

**2010**

**HSBC Bank Canada  
Capital and Risk Management  
Pillar 3 Supplemental Disclosures  
as at September 30, 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 2009 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 2009 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)



<b>Qualifying Regulatory Capital</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>
Common shares	1,225	1,225	1,225	1,225	1,225	1,225	1,225
Retained earnings	2,238	2,218	2,131	2,120	2,039	2,006	1,965
Non-cumulative preferred shares	946	946	946	946	946	946	696
Non-controlling interests in trust and subsidiary	430	430	430	430	430	430	430
Securitization-related deductions and other	(138)	(143)	(155)	(139)	(117)	(96)	(103)
Goodwill	(15)	(15)	(15)	(15)	(15)	(15)	(15)
<b>Total Tier 1 capital</b>	<b>4,686</b>	<b>4,661</b>	<b>4,562</b>	<b>4,567</b>	<b>4,508</b>	<b>4,496</b>	<b>4,198</b>
Subordinated debentures	751	742	735	833	833	826	795
Other	192	190	199	208	212	214	214
<b>Total Tier 2 capital</b>	<b>943</b>	<b>932</b>	<b>934</b>	<b>1,041</b>	<b>1,045</b>	<b>1,040</b>	<b>1,009</b>
<b>Total capital available for regulatory purposes</b>	<b>5,629</b>	<b>5,593</b>	<b>5,496</b>	<b>5,608</b>	<b>5,553</b>	<b>5,536</b>	<b>5,207</b>

  

<b>Capital Ratios (2)</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>
Tier 1 capital ratio	13.18%	12.98%	12.25%	12.12%	11.67%	11.17%	10.19%
Total capital ratio	15.83%	15.58%	14.76%	14.89%	14.37%	13.75%	12.64%
Assets to capital multiple	13.38	13.00	13.05	12.93	12.98	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% for Tier 1 Capital and 10% for Total Capital.

**Basel II Risk-Weighted Assets (1)**

(\$ millions except as noted)



Risk-Weighted Assets (RWA)	September 30, 2010				June 30, 2010				March 31, 2010				December 31, 2009						
	Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA					
		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total			
(\$ millions except as noted)																			
Corporate	43,969	-	20,098	20,098	43,637	-	20,606	20,606	43,289	-	21,780	21,780	42,663	-	22,101	22,101			
Sovereign	18,974	-	384	384	16,724	-	287	287	17,639	-	323	323	16,875	-	297	297			
Bank	12,378	5	627	632	9,241	5	439	444	9,184	34	425	458	10,870	10	433	443			
Residential Mortgages	19,061	495	1,634	2,129	19,303	534	1,607	2,141	19,417	584	1,622	2,206	19,496	577	1,572	2,150			
HELOC's	6,356	-	888	888	6,291	-	878	878	6,159	-	872	872	5,221	-	508	508			
Other Retail (excluding QRR and SME)	6,258	2,388	1,327	3,715	6,309	2,476	1,303	3,778	6,319	2,502	1,321	3,824	6,794	2,981	1,311	4,292			
Qualifying Revolving Retail	1,178	-	207	207	1,176	-	214	214	1,174	-	213	213	1,092	-	205	205			
Retail SME	986	-	454	454	1,048	-	478	478	1,033	-	489	489	1,027	-	504	504			
<b>Exposures subject to standardized or IRB approaches</b>	<b>109,160</b>	<b>2,888</b>	<b>25,619</b>	<b>28,507</b>	<b>103,728</b>	<b>3,015</b>	<b>25,811</b>	<b>28,826</b>	<b>104,213</b>	<b>3,120</b>	<b>27,046</b>	<b>30,166</b>	<b>104,038</b>	<b>3,566</b>	<b>26,931</b>	<b>30,499</b>			
Equity (3)	229	-	-	229	260	-	-	260	276	-	-	276	304	-	-	304			
Securitization (4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Other assets not included in standardized or IRB approaches	1,343	-	-	1,093	1,242	-	-	1,019	1,164	-	-	918	1,360	-	-	938			
Adjustment to IRB risk-weighted assets for scaling factor	-	-	-	1,551	-	-	-	1,564	-	-	-	1,639	-	-	-	1,634			
<b>Total Credit Risk</b>	<b>110,732</b>			<b>31,380</b>	<b>105,230</b>			<b>31,669</b>	<b>105,653</b>			<b>33,000</b>	<b>105,702</b>			<b>33,375</b>			
Market Risk (5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Operational Risk - Standardized Approach	-	-	-	4,171	-	-	-	4,225	-	-	-	4,236	-	-	-	4,298			
<b>Total Risk-Weighted Assets</b>				<b>35,551</b>				<b>35,894</b>				<b>37,236</b>				<b>37,674</b>			
Adjustment for Regulatory Floor (6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
<b>Total Transitional Risk-Weighted Assets</b>				<b>35,551</b>				<b>35,894</b>				<b>37,236</b>				<b>37,674</b>			

