2017

HSBC Bank Canada

Regulatory Capital and Risk Management Pillar 3 Supplemental Disclosures as at March 31, 2017

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 2016 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 2016 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" dated 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.

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Basel III Regulatory Capital

($ millions except as noted)

		All-in[1]							
	Common Equity Tier 1 capital: instruments and reserves	**1Q 2017**	**4Q 2016**	**3Q 2016**	**2Q 2016**	**1Q 2016**	**4Q 2015**	**3Q 2015**	**2Q 2015**
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	3,445	3,313	3,310	3,263	3,246	3,209	3,292	3,254
3	Accumulated other comprehensive income (and other reserves)	61	27	167	146	90	92	83	154
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	4,731	4,565	4,702	4,634	4,561	4,526	4,600	4,633
	Common Equity Tier 1 capital: regulatory adjustments								
28	Total regulatory adjustments to Common Equity Tier 1	(179)	(173)	(221)	(220)	(233)	(198)	(207)	(190)
29	**Common Equity Tier 1 capital (CET1)**	4,552	4,391	4,481	4,414	4,328	4,328	4,393	4,444
	Additional Tier 1 capital: instruments								
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	500	500	500	500	500	500	500	500
31	of which: classified as equity under applicable accounting standards	500	500	500	500	500	500	500	500
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	350	350	350
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)	-	-	-	-	-	-	-	-
35	*of which: instruments issued by subsidiaries subject to phase out*	-	-	-	-	-	-	-	-
36	**Additional Tier 1 capital before regulatory adjustments**	850	850	850	850	850	850	850	850
	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	850	850	850
45	**Tier 1 capital (T1 = CET1 + AT1)**	5,402	5,241	5,331	5,264	5,178	5,178	5,243	5,294
	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	380	442	445	447	450	532	532	532
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	Impairment allowances	2	3	7	9	49	53	4	4
51	**Tier 2 capital before regulatory adjustments**	382	445	452	456	499	585	536	536
	Tier 2 capital: regulatory adjustments								
57	**Total regulatory adjustments to Tier 2 capital**	na	na	na	na	na	na	na	na
58	**Tier 2 capital (T2)**	382	445	452	456	499	585	536	536
59	**Total capital (TC = T1 + T2)**	5,784	5,686	5,783	5,720	5,677	5,763	5,779	5,829
60	**Total risk-weighted assets**	na	na	na	na	na	na	na	na
60a	**Common Equity Tier 1 (CET1) Capital RWA [2]**	42,921	41,790	41,915	42,442	43,069	42,846	42,787	42,358
60b	**Tier 1 Capital RWA [2]**	42,921	41,790	41,915	42,442	43,069	42,846	42,787	42,358
60c	**Total Capital RWA [2]**	42,921	41,790	41,915	42,442	43,069	42,846	42,787	42,358

(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 Q1 2017, CVA risk-weighted assets were calculated using the scalars of 0.72, 0.77 and 0.81 to compute CET1 capital ratio, Tier 1 capital ratio and Total capital ratio respectively. Including Regulatory Floor Adjustment.

Basel III Regulatory Capital (Continued)

($ millions except as noted)

		All-in Basis [1]							
	Capital ratios	**1Q 2017**	**4Q 2016**	**3Q 2016**	**2Q 2016**	**1Q 2016**	**4Q 2015**	**3Q 2015**	**2Q 2015**
61	**Common Equity Tier 1 (as percentage of risk-weighted assets)**	10.6%	10.5%	10.7%	10.4%	10.0%	10.1%	10.3%	10.5%
62	**Tier 1 (as percentage of risk-weighted assets)**	12.6%	12.5%	12.7%	12.4%	12.0%	12.1%	12.3%	12.5%
63	**Total capital (as percentage of risk-weighted assets)**	13.5%	13.6%	13.8%	13.5%	13.2%	13.5%	13.5%	13.8%
	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*	50%	60%	60%	60%	60%	70%	70%	70%
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*	50%	60%	60%	60%	60%	70%	70%	70%
83	*Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	-	-	-	-	-	-	-	-
84	*Current cap on T2 instruments subject to phase out arrangements*	50%	60%	60%	60%	60%	70%	70%	70%
85	*Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)*	60	-	-	-	-	121	124	129

		Transitional Basis [2]							
	Capital	**1Q 2017**	**4Q 2016**	**3Q 2016**	**2Q 2016**	**1Q 2016**	**4Q 2015**	**3Q 2015**	**2Q 2015**
29	**Common Equity Tier 1 capital (CET1)**	4,600	4,450	4,526	4,444	4,385	4,391	4,451	4,494
45	**Tier 1 capital (T1 = CET1 + AT1)**	5,428	5,277	5,351	5,274	5,216	5,227	5,282	5,327
59	**Total capital (TC = T1 + T2)**	5,806	5,719	5,802	5,730	5,715	5,812	5,813	5,859
60	**Total risk-weighted assets**	43,181	42,030	42,131	42,659	43,267	43,141	43,102	42,661
	Capital ratios								
61	**Common Equity Tier 1 (as percentage of risk-weighted assets)**	10.7%	10.6%	10.7%	10.4%	10.1%	10.2%	10.3%	10.5%
62	**Tier 1 (as percentage of risk-weighted assets)**	12.6%	12.6%	12.7%	12.4%	12.1%	12.1%	12.3%	12.5%
63	**Total capital (as percentage of risk-weighted assets)**	13.5%	13.6%	13.8%	13.4%	13.2%	13.5%	13.5%	13.7%
	Leverage Ratio	4.8%	4.7%	4.8%	4.8%	4.8%	4.7%	4.7%	4.9%

(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.

