21 54 <b>3</b> 8 21 54 <b>3</b> 10 15 30 74 120
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 170 3 3 21,873 3,567 1,329 193 57 1	0.11 0.41 1.13 2.73 6.83 100.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.07 0.34 <b>0.02</b> 0.03 0.12 0.34 1.62 3.97	40 37 34 33 30 32 31 10 13 40 <b>10</b> <b>10</b> <b>10</b> <b>10</b> <b>2</b> 22 22 22 32 29 57	23 48 69 83 105 132 117 <u>156</u> 56 3 3 9 35 <b>3</b> 3 8 8 20 0 32 60 140	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795 18,897 2,189 5 21,091 3,790 1,426 195 43 26	0.11 0.41 1.12 2.93 6.49 10.30 <b>2.07</b> 0.02 0.07 0.32 <b>0.03</b> 0.11 100.00 <b>0.03</b> 0.11 11 0.33 1.28 3.09	42 36 34 32 28 33 47 36 10 14 57 11 22 28 34 29 28	29 46 68 85 124 119 132 <u>152</u> 56 51 3 6 51 3 9 8 83 82 82	5,528 21,674 11,516 2,644 843 613 354 45,125 19,911 1,430 6 21,347 4,951 1,051 123 4 5	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b> 0.07 0.30 <b>0.02</b> 0.03 0.11 1.31 3.07	42 35 34 31 30 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46 <b>10</b> 12 46 33 32 33 47 27	28 44 67 83 109 124 148 <u>141</u> 53 3 6 41 3 10 19 29 84 82	5,051 21,983 11,121 2,549 752 7766 250 329 44,582 19,381 1,456 75 20,849 5,292 1,132 120 11 2 1	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.04 0.10 0.32 1.15 3.12 7.14	44 35 34 30 30 33 46 <b>36</b> 10 15 27 34 27 34 23 27 31 39 49 49 73	29 44 67 83 104 125 155 53 53 3 8 21 54 54 3 0 15 54 74 120 229
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank Minimal Risk Low Risk Satisfactory Risk Significant Default Risk Bign Default Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 3 21,873 21,873 3,567 1,329 193 57	0.11 0.41 1.13 2.73 6.83 100.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.03 0.12 0.03 0.12 0.03 0.12	40 37 34 33 30 32 31 53 37 10 13 40 <b>10</b> <b>10</b> <b>10</b> <b>22</b> 27 32 29	23 48 69 83 105 132 117 <u>156</u> 56 56 3 3 9 35 3 3 8 8 20 32 60	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795 18,897 2,189 5 21,091 3,790 1,426 195 43	0.11 0.41 1.12 2.93 6.49 10.30 4.2.61 100.00 <b>2.07</b> 0.02 0.07 0.32 <b>0.03</b> 0.03 0.03 0.11 0.33 1.28	42 36 34 35 28 33 47 <b>36</b> 10 14 57 11 11 22 28 34 34	29 46 68 85 124 119 132 152 56 51 3 6 51 3 9 9 18 3 32	5,528 21,674 11,516 2,644 843 2611 354 45,125 19,911 1,430 6 21,347 4,951 1,051 1,051 1,23	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b> 0.03 0.11 0.31 1.31	42 35 34 31 30 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46 <b>10</b> 23 23 28 347	28 44 67 83 109 124 148 <u>141</u> <b>53</b> 3 6 41 <b>3</b> 10 19 29 84	5,051 21,983 11,121 2,549 752 7666 250 329 44,582 19,381 1,458 7 5 20,849 5,292 1,132 120 11 1	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.04 0.10 0.32 1.15	44 35 34 30 30 33 46 <b>36</b> 10 15 27 34 <b>11</b> 23 27 31 39 9 49	29 44 67 83 104 1255 155 155 173 3 3 8 8 21 54 3 10 15 30 74 120
