

2010

**HSBC Bank Canada
Capital and Risk Management
Pillar 3 Supplemental Disclosures
as at March 31, 2010**



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Notes to Users

Capital and Risk Management Pillar 3 Disclosures

The Pillar 3 Supplemental Disclosures are additional summary descriptions and quantitative financial information which supplement those already made in the Annual Report and Accounts 2008 for the disclosure requirements under OSFI's Pillar 3 Disclosure Requirements Advisory issued September 29, 2006 consistent with the "International Convergence of Capital Measurement and Capital Standards" ('Basel II') issued by the Basel Committee on Banking Supervision in June 2006.

The supervisory objectives of Basel II, which replaces the 1988 Basel Capital Accord, are to promote safety and soundness in the financial system and maintain an appropriate level of capital in the system, enhance competitive equality, constitute a more comprehensive approach to addressing risks, and focus on internationally active banks. Basel II is structured around three "pillars": pillar 1, minimum capital requirements, pillar 2, supervisory review and pillar 3, market discipline.

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

The Office of the Superintendent of Financial Institutions ("OSFI") supervises HSBC Bank Canada (the "Bank") on a consolidated basis. Effective November 1, 2007, OSFI implemented a new regulatory capital management framework, which gives effect to Basel II. OSFI has approved the Bank's application to apply the Advanced Internal Ratings Based ("AIRB") approach to credit risk on our portfolio and the Standardized Approach for measuring Operational Risk. Please refer to the Annual Report and Accounts 2008 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.

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

Basel II Regulatory Capital (1)

(\$ millions except as noted)



Qualifying Regulatory Capital	March 31, 2010	December 31, 2009	September 30, 2009
Common shares	1,225	1,225	1,225
Retained earnings	2,131	2,120	2,039
Non-cumulative preferred shares	946	946	946
Non-controlling interests in trust and subsidiary	430	430	430
Securitization-related deductions and other	(155)	(139)	(117)
Goodwill	(15)	(15)	(15)
Total Tier 1 capital	4,562	4,567	4,508
Subordinated debentures	735	833	833
Other	199	208	212
Total Tier 2 capital	934	1,041	1,045
Total capital available for regulatory purposes	5,496	5,608	5,553

Capital Ratios (2)	March 31, 2010	December 31, 2009	September 30, 2009
Tier 1 capital ratio	12.25%	12.12%	11.67%
Total capital ratio	14.76%	14.89%	14.37%
Assets to capital multiple	13.05	12.93	12.98

Qualifying Regulatory Capital	June 30, 2009	March 31, 2009
Common shares	1,225	1,225
Retained earnings	2,006	1,965
Non-cumulative preferred shares	946	696
Non-controlling interests in trust and subsidiary	430	430
Securitization-related deductions and other	(96)	(103)
Goodwill	(15)	(15)
Total Tier 1 capital	4,496	4,198
Subordinated debentures	826	795
Other	214	214
Total Tier 2 capital	1,040	1,009
Total capital available for regulatory purposes	5,536	5,207

Capital Ratios (2)	June 30, 2009	March 31, 2009
Tier 1 capital ratio	11.17%	10.19%
Total capital ratio	13.75%	12.64%
Assets to capital multiple	12.85	13.62

(1) As per the Basel II Capital Adequacy Requirement guidelines issued by OSFI.

(2) OSFI's target capital ratios for well capitalized anadian banks are 7.5% for Tier 1 Capital and 10% for Total Capital.

Basel II Risk-Weighted Assets (1)

(\$ millions except as noted)



Risk-Weighted Assets (RWA)	March 31, 2010				December 31, 2009			
	Exposure (2)	RWA			Exposure (2)	RWA		
		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total
(\$ millions except as noted)								
Corporate	43,289	-	21,780	21,780	42,663	-	22,101	22,101
Sovereign	17,638	-	323	323	16,875	-	297	297
Bank	9,184	34	425	458	10,870	10	433	443
Residential Mortgages	19,417	584	1,622	2,206	19,496	577	1,572	2,150
HELOC's	6,159	-	872	872	5,221	-	508	508
Other Retail (excluding QRR and SME)	6,319	2,502	1,321	3,824	6,794	2,981	1,311	4,292
Qualifying Revolving Retail	1,174	-	213	213	1,092	-	205	205
Retail SME	1,033	-	489	489	1,027	-	504	504
Exposures subject to standardized or IRB approaches	104,213	3,120	27,046	30,166	104,038	3,566	26,931	30,499
Equity (3)	276	-	-	276	304	-	-	304
Securitization (4)	-	-	-	-	-	-	-	-
Other assets not included in standardized or IRB approaches	1,164	-	-	918	1,360	-	-	938
Adjustment to IRB risk-weighted assets for scaling factor	-	-	-	1,639	-	-	-	1,634
Total Credit Risk	105,653			33,000	105,702			33,375
Market Risk (5)	-	-	-	-	-	-	-	-
Operational Risk - Standardized Approach	-	-	-	4,236	-	-	-	4,298
Total Risk-Weighted Assets				37,236				37,674
Adjustment for Regulatory Floor (6)	-	-	-	-	-	-	-	-
Total Transitional Risk-Weighted Assets				37,236				37,674