Risk-Weighted Assets[1]

($ millions except as noted)

Risk-Weighted Assets (RWA)	March 31, 2017				December 31, 2016				September 30, 2016				June 30, 2016			
	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	48,002	24	24,993	25,017	48,272	17	25,072	25,089	48,470	-	26,314	26,314	49,261	-	27,758	27,758
Sovereign	21,255		568	568	23,208		631	631	22,805	-	653	653	21,107	-	624	624
Bank	12,309		549	549	10,093		533	533	11,992		551	551	11,083		612	612
Residential Mortgages	19,940		1,754	1,754	19,837		1,745	1,745	20,299	-	1,823	1,823	20,244	-	1,869	1,869
HELOC's	2,807		567	567	2,836		575	575	2,898	-	587	587	2,931	-	603	603
Other Retail (excluding QRR and SME)	1,990	344	319	663	2,079	380	299	679	2,181	395	319	714	2,261	407	318	725
Qualifying Revolving Retail	438		174	174	450		173	173	460	-	175	175	469	-	180	180
Retail SME	402		247	247	423		265	265	435	-	275	275	467	-	293	293
Exposures subject to standardized or IRB approaches *(6)*	**107,143**	**367**	**29,172**	**29,539**	**107,199**	**397**	**29,293**	**29,690**	**109,540**	**395**	**30,696**	**31,091**	**107,822**	**407**	**32,256**	**32,663**
Equity *(3)*	351		351	351	38		38	38	43	-	43	43	65	-	65	65
Securitization *(4)*															-	
Other assets not included in standardized or IRB approaches *(5)*	8,541			2,143	7,446			1,758	5,507	-	-	1,971	3,931	-	-	2,042
Adjustment to IRB risk-weighted assets for scaling factor				1,771				1,760	-	-	-	1,844	-	-	-	1,939
Total Credit Risk	**116,035**			**33,805**	**114,683**			**33,247**	**115,090**			**34,949**	**111,818**			**36,709**
Market Risk *(6)*				1,268				956				790				967
Operational Risk - Standardized Approach				3,662				3,697				3,692				3,708
Total Risk-Weighted Assets before adjustments				**38,735**				**37,900**				**39,432**				**41,384**
Total RWA after adjustment for CVA phase-in ***(5)***																
Common Equity Tier 1 (CET1) Capital RWA				**38,512**				**37,595**				**39,046**				**40,970**
Tier 1 Capital RWA				**38,552**				**37,654**				**39,121**				**41,050**
Total Capital RWA				**38,584**				**37,705**				**39,185**				**41,119**
Adjustment for Regulatory Floor ***(7)***																
CET1 Capital RWA Floor				**4,409**				**4,195**				**2,870**				**1,473**
Tier 1 Capital RWA Floor				**4,370**				**4,136**				**2,795**				**1,392**
Total Capital RWA Floor				**4,338**				**4,085**				**2,730**				**1,323**
Adjusted Total Risk-Weighted Assets																
Adjusted Common Equity Tier 1 (CET1) Capital RWA				**42,921**				**41,790**				**41,915**				**42,442**
Adjusted Tier 1 Capital RWA				**42,921**				**41,790**				**41,915**				**42,442**
Adjusted Total Capital RWA				**42,921**				**41,790**				**41,915**				**42,442**

Risk-Weighted Assets (RWA)	March 31, 2016				December 31, 2015				September 30, 2015				June 30, 2015			
	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	49,747	-	27,040	27,040	53,899	-	27,896	27,896	57,459	-	28,288	28,288	55,946	-	27,592	27,592
Sovereign	21,533	-	676	676	25,740	-	850	850	26,263	-	830	830	22,065	-	718	718
Bank	13,636		640	640	11,953		679	679	12,775		643	643	11,931		666	666
Residential Mortgages	19,665	-	1,818	1,818	19,243	-	1,781	1,781	19,099	-	1,761	1,761	18,699	-	1,687	1,687
HELOC's	2,900	-	606	606	2,902	-	611	611	2,945	-	626	626	2,951	-	617	617
Other Retail (excluding QRR and SME)	2,350	434	331	765	2,506	482	365	847	2,620	507	336	843	2,829	536	418	953
Qualifying Revolving Retail	483	-	196	196	491	-	195	195	502	-	196	196	506	-	200	200
Retail SME	487	-	304	304	508	-	311	311	508	-	318	318	561	-	354	354
Exposures subject to standardized or IRB approaches	**110,802**	**434**	**31,613**	**32,046**	**117,241**	**482**	**32,688**	**33,170**	**122,171**	**507**	**32,999**	**33,506**	**115,489**	**536**	**32,252**	**32,787**
Equity *(3)*	117		117	117	23		23	23	16	-	16	16	4	-	4	4
Securitization *(4)*									-	-	-	-	-	-	-	-
Trading Book	3,332			2,324	2,678			2,077	1,424	-	-	1,979	1,652	-	-	2,011
Other assets not included in standardized or IRB approaches *(5)*	-	-	-	1,904	-	-	-	1,963	-	-	-	1,981	-	-	-	1,935
Adjustment to IRB risk-weighted assets for scaling factor	114,251			36,391	119,942			37,232	123,611			37,482	117,145			36,738
Total Credit Risk				**1,489**				**-**				**-**				**-**
Market Risk ***(6)***				**3,702**				**3,710**				**3,764**				**3,792**
Operational Risk - Standardized Approach				41,581				40,942				41,247				40,529
Total Risk-Weighted Assets before adjustments																
Total RWA after adjustment for CVA phase-in (5)				**41,112**				**40,519**				**40,827**				**40,128**
Common Equity Tier 1 (CET1) Capital RWA				**41,203**				**40,602**				**40,909**				40,206
Tier 1 Capital RWA				**41,282**				**40,672**				**40,979**				**40,273**
Total Capital RWA																
Adjustment for Regulatory Floor ***(7)***				**1,957**				**2,327**				**1,960**				**2,229**
CET1 Capital RWA Floor				**1,865**				**2,244**				**1,878**				2,151
Tier 1 Capital RWA Floor				**1,787**				**2,174**				**1,808**				**2,084**
Total Capital RWA Floor																
Adjusted Total Risk-Weighted Assets				**43,069**				**42,846**				**42,787**				**42,358**
Adjusted Common Equity Tier 1 (CET1) Capital RWA				**43,069**				**42,846**				**42,787**				42,358
Adjusted Tier 1 Capital RWA				**43,069**				**42,846**				**42,787**				**42,358**
Adjusted Total Capital RWA				**41,642**				**41,642**				**41,642**				**41,642**

(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 2017 the CVA risk-weighted assets were calculated using the scalars of 0.72, 0.77 and 0.81 to compute CET1 capital RWA, Tier 1 capital RWA and Total capital RWA respectively.
(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.

