

April 30, 2014

Table of Contents

Introduction, including Basel III Implementation	Pages 1 - 2
Regulatory Capital - Highlights	Page 3
Regulatory Capital - Definition of Capital Components	Page 4
Consolidated Balance Sheet: Source of Definition of Capital Components	Page 5
Balance Sheet Asset Categories Cross-Referenced to Credit Risk Exposures	Page 6
Flow Statement for Regulatory Capital	Page 7
Regulatory Capital - Prior Periods	Page 8
Risk-weighted Assets and Capital Ratios	Page 9
Movement of Risk-weighted Assets (RWA) by Risk Type (All-in Basis)	Page 10
Risk Weighted Assets Arising from the Activities of the Bank's Businesses	Page 11
Exposure at Default and Risk-weighted Assets for Credit Risk Portfolios	Pages 12 - 13
Credit Risk Exposures by Geography	Page 14
AIRB Credit Risk Exposures by Maturity	Page 15
Standardized Credit Risk Exposures by Risk-weight	Page 16
Risk Assessment of Credit Risk Exposures - Non-retail AIRB Portfolio	Pages 17 - 18
Risk Assessment of Credit Risk Exposures - Retail AIRB Portfolio	Page 19
AIRB Credit Losses	Page 20
Estimated and Actual Loss Parameters - Non-retail and Retail AIRB Portfolios	Page 21
Credit Risk Mitigation	Page 22
Derivatives - Counterparty Credit Risk	Page 23
Risk-weighted Assets for Securitization Exposures - Banking Book	Pages 24 - 25
Total Market Risk-weighted Assets	Page 26
Glossary	Page 27

Effective November 1, 2012, Canadian banks are subject to the revised capital adequacy requirements as published by the Basel Committee on Banking Supervision (BCBS) and commonly referred to as Basel III. Basel III builds on the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II). Refer to page 2 "Basel III Implementation" for further details.

The Basel III Framework is composed of three Pillars:

- Pillar 1 – the actual methodologies that must be applied to calculate the minimum capital requirements.
- Pillar 2 – the requirement that banks have internal processes to assess their capital adequacy in relation to their strategies, risk appetite and actual risk profile. Regulators are expected to review these internal capital adequacy assessments.
- Pillar 3 – reflects the market disclosures required by banks to assist users of the information to better understand the risk profile.

This Appendix reflects the Pillar 3 market disclosures based on information gathered as part of the Pillar 1 process, and should assist users in understanding the changes to the risk-weighted assets and capital requirements.

Basel III classifies risk into three broad categories: credit risk, market risk and operational risk/ Under Pillar 1 of the Basel III Framework, minimum capital for these three risks is calculated using one of the following approaches:

- Credit risk capital – Internal Ratings Based Approach (Advanced or Foundation) or Standardized Approach.
- Operational risk capital – Advanced Measurement Approach (AMA), Standardized Approach or Basic Indicator Approach.
- Market risk capital - Internal models or Standardized Approach.

Credit Risk

The credit risk component consists of on- and off- balance sheet claims. The Basel III rules are not applied to traditional balance sheet categories but to categories of on- and off-balance sheet exposures which represent general classes of assets/exposures (Corporate, Sovereign, Bank, Retail and Equity) based on their different underlying risk characteristics.

Generally, while calculating capital requirements, exposure types such as Corporate, Sovereign, Bank, Retail and Equity are analyzed by the following credit risk exposure sub-types: Drawn, Undrawn, Repo-style transactions, Over-the-counter (OTC) Derivatives, Exchange Traded Derivatives and Other Off-balance sheet claims.

The Bank uses the Advanced Internal Ratings Based (AIRB) approach, for credit risk in its material Canadian, US and European portfolios and for a significant portion of international corporate and commercial portfolios. The Bank uses internal estimates, based on historical experience, for probability of default (PD), loss given default (LGD) and exposure at default (EAD).

