

**2010**

**HSBC Bank Canada  
Capital and Risk Management  
Pillar 3 Supplemental Disclosures  
as at December 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 2010 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 2010 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	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
	2010	2010	2010	2010	2009	2009	2009	2009
Common shares	1,225	1,225	1,225	1,225	1,225	1,225	1,225	1,225
Retained earnings	2,274	2,238	2,218	2,131	2,120	2,039	2,006	1,965
Non-cumulative preferred shares	946	946	946	946	946	946	946	696
Non-controlling interests in trust and subsidiary	230	430	430	430	430	430	430	430
Securitization-related deductions and other	(116)	(138)	(143)	(155)	(139)	(117)	(96)	(103)
Goodwill	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)
<b>Total Tier 1 capital</b>	<b>4,544</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	739	751	742	735	833	833	826	795
Other	195	192	190	199	208	212	214	214
<b>Total Tier 2 capital</b>	<b>934</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>5,478</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>

  

Capital Ratios (2)	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
	2010	2010	2010	2010	2009	2009	2009	2009
Tier 1 capital ratio	13.30%	13.18%	12.98%	12.25%	12.12%	11.67%	11.17%	10.19%
Total capital ratio	16.04%	15.83%	15.58%	14.76%	14.89%	14.37%	13.75%	12.64%
Assets to capital multiple	13.34	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) (\$ millions except as noted)	December 31, 2010				September 30, 2010				June 30, 2010				March 31, 2010			
	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
Corporate	40,638		18,858	18,858	43,969		20,098	20,098	43,637	-	20,606	20,606	43,289	-	21,780	21,780
Sovereign	19,084		345	345	18,974		384	384	16,724	-	287	287	17,639	-	323	323
Bank	11,718	6	538	544	12,378	5	627	632	9,241	5	439	444	9,184	34	425	458
Residential Mortgages	18,747	455	1,626	2,081	19,061	495	1,634	2,129	19,303	534	1,607	2,141	19,417	584	1,622	2,206
HELOC's	6,318		909	909	6,356		888	888	6,291	-	878	878	6,159	-	872	872
Other Retail (excluding QRR and SME)	6,266	2,403	1,365	3,768	6,258	2,388	1,327	3,715	6,309	2,476	1,303	3,778	6,319	2,502	1,321	3,824
Qualifying Revolving Retail	1,174		317	317	1,178		207	207	1,176	-	214	214	1,174	-	213	213
Retail SME	945		422	422	986		454	454	1,048	-	478	478	1,033	-	489	489
<b>Exposures subject to standardized or IRB approaches</b>	<b>104,890</b>	<b>2,864</b>	<b>24,380</b>	<b>27,244</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>
Equity (3)	199			199	229			229	260			260	276			276
Securitization (4)									-			-	-			-
Other assets not included in standardized or IRB approaches	1,302			1,044	1,343				1,093	1,242		1,019	1,164			918
Adjustment to IRB risk-weighted assets for scaling factor				1,475					1,551			1,564				1,639
<b>Total Credit Risk</b>	<b>106,391</b>			<b>29,962</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>
Market Risk (5)																
Operational Risk - Standardized Approach				4,190				4,171				4,225				4,236
<b>Total Risk-Weighted Assets</b>				<b>34,152</b>				<b>35,551</b>				<b>35,894</b>				<b>37,236</b>
Adjustment for Regulatory Floor (6)				-				-				-				-
<b>Total Transitional Risk-Weighted Assets</b>				<b>34,152</b>				<b>35,551</b>				<b>35,894</b>				<b>37,236</b>