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Credit Exposure by Counterparty Type

($ millions except as noted)

	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
	March 31, 2017						December 31, 2016					
Corporate	27,674	12,050	3,993	1,148	3,137	48,002	27,549	12,373	3,849	1,176	3,324	48,272
Sovereign	20,068	638	374	173	1	21,255	22,652	240	81	162	73	23,208
Bank	3,937		6,783	666	922	12,309	3,716	11	4,669	878	819	10,093
Total Corporate, Sovereign and Bank *(1)*	51,679	12,688	11,150	1,987	4,061	81,566	53,917	12,624	8,600	2,217	4,215	81,573
Residential Mortgages	19,938	3				19,940	19,835	3				19,837
HELOC's	1,780	1,027				2,807	1,807	1,029				2,836
Other Retail (excluding QRR and SME)	1,810	179			2	1,990	1,909	168			1	2,079
Qualifying Revolving Retail	227	210				438	237	213				450
Retail SME	178	209			15	402	188	219			16	423
Total Retail	23,933	1,628			17	25,577	23,976	1,632			17	25,625
Total Gross Credit Exposure	**75,612**	**14,317**	**11,150**	**1,987**	**4,077**	**107,143**	**77,894**	**14,256**	**8,600**	**2,217**	**4,233**	**107,199**
	September 30, 2016						June 30, 2016					
Corporate	28,058	11,599	4,216	1,288	3,310	48,470	28,411	12,306	3,785	1,255	3,504	49,261
Sovereign	21,716	405	457	158	70	22,805	20,122	235	511	170	70	21,107
Bank	3,780	9	6,632	692	879	11,992	3,752		5,477	989	864	11,083
Total Corporate, Sovereign and Bank	53,553	12,013	11,305	2,138	4,258	83,267	52,284	12,541	9,773	2,414	4,438	81,451
Residential Mortgages	20,296	3				20,299	20,240	4				20,244
HELOC's	1,852	1,045				2,898	1,882	1,049				2,931
Other Retail (excluding QRR and SME)	2,001	179			2	2,181	2,079	179			2	2,261
Qualifying Revolving Retail	244	216				460	250	219				469
Retail SME	195	223			17	435	209	241			17	467
Total Retail	24,589	1,666			18	26,273	24,660	1,692			19	26,371
Total Gross Credit Exposure	**78,142**	**13,678**	**11,305**	**2,138**	**4,277**	**109,540**	**76,944**	**14,233**	**9,773**	**2,414**	**4,458**	**107,822**
	March 31, 2016						December 31, 2015					
Corporate	28,364	12,143	4,506	1,287	3,447	49,747	29,569	12,995	5,908	1,917	3,511	53,899
Sovereign	20,786	229	349	99	70	21,533	24,807	195	262	406	70	25,740
Bank	2,878		8,302	1,846	610	13,636	3,511		6,738	1,222	482	11,953
Total Corporate, Sovereign and Bank	52,028	12,372	13,156	3,233	4,127	84,916	57,886	13,190	12,908	3,545	4,063	91,592
Residential Mortgages	19,665					19,665	19,239	4				19,243
HELOC's	1,855	1,045				2,900	1,862	1,040				2,902
Other Retail (excluding QRR and SME)	2,170	178			3	2,350	2,315	186			5	2,506
Qualifying Revolving Retail	261	223				483	267	224				491
Retail SME	216	253			18	487	228	262			18	508
Total Retail	24,167	1,699			21	25,886	23,911	1,716			23	25,649
Total Gross Credit Exposure	**76,195**	**14,071**	**13,156**	**3,233**	**4,147**	**110,802**	**81,797**	**14,906**	**12,908**	**3,545**	**4,086**	**117,241**
	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
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
Total Corporate, Sovereign and Bank	19,099					19,099	18,698	1				18,699
Residential Mortgages	1,910	1,035				2,945	1,950	1,001				2,951
HELOC's	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**

(1) Effective Q1 2016, OSFI has authorised HSBC Bank Canada's Market Risk model. As a result, credit risk exposures exclude the trading portfolio.

Credit Exposure by Geography

($ millions except as noted)

	March 31, 2017						December 31, 2016					
	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	22,207	3,453	1,024	98	480	27,262	22,413	3,535	903	84	545	27,479
Western Canada, excluding British Columbia	8,655	3,869		634	819	13,977	8,775	4,144		711	947	14,578
Ontario	38,051	4,638	9,180	1,088	2,019	54,975	40,033	4,331	6,827	1,265	1,957	54,412
Quebec & Atlantic provinces	6,699	2,357	946	168	759	10,929	6,673	2,246	871	157	784	10,731
Total Gross Credit Exposure *(1)*	**75,612**	**14,317**	**11,150**	**1,987**	**4,077**	**107,143**	**77,894**	**14,256**	**8,600**	**2,217**	**4,233**	**107,199**

	September 30, 2016						June 30, 2016					
	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	22,677	3,297	185	114	544	26,818	22,887	3,299	75	115	522	26,898
Western Canada, excluding British Columbia	9,338	4,047		734	955	15,073	9,664	4,369		743	1,149	15,924
Ontario	39,392	4,231	11,101	1,058	1,995	57,776	37,690	4,568	9,691	1,357	1,955	55,260
Quebec & Atlantic provinces	6,736	2,103	18	232	783	9,872	6,704	1,998	7	199	832	9,740
Total Gross Credit Exposure	**78,142**	**13,678**	**11,305**	**2,138**	**4,277**	**109,540**	**76,944**	**14,233**	**9,773**	**2,414**	**4,458**	**107,822**

	March 31, 2016						December 31, 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	22,687	3,273		139	529	26,628	21,579	3,517		221	523	25,840
Western Canada, excluding British Columbia	9,870	4,433		628	1,168	16,100	10,458	4,644		786	1,176	17,064
Ontario	36,820	4,394	13,156	2,245	1,673	58,288	42,585	4,531	12,908	1,924	1,594	63,542
Quebec & Atlantic provinces	6,817	1,971		220	777	9,785	7,175	2,214		614	793	10,796
Total Gross Credit Exposure	**76,195**	**14,071**	**13,156**	**3,233**	**4,147**	**110,802**	**81,797**	**14,906**	**12,908**	**3,545**	**4,086**	**117,241**

	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**

(1) Effective Q1 2016, OSFI has authorised HSBC Bank Canada's Market Risk model. As a result, credit risk exposures exclude the trading portfolio.

