

2009

**HSBC Bank Canada
Capital and Risk Management
Pillar 3 Supplemental Disclosures
as at December 31, 2009**



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Notes to Users

Capital and Risk Management Pillar 3 Disclosures

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

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

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

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

Further information regarding HSBC Group Risk Management Processes can be found in HSBC Holdings plc Capital and Risk Management Pillar 3 Disclosures available on HSBC Group's investor relations web site.

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

Basel II Regulatory Capital (1)

(\$ millions except as noted)



Qualifying Regulatory Capital	December 31, 2009	September 30, 2009	June 30, 2009
Common shares	1,225	1,225	1,225
Retained earnings	2,120	2,039	2,006
Non-cumulative preferred shares	946	946	946
Non-controlling interests in trust and subsidiary	430	430	430
Securitization-related deductions and other	(139)	(117)	(96)
Goodwill	(15)	(15)	(15)
Total Tier 1 capital	4,567	4,508	4,496
Subordinated debentures	833	833	826
Other	208	212	214
Total Tier 2 capital	1,041	1,045	1,040
Total capital available for regulatory purposes	5,608	5,553	5,536

Capital Ratios (2)	December 31, 2009	September 30, 2009	June 30, 2009
Tier 1 capital ratio	12.12%	11.67%	11.17%
Total capital ratio	14.89%	14.37%	13.75%
Assets to capital multiple	12.93	12.98	12.85

Qualifying Regulatory Capital	March 31, 2009	December 31, 2008
Common shares	1,225	1,225
Retained earnings	1,965	1,949
Non-cumulative preferred shares	696	696
Non-controlling interests in trust and subsidiary	430	430
Securitization-related deductions and other	(103)	(88)
Goodwill	(15)	(15)
Total Tier 1 capital	4,198	4,197
Subordinated debentures	795	788
Other	214	216
Total Tier 2 capital	1,009	1,004
Total capital available for regulatory purposes	5,207	5,201

Capital Ratios (2)	March 31, 2009	December 31, 2008
Tier 1 capital ratio	10.19%	10.08%
Total capital ratio	12.64%	12.50%
Assets to capital multiple	13.62	14.04

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

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

Basel II Risk-Weighted Assets (1)

(\$ millions except as noted)



Risk-Weighted Assets (RWA) ¹	December 31, 2009				September 30, 2009			
	Exposure (2)	RWA			Exposure (2)	RWA		
		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total
(\$ millions except as noted)								
Corporate	42,663	-	22,101	22,101	46,569	-	23,098	23,098
Sovereign	16,875	-	297	297	16,181	-	279	279
Bank	10,870	10	433	443	8,309	8	393	401
Residential Mortgages	19,496	577	1,572	2,150	19,499	625	1,564	2,189
HELOC's	5,221	-	508	508	5,060	-	491	491
Other Retail (excluding QRR and SME)	6,794	2,981	1,311	4,292	6,882	2,970	1,331	4,301
Qualifying Revolving Retail	1,092	-	205	205	1,096	-	218	218
Retail SME	1,027	-	504	504	1,051	-	533	533
Exposures subject to standardized or IRB approaches	104,038	3,568	26,931	30,499	104,647	3,603	27,907	31,510
Equity (3)	304	-	-	304	391	-	-	391
Securitization (4)	-	-	-	-	-	-	-	-
Other assets not included in standardized or IRB approaches	1,360	-	-	938	1,755	-	-	795
Adjustment to IRB risk-weighted assets for scaling factor	-	-	-	1,634	-	-	-	1,698
Total Credit Risk	105,702			33,375	106,792			34,393
Market Risk (5)	-	-	-	-	-	-	-	-
Operational Risk - Standardized Approach	-	-	-	4,298	-	-	-	4,239
Total Risk-Weighted Assets				37,674				38,633
Adjustment for Regulatory Floor (6)	-	-	-	-	-	-	-	-
Total Transitional Risk-Weighted Assets				37,674				38,633