Risk-Weighted Assets (RWA) (\$ millions except as noted)	December 31, 2009				September 30, 2009				June 30, 2009				March 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
Corporate	42,663	-	22,101	22,101	46,569	-	23,098	23,098	47,731	-	24,589	24,589	48,792	-	25,158	25,158
Sovereign	16,875	-	297	297	16,181	-	279	279	14,930	-	236	236	12,784	-	272	272
Bank	10,870	10	433	443	8,309	8	393	401	7,216	9	395	404	6,452	30	432	462
Residential Mortgages	19,496	577	1,572	2,150	19,499	625	1,564	2,189	19,362	692	1,606	2,298	19,095	665	1,558	2,222
HELOC's	5,221	-	508	508	5,060	-	491	491	4,619	-	466	466	4,691	-	466	466
Other Retail (excluding QRR and SME)	6,794	2,981	1,311	4,292	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	1,092	-	205	205	1,096	-	218	218	1,081	-	214	214	1,074	-	214	214
Retail SME	1,027	-	504	504	1,051	-	533	533	1,066	-	558	558	1,344	-	709	709
<b>Exposures subject to standardized or IRB approaches</b>	<b>104,938</b>	<b>3,566</b>	<b>26,931</b>	<b>30,499</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)	304			304	391			391	404			404	428			428
Securitization (4)	-			-	-			-	-			-	-			-
Other assets not included in standardized or IRB approaches	1,360			938	1,755			795	1,039			674	898			798
Adjustment to IRB risk-weighted assets for scaling factor	-			1,634				1,698				1,791				1,835
<b>Total Credit Risk</b>	<b>105,702</b>			<b>33,375</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				4,298				4,239				4,229				4,225
<b>Total Risk-Weighted Assets</b>				<b>37,674</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>37,674</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>December 31, 2010</b>						<b>September 30, 2010</b>						
Corporate	22,765	10,762	3,451	586	3,074	40,638	24,413	10,479	5,588	621	2,868	43,969
Sovereign	17,796	17	1,259	12	-	19,084	17,847	161	895	56	15	18,974
Bank	3,084	917	6,108	1,569	40	11,718	3,995	950	5,786	1,620	27	12,378
<b>Total Corporate, Sovereign and Bank</b>	<b>43,645</b>	<b>11,696</b>	<b>10,818</b>	<b>2,167</b>	<b>3,114</b>	<b>71,440</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>
Residential Mortgages	18,740	7	-	-	-	18,747	19,033	28	-	-	-	19,061
HELOC's	3,160	3,158	-	-	-	6,318	3,190	3,166	-	-	-	6,356
Other Retail (excluding QRR and SME)	4,109	2,129	-	-	28	6,266	4,103	2,125	-	-	30	6,258
Qualifying Revolving Retail	383	791	-	-	-	1,174	389	789	-	-	-	1,178
Retail SME	582	323	-	-	40	945	611	335	-	-	40	986
<b>Total Retail</b>	<b>26,974</b>	<b>6,408</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>33,450</b>	<b>27,326</b>	<b>6,443</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>33,839</b>
<b>Total Gross Credit Exposure</b>	<b>70,619</b>	<b>18,104</b>	<b>10,818</b>	<b>2,167</b>	<b>3,182</b>	<b>104,890</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>June 30, 2010</b>						<b>March 31, 2010</b>					
Corporate	24,111	10,596	5,661	561	2,709	43,637	25,399	10,575	4,266	513	2,536	43,289
Sovereign	15,664	149	828	69	14	16,724	15,711	33	1,805	89	-	17,638
Bank	1,956	974	4,810	1,476	26	9,241	2,073	992	4,856	1,241	22	9,184
<b>Total Corporate, Sovereign and Bank</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>	<b>43,183</b>	<b>11,600</b>	<b>10,927</b>	<b>1,843</b>	<b>2,558</b>	<b>70,111</b>
Residential Mortgages	19,273	30	-	-	-	19,303	19,389	28	-	-	-	19,417
HELOC's	3,158	3,133	-	-	-	6,291	3,113	3,046	-	-	-	6,159
Other Retail (excluding QRR and SME)	4,104	2,175	-	-	30	6,309	4,178	2,108	-	-	33	6,319
Qualifying Revolving Retail	389	787	-	-	-	1,176	396	778	-	-	-	1,174
Retail SME	617	394	-	-	37	1,048	630	369	-	-	34	1,033
<b>Total Retail</b>	<b>27,540</b>	<b>6,518</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>34,126</b>	<b>27,706</b>	<b>6,329</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>34,102</b>
<b>Total Gross Credit Exposure</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>70,889</b>	<b>17,929</b>	<b>10,927</b>	<b>1,843</b>	<b>2,625</b>	<b>104,213</b>

	<b>December 31, 2009</b>						<b>September 30, 2009</b>					
Corporate	25,243	10,857	3,505	527	2,531	42,663	26,908	11,177	5,308	586	2,590	46,569
Sovereign	14,571	31	2,190	83	0	16,875	13,811	35	2,263	65	7	16,181
Bank	1,912	1,019	6,623	1,286	30	10,870	1,677	987	4,484	1,142	19	8,309
<b>Total Corporate, Sovereign and Bank</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>	<b>42,396</b>	<b>12,199</b>	<b>12,056</b>	<b>1,793</b>	<b>2,616</b>	<b>71,059</b>
Residential Mortgages	19,480	16	-	-	-	19,496	19,487	12	-	-	-	19,499
HELOC's	2,956	2,265	-	-	-	5,221	2,855	2,205	-	-	-	5,060
Other Retail (excluding QRR and SME)	4,411	2,352	-	-	31	6,794	4,426	2,441	-	-	15	6,882
Qualifying Revolving Retail	392	700	-	-	-	1,092	400	696	-	-	-	1,096
Retail SME	650	343	-	-	34	1,027	658	359	-	-	34	1,051
<b>Total Retail</b>	<b>27,889</b>	<b>5,676</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>33,630</b>	<b>27,826</b>	<b>5,713</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>33,588</b>
<b>Total Gross Credit Exposure</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>70,222</b>	<b>17,912</b>	<b>12,056</b>	<b>1,793</b>	<b>2,665</b>	<b>104,647</b>