Residual Contract Maturity Breakdown

($ millions except as noted)

	March 31, 2017						December 31, 2016					
	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	20,804	8,462	11,150	841	3,001	44,258	20,267	8,689	8,600	1,018	3,128	41,701
1-5 years	47,434	5,546		738	1,016	54,733	48,700	5,291		717	1,059	55,768
Greater than 5 years	7,374	309		408	61	8,152	8,926	276		482	46	9,730
Total Gross Credit Exposure *(1)*	**75,612**	**14,317**	**11,150**	**1,987**	**4,077**	**107,143**	**77,894**	**14,256**	**8,600**	**2,217**	**4,233**	**107,199**

	September 30, 2016						June 30, 2016					
	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	22,674	8,033	11,305	820	3,178	46,009	24,096	8,466	9,773	956	3,506	46,797
1-5 years	46,462	5,406		716	1,049	53,633	44,193	5,360		816	896	51,266
Greater than 5 years	9,006	240		601	50	9,898	8,655	407		642	55	9,759
Total Gross Credit Exposure	**78,142**	**13,678**	**11,305**	**2,138**	**4,277**	**109,540**	**76,944**	**14,233**	**9,773**	**2,414**	**4,458**	**107,822**

	March 31, 2016						December 31, 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	24,297	8,432	13,156	1,412	3,167	50,464	24,670	8,766	12,908	1,760	3,145	51,249
1-5 years	41,915	5,441		1,037	913	49,307	45,243	5,777		1,230	875	53,125
Greater than 5 years	9,982	199		783	67	11,031	11,884	363		555	65	12,867
Total Gross Credit Exposure	**76,195**	**14,071**	**13,156**	**3,233**	**4,147**	**110,802**	**81,797**	**14,906**	**12,908**	**3,545**	**4,086**	**117,241**

	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**

(1) Effective Q1 2016, OSFI has authorised HSBC Bank Canada's Market Risk model. As a result, credit risk exposures exclude the trading portfolio.

Credit Risk Portfolio Exposure at Default

($ millions except as noted)

	March 31, 2017				December 31, 2016				September 30, 2016				June 30, 2016			
	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	24		27,650	12,050	17		27,532	12,373			28,058	11,599			28,411	12,306
Sovereign			20,068	638			22,652	240			21,716	405			20,122	235
Bank			3,937				3,716	11			3,780	9			3,752	
Total Corporate, Sovereign and Bank *(1)*	24		51,656	12,688	17		53,901	12,624			53,553	12,013			52,284	12,541
Residential Mortgages			19,938	3			19,835	3			20,296	3			20,240	4
HELOC's			1,780	1,027			1,807	1,029			1,852	1,045			1,882	1,049
Other Retail (excluding QRR and SME)	455		1,355	179	503		1,406	168	515		1,486	179	539		1,540	179
Qualifying Revolving Retail			227	210			237	213			244	216			250	219
Retail SME			178	209			188	219			195	223			209	241
Total Retail	455		23,478	1,628	503		23,473	1,632	515		24,074	1,666	539		24,121	1,692
Total Gross Credit Exposure	**479**		**75,133**	**14,317**	**520**		**77,374**	**14,256**	**515**		**77,627**	**13,678**	**539**		**76,405**	**14,233**

	March 31, 2016				December 31, 2015				September 30, 2015				June 30, 2015			
	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			28,364	12,143			29,569	12,995			30,306	13,324			30,284	13,253
Sovereign			20,786	229			24,807	195			25,502	40			21,659	34
Bank			2,878				3,511				3,486				3,135	
Total Corporate, Sovereign and Bank			52,028	12,372			57,886	13,190			59,293	13,363			55,078	13,287
Residential Mortgages			19,665				19,239	4			19,099				18,698	1
HELOC's			1,855	1,045			1,862	1,040			1,910	1,035			1,950	1,001
Other Retail (excluding QRR and SME)	573		1,597	178	638		1,678	186	670		1,741	196	708		1,912	196
Qualifying Revolving Retail			261	223			267	224			277	226			280	226
Retail SME			216	253			228	262			237	252			271	271
Total Retail	573	-	23,593	1,699	638	-	23,273	1,716	670	-	23,264	1,709	708	-	23,111	1,696
Total Gross Credit Exposure	**573**	**-**	**75,621**	**14,071**	**638**	**-**	**81,159**	**14,906**	**670**	**-**	**82,557**	**15,072**	**708**	**-**	**78,189**	**14,983**

(1) Effective Q1 2016, OSFI has authorised HSBC Bank Canada's Market Risk model. As a result, credit risk exposures exclude the trading portfolio.

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

	March 31, 2017								December 31, 2016							
	Risk Weight Category								Risk Weight Category							
	0%	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total**	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total**
Corporate						24		24						17		**17**
Sovereign																
Bank																
Total Corporate, Sovereign and Bank						24		24						17		17
Residential Mortgages (1)																
Heloc's																
Other Retail					446	9		455					492	12		503
Retail SME																
Total Retail					**446**	**9**		**455**					**492**	**12**		**503**
Total Exposure at Default					**446**	**33**		**479**					**492**	**28**		**520**

	September 30, 2016								June 30, 2016							
	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																
Heloc's																
Other Retail					503		11	515					527	12		539
Retail SME																
Total Retail					**503**		**11**	**515**					**527**	**12**		**539**
Total Exposure at Default					**503**		**11**	**515**					**527**	**12**		**539**

	March 31, 2016								December 31, 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																
Heloc's																
Other Retail					558	15		573					621	16		638
Retail SME																
Total Retail					**558**	**15**		**573**					**621**	**16**		**638**
Total Exposure at Default					**558**	**15**		**573**					**621**	**16**		**638**