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Significant Default Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 170 3 3 21,873 3,567 1,329 193 57 1	0.11 0.41 1.13 2.73 6.83 100.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.07 0.34 <b>0.02</b> 0.03 0.12 0.34 1.62 3.97	40 37 34 33 30 32 31 10 13 40 <b>10</b> <b>10</b> <b>10</b> <b>10</b> <b>2</b> 22 22 22 32 29 57	23 48 69 83 105 132 117 <u>156</u> 56 3 3 9 35 <b>3</b> 3 8 8 20 0 32 60 140	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795 18,897 2,189 5 21,091 3,790 1,426 195 43 26	0.11 0.41 1.12 2.93 6.49 10.30 <b>2.07</b> 0.02 0.07 0.32 <b>0.03</b> 0.11 100.00 <b>0.03</b> 0.11 11 0.33 1.28 3.09	42 36 34 32 28 33 47 36 10 14 57 11 22 28 34 29 28	29 46 68 85 124 119 132 <u>152</u> 56 51 3 6 51 3 9 8 83 82 82	5,528 21,674 11,516 2,644 843 613 354 45,125 19,911 1,430 6 21,347 4,951 1,051 123 4 5	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b> 0.07 0.30 <b>0.02</b> 0.03 0.11 1.31 3.07	42 35 34 31 30 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46 <b>10</b> 12 46 33 32 33 47 27	28 44 67 83 109 124 148 <u>141</u> 53 3 6 41 3 10 19 29 84 82	5,051 21,983 11,121 2,549 752 7766 250 329 44,582 19,381 1,456 75 20,849 5,292 1,132 120 11 2 1	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.04 0.10 0.32 1.15 3.12 7.14	44 35 34 30 30 33 46 <b>36</b> 10 15 27 34 27 34 23 27 31 39 49 49 73	29 44 67 83 104 125 51 55 53 3 8 21 54 54 3 0 15 54 74 120 229
Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Moderate Default Risk Significant Default Risk High Default Risk Special Management Default Total Corporate Sovereign Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Default Total Sovereign Bank Minimal Risk Low Risk Satisfactory Risk Fair Default Risk Goderate Default Risk Significant Default Risk Significant Default Risk	5,063 22,683 12,547 3,441 1,444 889 343 354 48,869 21,700 170 170 3 3 21,873 3,567 1,329 193 57 1	0.11 0.41 1.13 2.73 6.83 100.08 46.78 100.00 <b>2.12</b> 0.02 0.07 0.34 <b>0.02</b> 0.07 0.34 <b>0.02</b> 0.03 0.12 0.34 1.62 3.97	40 37 34 33 30 32 31 10 13 40 <b>10</b> <b>10</b> <b>10</b> <b>10</b> <b>2</b> 22 22 22 32 29 57	23 48 69 83 105 132 117 <u>156</u> 56 3 3 9 35 <b>3</b> 3 8 8 20 0 32 60 140	5,418 22,949 11,731 3,186 1,316 719 344 360 47,795 18,897 2,189 5 21,091 3,790 1,426 195 43 26	0.11 0.41 1.12 2.93 6.49 10.30 <b>2.07</b> 0.02 0.07 0.32 <b>0.03</b> 0.11 100.00 <b>0.03</b> 0.11 11 0.33 1.28 3.09	42 36 34 32 28 33 47 36 10 14 57 11 22 28 34 29 28	29 46 68 85 124 119 132 <u>152</u> 56 51 3 6 51 3 9 8 83 82 82	5,528 21,674 11,516 2,644 843 613 354 45,125 19,911 1,430 6 21,347 4,951 1,051 123 4 5	0.11 0.41 1.13 2.85 6.63 10.39 30.46 100.00 <b>1.89</b> 0.02 0.07 0.30 <b>0.02</b> 0.07 0.30 <b>0.02</b> 0.03 0.11 1.31 3.07	42 35 34 31 30 32 45 <b>36</b> 10 12 46 <b>10</b> 12 46 <b>10</b> 12 46 33 32 33 47 27	28 44 67 83 109 124 148 <u>141</u> 53 3 6 41 3 10 19 29 84 82	5,051 21,983 11,121 2,549 752 7766 250 329 44,582 19,381 1,456 75 20,849 5,292 1,132 120 11 2 1	0.11 0.40 1.11 2.90 6.55 10.34 29.26 100.00 <b>1.84</b> 0.02 0.08 0.24 1.30 <b>0.03</b> 0.04 0.10 0.32 1.15 3.12 7.14	44 35 34 30 30 33 46 <b>36</b> 10 15 27 34 27 34 23 27 31 39 49 49 73	29 44 67 83 104 125 51 55 53 3 8 21 54 54 3 0 15 54 74 120 229