Risk-Weighted Assets (RWA)	September 30, 2009				June 30, 2009				March 31, 2009										
	Exposure (2)	RWA			Exposure (2)	RWA			Exposure (2)	RWA									
		Standardized Approach	Advanced Approach	Total		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	48,792	-	25,158	25,158							
Sovereign	16,181	-	279	279	14,930	-	236	236	12,784	-	272	272							
Bank	8,309	8	393	401	7,216	9	395	404	6,452	30	432	462							
Residential Mortgages	19,499	625	1,564	2,189	19,362	692	1,606	2,298	19,095	665	1,558	2,222							
HELOC's	5,060	-	491	491	4,619	-	466	466	4,691	-	466	466							
Other Retail (excluding QRR and SME)	6,882	2,970	1,331	4,301	6,946	3,005	1,387	4,392	6,936	3,045	1,353	4,398							
Qualifying Revolving Retail	1,096	-	218	218	1,081	-	214	214	1,074	-	214	214							
Retail SME	1,051	-	533	533	1,066	-	558	558	1,344	-	709	709							
<b>Exposures subject to standardized or IRB approaches</b>	<b>104,647</b>	<b>3,603</b>	<b>27,907</b>	<b>31,510</b>	<b>102,951</b>	<b>3,707</b>	<b>29,450</b>	<b>33,157</b>	<b>101,167</b>	<b>3,739</b>	<b>30,163</b>	<b>33,902</b>							
Equity (3)	391	-	-	391	404	-	-	404	428	-	-	428							
Securitization (4)	-	-	-	-	-	-	-	-	-	-	-	-							
Other assets not included in standardized or IRB approaches	1,755	-	-	795	1,039	-	-	674	898	-	-	798							
Adjustment to IRB risk-weighted assets for scaling factor	-	-	-	1,698	-	-	-	1,791	-	-	-	1,835							
<b>Total Credit Risk</b>	<b>106,792</b>			<b>34,393</b>	<b>104,394</b>			<b>36,026</b>	<b>102,494</b>			<b>36,964</b>							
Market Risk (5)	-	-	-	-	-	-	-	-	-	-	-	-							
Operational Risk - Standardized Approach	-	-	-	4,239	-	-	-	4,229	-	-	-	4,225							
<b>Total Risk-Weighted Assets</b>				<b>38,633</b>				<b>40,254</b>				<b>41,188</b>							
Adjustment for Regulatory Floor (6)	-	-	-	-	-	-	-	-	-	-	-	-							
<b>Total Transitional Risk-Weighted Assets</b>				<b>38,633</b>				<b>40,254</b>				<b>41,188</b>							

(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 pages 13 &amp; 14 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)



	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
<b>September 30, 2010</b>						<b>June 30, 2010</b>						
Corporate	24,413	10,479	5,588	621	2,868	43,969	24,111	10,596	5,661	561	2,709	43,637
Sovereign	17,847	161	895	56	15	18,974	15,664	149	828	69	14	16,724
Bank	3,995	950	5,786	1,620	27	12,378	1,956	974	4,810	1,476	26	9,241
<b>Total Corporate, Sovereign and Bank</b>	<b>46,255</b>	<b>11,590</b>	<b>12,269</b>	<b>2,297</b>	<b>2,910</b>	<b>75,321</b>	<b>41,731</b>	<b>11,719</b>	<b>11,299</b>	<b>2,105</b>	<b>2,748</b>	<b>69,603</b>
Residential Mortgages	19,033	28	-	-	-	19,061	19,273	30	-	-	-	19,303
HELOC's	3,190	3,166	-	-	-	6,356	3,158	3,133	-	-	-	6,291
Other Retail (excluding QRR and SME)	4,103	2,125	-	-	30	6,258	4,104	2,175	-	-	30	6,309
Qualifying Revolving Retail	389	789	-	-	-	1,178	389	787	-	-	-	1,176
Retail SME	611	335	-	-	40	986	617	394	-	-	37	1,048
<b>Total Retail</b>	<b>27,326</b>	<b>6,443</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>33,839</b>	<b>27,540</b>	<b>6,518</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>34,126</b>
<b>Total Gross Credit Exposure</b>	<b>73,581</b>	<b>18,033</b>	<b>12,269</b>	<b>2,297</b>	<b>2,980</b>	<b>109,160</b>	<b>69,272</b>	<b>18,237</b>	<b>11,299</b>	<b>2,105</b>	<b>2,815</b>	<b>103,728</b>
<b>March 31, 2010</b>						<b>December 31, 2009</b>						
Corporate	25,399	10,575	4,266	513	2,536	43,289	25,243	10,857	3,505	527	2,531	42,663
Sovereign	15,711	33	1,805	89	-	17,638	14,571	31	2,190	83	0	16,875
Bank	2,073	992	4,856	1,241	22	9,184	1,912	1,019	6,623	1,286	30	10,870
<b>Total Corporate, Sovereign and Bank</b>	<b>43,183</b>	<b>11,600</b>	<b>10,927</b>	<b>1,843</b>	<b>2,558</b>	<b>70,111</b>	<b>41,726</b>	<b>11,907</b>	<b>12,318</b>	<b>1,896</b>	<b>2,561</b>	<b>70,407</b>
Residential Mortgages	19,389	28	-	-	-	19,417	19,480	16	-	-	-	19,496
HELOC's	3,113	3,046	-	-	-	6,159	2,956	2,265	-	-	-	5,221
Other Retail (excluding QRR and SME)	4,178	2,108	-	-	33	6,319	4,411	2,352	-	-	31	6,794
Qualifying Revolving Retail	396	778	-	-	-	1,174	392	700	-	-	-	1,092
Retail SME	630	369	-	-	34	1,033	650	343	-	-	34	1,027
<b>Total Retail</b>	<b>27,706</b>	<b>6,329</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>34,102</b>	<b>27,889</b>	<b>5,676</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>33,630</b>
<b>Total Gross Credit Exposure</b>	<b>70,889</b>	<b>17,929</b>	<b>10,927</b>	<b>1,843</b>	<b>2,625</b>	<b>104,213</b>	<b>69,615</b>	<b>17,583</b>	<b>12,318</b>	<b>1,896</b>	<b>2,626</b>	<b>104,038</b>
<b>September 30, 2009</b>						<b>June 30, 2009</b>						
Corporate	26,908	11,177	5,308	586	2,590	46,569	28,377	11,267	4,740	714	2,633	47,731
Sovereign	13,811	35	2,263	65	7	16,181	12,712	37	2,068	105	8	14,930
Bank	1,677	987	4,484	1,142	19	8,309	1,758	1,127	2,961	1,351	18	7,216
<b>Total Corporate, Sovereign and Bank</b>	<b>42,396</b>	<b>12,199</b>	<b>12,056</b>	<b>1,793</b>	<b>2,616</b>	<b>71,059</b>	<b>42,847</b>	<b>12,431</b>	<b>9,770</b>	<b>2,170</b>	<b>2,659</b>	<b>69,877</b>
Residential Mortgages	19,487	12	-	-	-	19,499	19,216	146	-	-	-	19,362
HELOC's	2,855	2,205	-	-	-	5,060	2,613	2,006	-	-	-	4,619
Other Retail (excluding QRR and SME)	4,426	2,441	-	-	15	6,882	4,497	2,434	-	-	15	6,946
Qualifying Revolving Retail	400	696	-	-	-	1,096	391	690	-	-	-	1,081
Retail SME	658	359	-	-	34	1,051	675	356	-	-	35	1,066
<b>Total Retail</b>	<b>27,826</b>	<b>5,713</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>33,588</b>	<b>27,392</b>	<b>5,632</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>33,074</b>
<b>Total Gross Credit Exposure</b>	<b>70,222</b>	<b>17,912</b>	<b>12,056</b>	<b>1,793</b>	<b>2,665</b>	<b>104,647</b>	<b>70,239</b>	<b>18,063</b>	<b>9,770</b>	<b>2,170</b>	<b>2,710</b>	<b>102,951</b>
<b>March 31, 2009</b>												
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						
<b>Bank</b>	<b>44,162</b>	<b>12,666</b>	<b>5,705</b>	<b>2,688</b>	<b>2,806</b>	<b>68,027</b>						
<b>Total Corporate, Sovereign and Bank</b>	<b>19,084</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,095</b>						
Residential Mortgages	2,595	2,096	-	-	-	4,691						
HELOC's	4,530	2,392	-	-	14	6,936						
Qualifying Revolving Retail	390	684	-	-	-	1,074						
Retail SME	893	414	-	-	37	1,344						
<b>Total Retail</b>	<b>27,491</b>	<b>5,598</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>33,141</b>						
<b>Total Gross Credit Exposure</b>	<b>71,654</b>	<b>18,263</b>	<b>5,705</b>	<b>2,688</b>	<b>2,858</b>	<b>101,167</b>						