	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																
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**

HSBC

Risk Assessment - IRB Retail Credit Portfolio

($ millions except as noted)

	March 31, 2017						December 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	19,633	2,724	1,475	322	185	24,339	19,521	2,749	1,529	331	195	24,325
Medium	269	77	54	109	213	722	279	80	42	112	222	735
Sub-Standard			1	4		5			1	4		6
Impaired/Default	38	7	4	2	5	56	37	7	5	3	6	57
Total Exposure at Default	**19,940**	**2,807**	**1,535**	**438**	**402**	**25,122**	**19,837**	**2,836**	**1,576**	**450**	**423**	**25,122**

	September 30, 2016						June 30, 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	19,968	2,809	1,612	338	195	24,921	19,904	2,836	1,662	345	198	24,945
Medium	292	82	49	116	234	773	300	85	54	117	262	818
Sub-Standard			1	4		5			1	5		6
Impaired/Default	39	7	5	3	6	60	40	10	5	2	6	64
Total Exposure at Default	**20,299**	**2,898**	**1,667**	**460**	**435**	**25,758**	**20,244**	**2,931**	**1,722**	**469**	**467**	**25,832**

	March 31, 2016						December 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	19,323	2,794	1,719	352	199	24,387	18,919	2,786	1,811	363	210	24,088
Medium	307	94	51	123	282	857	284	101	52	120	291	848
Sub-Standard			1	5		7			1	4	1	6
Impaired/Default	35	12	6	4	6	63	40	15	5	4	6	69
Total Exposure at Default	**19,665**	**2,900**	**1,777**	**483**	**487**	**25,313**	**19,243**	**2,902**	**1,868**	**491**	**508**	**25,011**

	September 30, 2015						June 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	18,808	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**

HSBC

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

($ millions except as noted)

	March 31, 2017				December 31, 2016				September 30, 2016				June 30, 2016			
Internal Rating	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	**1,222**	0.04	45	14	**1,406**	0.04	47	12	**983**	0.04	44	11	**990**	0.04	42	11
Low Risk	**3,897**	0.11	44	28	**3,891**	0.11	43	28	**3,970**	0.11	43	27	**4,814**	0.11	40	25
Satisfactory Risk	**20,941**	0.41	36	45	**21,034**	0.41	36	45	**21,280**	0.42	36	47	**21,160**	0.43	36	48
Fair Default Risk	**11,911**	1.17	34	65	**11,766**	1.16	34	65	**11,355**	1.15	34	69	**11,428**	1.15	34	69
Moderate Default Risk	**3,391**	2.85	33	82	**3,391**	2.82	33	80	**3,326**	2.82	31	81	**3,218**	2.92	31	84
Significant Default Risk	**734**	6.97	33	109	**862**	7.03	33	112	**1,015**	6.62	33	117	**1,373**	6.75	34	119
High Default Risk	**982**	10.78	34	136	**979**	10.46	35	140	**872**	10.10	34	142	**883**	10.05	34	141
Special Management	**342**	29.92	32	148	**385**	30.87	33	154	**548**	29.84	34	161	**752**	32.51	34	162
Default	**576**	100.00	45	193	**718**	100.00	45	157	**914**	100.00	47	150	**869**	100.00	49	188
Total Corporate *(2)*	**43,996**	**2.64**	**36**	**57**	**44,432**	**2.98**	**36**	**57**	**44,263**	**3.51**	**36**	**60**	**45,487**	**3.55**	**36**	**61**
Sovereign																
Minimal Risk	**20,624**	0.02	7	3	**23,021**	0.02	7	3	**22,179**	0.02	8	3	**20,486**	0.02	8	3
Low Risk	**255**	0.07	35	14	**105**	0.07	13	13	**113**	0.08	13	13	**112**	0.08	13	13
Satisfactory Risk	**2**	0.34	47	43	**2**	0.34	45	43	**2**	0.42	45	50	**4**	0.37	49	63
Fair Default Risk									**60**	1.65	10	20	**1**	0.93	45	93
Default																
Total Sovereign *(2)*	**20,881**	**0.02**	**8**	**3**	**23,128**	**0.02**	**7**	**3**	**22,354**	**0.03**	**8**	**3**	**20,603**	**0.02**	**8**	**3**
Bank																
Minimal Risk	**4,806**	0.03	19	8	**4,489**	0.04	20	8	**4,437**	0.03	20	8	**4,520**	0.03	22	8
Low Risk	**729**	0.13	29	22	**931**	0.11	28	18	**888**	0.11	30	19	**1,092**	0.12	28	17
Satisfactory Risk	**29**	0.35	34	33	**60**	0.34	32	30	**72**	0.39	32	32	**90**	0.36	35	36
Fair Default Risk	**16**	1.25	46	72	**6**	1.28	30	56	**5**	1.39	34	71	**6**	1.36	47	90
Moderate Default Risk									**2**	3.33	61	153	**3**	3.47	53	139
Significant Default Risk										5.75	69	195	**1**	5.75	51	149
High Default Risk	**1**	10.00	62	227	**1**	10.00	59	215	**1**	10.00	59	216	**1**	10.00	59	215
Special Management																
Default																
Total Bank *(2)*	**5,581**	**0.05**	**20**	**10**	**5,487**	**0.05**	**21**	**10**	**5,405**	**0.06**	**22**	**10**	**5,713**	**0.06**	**24**	**10**