(1) Net of collateral, guarantees and credit derivates "EAD" - Exposure at Default, "PD" - Probabilitity of Default, "LGD" - Loss Given Default, "Risk Weight %" is a Weighted Average based on EAD
 (2) Effective Q1 2016, OSFI has authorised HSBC Bank Canada's Market Risk model. As a result, credit risk exposures exclude the trading portfolio.



# Exposures Covered By Credit Risk Mitigation (\$ millions except as noted)

		June 30, 2016			March 31, 2016	5	D	ecember 31, 20	15	Se	eptember 30, 20 <sup>°</sup>	15
	Stand	ardized	AIRB	Standa	ardized	AIRB	Standa	ardized	AIRB	Standa	ardized	AIRB
Counterparty Type	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees									
Corporate			1,009			1,016			1,032			1,274
Sovereign												1
Bank												
Total Corporate, Sovereign and Bank			1,009			1,016			1,032			1,274
Residential Mortgages			1,940			2,007			2,030			2,213
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												1
Total Retail			1,940			2,007			2,030			2,213
Total			2,949			3,023			3,062			3,487

		June 30, 2015			March 31, 2015	5	D	ecember 31, 20	14	Se	eptember 30, 20	14
	Standa	ardized	AIRB									
Counterparty Type	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees									
Corporate Sovereign			1,294			1,283			1,294			1,207
Bank												
Total Corporate, Sovereign and Bank			1,294			1,283			1,294			1,207
Residential Mortgages			2,483			2,448			2,437			2,636
HELOC's Other Retail (excluding QRR and SME) Qualifying Revolving Retail Retail SME												
Total Retail			2,483			2,448			2,437			2,636
Total			3,777			3,730			3,731			3,843



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

	June 30	D, 2016	March 3	1, 2016	Decembe	r 31, 2015	Septembe	r 30, 2015
Counterparty Type	Notional Undrawn	EAD on Undrawn						
Corporate	30,313	12,306	29,966	12,143	32,094	12,995	32,775	13,324
Sovereign	574	235	588	229	511	195	137	40
Bank	127		327		156		79	
Total Corporate, Sovereign and Bank	31,013	12,541	30,882	12,372	32,761	13,190	32,992	13,363
Residential Mortgages	14	4	18		26	4	25	
HELOC's	3,305	1,049	3,319	1,045	3,281	1,040	3,260	1,035
Other Retail (excluding QRR and SME)	626	179	632	178	655	186	675	196
Qualifying Revolving Retail	909	219	915	223	922	224	920	226
Retail SME	242	241	254	253	263	262	257	252
Total Retail	5,096	1,692	5,138	1,699	5,147	1,716	5,137	1,709
Total	36,109	14,233	36,020	14,071	37,908	14,906	38,129	15,072

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



## **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 2015.



## **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 2015.

## 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 2015.

Securitization activities during 2016

To date, there has not been any securitization activity during 2016.