Risk-Weighted Assets (RWA)	September 30, 2009				June 30, 2009			
	Exposure (2)	RWA			Exposure (2)	RWA		
		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total
(\$ millions except as noted)								
Corporate	46,569	-	23,098	23,098	47,731	-	24,589	24,589
Sovereign	16,181	-	279	279	14,930	-	236	236
Bank	8,309	8	393	401	7,216	9	395	404
Residential Mortgages	19,499	625	1,564	2,189	19,362	692	1,606	2,298
HELOC's	5,060	-	491	491	4,619	-	466	466
Other Retail (excluding QRR and SME)	6,882	2,970	1,331	4,301	6,946	3,005	1,387	4,392
Qualifying Revolving Retail	1,096	-	218	218	1,081	-	214	214
Retail SME	1,051	-	533	533	1,066	-	558	558
Exposures subject to standardized or IRB approaches	104,647	3,603	27,907	31,510	102,951	3,707	29,450	33,157
Equity (3)	391	-	-	391	404	-	-	404
Securitization (4)	-	-	-	-	-	-	-	-
Other assets not included in standardized or IRB approaches	1,755	-	-	795	1,039	-	-	674
Adjustment to IRB risk-weighted assets for scaling factor	-	-	-	1,698	-	-	-	1,791
Total Credit Risk	106,792			34,393	104,394			36,026
Market Risk (5)	-	-	-	-	-	-	-	-
Operational Risk - Standardized Approach	-	-	-	4,239	-	-	-	4,229
Total Risk-Weighted Assets				38,633				40,254
Adjustment for Regulatory Floor (6)	-	-	-	-	-	-	-	-
Total Transitional Risk-Weighted Assets				38,633				40,254

Risk-Weighted Assets (RWA)	March 31, 2009			
	Exposure (3)	RWA		
		Standardized Approach	Advanced Approach	Total
(\$ millions except as noted)				
Corporate	48,792	-	25,158	25,158
Sovereign	12,784	-	272	272
Bank	6,452	30	432	462
Residential Mortgages	19,095	665	1,558	2,222
HELOC's	4,691	-	466	466
Other Retail (excluding QRR and SME)	6,936	3,045	1,353	4,398
Qualifying Revolving Retail	1,074	-	214	214
Retail SME	1,344	-	709	709
Exposures subject to standardized or IRB approaches	101,167	3,739	30,163	33,902
Equity (3)	428	-	-	428
Securitization (4)	-	-	-	-
Other assets not included in standardized or IRB approaches	898	-	-	798
Adjustment to IRB risk-weighted assets for scaling factor	-	-	-	1,835
Total Credit Risk	102,494			36,964
Market Risk (5)	-	-	-	-
Operational Risk - Standardized Approach	-	-	-	4,225
Total Risk-Weighted Assets				41,188
Adjustment for Regulatory Floor (6)	-	-	-	-
Total Transitional Risk-Weighted Assets				41,188

(1) As per the Basel II Capital Adequacy Requirement guidelines issued by OSFI.

(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 II counterparty category to which the exposures relate - see page 7 for further information on Securitization Exposures.

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

(6) 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)



March 31, 2010						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Corporate	25,399	10,575	4,266	513	2,536	43,289
Sovereign	15,711	33	1,805	89	-	17,638
Bank	2,073	992	4,856	1,241	22	9,184
Total Corporate, Sovereign and Bank	43,183	11,600	10,927	1,843	2,558	70,111
Residential Mortgages	19,389	28	-	-	-	19,417
HELOC's	3,113	3,046	-	-	-	6,159
Other Retail (excluding QRR and SME)	4,178	2,108	-	-	33	6,319
Qualifying Revolving Retail	396	778	-	-	-	1,174
Retail SME	630	369	-	-	34	1,033
Total Retail	27,706	6,329	-	-	67	34,102
Total Gross Credit Exposure	70,889	17,929	10,927	1,843	2,625	104,213