	<b>June 30, 2009</b>						<b>March 31, 2009</b>					
Corporate	28,377	11,267	4,740	714	2,633	47,731	30,170	11,482	3,388	973	2,778	48,792
Sovereign	12,712	37	2,068	105	8	14,930	12,122	150	428	60	24	12,783
Bank	1,758	1,127	2,961	1,351	18	7,216	1,870	1,034	1,888	1,655	4	6,452
<b>Total Corporate, Sovereign and Bank</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>	<b>44,162</b>	<b>12,666</b>	<b>5,705</b>	<b>2,688</b>	<b>2,806</b>	<b>68,027</b>
Residential Mortgages	19,216	146	-	-	-	19,362	19,084	12	-	-	-	19,095
HELOC's	2,613	2,006	-	-	-	4,619	2,595	2,096	-	-	-	4,691
Other Retail (excluding QRR and SME)	4,497	2,434	-	-	15	6,946	4,530	2,392	-	-	14	6,936
Qualifying Revolving Retail	391	690	-	-	-	1,081	390	684	-	-	-	1,074
Retail SME	675	356	-	-	35	1,066	893	414	-	-	37	1,344
<b>Total Retail</b>	<b>27,392</b>	<b>5,632</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>33,074</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>70,239</b>	<b>18,063</b>	<b>9,770</b>	<b>2,170</b>	<b>2,710</b>	<b>102,951</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)



	December 31, 2010						September 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	22,261	6,436		79	847	29,623	23,137	6,586	-	69	730	30,522
Western Canada, excluding British Columbia	10,064	4,921		196	840	16,021	9,832	4,989	-	206	862	15,889
Ontario	32,048	4,706	10,818	1,751	945	50,268	34,366	4,717	12,269	1,862	874	54,088
Quebec & Atlantic provinces	6,246	2,041		141	550	8,978	6,246	1,741	-	160	514	8,661
Other	-	-		-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>70,619</b>	<b>18,104</b>	<b>10,818</b>	<b>2,167</b>	<b>3,182</b>	<b>104,890</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>

	June 30, 2010						March 31, 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	23,620	6,570	-	107	685	30,982	24,409	6,248	-	100	675	31,432
Western Canada, excluding British Columbia	9,831	5,045	-	203	838	15,917	10,081	4,846	-	201	794	15,922
Ontario	29,809	4,830	11,299	1,637	833	48,408	30,297	4,957	9,488	1,437	770	46,949
Quebec & Atlantic provinces	6,012	1,792	-	158	459	8,421	6,102	1,878	1,438	105	387	9,910
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</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>70,889</b>	<b>17,929</b>	<b>10,926</b>	<b>1,843</b>	<b>2,626</b>	<b>104,213</b>

	December 31, 2009						September 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	24,277	6,108	-	111	679	31,175	24,857	6,168	-	146	715	31,886
Western Canada, excluding British Columbia	10,150	4,851	-	169	747	15,917	10,372	4,888	-	184	712	16,156
Ontario	29,160	4,648	10,730	1,503	803	46,843	28,801	4,844	10,468	1,355	890	46,358
Quebec & Atlantic provinces	6,029	1,976	1,587	113	397	10,103	6,189	2,011	1,587	108	348	10,243
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</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>70,219</b>	<b>17,911</b>	<b>12,055</b>	<b>1,793</b>	<b>2,665</b>	<b>104,643</b>

	June 30, 2009						March 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	25,616	6,426	-	186	740	32,968	26,433	6,494	-	270	772	33,969
Western Canada, excluding British Columbia	10,730	4,791	-	154	698	16,372	10,836	4,925	-	246	802	16,809
Ontario	27,623	4,877	8,122	1,646	884	43,152	28,050	4,955	5,417	1,963	925	41,310
Quebec & Atlantic provinces	6,270	1,970	1,648	184	388	10,460	6,335	1,888	288	208	359	9,078
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</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>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)