Risk-Weighted Assets (RWA) ¹	June 30, 2009				March 31, 2009			
	Exposure (2)	RWA			Exposure (2)	RWA		
		Standardized Approach	Advanced Approach	Total		Standardized Approach	Advanced Approach	Total
(\$ millions except as noted)								
Corporate	47,731	-	24,589	24,589	48,792	-	25,158	25,158
Sovereign	14,930	-	236	236	12,784	-	272	272
Bank	7,216	9	395	404	6,452	30	432	462
Residential Mortgages	19,362	692	1,606	2,298	19,095	665	1,558	2,222
HELOC's	4,619	-	466	466	4,691	-	466	466
Other Retail (excluding QRR and SME)	6,946	3,005	1,387	4,392	6,936	3,045	1,353	4,398
Qualifying Revolving Retail	1,081	-	214	214	1,074	-	214	214
Retail SME	1,066	-	558	558	1,344	-	709	709
Exposures subject to standardized or IRB approaches	102,951	3,707	29,450	33,157	101,167	3,739	30,163	33,902
Equity (3)	404	-	-	404	428	-	-	428
Securitization (4)	-	-	-	-	-	-	-	-
Other assets not included in standardized or IRB approaches	1,039	-	-	674	898	-	-	798
Adjustment to IRB risk-weighted assets for scaling factor	-	-	-	1,791	-	-	-	1,835
Total Credit Risk	104,394			36,026	102,494			36,964
Market Risk (5)	-	-	-	-	-	-	-	-
Operational Risk - Standardized Approach	-	-	-	4,229	-	-	-	4,225
Total Risk-Weighted Assets				40,254				41,188
Adjustment for Regulatory Floor (6)	-	-	-	-	-	-	-	-
Total Transitional Risk-Weighted Assets				40,254				41,188

Risk-Weighted Assets (RWA) ¹	December 31, 2008			
	Exposure (3)	RWA		
		Standardized Approach	Advanced Approach	Total
(\$ millions except as noted)				
Corporate	49,904	-	25,483	25,483
Sovereign	10,882	-	167	167
Bank	8,731	8	453	461
Residential Mortgages	19,354	712	1,587	2,299
HELOC's	4,727	-	547	547
Other Retail (excluding QRR and SME)	7,224	3,128	1,688	4,816
Qualifying Revolving Retail	1,254	-	179	179
Retail SME	742	-	453	453
Exposures subject to standardized or IRB approaches	102,818	3,848	30,558	34,406
Equity (3)	395	-	-	395
Securitization (4)	-	-	-	-
Other assets not included in standardized or IRB approaches	968	-	-	812
Adjustment to IRB risk-weighted assets for scaling factor	-	-	-	1,857
Total Credit Risk	104,181			37,470
Market Risk (5)	-	-	-	-
Operational Risk - Standardized Approach	-	-	-	4,153
Total Risk-Weighted Assets				41,623
Adjustment for Regulatory Floor (6)	-	-	-	-
Total Transitional Risk-Weighted Assets				41,623

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

(2) Exposure represents gross exposure at default before allowances and credit risk mitigation.

(3) Under OSFI guidelines the Bank is exempt from using the AIRB approach based on materiality.

Accordingly equity investments are risk weighted at 100%.

(4) Securitization exposures are currently treated as on balance sheet exposures and included in the Basel II counterparty category to which the exposures relate - see page 7 for further information on Securitization Exposures.

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

(6) The Bank is subject to a regulatory capital floor according to transitional arrangements prescribed by OSFI. OSFI has given the Bank their approval to reduce the capital floor to 90% commencing with the third quarter 2008 regulatory reporting period.

Credit Exposure by Counterparty Type

(\$ millions except as noted)



December 31, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Corporate	25,243	10,857	3,505	527	2,531	42,663
Sovereign	14,571	31	2,190	83	-	16,875
Bank	1,912	1,019	6,623	1,286	30	10,870
Total Corporate, Sovereign and Bank	41,726	11,907	12,318	1,896	2,561	70,408
Residential Mortgages	19,480	16	-	-	-	19,496
HELOC's	2,956	2,265	-	-	-	5,221
Other Retail (excluding QRR and SME)	4,411	2,352	-	-	31	6,794
Qualifying Revolving Retail	392	700	-	-	-	1,092
Retail SME	650	343	-	-	34	1,027
Total Retail	27,889	5,676	-	-	65	33,630
Total Gross Credit Exposure	69,615	17,583	12,318	1,896	2,626	104,038

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

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

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

December 31, 2008						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Corporate	30,761	11,413	3,855	943	2,931	49,904
Sovereign	10,093	42	634	93	20	10,882
Bank	1,746	1,154	4,042	1,783	6	8,731
Total Corporate, Sovereign and Bank	42,600	12,609	8,531	2,820	2,956	69,516
Residential Mortgages	19,354	0	-	-	-	19,354
HELOC's	2,463	2,264	-	-	-	4,727
Other Retail (excluding QRR and SME)	4,625	2,586	-	-	14	7,224
Qualifying Revolving Retail	388	866	-	-	-	1,254
Retail SME	684	4	-	-	55	742
Total Retail	27,514	5,719	-	-	68	33,302
Total Gross Credit Exposure	70,113	18,329	8,531	2,820	3,025	102,818