**Credit Exposure by Geography**

(\$ millions except as noted)



	September 30, 2010						June 30, 2010					
	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	23,137	6,586	-	69	730	30,522	23,619	6,570	-	107	686	30,982
Western Canada, excluding British Columbia	9,832	4,989	-	206	862	15,889	9,831	5,045	-	203	839	15,918
Ontario	34,366	4,717	12,269	1,862	874	54,088	29,809	4,830	11,299	1,637	833	48,408
Quebec & Atlantic provinces	6,246	1,741	-	160	514	8,661	6,012	1,792	-	158	459	8,421
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>73,581</b>	<b>18,033</b>	<b>12,269</b>	<b>2,297</b>	<b>2,980</b>	<b>109,160</b>	<b>69,271</b>	<b>18,237</b>	<b>11,299</b>	<b>2,105</b>	<b>2,816</b>	<b>103,728</b>

	March 31, 2010						December 31, 2009					
	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	24,409	6,248	-	100	675	31,432	24,277	6,108	-	111	679	31,175
Western Canada, excluding British Columbia	10,081	4,846	-	201	794	15,922	10,150	4,851	-	169	747	15,917
Ontario	30,297	4,957	9,488	1,437	770	46,949	29,160	4,648	10,730	1,503	803	46,843
Quebec & Atlantic provinces	6,102	1,878	1,438	105	387	9,910	6,029	1,976	1,587	113	397	10,103
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>70,889</b>	<b>17,929</b>	<b>10,926</b>	<b>1,843</b>	<b>2,626</b>	<b>104,213</b>	<b>69,615</b>	<b>17,583</b>	<b>12,318</b>	<b>1,896</b>	<b>2,626</b>	<b>104,038</b>

	September 30, 2009						June 30, 2009					
	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	24,857	6,168	-	146	715	31,886	25,616	6,426	-	186	740	32,968
Western Canada, excluding British Columbia	10,372	4,888	-	184	712	16,156	10,730	4,791	-	154	698	16,372
Ontario	28,801	4,844	10,468	1,355	890	46,358	27,623	4,877	8,122	1,646	884	43,152
Quebec & Atlantic provinces	6,189	2,011	1,587	108	348	10,243	6,270	1,970	1,648	184	388	10,460
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>70,219</b>	<b>17,911</b>	<b>12,055</b>	<b>1,793</b>	<b>2,665</b>	<b>104,643</b>	<b>70,239</b>	<b>18,063</b>	<b>9,770</b>	<b>2,170</b>	<b>2,710</b>	<b>102,951</b>