## 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 2015.



### Securitization Exposures

#### (\$ millions except as noted)

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

Securitization exposure - by trading a												
		At June 30, 2016		A	At March 31, 2016	5	At I	December 31, 20	015	At S	eptember 30, 2	015
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor <sup>3</sup>												
Trade receivables		230	230		230	230		230	230		245	245
As Investor												
Residential mortgages												
Trade receivables												
		230	230		230	230		230	230		245	245
		At June 30, 2015		A	At March 31, 2015	5	At I	December 31, 20	014	At S	eptember 30, 2	014
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor <sup>3</sup>												
Trade receivables		245	245		245	245		245	245		245	245
As Investor												
Residential mortgages												
Residential mortgages Trade receivables												

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	Year to dat	e movement	Total at
	January 1	As sponsor	As investor	June 30
2016				
Aggregate amount of securitization exposures (retained or purchased)				
Residential mortgages				
Trade receivables	230	-	-	230
	230	-	-	230

#### Securitization exposure - asset values and impairment charges

Securitzation exposure - asset values		At June 30, 20	16		At March 31, 20	16	At	December 31,	2015	At S	September 30,	2015
			Securitization			Securitization			Securitization			Securitization
	Underlyi	ng assets <sup>1</sup>	exposures	Underlyi	ng assets <sup>1</sup>	exposures	Underlyi	ng assets <sup>1</sup>	exposures	Underlyi	ng assets <sup>1</sup>	exposures
		Impaired &	Impairment		Impaired &	Impairment		Impaired &	Impairment		Impaired &	Impairment
	Total	past due	charge	Total	past due	charge	Total	past due	charge	Total	past due	charge
As Sponsor												
Trade receivables	306			306			290			343		
As Investor												
Residential mortgages												
Trade receivables												
		At June 30, 20	15		At March 31, 20	15	At	December 31,	2014	At S	September 30,	2014
		At June 30, 20	15 Securitization		At March 31, 20	15 Securitization	At	December 31,	2014 Securitization	Ats	September 30,	2014 Securitization
		At June 30, 20 ng assets¹			At March 31, 20			ng assets <sup>1</sup>			September 30, ng assets¹	
	Underlyi	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi	,	Securitization	Underlyi	,	Securitization exposures Impairment	Underlyi		Securitization
		ng assets <sup>1</sup>	Securitization exposures		ing assets <sup>1</sup>	Securitization exposures		ng assets <sup>1</sup>	Securitization exposures		ng assets <sup>1</sup>	Securitization exposures
As Sponsor	Underlyi Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi Total	ng assets <sup>1</sup> Impaired & past due	Securitization exposures Impairment	Underlyii Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment
<b>As Sponsor</b> Trade receivables	Underlyi	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi	ng assets <sup>1</sup> Impaired & past due	Securitization exposures Impairment	Underlyi	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment
	Underlyi Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi Total	ng assets <sup>1</sup> Impaired & past due	Securitization exposures Impairment	Underlyii Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment
Trade receivables	Underlyi Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi Total	ng assets <sup>1</sup> Impaired & past due	Securitization exposures Impairment	Underlyii Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment
Trade receivables As Investor <sup>1</sup>	Underlyi Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi Total	ng assets <sup>1</sup> Impaired & past due	Securitization exposures Impairment	Underlyii Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment	Underlyi Total	ng assets <sup>1</sup> Impaired &	Securitization exposures Impairment

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



## Securitization Exposures

(\$ millions except as noted)

#### Securitization exposures by risk weighting

	Exposure value at June 30, 2016						Exposure value at December 31, 2015					
	Trading	Banking		Trading	Banking		Trading	Banking		Trading	Banking	
	book	book	Total	book	book	Total	book	book	Total	book	book	Total
Category risk weights												
≤ 10%												
> 10% ≤ 20%		230	230		230	230		230	230		245	245
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total		230	230		230	230		230	230		245	245

	Exposure value at June 30, 2015						Exposure value at December 31, 2014				r 30, 2014	
	Trading	Banking		Trading	Banking		Trading	Banking		Trading	Banking	
	book	book	Total	book	book	Total	book	book	Total	book	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