December 31, 2009						
	Loans (Drawn)	Commitments	Repo Style	OTC	Other Off	Total
Corporate	25,243	10,857	3,505	527	2,531	42,663
Sovereign	14,571	31	2,190	83	0	16,875
Bank	1,912	1,019	6,623	1,286	30	10,870
Total Corporate, Sovereign and Bank	41,726	11,907	12,318	1,896	2,561	70,407
Residential Mortgages	19,480	16	-	-	-	19,496
HELOC's	2,956	2,265	-	-	-	5,221
Other Retail (excluding QRR and SME)	4,411	2,352	-	-	31	6,794
Qualifying Revolving Retail	392	700	-	-	-	1,092
Retail SME	650	343	-	-	34	1,027
Total Retail	27,889	5,676	-	-	65	33,630
Total Gross Credit Exposure	69,615	17,583	12,318	1,896	2,626	104,038

September 30, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Corporate	26,908	11,177	5,308	586	2,590	46,569
Sovereign	13,811	35	2,263	65	7	16,181
Bank	1,677	987	4,484	1,142	19	8,309
Total Corporate, Sovereign and Bank	42,396	12,199	12,056	1,793	2,616	71,059
Residential Mortgages	19,487	12	-	-	-	19,499
HELOC's	2,855	2,205	-	-	-	5,060
Other Retail (excluding QRR and SME)	4,426	2,441	-	-	15	6,882
Qualifying Revolving Retail	400	696	-	-	-	1,096
Retail SME	658	359	-	-	34	1,051
Total Retail	27,826	5,713	-	-	49	33,588
Total Gross Credit Exposure	70,222	17,912	12,056	1,793	2,665	104,647

June 30, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Corporate	28,377	11,267	4,740	714	2,633	47,731
Sovereign	12,712	37	2,068	105	8	14,930
Bank	1,758	1,127	2,961	1,351	18	7,216
Total Corporate, Sovereign and Bank	42,847	12,431	9,770	2,170	2,659	69,877
Residential Mortgages	19,216	146	-	-	-	19,362
HELOC's	2,613	2,006	-	-	-	4,619
Other Retail (excluding QRR and SME)	4,497	2,434	-	-	15	6,946
Qualifying Revolving Retail	391	690	-	-	-	1,081
Retail SME	675	356	-	-	35	1,066
Total Retail	27,392	5,632	-	-	50	33,074
Total Gross Credit Exposure	70,239	18,063	9,770	2,170	2,710	102,951

March 31, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Corporate	30,170	11,482	3,388	973	2,778	48,792
Sovereign	12,122	150	428	60	24	12,783
Bank	1,870	1,034	1,888	1,655	4	6,452
Total Corporate, Sovereign and Bank	44,162	12,666	5,705	2,688	2,806	68,027
Residential Mortgages	19,084	12	-	-	-	19,095
HELOC's	2,595	2,096	-	-	-	4,691
Other Retail (excluding QRR and SME)	4,530	2,392	-	-	14	6,936
Qualifying Revolving Retail	390	684	-	-	-	1,074
Retail SME	893	414	-	-	37	1,344
Total Retail	27,491	5,598	-	-	51	33,141
Total Gross Credit Exposure	71,654	18,263	5,705	2,688	2,858	101,167

Credit Exposure by Geography

(\$ millions except as noted)



March 31, 2010						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	24,409	6,248	-	100	675	31,432
Western Canada, excluding British Columbia	10,081	4,846	-	201	794	15,922
Ontario	30,297	4,957	9,488	1,437	770	46,949
Quebec & Atlantic provinces	6,102	1,878	1,438	105	387	9,911
Other	-	-	-	-	-	-
Total Gross Credit Exposure	70,889	17,929	10,927	1,843	2,625	104,213

December 31, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	24,277	6,108	-	111	679	31,175
Western Canada, excluding British Columbia	10,150	4,851	-	169	747	15,917
Ontario	29,160	4,648	10,730	1,503	803	46,843
Quebec & Atlantic provinces	6,029	1,976	1,587	113	397	10,103
Other	-	-	-	-	-	-
Total Gross Credit Exposure	69,615	17,583	12,318	1,896	2,626	104,038

September 30, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	24,857	6,168	-	146	716	31,887
Western Canada, excluding British Columbia	10,372	4,888	-	184	712	16,156
Ontario	28,801	4,844	10,468	1,355	890	46,358
Quebec & Atlantic provinces	6,189	2,011	1,587	108	348	10,243
Other	-	-	-	-	-	-
Total Gross Credit Exposure	70,219	17,911	12,055	1,793	2,666	104,643

June 30, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	25,616	6,426	-	186	740	32,968
Western Canada, excluding British Columbia	10,730	4,791	-	154	698	16,372
Ontario	27,623	4,877	8,122	1,646	884	43,152
Quebec & Atlantic provinces	6,270	1,970	1,648	184	388	10,460
Other	-	-	-	-	-	-
Total Gross Credit Exposure	70,239	18,063	9,770	2,170	2,710	102,951