	December 31, 2010						September 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	34,325	17,880	9,126	990	3,125	65,446	35,587	17,767	10,621	964	2,905	67,844
1-5 years	32,557	83	1,692	913	44	35,289	32,578	83	1,648	1,017	47	35,373
Greater than 5 years	3,737	141	-	264	13	4,155	5,416	183	-	316	28	5,943
No specific maturity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</b>	<b>70,619</b>	<b>18,104</b>	<b>10,818</b>	<b>2,167</b>	<b>3,182</b>	<b>104,890</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>

	June 30, 2010						March 31, 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	33,205	17,920	9,853	1,031	2,754	64,764	33,732	17,608	9,766	749	2,590	64,445
1-5 years	31,833	107	1,446	834	43	34,263	32,284	96	1,161	875	19	34,435
Greater than 5 years	4,234	210	-	241	18	4,702	4,873	225	-	219	16	5,333
No specific maturity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</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>	<b>70,889</b>	<b>17,929</b>	<b>10,927</b>	<b>1,843</b>	<b>2,625</b>	<b>104,213</b>

	December 31, 2009						September 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	32,255	17,262	11,083	655	2,574	63,829	32,679	17,583	10,683	572	2,544	64,061
1-5 years	32,364	36	1,235	929	26	34,590	32,531	36	1,372	877	79	34,895
Greater than 5 years	4,996	285	-	312	26	5,619	5,010	292	-	344	41	5,687
No specific maturity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</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>70,220</b>	<b>17,911</b>	<b>12,055</b>	<b>1,793</b>	<b>2,664</b>	<b>104,643</b>

	June 30, 2009						March 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	32,984	17,653	8,749	928	2,565	62,879	35,575	17,854	4,723	1,063	2,715	61,930
1-5 years	32,059	49	1,021	916	97	34,141	30,440	91	981	1,103	92	32,708
Greater than 5 years	5,196	361	-	326	48	5,931	5,638	318	-	522	51	6,529
No specific maturity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Gross Credit Exposure</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>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)



	December 31, 2010				September 30, 2010				June 30, 2010				March 31, 2010			
	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			22,766	10,762			24,413	10,479	-	-	24,112	10,596	-	-	25,400	10,575
Sovereign			17,796	17			17,847	161	-	-	15,663	149	-	-	15,710	33
Bank	31		3,052	917	28		3,966	950	26	-	1,930	974	168	-	1,905	992
<b>Total Corporate, Sovereign and Bank</b>	<b>31</b>	<b>-</b>	<b>43,614</b>	<b>11,696</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	882	2	17,858	5	943	28	18,090		1,019	28	18,252	2	1,111	28	18,276	-
HELOC's			3,160	3,158			3,189	3,166	-	-	3,158	3,133	-	-	3,113	3,046
Other Retail (excluding QRR and SME)	1,708	1,409	2,401	720	1,700	1,393	2,403	732	1,749	1,453	2,355	721	1,841	1,382	2,338	726
Qualifying Revolving Retail			383	791			389	789	-	-	389	787	-	-	396	778
Retail SME			582	323			611	335	-	-	617	394	-	-	630	369
<b>Total Retail</b>	<b>2,590</b>	<b>1,411</b>	<b>24,384</b>	<b>4,997</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>2,621</b>	<b>1,411</b>	<b>67,998</b>	<b>16,693</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				March 31, 2009			
	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	-	-	25,243	10,857	-	-	26,908	11,177	-	-	28,377	11,267	-	-	30,170	11,482
Sovereign	-	-	14,571	31	-	-	13,811	35	-	-	12,712	37	-	-	12,122	150
Bank	34	-	1,878	1,019	39	-	1,638	987	47	-	1,711	1,127	148	-	1,722	1,034
<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>	<b>148</b>	<b>-</b>	<b>44,014</b>	<b>12,666</b>
Residential Mortgages	1,128	-	18,352	16	1,237	-	18,250	12	1,365	-	17,851	146	1,515	-	17,569	12
HELOC's	-	-	2,956	2,265	-	-	2,855	2,205	-	-	2,613	2,006	-	-	2,595	2,096
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	2,247	1,815	2,283	577
Qualifying Revolving Retail	-	-	392	700	-	-	400	696	-	-	391	690	-	-	390	684
Retail SME	-	-	650	343	-	-	658	359	-	-	675	356	-	-	893	414
<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>3,762</b>	<b>1,815</b>	<b>23,730</b>	<b>3,783</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>	<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)