	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	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>71,654</b>	<b>18,263</b>	<b>5,705</b>	<b>2,688</b>	<b>2,858</b>	<b>101,167</b>

## Residual Contract Maturity Breakdown

(\$ millions except as noted)



	September 30, 2010						June 30, 2010					
	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	35,587	17,767	10,621	964	2,905	67,844	33,205	17,920	9,853	1,031	2,754	64,764
1-5 years	32,578	83	1,648	1,017	47	35,373	31,833	107	1,446	834	43	34,263
Greater than 5 years	5,416	183	-	316	28	5,943	4,234	210	-	241	18	4,702
No specific maturity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>73,581</b>	<b>18,033</b>	<b>12,269</b>	<b>2,297</b>	<b>2,980</b>	<b>109,160</b>	<b>69,271</b>	<b>18,237</b>	<b>11,299</b>	<b>2,105</b>	<b>2,815</b>	<b>103,728</b>

	March 31, 2010						December 31, 2009					
	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	33,732	17,608	9,766	749	2,590	64,445	32,255	17,262	11,083	655	2,574	63,829
1-5 years	32,284	96	1,161	875	19	34,435	32,364	36	1,235	929	26	34,590
Greater than 5 years	4,873	225	-	219	16	5,333	4,996	285	-	312	26	5,619
No specific maturity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>70,889</b>	<b>17,929</b>	<b>10,927</b>	<b>1,843</b>	<b>2,625</b>	<b>104,213</b>	<b>69,615</b>	<b>17,583</b>	<b>12,318</b>	<b>1,896</b>	<b>2,626</b>	<b>104,038</b>

	September 30, 2009						June 30, 2009					
	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	32,679	17,583	10,683	572	2,544	64,061	32,984	17,653	8,749	928	2,565	62,879
1-5 years	32,531	36	1,372	877	79	34,895	32,059	49	1,021	916	97	34,141
Greater than 5 years	5,010	292	-	344	41	5,687	5,196	361	-	326	48	5,931
No specific maturity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>70,220</b>	<b>17,911</b>	<b>12,055</b>	<b>1,793</b>	<b>2,664</b>	<b>104,643</b>	<b>70,239</b>	<b>18,063</b>	<b>9,770</b>	<b>2,170</b>	<b>2,710</b>	<b>102,951</b>

	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	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>71,654</b>	<b>18,263</b>	<b>5,705</b>	<b>2,688</b>	<b>2,858</b>	<b>101,167</b>

**Portfolio Breakdown by Basel II Approaches**

(\$ millions except as noted)



	September 30, 2010				June 30, 2010				March 31, 2010			
	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
Corporate			24,413	10,479	-	-	24,112	10,596	-	-	25,400	10,575
Sovereign			17,847	161	-	-	15,663	149	-	-	15,710	33
Bank	28		3,966	950	26	-	1,930	974	168	-	1,905	992
<b>Total Corporate, Sovereign and Bank</b>	<b>28</b>	<b>-</b>	<b>46,226</b>	<b>11,590</b>	<b>26</b>	<b>-</b>	<b>41,705</b>	<b>11,719</b>	<b>168</b>	<b>-</b>	<b>43,015</b>	<b>11,600</b>
Residential Mortgages	943	28	18,090		1,019	28	18,252	2	1,111	28	18,276	-
HELOC's			3,189	3,166	-	-	3,158	3,133	-	-	3,113	3,046
Other Retail (excluding QRR and SME)	1,700	1,393	2,403	732	1,749	1,453	2,355	721	1,841	1,382	2,338	726
Qualifying Revolving Retail			389	789	-	-	389	787	-	-	396	778
Retail SME			611	335	-	-	617	394	-	-	630	369
<b>Total Retail</b>	<b>2,643</b>	<b>1,421</b>	<b>24,682</b>	<b>5,022</b>	<b>2,768</b>	<b>1,482</b>	<b>24,772</b>	<b>5,037</b>	<b>2,952</b>	<b>1,410</b>	<b>24,753</b>	<b>4,919</b>
<b>Total Gross Credit Exposure</b>	<b>2,671</b>	<b>1,421</b>	<b>70,908</b>	<b>16,612</b>	<b>2,794</b>	<b>1,482</b>	<b>66,477</b>	<b>16,755</b>	<b>3,120</b>	<b>1,410</b>	<b>67,768</b>	<b>16,519</b>

	December 31, 2009				September 30, 2009				June 30, 2009			
	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
Corporate	-	-	25,243	10,857	-	-	26,908	11,177	-	-	28,377	11,267
Sovereign	-	-	14,571	31	-	-	13,811	35	-	-	12,712	37
Bank	34	-	1,878	1,019	39	-	1,638	987	47	-	1,711	1,127
<b>Total Corporate, Sovereign and Bank</b>	<b>34</b>	<b>-</b>	<b>41,692</b>	<b>11,907</b>	<b>39</b>	<b>-</b>	<b>42,357</b>	<b>12,199</b>	<b>47</b>	<b>-</b>	<b>42,800</b>	<b>12,431</b>
Residential Mortgages	1,128	-	18,352	16	1,237	-	18,250	12	1,365	-	17,851	146
HELOC's	-	-	2,956	2,265	-	-	2,855	2,205	-	-	2,613	2,006
Other Retail (excluding QRR and SME)	2,100	1,750	2,311	602	2,116	1,842	2,310	599	2,169	1,842	2,328	592
Qualifying Revolving Retail	-	-	392	700	-	-	400	696	-	-	391	690
Retail SME	-	-	650	343	-	-	658	359	-	-	675	356
<b>Total Retail</b>	<b>3,228</b>	<b>1,750</b>	<b>24,661</b>	<b>3,926</b>	<b>3,353</b>	<b>1,842</b>	<b>24,473</b>	<b>3,871</b>	<b>3,534</b>	<b>1,842</b>	<b>23,858</b>	<b>3,790</b>
<b>Total Gross Credit Exposure</b>	<b>3,262</b>	<b>1,750</b>	<b>66,353</b>	<b>15,833</b>	<b>3,392</b>	<b>1,842</b>	<b>66,830</b>	<b>16,070</b>	<b>3,581</b>	<b>1,842</b>	<b>66,658</b>	<b>16,221</b>