	March 31, 2016				December 31, 2015				September 30, 2015				June 30, 2015			
Internal Rating	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)	EAD	PD (%)	LGD (%)	Risk Weight (%)
Corporate																
Minimal Risk	**1,160**	0.04	43	12	**2,070**	0.04	47	16	**2,349**	0.04	45	15	**2,105**	0.04	47	17
Low Risk	**4,447**	0.11	39	23	**5,408**	0.11	41	24	**5,358**	0.11	41	24	**5,063**	0.11	40	23
Satisfactory Risk	**21,515**	0.43	37	48	**21,600**	0.43	37	49	**22,542**	0.41	37	50	**22,683**	0.41	37	48
Fair Default Risk	**11,224**	1.14	34	68	**12,119**	1.13	34	67	**12,628**	1.15	34	69	**12,547**	1.13	34	69
Moderate Default Risk	**3,226**	2.86	33	86	**3,637**	2.94	34	90	**3,467**	3.00	32	86	**3,441**	2.73	33	83
Significant Default Risk	**1,214**	6.54	33	116	**982**	6.84	34	122	**1,241**	6.95	30	107	**1,444**	6.83	30	105
High Default Risk	**1,256**	10.03	32	134	**1,154**	10.07	26	109	**743**	10.12	28	116	**889**	10.08	32	132
Special Management	**550**	33.22	31	150	**427**	38.98	32	143	**425**	41.42	36	162	**343**	46.78	31	117
Default	**656**	100.00	51	172	**609**	100.00	49	176	**455**	100.00	50	191	**354**	100.00	53	156
Total Corporate	**45,248**	**3.01**	**36**	**60**	**48,006**	**2.71**	**37**	**58**	**49,208**	**2.32**	**37**	**58**	**48,869**	**2.12**	**37**	**56**
Sovereign																
Minimal Risk	**20,994**	0.02	8	3	**25,245**	0.02	10	3	**25,668**	0.02	10	3	**21,700**	0.02	10	3
Low Risk	**182**	0.07	12	8	**225**	0.07	11	8	**201**	0.07	12	9	**170**	0.07	13	9
Satisfactory Risk	**5**	0.40	48	68	**5**	0.39	48	66	**3**	0.33	40	40	**3**	0.34	40	35
Fair Default Risk	**2**	0.98	42	88	**2**	0.91	45	97	**1**	1.05	37	83				
Default																
Total Sovereign	**21,184**	**0.02**	**8**	**3**	**25,478**	**0.02**	**10**	**3**	**25,873**	**0.02**	**10**	**3**	**21,873**	**0.02**	**10**	**3**
Bank																
Minimal Risk	**4,482**	0.03	23	9	**3,773**	0.03	22	9	**3,614**	0.03	21	8	**3,567**	0.03	22	8
Low Risk	**844**	0.11	32	24	**1,311**	0.10	26	16	**1,547**	0.11	27	19	**1,329**	0.12	27	20
Satisfactory Risk	**65**	0.40	34	34	**107**	0.41	34	37	**126**	0.37	33	32	**193**	0.34	32	32
Fair Default Risk	**3**	1.30	36	65	**65**	1.59	45	132	**11**	1.54	38	79	**57**	1.62	29	60
Moderate Default Risk	**1**	3.99	35	104	**1**	3.79	61	153	**1**	4.11	50	134	**1**	3.97	57	140
Significant Default Risk	**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	217	**1**	10.00	59	217
Special Management																
Default																
Total Bank	**5,397**	**0.06**	**24**	**12**	**5,259**	**0.08**	**24**	**13**	**5,306**	**0.08**	**23**	**12**	**5,148**	**0.09**	**24**	**13**

(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

(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)

	March 31, 2017			December 31, 2016			September 30, 2016			June 30, 2016		
	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			1,072			1,108			1,043			1,009
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			1,072			1,108			1,043			1,009
Residential Mortgages			1,701			1,888			1,802			1,940
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			1,701			1,888			1,802			1,940
Total			**2,773**			**2,996**			**2,845**			**2,949**

	March 31, 2016			December 31, 2015			September 30, 2015			June 30, 2015		
	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			1,016			1,032			1,274			1,294
Sovereign												
Bank												
Total Corporate, Sovereign and Bank			1,016			1,032			1,274			1,294
Residential Mortgages			2,007			2,030			2,213			2,483
HELOC's												
Other Retail (excluding QRR and SME)												
Qualifying Revolving Retail												
Retail SME												
Total Retail			2,007			2,030			2,213			2,483
Total			**3,023**			**3,062**			**3,487**			**3,777**

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

	March 31, 2017		December 31, 2016		September 30, 2016		June 30, 2016	
Counterparty Type	**Notional Undrawn**	**EAD on Undrawn**	**Notional Undrawn**	**EAD on Undrawn**	**Notional Undrawn**	**EAD on Undrawn**	**Notional Undrawn**	**EAD on Undrawn**
Corporate	30,038	12,050	30,778	12,373	28,823	11,599	30,313	12,306
Sovereign	1,557	638	585	240	988	405	574	235
Bank	61		166	11	180	9	127	
Total Corporate, Sovereign and Bank	31,656	12,688	31,529	12,624	29,991	12,013	31,013	12,541
Residential Mortgages	8	3	9	3	9	3	14	4
HELOC's	3,298	1,027	3,310	1,029	3,333	1,045	3,305	1,049
Other Retail (excluding QRR and SME)	596	179	595	168	620	179	626	179
Qualifying Revolving Retail	888	210	895	213	902	216	909	219
Retail SME	210	209	220	219	225	223	242	241
Total Retail	5,000	1,628	5,029	1,632	5,089	1,666	5,096	1,692
Total	**36,656**	**14,317**	**36,558**	**14,256**	**35,080**	**13,678**	**36,109**	**14,233**

	March 31, 2016		December 31, 2015		September 30, 2015		June 30, 2015	
Counterparty Type	**Notional Undrawn**	**EAD on Undrawn**	**Notional Undrawn**	**EAD on Undrawn**	**Notional Undrawn**	**EAD on Undrawn**	**Notional Undrawn**	**EAD on Undrawn**
Corporate	29,966	12,143	32,094	12,995	32,775	13,324	32,619	13,253
Sovereign	588	229	511	195	137	40	124	34
Bank	327		156		79		89	
Total Corporate, Sovereign and Bank	30,882	12,372	32,761	13,190	32,992	13,363	32,832	13,287
Residential Mortgages	18		26	4	25		24	1
HELOC's	3,319	1,045	3,281	1,040	3,260	1,035	3,176	1,001
Other Retail (excluding QRR and SME)	632	178	655	186	675	196	679	196
Qualifying Revolving Retail	915	223	922	224	920	226	926	226
Retail SME	254	253	263	262	257	252	283	271
Total Retail	5,138	1,699	5,147	1,716	5,137	1,709	5,089	1,696
Total	**36,020**	**14,071**	**37,908**	**14,906**	**38,129**	**15,072**	**37,921**	**14,983**

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 2016.