March 31, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	26,433	6,494	-	270	772	33,969
Western Canada, excluding British Columbia	10,836	4,925	-	246	802	16,809
Ontario	28,050	4,955	5,417	1,963	925	41,310
Quebec & Atlantic provinces	6,335	1,888	288	208	359	9,078
Other	-	-	-	-	-	-
Total Gross Credit Exposure	71,654	18,263	5,705	2,688	2,858	101,167

Residual Contract Maturity Breakdown

(\$ millions except as noted)



March 31, 2010						
	Loans (Drawn)	Commitments	Repo Style	OTC	Other Off	Total
Within 1 year	33,732	17,608	9,766	749	2,590	64,445
1-5 years	32,284	96	1,161	875	19	34,435
Greater than 5 years	4,873	225	-	219	16	5,333
No specific maturity	-	-	-	-	-	-
Total Gross Credit Exposure	70,889	17,929	10,927	1,843	2,625	104,213

December 31, 2009						
	Loans (Drawn)	Commitments	Repo Style	OTC	Other Off	Total
Within 1 year	32,255	17,262	11,083	655	2,574	63,829
1-5 years	32,364	36	1,235	929	26	34,590
Greater than 5 years	4,996	285	-	312	26	5,619
No specific maturity	-	-	-	-	-	-
Total Gross Credit Exposure	69,615	17,583	12,318	1,896	2,626	104,038

September 30, 2009						
	Loans (Drawn)	Commitments	Repo Style	OTC	Other Off	Total
Within 1 year	32,679	17,583	10,683	572	2,544	64,061
1-5 years	32,531	36	1,372	877	79	34,895
Greater than 5 years	5,010	292	-	344	41	5,687
No specific maturity	-	-	-	-	-	-
Total Gross Credit Exposure	70,220	17,911	12,055	1,793	2,664	104,643

June 30, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	32,984	17,653	8,749	928	2,565	62,879
1-5 years	32,059	49	1,021	916	97	34,141
Greater than 5 years	5,196	361	-	326	48	5,931
No specific maturity	-	-	-	-	-	-
Total Gross Credit Exposure	70,239	18,063	9,770	2,170	2,710	102,951

March 31, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	35,575	17,854	4,723	1,063	2,715	61,930
1-5 years	30,440	91	981	1,103	92	32,708
Greater than 5 years	5,638	318	-	522	51	6,529
No specific maturity	-	-	-	-	-	-
Total Gross Credit Exposure	71,654	18,263	5,705	2,688	2,858	101,167

Portfolio Breakdown by Basel II Approaches

(\$ millions except as noted)



	March 31, 2010				December 31, 2009			
	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
Corporate	-	-	25,400	10,575	-	-	25,243	10,857
Sovereign	-	-	15,710	33	-	-	14,571	31
Bank	168	-	1,905	992	34	-	1,878	1,019
Total Corporate, Sovereign and Bank	168	-	43,015	11,600	34	-	41,692	11,907
Residential Mortgages	1,111	28	18,276	-	1,128	-	18,352	16
HELOC's	-	-	3,113	3,046	-	-	2,956	2,265
Other Retail (excluding QRR and SME)	1,841	1,382	2,338	726	2,100	1,750	2,311	602
Qualifying Revolving Retail	-	-	396	778	-	-	392	700
Retail SME	-	-	630	369	-	-	650	343
Total Retail	2,952	1,410	24,753	4,919	3,228	1,750	24,661	3,926
Total Gross Credit Exposure	3,120	1,410	67,768	16,519	3,262	1,750	66,353	15,833

	September 30, 2009				June 30, 2009			
	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
Corporate	-	-	26,908	11,177	-	-	28,377	11,267
Sovereign	-	-	13,811	35	-	-	12,712	37
Bank	39	-	1,638	987	47	-	1,711	1,127
Total Corporate, Sovereign and Bank	39	-	42,357	12,199	47	-	42,800	12,431
Residential Mortgages	1,237	-	18,250	12	1,365	-	17,851	146
HELOC's	-	-	2,855	2,205	-	-	2,613	2,006
Other Retail (excluding QRR and SME)	2,116	1,842	2,310	599	2,169	1,842	2,328	592
Qualifying Revolving Retail	-	-	400	696	-	-	391	690
Retail SME	-	-	658	359	-	-	675	356
Total Retail	3,353	1,842	24,473	3,871	3,534	1,842	23,858	3,790
Total Gross Credit Exposure	3,392	1,842	66,830	16,070	3,581	1,842	66,658	16,221