	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
<b>Total Corporate, Sovereign and Bank</b>	<b>148</b>	<b>-</b>	<b>44,014</b>	<b>12,666</b>
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
<b>Total Retail</b>	<b>3,762</b>	<b>1,815</b>	<b>23,730</b>	<b>3,783</b>
<b>Total Gross Credit Exposure</b>	<b>3,910</b>	<b>1,815</b>	<b>67,744</b>	<b>16,449</b>



# Standardized Exposures by Risk Weight Category

(\$ millions except as noted)



	September 30, 2010								June 30, 2010							
	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	-	28	-	-	-	-	-	28	-	26	-	-	-	-	-	26
<i>Total Corporate, Sovereign and Bank</i>	-	28	-	-	-	-	-	28	-	26	-	-	-	-	-	26
Residential Mortgages	-	-	608	-	324	39	-	971	-	-	656	-	346	45	-	1,047
Heloc's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,002	-	91	3,093	-	-	-	-	3,103	2	98	3,203
Retail SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	608	-	3,326	39	91	4,064	-	-	656	-	3,449	47	98	4,250
<b>Total Exposure at Default</b>	-	28	608	-	3,326	39	91	4,092	-	26	656	-	3,449	47	98	4,276

	March 31, 2010								December 31, 2009							
	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	-	168	-	-	-	-	-	168	-	34	-	-	-	-	-	34
<i>Total Corporate, Sovereign and Bank</i>	-	168	-	-	-	-	-	168	-	34	-	-	-	-	-	34
Residential Mortgages	-	-	710	-	375	55	-	1,139	-	-	684	-	424	20	-	1,128
Heloc's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,108	2	113	3,223	-	-	-	-	3,723	3	124	3,850
Retail SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	710	-	3,482	57	113	4,362	-	-	684	-	4,147	23	124	4,978
<b>Total Exposure at Default</b>	-	168	710	-	3,482	57	113	4,530	-	34	684	-	4,147	23	124	5,012

	September 30, 2009								June 30, 2009							
	Risk Weight Category								Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total	0%	20%	35%	50%	75%	100%	150%	Total
Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank	-	39	-	-	-	-	-	39	-	47	-	-	-	-	-	47
<i>Total Corporate, Sovereign and Bank</i>	-	39	-	-	-	-	-	39	-	47	-	-	-	-	-	47
Residential Mortgages	-	-	746	-	466	14	-	1,226	-	-	817	-	523	14	-	1,354
Heloc's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,827	30	47	3,904	-	-	-	-	3,871	32	47	3,949
Retail SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	746	-	4,293	44	47	5,130	-	-	817	-	4,394	46	47	5,304
<b>Total Exposure at Default</b>	-	39	746	-	4,293	44	47	5,169	-	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 included in the Basel II counts</i>	-	-	1,170	-	4,241	53	44	5,508
<b>Total Exposure at Default</b>	-	148	1,170	-	4,241	53	44	5,656

**Risk Assessment - IRB Retail Credit Portfolio**

(\$ millions except as noted)



	September 30, 2010						June 30, 2010					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,688	6,214	2,968	1,039	754	28,663	17,879	6,172	2,921	1,035	802	28,809
Medium	293	123	130	129	211	886	285	98	122	130	222	857
Sub-Standard	-	-	3	7	2	12	-	-	3	7	2	12
Impaired/Default	109	17	64	4	19	213	90	21	61	4	22	198
<b>Total Exposure at Default</b>	<b>18,090</b>	<b>6,354</b>	<b>3,165</b>	<b>1,179</b>	<b>986</b>	<b>29,774</b>	<b>18,254</b>	<b>6,291</b>	<b>3,107</b>	<b>1,176</b>	<b>1,048</b>	<b>29,876</b>

	March 31, 2010						December 31, 2009					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,913	6,021	2,896	1,036	752	28,618	18,000	5,100	2,711	964	752	27,527
Medium	261	117	134	127	258	897	275	108	169	118	245	915
Sub-Standard	-	-	4	7	3	14	-	-	7	6	7	20
Impaired/Default	104	21	62	4	20	211	94	13	57	4	23	191
<b>Total Exposure at Default</b>	<b>18,278</b>	<b>6,159</b>	<b>3,096</b>	<b>1,174</b>	<b>1,033</b>	<b>29,740</b>	<b>18,369</b>	<b>5,221</b>	<b>2,944</b>	<b>1,092</b>	<b>1,027</b>	<b>28,653</b>