Credit Exposure by Geography

(\$ millions except as noted)



December 31, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	24,277	6,108	-	111	679	31,175
Western Canada, excluding British Columbia	10,150	4,851	-	169	747	15,917
Ontario	29,159	4,648	10,730	1,503	803	46,843
Quebec & Atlantic provinces	6,029	1,976	1,587	113	397	10,102
Other	-	-	-	-	-	-
Total Gross Credit Exposure	69,615	17,583	12,318	1,896	2,626	104,038

September 30, 2009						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	24,858	6,167	-	146	716	31,887
Western Canada, excluding British Columbia	10,372	4,888	-	184	712	16,156
Ontario	28,801	4,844	10,468	1,355	890	46,358
Quebec & Atlantic provinces	6,189	2,011	1,587	108	348	10,243
Other	-	-	-	-	-	-
Total Gross Credit Exposure	70,220	17,911	12,055	1,793	2,665	104,643

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

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

December 31, 2008						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
British Columbia	26,549	6,914	-	197	836	34,495
Western Canada, excluding British Columbia	11,048	4,687	-	234	839	16,809
Ontario	26,149	4,802	8,026	1,952	943	41,872
Quebec & Atlantic provinces	6,367	1,925	506	437	407	9,642
Other	-	-	-	-	-	-
Total Gross Credit Exposure	70,113	18,329	8,531	2,820	3,025	102,818

Residual Contract Maturity Breakdown

(\$ millions except as noted)



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

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

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

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

December 31, 2008						
	Loans (Drawn)	Commitments (Undrawn)	Repo Style Transactions	OTC	Other Off Balance Sheet Items	Total
Within 1 year	36,535	17,799	3,804	1,586	2,883	62,608
1-5 years	28,412	101	1,960	870	92	31,435
Greater than 5 years	5,166	429	2,767	365	49	8,775
No specific maturity	-	-	-	-	-	-
Total Gross Credit Exposure	70,113	18,329	8,531	2,820	3,025	102,818

Portfolio Breakdown by Basel II Approaches

(\$ millions except as noted)



	December 31, 2009				September 30, 2009			
	Standardized		AIRB		Standardized		AIRB	
	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn
Corporate	-	-	25,243	10,857	-	-	26,908	11,177
Sovereign	-	-	14,571	31	-	-	13,811	35
Bank	34	-	1,878	1,019	39	-	1,638	987
Total Corporate, Sovereign and Bank	34	-	41,692	11,907	39	-	42,357	12,199
Residential Mortgages	1,128	-	18,352	16	1,237	-	18,250	12
HELOC's	-	-	2,956	2,265	-	-	2,855	2,205
Other Retail (excluding QRR and SME)	2,100	1,750	2,311	602	2,116	1,842	2,310	599
Qualifying Revolving Retail	-	-	392	700	-	-	400	696
Retail SME	-	-	650	343	-	-	658	359
Total Retail	3,228	1,750	24,661	3,926	3,353	1,842	24,473	3,871
Total Gross Credit Exposure	3,262	1,750	66,353	15,833	3,392	1,842	66,830	16,070

	June 30, 2009				March 31, 2009			
	Standardized		AIRB		Standardized		AIRB	
	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn
Corporate	-	-	28,377	11,267	-	-	30,170	11,482
Sovereign	-	-	12,712	37	-	-	12,122	150
Bank	47	-	1,711	1,127	148	-	1,722	1,034
Total Corporate, Sovereign and Bank	47	-	42,800	12,431	148	-	44,014	12,666
Residential Mortgages	1,365	-	17,851	146	1,515	-	17,569	12
HELOC's	-	-	2,613	2,006	-	-	2,595	2,096
Other Retail (excluding QRR and SME)	2,169	1,842	2,328	592	2,247	1,815	2,283	577
Qualifying Revolving Retail	-	-	391	690	-	-	390	684
Retail SME	-	-	675	356	-	-	893	414
Total Retail	3,534	1,842	23,858	3,790	3,762	1,815	23,730	3,783
Total Gross Credit Exposure	3,581	1,842	66,658	16,221	3,910	1,815	67,744	16,449