	December 31, 2010								September 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	-	31	-	-	-	-	-	31	-	28	-	-	-	-	-	28
<i>Total Corporate, Sovereign and Bank</i>	-	31	-	-	-	-	-	31	-	28	-	-	-	-	-	28
Residential Mortgages	-	-	543	-	304	37	-	884	-	-	608	-	324	39	-	971
Heloc's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,030	-	87	3,117	-	-	-	-	3,002	-	91	3,093
Retail SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	543	-	3,334	37	87	4,001	-	-	608	-	3,326	39	91	4,064
<b>Total Exposure at Default</b>	-	31	543	-	3,334	37	87	4,032	-	28	608	-	3,326	39	91	4,092

	June 30, 2010								March 31, 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	-	26	-	-	-	-	-	26	-	168	-	-	-	-	-	168
<i>Total Corporate, Sovereign and Bank</i>	-	26	-	-	-	-	-	26	-	168	-	-	-	-	-	168
Residential Mortgages	-	-	656	-	346	45	-	1,047	-	-	710	-	375	55	-	1,139
Heloc's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,103	2	98	3,203	-	-	-	-	3,108	2	113	3,223
Retail SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	656	-	3,449	47	98	4,250	-	-	710	-	3,482	57	113	4,362
<b>Total Exposure at Default</b>	-	26	656	-	3,449	47	98	4,276	-	168	710	-	3,482	57	113	4,530

	December 31, 2009								September 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	-	34	-	-	-	-	-	34	-	39	-	-	-	-	-	39
<i>Total Corporate, Sovereign and Bank</i>	-	34	-	-	-	-	-	34	-	39	-	-	-	-	-	39
Residential Mortgages	-	-	684	-	424	20	-	1,128	-	-	746	-	466	14	-	1,226
Heloc's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,723	3	124	3,850	-	-	-	-	3,827	30	47	3,904
Retail SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	684	-	4,147	23	124	4,978	-	-	746	-	4,293	44	47	5,130
<b>Total Exposure at Default</b>	-	34	684	-	4,147	23	124	5,012	-	39	746	-	4,293	44	47	5,169

	June 30, 2009								March 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	-	47	-	-	-	-	-	47	-	148	-	-	-	-	-	148
<i>Total Corporate, Sovereign and Bank</i>	-	47	-	-	-	-	-	47	-	148	-	-	-	-	-	148
Residential Mortgages	-	-	817	-	523	14	-	1,354	-	-	1,170	-	319	16	-	1,505
Heloc's	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	3,871	32	47	3,949	-	-	-	-	3,922	37	44	4,003
Retail SME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	817	-	4,394	46	47	5,304	-	-	1,170	-	4,241	53	44	5,508
<b>Total Exposure at Default</b>	-	47	817	-	4,394	46	47	5,350	-	148	1,170	-	4,241	53	44	5,656

**Risk Assessment - IRB Retail Credit Portfolio**

(\$ millions except as noted)



	December 31, 2010						September 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	17,414	6,147	2,906	813	726	28,006	17,688	6,214	2,968	1,039	754	28,663
Medium	330	151	180	350	200	1,211	293	123	130	129	211	886
Sub-Standard			3	8	3	14	-	-	3	7	2	12
Impaired/Default	118	20	61	3	16	218	109	17	64	4	19	213
<b>Total Exposure at Default</b>	<b>17,862</b>	<b>6,318</b>	<b>3,150</b>	<b>1,174</b>	<b>945</b>	<b>29,449</b>	<b>18,090</b>	<b>6,354</b>	<b>3,165</b>	<b>1,179</b>	<b>986</b>	<b>29,774</b>

	June 30, 2010						March 31, 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	17,879	6,172	2,921	1,035	802	28,809	17,913	6,021	2,896	1,036	752	28,618
Medium	285	98	122	130	222	857	261	117	134	127	258	897
Sub-Standard	-	-	3	7	2	12	-	-	4	7	3	14
Impaired/Default	90	21	61	4	22	198	104	21	62	4	20	211
<b>Total Exposure at Default</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>	<b>18,278</b>	<b>6,159</b>	<b>3,096</b>	<b>1,174</b>	<b>1,033</b>	<b>29,740</b>

	December 31, 2009						September 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	18,000	5,100	2,711	964	752	27,527	17,923	4,944	2,691	964	767	27,289
Medium	275	108	169	118	245	915	250	104	165	121	246	886
Sub-Standard	-	-	7	6	7	20	-	-	6	6	10	22
Impaired/Default	94	13	57	4	23	191	89	12	61	5	28	195
<b>Total Exposure at Default</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>	<b>18,262</b>	<b>5,060</b>	<b>2,923</b>	<b>1,096</b>	<b>1,051</b>	<b>28,392</b>