	September 30, 2009						June 30, 2009					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,923	4,944	2,691	964	767	27,289	17,615	4,513	2,688	954	782	26,552
Medium	250	104	165	121	246	886	307	94	175	116	252	944
Sub-Standard	-	-	6	6	10	22	-	-	7	6	8	21
Impaired/Default	89	12	61	5	28	195	75	11	67	5	25	183
<b>Total Exposure at Default</b>	<b>18,262</b>	<b>5,060</b>	<b>2,923</b>	<b>1,096</b>	<b>1,051</b>	<b>28,392</b>	<b>17,997</b>	<b>4,618</b>	<b>2,937</b>	<b>1,081</b>	<b>1,067</b>	<b>27,700</b>

	March 31, 2009					
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	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	9	9	58	4	30	166
<b>Total Exposure at Default</b>	<b>4,690</b>	<b>4,690</b>	<b>2,873</b>	<b>1,074</b>	<b>1,344</b>	<b>27,562</b>

Internal Rating	September 30, 2010				June 30, 2010				March 31, 2010				December 31, 2009			
	Exposure at Default	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)
<b>Corporate</b>																
Minimal Risk	1,251	0.04	46	12	899	0.04	42	11	986	0.04	44	12	988	0.04	44	13
Low Risk	4,586	0.10	43	19	4,338	0.10	43	19	3,984	0.10	42	19	3,818	0.11	42	19
Satisfactory Risk	15,121	0.45	33	39	13,811	0.45	33	39	13,866	0.45	34	41	14,197	0.46	34	42
Fair Default Risk	13,660	1.17	31	60	15,025	1.18	31	60	16,106	1.18	31	60	16,115	1.19	32	61
Moderate Default Risk	1,760	2.74	29	75	1,744	2.76	29	75	1,780	2.78	30	78	1,672	2.84	30	78
Significant Default Risk	325	6.05	29	101	441	5.98	30	101	491	5.94	30	103	517	5.85	30	104
High Default Risk	592	10.08	31	131	678	10.21	33	137	626	10.19	32	134	635	10.36	30	128
Special Management	454	30.50	31	163	437	28.42	32	162	506	32.43	31	156	547	31.85	32	152
Default	721	100.00	43	253	711	100.00	41	265	714	100.00	43	295	768	100.00	40	268
<b>Total Corporate</b>	<b>38,470</b>	<b>3.17</b>	<b>34</b>	<b>52</b>	<b>38,084</b>	<b>3.21</b>	<b>34</b>	<b>54</b>	<b>39,059</b>	<b>3.27</b>	<b>34</b>	<b>56</b>	<b>39,257</b>	<b>3.43</b>	<b>34</b>	<b>57</b>
<b>Sovereign</b>																
Minimal Risk	17,855	0.01	10	2	15,663	0.01	10	2	15,591	0.01	10	2	14,507	0.01	10	2
Low Risk	227	0.07	42	16	229	0.05	45	14	64	0.07	30	17	69	0.06	31	17
Satisfactory Risk	3	0.35	39	39	4	0.27	39	34	5	0.28	33	31	3	0.31	49	43
Fair Default Risk	-	-	-	-	-	-	-	-	172	1.65	10	28	107	1.65	10	30
Moderate Default Risk	-	-	-	-	-	-	-	-	1	1.93	52	109	1	1.93	52	109
Significant Default Risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sovereign</b>	<b>18,085</b>	<b>0.01</b>	<b>11</b>	<b>2</b>	<b>15,896</b>	<b>0.01</b>	<b>11</b>	<b>2</b>	<b>15,833</b>	<b>0.03</b>	<b>10</b>	<b>2</b>	<b>14,687</b>	<b>0.02</b>	<b>10</b>	<b>2</b>
<b>Bank</b>																
Minimal Risk	5,795	0.04	26	8	3,166	0.03	26	7	3,095	0.03	26	6	3,276	0.03	26	7
Low Risk	672	0.11	31	17	1,072	0.08	27	13	723	0.09	27	15	737	0.08	27	16
Satisfactory Risk	413	0.24	17	14	490	0.24	19	17	586	0.24	21	19	448	0.25	21	21
Fair Default Risk	14	1.51	29	60	2	1.13	46	77	11	1.09	22	37	6	0.99	18	31
Moderate Default Risk	-	2.25	53	140	1	1.98	35	78	1	1.98	60	129	2	2.16	32	70
Significant Default Risk	-	5.75	53	164	2	4.96	69	229	-	6.72	35	116	-	-	-	-
High Default Risk	1	12.13	53	235	-	-	-	-	-	13.36	81	384	1	13.34	80	374
Special Management	-	-	-	-	-	-	-	-	-	19.00	35	171	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Bank</b>	<b>6,895</b>	<b>0.06</b>	<b>26</b>	<b>9</b>	<b>4,733</b>	<b>0.07</b>	<b>25</b>	<b>9</b>	<b>4,416</b>	<b>0.07</b>	<b>25</b>	<b>9</b>	<b>4,470</b>	<b>0.07</b>	<b>25</b>	<b>10</b>