	December 31, 2008			
	Standardized		AIRB	
	Loans (Drawn)	Credit Equivalent Amount on Undrawn	Loans (Drawn)	Credit Equivalent Amount on Undrawn
Corporate	-	-	30,761	11,413
Sovereign	-	-	10,093	42
Bank	42	-	1,703	1,154
Total Corporate, Sovereign and Bank	42	-	42,557	12,609
Residential Mortgages	1,630	-	17,724	0
HELOC's	-	-	2,463	2,264
Other Retail (excluding QRR and SME)	2,391	1,780	2,234	805
Qualifying Revolving Retail	-	-	388	866
Retail SME	-	-	684	4
Total Retail	4,022	1,780	23,492	3,939
Total Gross Credit Exposure	4,064	1,780	66,049	16,549

Standardized Exposures by Risk Weight Category (1)

(\$ millions except as noted)



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

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

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

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

	December 31, 2008							
	Risk Weight Category							
	0%	20%	35%	50%	75%	100%	150%	Total
Corporate	-	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-
Bank	-	42	-	-	-	-	-	42
<i>Total Corporate, Sovereign and Bank</i>	-	42	-	-	-	-	-	42
Residential Mortgages	-	-	1,273	-	337	13	-	1,624
Heloc's	-	-	-	-	-	-	-	-
Other Retail	-	-	-	-	4,039	40	39	4,118
Retail SME	-	-	-	-	-	-	-	-
<i>Total Retail</i>	-	-	1,273	-	4,376	53	39	5,742
Total Exposure at Default	-	42	1,273	-	4,376	53	39	5,784

Risk Assessment - IRB Retail Credit Portfolio

(\$ millions except as noted)



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

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

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

March 31, 2009						
	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	65	9	58	4	30	166
Total Exposure at Default	17,581	4,690	2,873	1,074	1,344	27,562

December 31, 2008						
	Residential Mortgages	Heloc's	Other Retail (excl. QRR and SME)	Qualifying Revolving Retail	Retail SME	Total
Strong	17,428	4,711	2,886	1,144	659	26,828
Medium	254	7	99	106	64	530
Sub-Standard	-	-	-	-	1	1
Impaired/Default	41	8	67	4	18	138
Total Exposure at Default	17,723	4,726	3,052	1,254	742	27,497

Risk Assessment - AIRB Non-Retail Credit Portfolio

(\$ millions except as noted)



Internal Rating	December 31, 2009				September 30, 2009				June 30, 2009			
	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)
Corporate												
Minimal Risk	988	0.04	44	13	1,167	0.04	45	12	1,222	0.04	45	12
Low Risk	3,818	0.11	42	19	3,962	0.11	43	19	3,656	0.11	43	19
Satisfactory Risk	14,197	0.46	34	42	14,620	0.46	34	41	15,918	0.47	34	41
Fair Default Risk	16,115	1.19	32	61	17,365	1.17	31	61	17,948	1.17	31	60
Moderate Default Risk	1,672	2.84	30	78	1,746	2.84	29	76	1,646	2.69	30	79
Significant Default Risk	517	5.85	30	104	529	5.91	31	106	615	5.83	30	103
High Default Risk	635	10.36	30	128	645	10.20	31	132	774	10.20	32	135
Special Management	547	31.85	32	152	406	30.95	31	153	353	28.20	30	158
Default	768	100.00	40	268	837	100.00	42	276	892	100.00	45	317
Total Corporate	39,257	3.43	34	57	41,277	3.36	34	56	43,024	3.34	34	57
Sovereign												
Minimal Risk	14,507	0.01	10	2	13,801	0.01	10	2	12,817	0.01	10	2
Low Risk	69	0.06	31	17	58	0.06	28	14	35	0.06	38	20
Satisfactory Risk	3	0.31	49	43	5	0.31	44	45	8	0.34	46	52
Fair Default Risk	107	1.65	10	30	82	1.65	10	31	1	1.59	14	29
Moderate Default Risk	1	1.93	52	109	1	1.93	52	109	-	1.93	52	109
Significant Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-
Total Sovereign	14,687	0.02	10	2	13,947	0.02	10	2	12,861	0.01	11	2
Bank												
Minimal Risk	3,276	0.03	26	7	3,078	0.03	25	7	3,426	0.03	25	7
Low Risk	737	0.08	27	16	852	0.07	23	12	844	0.07	23	13
Satisfactory Risk	448	0.25	21	21	187	0.33	31	36	153	0.25	31	34
Fair Default Risk	6	0.99	18	31	15	1.14	23	40	3	1.07	17	29
Moderate Default Risk	2	2.16	32	70	-	-	-	-	-	-	-	-
Significant Default Risk	-	-	-	-	-	-	-	-	-	-	-	-
High Default Risk	1	13.34	80	374	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-	-	-	-	-
Total Bank	4,470	0.07	25	10	4,132	0.06	25	10	4,426	0.05	25	9