	June 30, 2009						March 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	17,615	4,513	2,688	954	782	26,552	17,250	4,591	2,634	943	1,066	26,484
Medium	307	94	175	116	252	944	266	90	173	121	242	892
Sub-Standard	-	-	7	6	8	21	-	-	8	6	6	20
Impaired/Default	75	11	67	5	25	183	9	9	58	4	30	166
<b>Total Exposure at Default</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>	<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	December 31, 2010				September 30, 2010				June 30, 2010				March 31, 2010			
	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	984	0.04	46	13	1,251	0.04	46	12	899	0.04	42	11	986	0.04	44	12
Low Risk	4,395	0.11	44	20	4,586	0.10	43	19	4,338	0.10	43	19	3,984	0.10	42	19
Satisfactory Risk	15,299	0.44	32	38	15,121	0.45	33	39	13,811	0.45	33	39	13,866	0.45	34	41
Fair Default Risk	13,086	1.19	31	60	13,660	1.17	31	60	15,025	1.18	31	60	16,106	1.18	31	60
Moderate Default Risk	1,711	2.73	29	74	1,760	2.74	29	75	1,744	2.76	29	75	1,780	2.78	30	78
Significant Default Risk	279	6.02	27	95	325	6.05	29	101	441	5.98	30	101	491	5.94	30	103
High Default Risk	568	10.27	31	128	592	10.08	31	131	678	10.21	33	137	626	10.19	32	134
Special Management	337	29.53	31	158	454	30.50	31	163	437	28.42	32	162	506	32.43	31	156
Default	623	100.00	43	232	721	100.00	43	253	711	100.00	41	265	714	100.00	43	295
<b>Total Corporate</b>	<b>37,282</b>	<b>2.87</b>	<b>34</b>	<b>51</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>Sovereign</b>																
Minimal Risk	17,651	0.01	10	2	17,855	0.01	10	2	15,663	0.01	10	2	15,591	0.01	10	2
Low Risk	242	0.07	14	7	227	0.07	14	6	229	0.05	14	4	54	0.07	30	17
Satisfactory Risk	3	0.25	45	34	3	0.35	39	39	4	0.27	39	34	5	0.28	33	31
Fair Default Risk													172	1.65	10	28
Moderate Default Risk													1	1.93	52	109
Significant Default Risk																
High Default Risk																
Special Management																
Default																
<b>Total Sovereign</b>	<b>17,896</b>	<b>0.01</b>	<b>10</b>	<b>2</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>Bank</b>																
Minimal Risk	4,697	0.04	26	8	5,795	0.04	26	8	3,166	0.03	26	7	3,095	0.03	26	6
Low Risk	930	0.10	27	13	672	0.11	31	17	1,072	0.08	27	13	723	0.09	27	15
Satisfactory Risk	285	0.23	17	13	413	0.24	17	14	490	0.24	19	17	586	0.24	21	19
Fair Default Risk	4	1.33	30	62	14	1.51	29	60	2	1.13	46	77	11	1.09	22	37
Moderate Default Risk									1	1.98	35	78	1	1.98	60	129
Significant Default Risk																
High Default Risk	1	13.00	82	388	1	12.13	53	235	2	4.96	69	229				
Special Management																
Default																
<b>Total Bank</b>	<b>5,917</b>	<b>0.06</b>	<b>26</b>	<b>9</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>