Internal Rating	September 30, 2009				June 30, 2009				March 31, 2009			
	Exposure at Default	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)
<b>Corporate</b>												
Minimal Risk	1,167	0.04	45	12	1,222	0.04	45	12	1,451	0.03	47	9
Low Risk	3,962	0.11	43	19	3,656	0.11	43	19	4,171	0.09	47	13
Satisfactory Risk	14,620	0.46	34	41	15,918	0.47	34	41	17,220	0.47	35	41
Fair Default Risk	17,365	1.17	31	61	17,948	1.17	31	60	18,457	1.14	32	61
Moderate Default Risk	1,746	2.84	29	76	1,646	2.69	30	79	1,631	2.66	33	87
Significant Default Risk	529	5.91	31	106	615	5.83	30	103	636	5.84	30	101
High Default Risk	645	10.20	31	132	774	10.20	32	135	743	10.17	32	136
Special Management	406	30.95	31	153	353	28.20	30	158	296	26.79	30	158
Default	837	100.00	42	276	892	100.00	45	317	878	100.00	39	240
<b>Total Corporate</b>	<b>41,277</b>	<b>3.36</b>	<b>34</b>	<b>56</b>	<b>43,024</b>	<b>3.34</b>	<b>34</b>	<b>57</b>	<b>45,483</b>	<b>3.10</b>	<b>35</b>	<b>54</b>
<b>Sovereign</b>												
Minimal Risk	13,801	0.01	10	2	12,817	0.01	10	2	12,091	0.01	11	2
Low Risk	58	0.06	28	14	35	0.06	38	20	35	0.07	31	16
Satisfactory Risk	5	0.31	44	45	8	0.34	46	52	225	0.20	52	34
Fair Default Risk	82	1.65	10	31	1	1.59	14	29	4	1.40	18	33
Moderate Default Risk	1	1.93	52	109	-	1.93	52	109	1	1.93	52	109
Significant Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sovereign</b>	<b>13,947</b>	<b>0.02</b>	<b>10</b>	<b>2</b>	<b>12,861</b>	<b>0.01</b>	<b>11</b>	<b>2</b>	<b>12,356</b>	<b>0.01</b>	<b>12</b>	<b>2</b>
<b>Bank</b>												
Minimal Risk	3,078	0.03	25	7	3,426	0.03	25	7	3,259	0.03	27	7
Low Risk	852	0.07	23	12	844	0.07	23	13	1,108	0.07	24	5
Satisfactory Risk	187	0.33	31	36	153	0.25	31	34	191	0.26	29	23
Fair Default Risk	15	1.14	23	40	3	1.07	17	29	6	1.13	37	62
Moderate Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
Significant Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Bank</b>	<b>4,132</b>	<b>0.06</b>	<b>25</b>	<b>10</b>	<b>4,426</b>	<b>0.05</b>	<b>25</b>	<b>9</b>	<b>4,564</b>	<b>0.05</b>	<b>26</b>	<b>7</b>

**Exposures Covered By Credit Risk Mitigation**

(\$ millions except as noted)



Counterparty Type	September 30, 2010			June 30, 2010			March 31, 2010			December 31, 2009		
	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Corporate	-	-	1,695	-	-	1,673	-	-	1,635	-	-	1,597
Sovereign	-	-	-	-	-	-	-	-	-	-	-	-
Bank	-	-	-	-	-	-	-	-	-	-	-	-
Total Corporate, Sovereign and Bank	-	-	1,695	-	-	1,673	-	-	1,635	-	-	1,597
Residential Mortgages	-	-	1,448	-	-	1,649	-	-	1,288	-	-	1,374
HELOC's	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail (excluding QRR and SME)	-	-	-	-	-	-	-	-	-	-	-	-
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	-	-	-	-
Retail SME	-	-	-	-	-	-	-	-	-	-	-	-
Total Retail	-	-	1,448	-	-	1,649	-	-	1,288	-	-	1,374
<b>Total</b>	-	-	<b>3,143</b>	-	-	<b>3,322</b>	-	-	<b>2,923</b>	-	-	<b>2,971</b>

Counterparty Type	September 30, 2009			June 30, 2009			March 31, 2009		
	Standardized		AIRB	Standardized		AIRB	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Corporate	-	-	1,635	-	-	1,665	-	-	1,633
Sovereign	-	-	-	-	-	-	-	-	-
Bank	-	-	-	-	-	-	-	-	-
Total Corporate, Sovereign and Bank	-	-	1,635	-	-	1,665	-	-	1,633
Residential Mortgages	-	-	1,390	-	-	1,422	-	-	1,448
HELOC's	-	-	-	-	-	-	-	-	-
Other Retail (excluding QRR and SME)	-	-	-	-	-	-	-	-	-
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	-
Retail SME	-	-	-	-	-	-	-	-	-
Total Retail	-	-	1,390	-	-	1,422	-	-	1,448
<b>Total</b>	-	-	<b>3,025</b>	-	-	<b>3,087</b>	-	-	<b>3,081</b>

**AIRB Credit Risk Exposures - Credit Commitments**

(\$ millions except as noted)



Counterparty Type	September 30, 2010		June 30, 2010		March 31, 2010		December 31, 2009	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	22,296	10,479	22,544	10,596	22,499	10,575	23,101	10,857
Sovereign	343	161	318	149	71	33	67	31
Bank	2,021	950	2,072	974	2,111	992	2,169	1,019
<b>Total Corporate, Sovereign and Bank</b>	<b>24,660</b>	<b>11,590</b>	<b>24,933</b>	<b>11,719</b>	<b>24,681</b>	<b>11,600</b>	<b>25,336</b>	<b>11,908</b>
Residential Mortgages	46	0	54	2	56	0	60	16
HELOC's	3,296	3,166	3,273	3,133	3,167	3,046	3,107	2,265
Other Retail (excluding QRR and SME)	1,598	732	1,595	721	1,547	726	1,456	602
Qualifying Revolving Retail	999	789	991	787	980	778	975	700
Retail SME	670	335	640	394	576	369	696	343
<b>Total Retail</b>	<b>6,609</b>	<b>5,022</b>	<b>6,553</b>	<b>5,037</b>	<b>6,324</b>	<b>4,920</b>	<b>6,292</b>	<b>3,926</b>
<b>Total</b>	<b>31,269</b>	<b>16,612</b>	<b>31,486</b>	<b>16,755</b>	<b>31,006</b>	<b>16,520</b>	<b>31,628</b>	<b>15,834</b>