	March 31, 2009			
	Standardized		AIRB	
	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn
Corporate	-	-	30,170	11,482
Sovereign	-	-	12,122	150
Bank	148	-	1,722	1,034
Total Corporate, Sovereign and Bank	148	-	44,014	12,666
Residential Mortgages	1,515	-	17,569	12
HELOC's	-	-	2,595	2,096
Other Retail (excluding QRR and SME)	2,247	1,815	2,283	577
Qualifying Revolving Retail	-	-	390	684
Retail SME	-	-	893	414
Total Retail	3,762	1,815	23,730	3,783
Total Gross Credit Exposure	3,910	1,815	67,744	16,449

Standardized Exposures by Risk Weight Category (1)

(\$ millions except as noted)



	March 31, 2010							
	Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total
Corporate	-	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-
Bank	-	168	-	-	-	-	-	168
<i>Total Corporate, Sovereign and Bank</i>	-	168	-	-	-	-	-	168
Residential Mortgages	-	-	710	-	375	55	-	1,139
Heloc's	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,108	2	113	3,223
Retail SME	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	710	-	3,482	57	113	4,362
Total Exposure at Default	-	168	710	-	3,482	57	113	4,530

	December 31, 2009							
	Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total
Corporate	-	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-
Bank	-	34	-	-	-	-	-	34
<i>Total Corporate, Sovereign and Bank</i>	-	34	-	-	-	-	-	34
Residential Mortgages	-	-	684	-	424	20	-	1,128
Heloc's	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,723	3	124	3,850
Retail SME	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	684	-	4,148	23	124	4,978
Total Exposure at Default	-	34	684	-	4,148	23	124	5,012

	September 30, 2009							
	Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total
Corporate	-	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-
Bank	-	39	-	-	-	-	-	39
<i>Total Corporate, Sovereign and Bank</i>	-	39	-	-	-	-	-	39
Residential Mortgages	-	-	746	-	466	14	-	1,226
Heloc's	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,827	30	47	3,904
Retail SME	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	746	-	4,293	44	47	5,130
Total Exposure at Default	-	39	746	-	4,293	44	47	5,169

	June 30, 2009							
	Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total
Corporate	-	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-
Bank	-	47	-	-	-	-	-	47
<i>Total Corporate, Sovereign and Bank</i>	-	47	-	-	-	-	-	47
Residential Mortgages	-	-	817	-	523	14	-	1,354
Heloc's	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,871	32	47	3,949
Retail SME	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	817	-	4,394	46	47	5,304
Total Exposure at Default	-	47	817	-	4,394	46	47	5,350

	March 31, 2009							
	Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total
Corporate	-	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-
Bank	-	148	-	-	-	-	-	148
<i>Total Corporate, Sovereign and Bank</i>	-	148	-	-	-	-	-	148
Residential Mortgages	-	-	1,170	-	319	16	-	1,505
Heloc's	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,922	37	44	4,003
Retail SME	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	1,170	-	4,241	53	44	5,508
Total Exposure at Default	-	148	1,170	-	4,241	53	44	5,656

Risk Assessment - IRB Retail Credit Portfolio

(\$ millions except as noted)



March 31, 2010						
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,913	6,021	2,896	1,036	752	28,618
Medium	261	117	134	127	258	897
Sub-Standard	-	-	4	7	3	14
Impaired/Default	104	21	62	4	20	211
Total Exposure at Default	18,278	6,159	3,096	1,174	1,033	29,740

December 31, 2009						
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	18,000	5,100	2,711	964	752	27,527
Medium	275	108	169	118	245	915
Sub-Standard	-	-	7	6	7	20
Impaired/Default	94	13	57	4	23	191
Total Exposure at Default	18,369	5,221	2,944	1,092	1,027	28,653

September 30, 2009						
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,923	4,944	2,691	964	767	27,289
Medium	250	104	165	121	246	886
Sub-Standard	-	-	6	6	10	22
Impaired/Default	89	12	61	5	28	195
Total Exposure at Default	18,262	5,060	2,923	1,096	1,051	28,392

June 30, 2009						
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,615	4,513	2,688	954	782	26,552
Medium	307	94	175	116	252	944
Sub-Standard	-	-	7	6	8	21
Impaired/Default	75	11	67	5	25	183
Total Exposure at Default	17,997	4,618	2,937	1,081	1,067	27,700

March 31, 2009						
	Mortgages	Heloc's	(excl. QRR)	Revolving	Retail SME	Total
Strong	17,250	4,591	2,634	943	1,066	26,484
Medium	266	90	173	121	242	892
Sub-Standard	-	-	8	6	6	20
Impaired/Default	65	9	58	4	30	166
Total Exposure at Default	17,581	4,690	2,873	1,074	1,344	27,562

Risk Assessment - AIRB Non-Retail Credit Portfolio

(\$ millions except as noted)