Internal Rating	December 31, 2009				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 (%)	Exposure at Default	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)
<b>Corporate</b>																
Minimal Risk	988	0.04	44	13	1,167	0.04	45	12	1,222	0.04	45	12	1,451	0.03	47	9
Low Risk	3,818	0.11	42	19	3,962	0.11	43	19	3,656	0.11	43	19	4,171	0.09	47	13
Satisfactory Risk	14,197	0.46	34	42	14,620	0.46	34	41	15,918	0.47	34	41	17,220	0.47	35	41
Fair Default Risk	16,115	1.19	32	61	17,365	1.17	31	61	17,948	1.17	31	60	18,457	1.14	32	61
Moderate Default Risk	1,672	2.84	30	78	1,746	2.84	29	76	1,646	2.69	30	79	1,631	2.66	33	87
Significant Default Risk	517	5.85	30	104	529	5.91	31	106	615	5.83	30	103	636	5.84	30	101
High Default Risk	635	10.36	30	128	645	10.20	31	132	774	10.20	32	135	743	10.17	32	136
Special Management	547	31.85	32	152	406	30.95	31	153	353	28.20	30	158	296	26.79	30	158
Default	768	100.00	40	268	837	100.00	42	276	892	100.00	45	317	878	100.00	39	240
<b>Total Corporate</b>	<b>39,257</b>	<b>3.43</b>	<b>34</b>	<b>57</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	14,507	0.01	10	2	13,801	0.01	10	2	12,817	0.01	10	2	12,091	0.01	11	2
Low Risk	69	0.06	31	17	58	0.06	28	14	35	0.06	38	20	35	0.07	31	16
Satisfactory Risk	3	0.31	49	43	5	0.31	44	45	8	0.34	46	52	225	0.20	52	34
Fair Default Risk	107	1.65	10	30	82	1.65	10	31	1	1.59	14	29	4	1.40	18	33
Moderate Default Risk	1	1.93	52	109	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>14,687</b>	<b>0.02</b>	<b>10</b>	<b>2</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	3,276	0.03	26	7	3,078	0.03	25	7	3,426	0.03	25	7	3,259	0.03	27	7
Low Risk	737	0.08	27	16	852	0.07	23	12	844	0.07	23	13	1,108	0.07	24	5
Satisfactory Risk	448	0.25	21	21	187	0.33	31	36	153	0.25	31	34	191	0.26	29	23
Fair Default Risk	6	0.99	18	31	15	1.14	23	40	3	1.07	17	29	6	1.13	37	62
Moderate Default Risk	2	2.16	32	70												
Significant Default Risk																
High Default Risk	1	13.34	80	374												
Special Management																
Default																
<b>Total Bank</b>	<b>4,470</b>	<b>0.07</b>	<b>25</b>	<b>10</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	December 31, 2010			September 30, 2010			June 30, 2010			March 31, 2010		
	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			1,398			1,695			1,673			1,635
Sovereign			-			-			-			-
Bank			-			-			-			-
<b>Total Corporate, Sovereign and Bank</b>	-	-	1,398	-	-	1,695	-	-	1,673	-	-	1,635
Residential Mortgages			1,590			1,448			1,649			1,288
HELOC's			-			-			-			-
Other Retail (excluding QRR and SME)			-			-			-			-
Qualifying Revolving Retail			-			-			-			-
Retail SME			-			-			-			-
<b>Total Retail</b>	-	-	1,590	-	-	1,448	-	-	1,649	-	-	1,288
<b>Total</b>	-	-	2,988	-	-	3,143	-	-	3,322	-	-	2,923

Counterparty Type	December 31, 2009			September 30, 2009			June 30, 2009			March 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			1,597			1,635			1,665			1,633
Sovereign			-			-			-			-
Bank			-			-			-			-
<b>Total Corporate, Sovereign and Bank</b>	-	-	1,597	-	-	1,635	-	-	1,665	-	-	1,633
Residential Mortgages			1,374			1,390			1,422			1,448
HELOC's			-			-			-			-
Other Retail (excluding QRR and SME)			-			-			-			-
Qualifying Revolving Retail			-			-			-			-
Retail SME			-			-			-			-
<b>Total Retail</b>	-	-	1,374	-	-	1,390	-	-	1,422	-	-	1,448
<b>Total</b>	-	-	2,971	-	-	3,025	-	-	3,087	-	-	3,081

**AIRB Credit Risk Exposures - Credit Commitments**

(\$ millions except as noted)



Counterparty Type	December 31, 2010		September 30, 2010		June 30, 2010		March 31, 2010	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	22,899	10,762	22,296	10,479	22,544	10,596	22,499	10,575
Sovereign	36	17	343	161	318	149	71	33
Bank	1,951	917	2,021	950	2,072	974	2,111	992
<b>Total Corporate, Sovereign and Bank</b>	<b>24,886</b>	<b>11,696</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>
Residential Mortgages	38	5	46	-	54	2	56	0
HELOC's	3,303	3,158	3,296	3,166	3,273	3,133	3,167	3,046
Other Retail (excluding QRR and SME)	1,578	720	1,598	732	1,595	721	1,547	726
Qualifying Revolving Retail	1,006	791	999	789	991	787	980	778
Retail SME	665	323	670	335	640	394	576	369
<b>Total Retail</b>	<b>6,590</b>	<b>4,997</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>Total</b>	<b>31,476</b>	<b>16,693</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>