Internal Rating	March 31, 2009				December 31, 2008			
	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)	Exposure at Default (1)	Exposure-Weighted Average PD (%)	Exposure-Weighted Average LGD (%)	Exposure-Weighted Average Risk Weight (%)
Corporate								
Minimal Risk	1,451	0.03	47	9	1,716	0.04	46	12
Low Risk	4,171	0.09	47	13	4,177	0.10	44	19
Satisfactory Risk	17,220	0.47	35	41	17,188	0.48	33	41
Fair Default Risk	18,457	1.14	32	61	19,084	1.15	32	62
Moderate Default Risk	1,631	2.66	33	87	1,449	2.63	32	84
Significant Default Risk	636	5.84	30	101	643	5.84	30	101
High Default Risk	743	10.17	32	136	692	10.29	32	135
Special Management	296	26.79	30	158	270	27.98	31	157
Default	878	100.00	39	240	993	100.00	36	244
Total Corporate	45,483	3.10	35	54	46,213	3.29	34	55
Sovereign								
Minimal Risk	12,091	0.01	11	2	10,171	0.01	10	1
Low Risk	35	0.07	31	16	31	0.07	30	16
Satisfactory Risk	225	0.20	52	34	29	0.37	18	21
Fair Default Risk	4	1.40	18	33	15	1.38	51	150
Moderate Default Risk	1	1.93	52	109	1	1.93	52	109
Significant Default Risk	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Total Sovereign	12,356	0.01	12	2	10,248	0.01	10	2
Bank								
Minimal Risk	3,259	0.03	27	7	3,709	0.03	26	7
Low Risk	1,108	0.07	24	5	920	0.07	20	10
Satisfactory Risk	191	0.26	29	23	78	0.22	35	36
Fair Default Risk	6	1.13	37	62	118	1.31	36	73
Moderate Default Risk	-	-	-	-	-	-	-	-
Significant Default Risk	-	-	-	-	-	-	-	-
High Default Risk	-	-	-	-	-	-	-	-
Special Management	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Total Bank	4,564	0.05	26	7	4,825	0.07	25	9

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

Exposures Covered By Credit Risk Mitigation

(\$ millions except as noted)



	December 31, 2009			September 30, 2009		
	Standardized		AIRB	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Counterparty Type						
Corporate	-	-	1,597	-	-	1,635
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Total Corporate, Sovereign and Bank	-	-	1,597	-	-	1,635
Residential Mortgages	-	-	1,374	-	-	1,390
HELOC's	-	-	-	-	-	-
Other Retail (excluding QRR and SME)	-	-	-	-	-	-
Qualifying Revolving Retail	-	-	-	-	-	-
Retail SME	-	-	-	-	-	-
Total Retail	-	-	1,374	-	-	1,390
Total	-	-	2,971	-	-	3,025

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

	December 31, 2008		
	Standardized		AIRB
	Eligible Financial Collateral	Credit Derivatives/ Guarantees	Credit Derivatives/ Guarantees
Counterparty Type			
Corporate	-	-	1,663
Sovereign	-	-	-
Bank	-	-	-
Total Corporate, Sovereign and Bank	-	-	1,663
Residential Mortgages	-	-	1,464
HELOC's	-	-	-
Other Retail (excluding QRR and SME)	-	-	-
Qualifying Revolving Retail	-	-	-
Retail SME	-	-	-
Total Retail	-	-	1,464
Total	-	-	3,127

AIRB Credit Risk Exposures - Credit Commitments

(\$ millions except as noted)



Counterparty Type	December 31, 2009		June 30, 2009	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	23,101	10,857	23,778	11,176
Sovereign	67	31	74	35
Bank	2,169	1,019	2,099	987
Total Corporate, Sovereign and Bank	25,336	11,908	25,952	12,197
Residential Mortgages	60	16	62	12
HELOC's	3,107	2,265	3,050	2,205
Other Retail (excluding QRR and SME)	1,456	602	1,421	599
Qualifying Revolving Retail	975	700	972	696
Retail SME	696	343	538	359
Total Retail	6,292	3,926	6,043	3,871
Total	31,628	15,834	31,994	16,069