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 2016.

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 2017. Further details may be found in the notes on significant account policies and fair value of financial instruments, Annual Report and Accounts 2016.

Securitization activities during 2017
No activity during 2017.

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 2016.

Securitization Exposures

($ millions except as noted)

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

	At March 31, 2017			At December 31, 2016			At September 30, 2016			At June 30, 2016		
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor[3]												
Trade receivables	-	-	**-**	-	-	**-**	-	51	**51**	-	230	**230**
As Investor												
Residential mortgages												
Trade receivables												
								51	**51**		**230**	**230**

	At March 31, 2016			At December 31, 2015			At September 30, 2015			At June 30, 2015		
	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total	Trading	Banking	Total
As Sponsor[3]												
Trade receivables	-	230	**230**	-	230	**230**	-	245	**245**	-	245	**245**
As Investor												
Residential mortgages												
Trade receivables												
		230	**230**		**230**	**230**		**245**	**245**		**245**	**245**

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 March 31
2017				
Aggregate amount of securitization exposures (retained or purchased)				
Residential mortgages				
Trade receivables	0	-	-	0
	0	**-**	**-**	**0**

Securitization exposure - asset values and impairment charges

	At March 31, 2017			At December 31, 2016			At September 30, 2016			At June 30, 2016		
	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	-	-	-	-	-	-	94	-	-	306	-	-
As Investor												
Residential mortgages												
Trade receivables												

	At March 31, 2016			At December 31, 2015			At September 30, 2015			At June 30, 2015		
	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	306	-	-	290	-	-	343	-	-	334	-	-
As Investor[1]												
Residential mortgages												
Trade receivables												

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

Securitization Exposures

($ millions except as noted)

Securitization exposures by risk weighting

	Exposure value at March 31, 2017			Exposure value at December 31, 2016			Exposure value at September 30, 2016			Exposure value at June 30, 2016		
	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%	-	-	**-**	-	-	**-**	-	51	**51**	-	230	**230**
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**51**	**51**	**-**	**230**	**230**

	Exposure value at March 31, 2016			Exposure value at December 31, 2015			Exposure value at September 30, 2015			Exposure value at June 30, 2015		
	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%	-	230	**230**	-	230	**230**	-	245	**245**	-	245	**245**
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total	**-**	**230**	**230**	**-**	**230**	**230**	**-**	**245**	**245**	**-**	**245**	**245**

Capital required by risk weighting

	Capital required at March 31, 2017			Capital required at December 31, 2016			Capital required at September 30, 2016			Capital required at June 30, 2016		
	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**
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**1**	**-**	**1**	**1**

	Capital required at March 31, 2016			Capital required at December 31, 2015			Capital required at September 30, 2015			Capital required at June 30, 2015		
	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**	-	1	**1**	-	1	**1**
> 20% ≤ 50%												
> 50% ≤ 100%												
> 100% ≤ 650%												
> 650% < 1250%												
1250%												
Total	**-**	**1**	**1**	**-**	**1**	**1**	**-**	**1**	**1**	**-**	**1**	**1**

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

(a) 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.

HSBC Bank Canada computes various measures to monitor market risk and compute capital charges, including sensitivity (daily) to changes in risk factor values, VaR (daily), stressed VaR (weekly), and stress testing (monthly). The risk measures are compared to limits and breaches are escalated to senior management.

Calculations are performed using global models and systems for measuring market risk. Information from the Primary Trading Systems is sent to the global systems, where the calculations are performed and made available for review.

(b) 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 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.

(c) HSBC Bank Canada uses HSBC global models and systems for measuring market risk. Sensitivity to risk factor shocks are computed by the primary trading systems. These sensitivities are sent to the Group systems, which compute VaR and stressed VaR and perform stress testing. Backtesting by comparing VaR to the daily profit and loss is also performed. Market Risk calculations are reported daily via email to Market Risk teams and senior management. A local system has been set up to collect market risk results and prepare monthly and quarterly regulatory reports.

Market Risk

Internal Model Approach (IMA)

(a) At HSBC Bank Canada the IMA covers VaR, stressed VaR, and stress testing calculations for the Trading Book. A historical simulation approach is used to measure general market risk for interest rate and foreign exchange risk factors. All risks are included in the historical simulation approach for general market risk. A standard charge approach is used to estimate the interest rate specific risk.

(b) At HSBC Bank Canada the IMA is used to measure the general market risk for the Trading Book. HSBC Bank Canada uses the global models and systems to compute general market risk. Information from the primary trading systems is passed to the global market risk systems and the results are made available to HSBC Bank Canada. A local system is used to compute the standard charge.

(c) A historical simulation approach is used to compute VaR and stressed VaR.

(d) For management purposes 1-day VaR and 10-day Stressed VaR are computed. For regulatory purposes, 10-day VaR and 10-day Stressed VaR are computed.

(e) For VaR, the historical scenarios are updated twice each month. 500 days of historical scenarios are used without weighting. The 10-day VaR is computed using 1-day VaR scaled by square root of 10 and an additional multiplicative factor to provide a conservative estimate. For specific risk, the standard charge calculation is separate from the historical simulation approach for the general market risk. The standard charge is aggregated with the VaR and Stressed VaR contributions when computing the market risk capital charge. A sensitivity-based approach is used to compute the profit and loss for the VaR calculation. Relative returns are used for credit spreads and exchange rates and absolute returns are used for interest rates.

(f) For the Stressed VaR calculation, 10-day VaR is computed directly and 250 scenarios are used. Each quarter the stressed VaR period is determined by computing VaR for overlapping 250 day windows going back to 2008 to determine the period yielding the largest VaR value. This 250 day period is then used for the remainder of the quarter for the weekly Stressed VaR calculation. Both global and HSBC Bank Canada stressed VaR period are computed. A multiplier (greater than or equal to 1) is computed as the ratio of the VaR using the HSBC Bank Canada period and the global period. When the Stressed VaR is computed on a weekly basis, the global period is used for Group aggregation purposes. For local regulatory purposes the Stressed VaR determined using the global period is scaled by the multiplier. As in the case of VaR, the sensitivity approach is used to compute profit and loss used in the Stressed VaR calculation.