Capital required by risk weighting

oupital required by fish weighting												
	Capital required at June 30, 2016			Capital requ	ired at March	31, 2016	Capital requir	ed at Decemb	er 31, 2015	Capital require	ed at Septemb	er 30, 2015
	Trading	Banking		Trading	Banking		Trading	Banking		Trading	Banking	
	book	book	Total	book	book	Total	book	book	Total	book	book	Total
Category risk weights												
≤ 10%												
> 10% ≤ 20%		1	1		1	1		1	1		1	1
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total		1	1		1	1		1	1		1	1
	Capital requ	uired at June	30, 2015	Capital requ	ired at March	31, 2015	Capital requir	ed at Decemb	er 31, 2014	Capital require		er 30, 2014
	Capital requ Trading	uired at June Banking		Trading	ired at March Banking		Trading	ed at Decembo Banking	er 31, 2014	Capital require Trading	ed at Septemb Banking	
			30, 2015 Total	Trading		31, 2015 Total	Trading		er 31, 2014 Total	Trading		er 30, 2014 Total
Category risk weights	Trading	Banking		Trading	Banking		Trading	Banking	·	Trading	Banking	
Category risk weights ≤ 10%	Trading	Banking		Trading	Banking book		Trading	Banking book	·	Trading	Banking book	
	Trading	Banking		Trading	Banking		Trading	Banking	·	Trading	Banking	
≤ 10%	Trading	Banking		Trading	Banking book	Total	Trading	Banking book	Total	Trading	Banking book	Total
≤ 10% > 10% ≤ 20%	Trading	Banking		Trading	Banking book	Total	Trading	Banking book	Total	Trading	Banking book	Total
≤ 10% > 10% ≤ 20% > 20% ≤ 50%	Trading	Banking		Trading	Banking book	Total	Trading	Banking book	Total	Trading	Banking book	Total
≤ 10% > 10% ≤ 20% > 20% ≤ 50% > 50% ≤ 100%	Trading	Banking		Trading	Banking book	Total	Trading	Banking book	Total	Trading	Banking book	Total
≤ 10% > 10% ≤ 20% > 20% ≤ 50% > 50% ≤ 100% > 100% ≤ 650%	Trading	Banking		Trading	Banking book	Total	Trading	Banking book	Total	Trading	Banking book	Total



## Market Risk

#### Market Risk

Market Risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spread, equity prices and commodity prices will reduce the value of our portfolios.

#### Market Risk Governance

HSBC Bank Canada's strategic objectives in undertaking trading activities are to solidify the Bank's position as the leading international bank in Canada through finance-focused and emerging markets-led strategy. The Bank delivers global products and solutions to domestic clients, and provides global clients access to local products and services. The Bank uses global models and systems for measuring market risk. Information from the Primary Trading Systems is sent to global HSBC Group systems, where the VaR calculations and aggregations are performed. The calculations are performed daily and the risk measures are compared to limits. Breaches are escalated to senior management.

Market Risk is the independent oversight unit within HSBC Bank Canada and has a mandate to ensure that market risks are within the risk appetite of the Bank. Market Risk is responsible for the daily calculation of market risk measures and backtesting reports, setting of limits and monitoring exposures against limits, and calculation and reporting of capital charges. The Global Risk Analytics team, which is responsible for development and validation of model methodology as well as liaison with external regulators, works closely with the core Market Risk team.

The Audit and Risk Committee (ARC), a committee of the Board of Directors, has non-executive responsibility for oversight and advice to the Board on matters related to financial reporting and high level risk related matters and risk governance. The Risk Management Committee (RMC) has a mission to provide strategic enterprise-wide risk management. A subcommittee of the RMC is the Wholesale Credit and Market Risk Model Oversight Committee which is primarily responsible for oversight (including approval, monitoring, vetting, ensuring fitness of purpose, etc) of models, primarily Basel models used in the estimation of regulatory capital charges. The Market Risk IMA Steering Committee is responsible for providing guidance on preparation of the Market Risk IMA application. As OSFI granted conditional approval for the Market Risk IMA application in January 2016, the Steering Committee's main focus now is on tracking and oversight of remediation work to obtain full approval for the IMA.