Internal Rating	March 31, 2010				December 31, 2009				September 30, 2009			
	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)
Corporate												
Minimal Risk	986	0.04	44	12	988	0.04	44	13	1,167	0.04	45	12
Low Risk	3,984	0.10	42	19	3,818	0.11	42	19	3,962	0.11	43	19
Satisfactory Risk	13,866	0.45	34	41	14,197	0.46	34	42	14,620	0.46	34	41
Fair Default Risk	16,106	1.18	31	60	16,115	1.19	32	61	17,365	1.17	31	61
Moderate Default Risk	1,780	2.78	30	78	1,672	2.84	30	78	1,746	2.84	29	76
Significant Default Risk	491	5.94	30	103	517	5.85	30	104	529	5.91	31	106
High Default Risk	626	10.19	32	134	635	10.36	30	128	645	10.20	31	132
Special Management	506	32.43	31	156	547	31.85	32	152	406	30.95	31	153
Default	714	100.00	43	295	768	100.00	40	268	837	100.00	42	276
Total Corporate	39,059	3.27	34	56	39,257	3.43	34	57	41,277	3.36	34	56
Sovereign												
Minimal Risk	15,591	0.01	10	2	14,507	0.01	10	2	13,801	0.01	10	2
Low Risk	64	0.07	30	17	69	0.06	31	17	58	0.06	28	14
Satisfactory Risk	5	0.28	33	31	3	0.31	49	43	5	0.31	44	45
Fair Default Risk	172	1.65	10	28	107	1.65	10	30	82	1.65	10	31
Moderate Default Risk	1	1.93	52	109	1	1.93	52	109	1	1.93	52	109
Significant Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-
Total Sovereign	15,833	0.03	10	2	14,687	0.02	10	2	13,947	0.02	10	2
Bank												
Minimal Risk	3,095	0.03	26	6	3,276	0.03	26	7	3,078	0.03	25	7
Low Risk	723	0.09	27	15	737	0.08	27	16	852	0.07	23	12
Satisfactory Risk	586	0.24	21	19	448	0.25	21	21	187	0.33	31	36
Fair Default Risk	11	1.09	22	37	6	0.99	18	31	15	1.14	23	40
Moderate Default Risk	1	1.98	60	129	2	2.16	32	70	-	-	-	-
Significant Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	1	13.34	80	374	-	-	-	-
Special Management	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-
Total Bank	4,416	0.07	25	9	4,470	0.07	25	10	4,132	0.06	25	10

Internal Rating	June 30, 2009				March 31, 2009			
	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)
Corporate								
Minimal Risk	1,222	0.04	45	12	1,451	0.03	47	9
Low Risk	3,656	0.11	43	19	4,171	0.09	47	13
Satisfactory Risk	15,918	0.47	34	41	17,220	0.47	35	41
Fair Default Risk	17,948	1.17	31	60	18,457	1.14	32	61
Moderate Default Risk	1,646	2.69	30	79	1,631	2.66	33	87
Significant Default Risk	615	5.83	30	103	636	5.84	30	101
High Default Risk	774	10.20	32	135	743	10.17	32	136
Special Management	353	28.20	30	158	296	26.79	30	158
Default	892	100.00	45	317	878	100.00	39	240
Total Corporate	43,024	3.34	34	57	45,483	3.10	35	54
Sovereign								
Minimal Risk	12,817	0.01	10	2	12,091	0.01	11	2
Low Risk	35	0.06	38	20	35	0.07	31	16
Satisfactory Risk	8	0.34	46	52	225	0.20	52	34
Fair Default Risk	1	1.59	14	29	4	1.40	18	33
Moderate Default Risk	-	1.93	52	109	1	1.93	52	109
Significant Default Risk	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Total Sovereign	12,861	0.01	11	2	12,356	0.01	12	2
Bank								
Minimal Risk	3,426	0.03	25	7	3,259	0.03	27	7
Low Risk	844	0.07	23	13	1,108	0.07	24	5
Satisfactory Risk	153	0.25	31	34	191	0.26	29	23
Fair Default Risk	3	1.07	17	29	6	1.13	37	62
Moderate Default Risk	-	-	-	-	-	-	-	-
Significant Default Risk	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Total Bank	4,426	0.05	25	9	4,564	0.05	26	7

(1) Total exposure includes loans outstanding and EAD on undrawn commitments and represents exposure at default (EAD), after credit mitigation.