(g) Stress Testing is performed on monthly basis using both globally-defined and locally-defined scenarios. The locally-defined scenarios are chosen based on the HSBC Bank Canada portfolio and relevant risk factors. Stressed profit and loss figures are compared against limits and breaches are reported to senior management.

(h) Backtesting is performed on a daily basis. The historical simulation general market risk 1-day VaR is compared against the hypothetical 1 day profit and loss (assuming portfolio remains constant over the 1 day). This is done at various levels, including Total Trading Book, lines of business, and at the risk factor level. Breaches of 99%-ile 1-day VaR are investigated and reported to the regulator within 2 business days.

HSBC

Market Risk RWA
($ millions except as noted)

RWA flow statement of market risk exposures	March 31, 2017 VaR	March 31, 2017 Stressed VaR	March 31, 2017 Total RWA	December 31, 2016 VaR	December 31, 2016 Stressed VaR	December 31, 2016 Total RWA	September 30, 2016 VaR	September 30, 2016 Stressed VaR	September 30, 2016 Total RWA	June 30, 2016 VaR	June 30, 2016 Stressed VaR	June 30, 2016 Total RWA	March 31, 2016 VaR	March 31, 2016 Stressed VaR	March 31, 2016 Total RWA
Internal model approach:															
RWA at previous quarter-end	247	504	751	229	331	560	217	383	600	274	536	810			
Movement in risk levels *(1)*	(47)	164	117	18	174	191	12	(52)	(40)	(57)	(153)	(210)			
Methodology and policy *(2)*													274	536	810
RWA at end of reporting period	200	668	868	247	504	751	229	331	560	217	383	600	274	536	810
Standardised method:															
Interest rate position risk (specific)			400			205			230			367			678
RWA at end of reporting period			1,268			956			790			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.

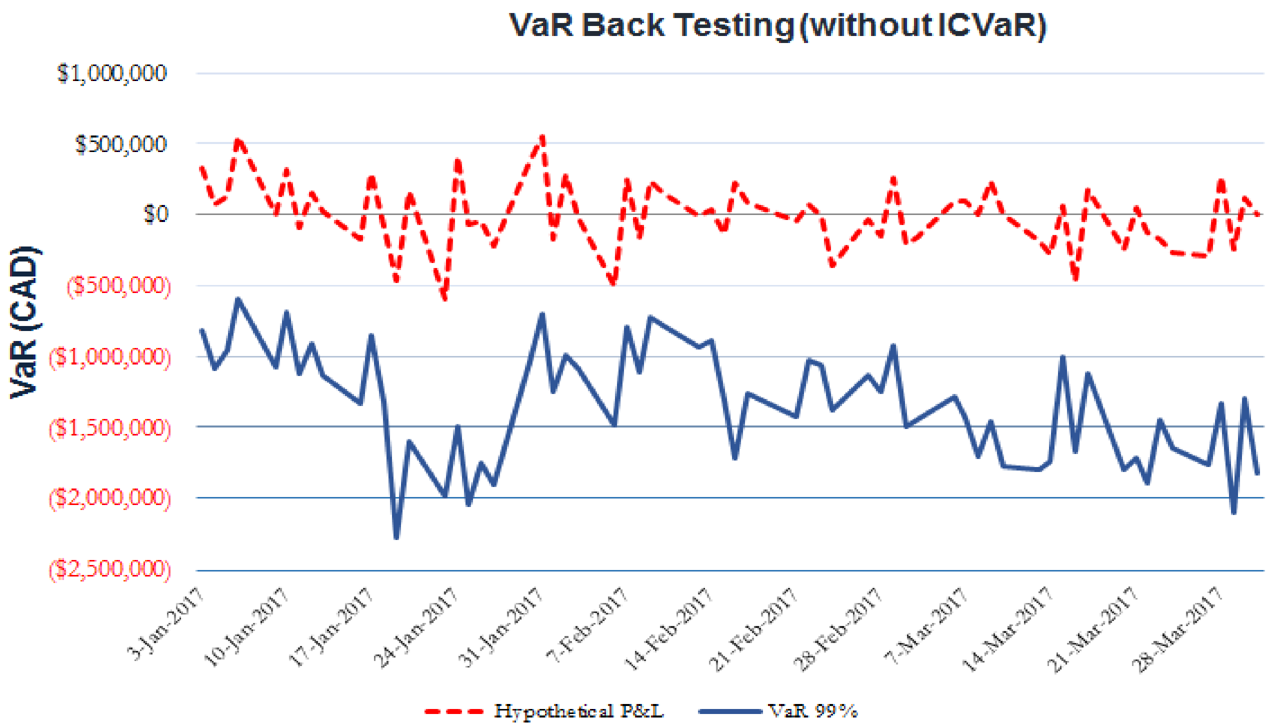
IMA values for trading portfolios
($ thousands except as noted)

		March 31, 2017 VaR	March 31, 2017 Stressed VaR	December 30, 2016 VaR	December 30, 2016 Stressed VaR	September 30, 2016 VaR	September 30, 2016 Stressed VaR	June 30, 2016 VaR	June 30, 2016 Stressed VaR	March 31, 2016 VaR	March 31, 2016 Stressed VaR
1	Maximum value	6,068	19,260	8,445	17,486	7,011	8,853	7,029	10,029	8,095	10,897
2	Average value	3,959	12,851	4,936	10,113	4,551	6,602	4,430	6,232	5,427	8,035
3	Minimum value	2,635	6,681	3,183	4,900	2,949	5,136	2,427	3,493	3,752	6,085
4	Period end	6,016	14,541	3,259	5,006	4,374	5,420	4,532	8,659	6,430	10,861

HSBC

Comparison of VaR estimates with gains/losses
($ thousands except as noted)

For the first quarter ended March 31, 2017



There were no backtesting exceptions during the period.

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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.