Counterparty Type	December 31, 2009		September 30, 2009		June 30, 2009		March 31, 2009	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	23,101	10,857	23,778	11,176	23,971	11,266	24,429	11,482
Sovereign	67	31	74	35	78	37	319	150
Bank	2,169	1,019	2,099	987	2,398	1,127	2,200	1,034
<b>Total Corporate, Sovereign and Bank</b>	<b>25,336</b>	<b>11,908</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	60	16	62	12	253	146	67	12
HELOC's	3,107	2,265	3,050	2,205	2,760	2,006	2,933	2,096
Other Retail (excluding QRR and SME)	1,456	602	1,421	599	1,451	592	1,471	577
Qualifying Revolving Retail	975	700	972	696	967	690	962	684
Retail SME	696	343	538	359	510	356	593	414
<b>Total Retail</b>	<b>6,292</b>	<b>3,926</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>31,628</b>	<b>15,834</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	December 31, 2010							September 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		6,912	6,912	28	-	96	2	-	7,812	7,812	24	-	261	7
Loans to Corporates or SMEs		77	77	-	-	-	-	-	84	84	-	-	-	-
Other	217	191	408	-	-	-	-	258	202	460	-	-	-	-
<b>Total</b>	<b>217</b>	<b>7,180</b>	<b>7,397</b>	<b>28</b>	<b>-</b>	<b>96</b>	<b>2</b>	<b>258</b>	<b>8,098</b>	<b>8,356</b>	<b>24</b>	<b>-</b>	<b>261</b>	<b>7</b>

Exposure type	June 30, 2010							March 31, 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	-	7,101	7,101	29	-	-	-	-	6,990	6,990	32	-	500	10
Loans to Corporates or SMEs	-	37	37	-	-	-	-	-	292	292	-	-	-	-
Other	271	215	486	-	-	-	-	337	254	591	-	-	-	-
<b>Total</b>	<b>271</b>	<b>7,352</b>	<b>7,623</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>7,536</b>	<b>7,873</b>	<b>32</b>	<b>-</b>	<b>500</b>	<b>10</b>

Exposure type	December 31, 2009							September 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	-	6,584	6,584	34	-	655	9	-	5,128	5,128	30	-	1,528	7
Loans to Corporates or SMEs	-	291	291	-	-	-	-	-	312	312	-	-	-	-
Other	310	327	637	-	-	-	-	268	360	628	-	-	-	-
<b>Total</b>	<b>310</b>	<b>7,202</b>	<b>7,512</b>	<b>34</b>	<b>-</b>	<b>655</b>	<b>9</b>	<b>268</b>	<b>5,800</b>	<b>6,068</b>	<b>30</b>	<b>-</b>	<b>1,528</b>	<b>7</b>

Exposure type	June 30, 2009							March 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	-	4,566	4,566	7	-	302	8	73	4,596	4,669	4	-	1,320	34
Loans to Corporates or SMEs	-	311	311	-	-	-	-	-	238	238	-	-	-	-
Other	265	450	715	-	-	-	-	247	508	755	-	-	-	-
<b>Total</b>	<b>265</b>	<b>5,327</b>	<b>5,592</b>	<b>7</b>	<b>-</b>	<b>302</b>	<b>8</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 \$7,675 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)	December 31, 2010			September 30, 2010			June 30, 2010			March 31, 2010		
	Securitization Exposures			Securitization Exposures			Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total	Retained	Purchased	Total	Retained	Purchased	Total
AAA to AA-	217	7,103	7,320	236	8,014	8,250	245	7,316	7,561	278	6,864	7,142
A+ to A-	-	-	-	-	-	-	-	2	2	-	304	304
BBB+ to BBB-	-	-	-	-	-	-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-	-	-	-	-	-	-
B+ and below or unrated	-	21	21	16	30	46	16	35	51	17	33	50
<b>Total</b>	<b>217</b>	<b>7,124</b>	<b>7,341</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>

### Short Term Credit Assessment (DBRS)

A-1 +	-	56	56	0	54	54	-	-	-	-	-	-
R1 Mid	-	-	-	6	-	6	9	-	9	15	-	15
<b>Total</b>	<b>-</b>	<b>56</b>	<b>56</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>

External Credit Assessment (S&P)	December 31, 2009			September 30, 2009			June 30, 2009			March 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-	278	5,513	5,791	231	5,390	5,621	223	4,851	5,074	274	4,880	5,154
A+ to A-	-	307	307	-	293	293	415	415	415	-	403	403
BBB+ to BBB-	-	-	-	-	-	-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-	-	-	-	-	-	-
B+ and below or unrated	17	33	50	17	118	135	19	61	80	20	58	79
<b>Total</b>	<b>295</b>	<b>5,853</b>	<b>6,148</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	15	-	15	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 \$7,675 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.