Exposures Covered By Credit Risk Mitigation

(\$ millions except as noted)



	March 31, 2010			December 31, 2009		
	Standardized		AIRB	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Counterparty Type						
Corporate	-	-	1,635	-	-	1,597
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Total Corporate, Sovereign and Bank	-	-	1,635	-	-	1,597
Residential Mortgages	-	-	1,288	-	-	1,374
HELOC's	-	-	-	-	-	-
Other Retail (excluding QRR and SME)	-	-	-	-	-	-
Qualifying Revolving Retail	-	-	-	-	-	-
Retail SME	-	-	-	-	-	-
Total Retail	-	-	1,288	-	-	1,374
Total	-	-	2,923	-	-	2,971

	September 30, 2009			June 30, 2009		
	Standardized		AIRB	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Counterparty Type						
Corporate	-	-	1,635	-	-	1,665
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Total Corporate, Sovereign and Bank	-	-	1,635	-	-	1,665
Residential Mortgages	-	-	1,390	-	-	1,422
HELOC's	-	-	-	-	-	-
Other Retail (excluding QRR and SME)	-	-	-	-	-	-
Qualifying Revolving Retail	-	-	-	-	-	-
Retail SME	-	-	-	-	-	-
Total Retail	-	-	1,390	-	-	1,422
Total	-	-	3,025	-	-	3,087

	March 31, 2009		
	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Counterparty Type			
Corporate	-	-	1,633
Sovereign	-	-	-
Bank	-	-	-
Total Corporate, Sovereign and Bank	-	-	1,633
Residential Mortgages	-	-	1,448
HELOC's	-	-	-
Other Retail (excluding QRR and SME)	-	-	-
Qualifying Revolving Retail	-	-	-
Retail SME	-	-	-
Total Retail	-	-	1,448
Total	-	-	3,081

AIRB Credit Risk Exposures - Credit Commitments

(\$ millions except as noted)



Counterparty Type	March 31, 2010		December 31, 2009	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	22,499	10,575	23,101	10,857
Sovereign	71	33	67	31
Bank	2,111	992	2,169	1,019
Total Corporate, Sovereign and Bank	24,681	11,600	25,336	11,908
Residential Mortgages	56	0	60	16
HELOC's	3,167	3,046	3,107	2,265
Other Retail (excluding QRR and SME)	1,547	726	1,456	602
Qualifying Revolving Retail	980	778	975	700
Retail SME	576	369	696	343
Total Retail	6,324	4,920	6,292	3,926
Total	31,006	16,520	31,628	15,834

Counterparty Type	September 30, 2009		June 30, 2009	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	23,778	11,176	23,971	11,266
Sovereign	74	35	78	37
Bank	2,099	987	2,398	1,127
Total Corporate, Sovereign and Bank	25,952	12,197	26,447	12,430
Residential Mortgages	62	12	253	146
HELOC's	3,050	2,205	2,760	2,006
Other Retail (excluding QRR and SME)	1,421	599	1,451	592
Qualifying Revolving Retail	972	696	967	690
Retail SME	538	359	510	356
Total Retail	6,043	3,871	5,941	3,791
Total	31,994	16,069	32,388	16,221

Counterparty Type	March 31, 2009	
	Notional Undrawn	EAD on Undrawn
Corporate	24,429	11,482
Sovereign	319	150
Bank	2,200	1,034
Total Corporate, Sovereign and Bank	26,948	12,666
Residential Mortgages	67	12
HELOC's	2,933	2,096
Other Retail (excluding QRR and SME)	1,471	577
Qualifying Revolving Retail	962	684
Retail SME	593	414
Total Retail	6,026	3,783
Total	32,974	16,449

Securitization Portfolio Exposure (1)

(\$ millions except as noted)



Exposure type	March 31, 2010							December 31, 2009						
	Total Outstanding Securitization Exposures Retained/Purchased (2)			Delinquent Portion of Total Outstanding Securitization Exposures		Securitization Activity for the Current Period		Total Outstanding Securitization Exposures Retained/Purchased (2)			Delinquent Portion of Total Outstanding Securitization Exposures		Securitization Activity for the Current Period	
	Retained	Purchased	Total	Impaired & Past Due	Recognised Losses	Exposures Securitized	Recognised Gain/Loss on Sale	Retained	Purchased	Total	Impaired & Past Due	Recognised Losses	Exposures Securitized	Recognised Gain/Loss on Sale
Residential Mortgages	-	6,990	6,990	32	-	500	10	-	6,584	6,584	34	-	655	9
Loans to Corporates or SMEs	-	292	292	-	-	-	-	-	291	291	-	-	-	-
Other	337	254	591	-	-	-	-	310	327	637	-	-	-	-
Total	337	7,536	7,873	32	-	500	10	310	7,202	7,512	34	-	655	9