Counterparty Type	March 31, 2009		March 31, 2009	
	Notional Undrawn	EAD on Undrawn	Notional Undrawn	EAD on Undrawn
Corporate	23,971	11,266	24,429	11,482
Sovereign	78	37	319	150
Bank	2,398	1,127	2,200	1,034
Total Corporate, Sovereign and Bank	26,447	12,430	26,948	12,666
Residential Mortgages	253	146	67	12
HELOC's	2,760	2,006	2,933	2,096
Other Retail (excluding QRR and SME)	1,451	592	1,471	577
Qualifying Revolving Retail	967	690	962	684
Retail SME	510	356	593	414
Total Retail	5,941	3,791	6,026	3,783
Total	32,388	16,221	32,974	16,449

Counterparty Type	December 31, 2008	
	Notional Undrawn	EAD on Undrawn
Corporate	24,284	11,413
Sovereign	89	42
Bank	2,456	1,154
Total Corporate, Sovereign and Bank	26,829	12,609
Residential Mortgages	64	0
HELOC's	2,904	2,264
Other Retail (excluding QRR and SME)	1,458	805
Qualifying Revolving Retail	958	866
Retail SME	615	4
Total Retail	6,000	3,939
Total	32,829	16,549

Securitization Portfolio Exposure (1)

(\$ millions except as noted)



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	638	-	-	-	-	268	360	628	-	-	-	-
Total	310	7,201	7,512	34	-	655	9	268	5,800	6,068	30	-	1,528	7

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	-	-	-	-
Total	265	5,327	5,592	7	-	302	8	320	5,342	5,662	4	-	1,320	34

Exposure type	December 31, 2008						
	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	874	3,102	3,976	2	-	4,304	84
Loans to Corporates or SMEs	-	254	254	-	-	-	-
Other	212	362	574	-	-	-	-
Total	1,086	3,718	4,804	2	-	4,304	84

(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 \$8,290 million.

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

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

Securitization Exposures by External Credit Rating (1)

(\$ millions except as noted)



External Credit Assessment (S&P)	December 31, 2009			September 30, 2009		
	Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total
AAA to AA-	278	6,864	7,142	231	5,390	5,621
A+ to A-	-	304	304	-	293	293
BBB+ to BBB-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-
B+ and below or unrated	17	33	50	17	118	135
Deductions						
Total	295	7,201	7,496	248	5,801	6,049

Short Term Credit Assessment (DBRS)	December 31, 2009			September 30, 2009		
	Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total
R1 Mid	15	-	15	19	-	19

External Credit Assessment (S&P)	June 30, 2009			March 31, 2009		
	Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total
AAA to AA-	223	4,851	5,074	274	4,880	5,154
A+ to A-	-	415	415	-	403	403
BBB+ to BBB-	-	-	-	-	-	-
BB+ to BB-	-	-	-	-	-	-
B+ and below or unrated	19	61	80	20	58	79
Deductions						
Total	242	5,327	5,569	294	5,342	5,636

Short Term Credit Assessment (DBRS)	June 30, 2009			March 31, 2009		
	Securitization Exposures			Securitization Exposures		
	Retained	Purchased	Total	Retained	Purchased	Total
R1 Mid	23	-	23	26	-	26

External Credit Assessment (S&P)	December 31, 2008		
	Securitization Exposures		
	Retained	Purchased	Total
AAA to AA-	898	3,444	4,342
A+ to A-	-	19	19
BBB+ to BBB-	-	-	-
BB+ to BB-	-	-	-
B+ and below or unrated	150	254	404
Deductions			
Total	1,048	3,717	4,765

Short Term Credit Assessment (DBRS)	December 31, 2008		
	Securitization Exposures		
	Retained	Purchased	Total
R1 Mid	38	-	38

(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 \$8,290 million.

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

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

Advanced Internal Ratings Based (AIRB) approach for credit risk - Under this approach, banks use their own internal historical experience of PD, LGD, EAD and other key risk assumptions to calculate credit risk capital requirements.

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

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

Corporate - Includes exposures to corporations, partnerships and proprietorships.

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

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

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

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

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

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

Other Retail - Includes all other personal loans.

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

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

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

Retail SME - Includes small business loans.

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

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