Market Risk (\$ millions except as noted)

#### Internal Model Approach (IMA)

At HSBC Bank Canada, the IMA is used to measure VaR and Stressed VaR for the Trading Book for regulatory purposes. A historical simulation approach is used for General Market Risk and a Standardized Approach is used for Specific Risk. The VaR model used by HSBC Bank Canadais an HSBC Group model used in jurisdictions around the world. For regulatory purposes, 99% VaR 10-day is computed while for internal purposes 1-day VaR is used.

VaR and stressed VaR are computed using the historical scenarios approach. For VaR, 500 scenarios (roughly 2 years of scenarios) are used, whereas for stressed VaR 250 scenarios (roughly 1 year of scenarios) are used. For VaR, the 10-day VaR is obtained from 1-day VaR by multiplying by the square root of 10. For stressed VaR, the 10-day VaR is computed directly. Historical scenarios are updated every 2 weeks, and a Taylor-series approach, as opposed to full revaluation, is used to compute the daily profit and loss vectors used in the VaR calculation.

For general market risk, VaR is computed for the entire Trading Book as well as for the individual lines of business. For general market risk the profit and loss vectors are aggregated from the different lines of business before the VaR is computed for the Trading Book. The specific risk component is computed separately.

For the stressed VaR calculation, each quarter a VaR calculation is done using overlapping 250-day windows to determine the largest VaR value. The 250-day period corresponding to the largest VaR value is the stressed VaR period, which is then used for the remainder of the quarter to determine the stressed VaR. Backtesting is performed on a daily basis to monitor the performance of the VaR model. VaR for each day is compared to the hypothetical profit and loss (profit and loss between next business day and VaR day, assuming portfolio has not changed). If the profit and loss exceeds the VaR, then a breach is said to occur. Breaches of 99% 1-day VaR investigated and reported within two days to OSFI.

# Market Risk RWA

(\$ millions except as noted)

		June 30, 2016			larch 31, 20	16
RWA flow statement of market risk exposures	VaR	Stressed VaR	Total RWA	VaR	Stressed VaR	Total RWA
Internal model approach:						
RWA at previous quarter-end	274	536	810			
Movement in risk levels (1)	(57)	(153)	(210)			
Methodology and policy (2)				274	536	810
RWA at end of reporting period	217	383	600	274	536	810
Standardised method:						
Interest rate position risk (specific)			367			678
RWA at end of reporting period			967			1,488

(1) Movement due to position changes; foreign exchange movements are embedded in the movement in risk levels.

(2) HSBC has been authorised to use its internal models to calculate Market Risk beginning with Q1 2016.



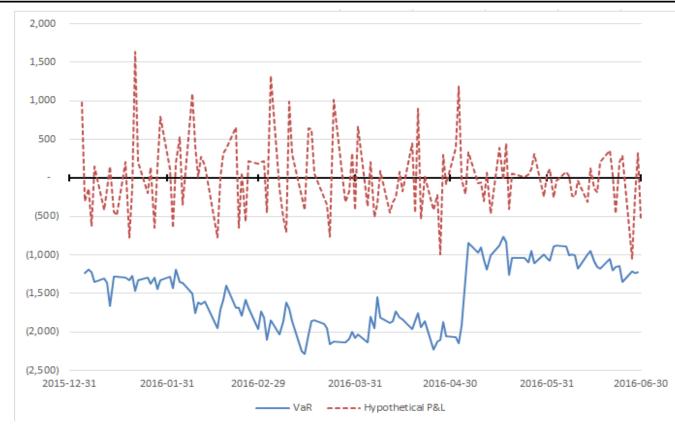
## IMA values for trading portfolios

(\$ thousands except as noted)

		June 3	0, 2016	March 3	1, 2016
		VaR	Stressed VaR	VaR	Stressed VaR
1	Minimum value	7,029	10,029	8,095	10,897
2	Average value	4,430	6,232	5,427	8,035
3	Minimum value	2,427	3,493	3,752	6,085
4	Period end	4,532	8,659	6,430	10,861

# Comparison of VaR estimates with gains/losses

(\$ thousands except as noted)



There were no backtesting exceptions during the period.



#### 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.