Counterparty Type	September 30, 2009		June 30, 2009		March 31, 2009	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	23,778	11,176	23,971	11,266	24,429	11,482
Sovereign	74	35	78	37	319	150
Bank	2,099	987	2,398	1,127	2,200	1,034
<b>Total Corporate, Sovereign and Bank</b>	<b>25,952</b>	<b>12,197</b>	<b>26,447</b>	<b>12,430</b>	<b>26,948</b>	<b>12,666</b>
Residential Mortgages	62	12	253	146	67	12
HELOC's	3,050	2,205	2,760	2,006	2,933	2,096
Other Retail (excluding QRR and SME)	1,421	599	1,451	592	1,471	577
Qualifying Revolving Retail	972	696	967	690	962	684
Retail SME	538	359	510	356	593	414
<b>Total Retail</b>	<b>6,043</b>	<b>3,871</b>	<b>5,941</b>	<b>3,791</b>	<b>6,026</b>	<b>3,783</b>
<b>Total</b>	<b>31,994</b>	<b>16,069</b>	<b>32,388</b>	<b>16,221</b>	<b>32,974</b>	<b>16,449</b>

**Securitization Portfolio Exposure (1)**

(\$ millions except as noted)



Exposure type	September 30, 2010							June 30, 2010						
	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	-	7,812	7,812	24	-	261	7	-	7,101	7,101	29	-	-	-
Loans to Corporates or SMEs	-	84	84	-	-	-	-	-	37	37	-	-	-	-
Other	258	202	460	-	-	-	-	271	215	486	-	-	-	-
<b>Total</b>	<b>258</b>	<b>8,098</b>	<b>8,356</b>	<b>24</b>	<b>-</b>	<b>261</b>	<b>7</b>	<b>271</b>	<b>7,352</b>	<b>7,623</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	-	-	-	-
<b>Total</b>	<b>337</b>	<b>7,536</b>	<b>7,873</b>	<b>32</b>	<b>-</b>	<b>500</b>	<b>10</b>	<b>310</b>	<b>7,202</b>	<b>7,512</b>	<b>34</b>	<b>-</b>	<b>655</b>	<b>9</b>

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	-	-	-	-
<b>Total</b>	<b>268</b>	<b>5,800</b>	<b>6,068</b>	<b>30</b>	<b>-</b>	<b>1,528</b>	<b>7</b>	<b>265</b>	<b>5,327</b>	<b>5,592</b>	<b>7</b>	<b>-</b>	<b>302</b>	<b>8</b>

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	-	-	-	-
<b>Total</b>	<b>320</b>	<b>5,342</b>	<b>5,662</b>	<b>4</b>	<b>-</b>	<b>1,320</b>	<b>34</b>

(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 \$8,078 million.

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

## Securitization Exposures by External Credit Rating (1)

(\$ millions except as noted)



External Credit Assessment (S&P)	September 30, 2010			June 30, 2010			March 31, 2010			December 31, 2009		
	Securitization Exposures			Securitization Exposures			Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total	Retained	Purchased	Total	Retained	Purchased	Total
AAA to AA-	236	8,014	8,250	245	7,316	7,561	278	6,864	7,142	278	5,513	5,791
A+ to A-	-	-	-	-	2	2	-	304	304	-	307	307
BBB+ to BBB-	-	-	-	-	-	-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-	-	-	-	-	-	-
B+ and below or unrated	16	30	46	16	35	51	17	33	50	17	33	50
<b>Total</b>	<b>252</b>	<b>8,044</b>	<b>8,296</b>	<b>261</b>	<b>7,352</b>	<b>7,614</b>	<b>295</b>	<b>7,201</b>	<b>7,496</b>	<b>295</b>	<b>5,853</b>	<b>6,148</b>

### Short Term Credit Assessment (DBRS)

A-1 +	0	54	54									
R1 Mid	6	-	6	9	-	9	15	-	15	15	-	15
<b>Total</b>	<b>6</b>	<b>54</b>	<b>60</b>	<b>9</b>	<b>-</b>	<b>9</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>15</b>	<b>-</b>	<b>15</b>

External Credit Assessment (S&P)	September 30, 2009			June 30, 2009			March 31, 2009		
	Securitization Exposures			Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total	Retained	Purchased	Total
AAA to AA-	231	5,390	5,621	223	4,851	5,074	274	4,880	5,154
A+ to A-	-	293	293	415	415	415	-	403	403
BBB+ to BBB-	-	-	-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-	-	-	-
B+ and below or unrated	17	118	135	19	61	80	20	58	79
<b>Total</b>	<b>248</b>	<b>5,801</b>	<b>6,049</b>	<b>242</b>	<b>5,327</b>	<b>5,569</b>	<b>294</b>	<b>5,342</b>	<b>5,636</b>

### Short Term Credit Assessment (DBRS)

R1 Mid	19	-	19	23	-	23	26	-	26
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(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 \$8,078 million.

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

**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.