Exposure type	September 30, 2009							June 30, 2009						
	Total Outstanding Securitization Exposures Retained/Purchased (2)			Delinquent Portion of Total Outstanding Securitization Exposures		Securitization Activity for the Current Period		Total Outstanding Securitization Exposures Retained/Purchased (2)			Delinquent Portion of Total Outstanding Securitization Exposures		Securitization Activity for the Current Period	
	Retained	Purchased	Total	Impaired & Past Due	Recognised Losses	Exposures Securitized	Recognised Gain/Loss on Sale	Retained	Purchased	Total	Impaired & Past Due	Recognised Losses	Exposures Securitized	Recognised Gain/Loss on Sale
Residential Mortgages	-	5,128	5,128	30	-	1,528	7	-	4,566	4,566	7	-	302	8
Loans to Corporates or SMEs	-	312	312	-	-	-	-	-	311	311	-	-	-	-
Other	268	360	628	-	-	-	-	265	450	715	-	-	-	-
Total	268	5,800	6,068	30	-	1,528	7	265	5,327	5,592	7	-	302	8

Exposure type	March 31, 2009						
	Total Outstanding Securitization Exposures Retained/Purchased (2)			Delinquent Portion of Total Outstanding Securitization Exposures		Securitization Activity for the Current Period	
	Retained	Purchased	Total	Impaired & Past Due	Recognised Losses	Exposures Securitized	Recognised Gain/Loss on Sale
Residential Mortgages	73	4,596	4,669	4	-	1,320	34
Loans to Corporates or SMEs	-	238	238	-	-	-	-
Other	247	508	755	-	-	-	-
Total	320	5,342	5,662	4	-	1,320	34

(1) Securitization information is presented here for information only.

For capital adequacy purposes, securitization exposures are currently included in the EAD of the Basel II counterparty category to which the exposures relate, including all assets securitized by the bank still outstanding of \$8721 million.

(2) All securitization exposures result from traditional securitization transactions.

(3) Certain comparative figures have been restated to conform with the current year's presentation.

Securitization Exposures by External Credit Rating (1)

(\$ millions except as noted)



External Credit Assessment (S&P)	March 31, 2010			December 31, 2009		
	Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total
AAA to AA-	308	7,234	7,542	278	6,864	7,142
A+ to A-	-	265	265	-	304	304
BBB+ to BBB-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-
B+ and below or unrated	17	37	54	17	33	50
Deductions						
Total	325	7,536	7,861	295	7,201	7,496

Short Term Credit Assessment (DBRS)	March 31, 2010			December 31, 2009		
	Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total
R1 Mid	12	-	12	15	-	15

External Credit Assessment (S&P)	September 30, 2009			June 30, 2009		
	Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total
AAA to AA-	231	5,390	5,621	223	4,851	5,074
A+ to A-	-	293	293	-	415	415
BBB+ to BBB-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-
B+ and below or unrated	17	118	135	19	61	80
Deductions						
Total	248	5,801	6,049	242	5,327	5,569

Short Term Credit Assessment (DBRS)	September 30, 2009			June 30, 2009		
	Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total
R1 Mid	19	-	19	23	-	23

External Credit Assessment (S&P)	March 31, 2009		
	Securitization Exposures		
	Retained	Purchased	Total
AAA to AA-	274	4,880	5,154
A+ to A-	-	403	403
BBB+ to BBB-	-	-	-
BB+ to BB-	-	-	-
B+ and below or unrated	20	58	79
Deductions			
Total	294	5,342	5,636

Short Term Credit Assessment (DBRS)	March 31, 2009		
	Securitization Exposures		
	Retained	Purchased	Total
R1 Mid	26	-	26

(1) Securitization information is presented here for information only.

For capital adequacy purposes, securitization exposures are currently included in the EAD of the Basel II counterparty category to which the exposures relate, including all assets securitized by the bank still outstanding of \$ 8,721 million.

(2) All securitization exposures result from traditional securitization transactions.

(3) Certain comparative figures have been restated to conform with the current year's presentation.

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.

Bank - Includes exposures to deposit taking institutions, securities firms and certain public sector entities.

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

Corporate - Includes exposures to corporations, partnerships and proprietorships.

Drawn - The amount of credit risk exposure resulting from loans advanced to a borrower.

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

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

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

OTC Derivatives - Includes over-the-counter derivatives contracts.

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

Other Retail - Includes all other personal loans.

Probability of Default (PD) - An estimate of the likelihood of a customer defaulting on any credit related obligation within a 1 year time horizon, expressed as a percentage.

Qualifying Revolving Retail (QRR) - Includes credit cards and unsecured lines of credit extended to individuals.

Repo-Style Transactions - Includes repurchase and reverse repurchase agreements and securities borrowing and lending.

Retail SME - Includes small business loans.

Sovereign - Includes exposures to central governments, central banks, multilateral development banks and certain public sector entities.

Standardized Approach for credit risk - Under this approach, banks use a standardized set of risk-weights as prescribed by OSFI to calculate credit risk capital requirements. The standardized risk-weights are based on external credit assessments, where available, and other risk-related factors, including exposure asset class, collateral, etc.