- Under the AIRB approach, credit risk risk-weighted assets (RWA) are calculated by multiplying the capital requirement (K) by EAD times 12.5, where K is a function of the PD, LGD, maturity and prescribed correlation factors. This results in the capital calculations being more sensitive to underlying risks.
- Risk-weights for exposures which fall under the securitization framework are computed under the Ratings-Based Approach (RBA). Risk-weights depend on the external rating grades given by two of the external credit assessment institutions (ECAI): S&P, Moody's and DBRS.
- A multiplier of 1.25 is applied to the correlation parameter of all exposures to all unregulated Financial Institutions, and regulated Financial Institutions with assets of at least US\$100 billion.
- Exchange-traded derivatives which previously were excluded from the capital calculation under Basel II are risk-weighted under Basel III.
- An overall scaling factor of 6% is added to the credit risk RWA for all AIRB portfolios. For the remaining portfolios, the Standardized Approach is used to compute credit risk.
- The Standardized Approach applies regulator prescribed risk weight factors to credit exposures based on the external credit assessments (public ratings), where available, and also considers other additional factors (e.g. provision levels for defaulted exposures, loan-to-value for retail, eligible collateral, etc).

Operational Risk

The Bank uses the Standardized Approach for operational risk, where the capital charge is based on a fixed percentage of the average of the previous 3 years' gross income. The fixed percentages range from 12% - 18% and are based on the type of business, with retail banking activities at the low end of the range and investment banking and capital markets activities at the high end.

Market Risk

The Bank uses both internal models and standardized approaches to calculate market risk capital. Commencing Q1 2012, the Bank implemented additional market risk measures in accordance with Basel's Revisions of the Basel III market risk framework (July 2009). Additional measures include stressed value-at-risk, incremental risk charge and comprehensive risk measure.

IFRS

Effective Q1 2012, all amounts reflect the adoption of IFRS. Effective Q1 2014, all amounts reflect the adoption of new accounting standards, IFRS10 (Consolidated Financial Statements) and IAS19R (Employee Benefits).

Prior period amounts have not been restated for IFRS, Basel III and IFRS10/IAS19R as they represent the actual amounts reported in that period for regulatory purposes.

BASEL III IMPLEMENTATION



Canadian banks are subject to the revised capital adequacy requirements as published by the Basel Committee on Banking Supervision (BCBS) - commonly referred to as Basel III - effective November 1, 2012. Basel III builds on the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II). The Office of the Superintendent of Financial Institutions (OSFI) has issued guidelines, reporting requirements and disclosure guidance which are consistent with the Basel III reforms (except for implementation dates described below).

As compared to previous standards, Basel III places a greater emphasis on common equity by introducing a new category of capital, Common Equity Tier 1 (CET1), which consists primarily of common shareholders equity net of regulatory adjustments. These regulatory adjustments include goodwill, intangible assets, deferred tax assets, pension assets and investments in financial institutions over certain thresholds. Overall, the Basel III rules increase the level of regulatory deductions relative to Basel II. Basel III also increases the level of risk-weighted assets for significant investments and deferred tax amounts due to temporary timing differences under defined thresholds, exposures to large or unregulated financial institutions meeting specific criteria, exposures to centralized counterparties and exposures that give rise to wrong way risk. In December 2013, OSFI announced its decision to implement phase-in (over 5 years) of the regulatory capital for Credit Valuation Adjustment on Bilateral OTC derivatives effective Q1 2014. The bank has applied a 57% scalar for all tiers of capital this quarter. Effective Q3 2014, the bank will be applying scalars of 57%, 65% and 77% for risk-weighted assets attributable to CET1, Tier 1, and total capital respectively.

To enable banks to meet the new standards, Basel III contains transitional arrangements commencing January 1, 2013, through January 1, 2019. Transitional requirements result in a phase-in of new deductions to common equity over 5 years. Under the transitional rules, all CET1 deductions are multiplied by a factor during the transitional period, beginning with 0% in 2013, 20% in 2014, 40% in 2015, etc; through to 100% in 2018. The portion of the CET1 regulatory adjustments not deducted during the transitional period will continue to be subject to Basel II treatment. As a result the transitional Tier 1 and Total capital are generally aligned to Basel II ratios in the first year of adoption.

In addition, non-qualifying capital instruments will be phased-out over 10 years and the capital conservation buffer will be phased in over 5 years.

As of January 2019, the banks will be required to meet new minimum requirements related to risk-weighted assets of: Common Equity Tier 1 ratio of 4.5% plus a capital conservation buffer of 2.5%, collectively 7%. Including the capital conservation buffer, the minimum Tier 1 ratio will be 8.5%, and the Total capital ratio will be 10.5%.

OSFI required Canadian deposit-taking institutions to fully implement the 2019 Basel III reforms in 2013, without the transitional phase-in provisions for capital deductions, and achieve a minimum 7% common equity target, by the first quarter of 2013 along with a minimum Tier 1 ratio of 7% and Total capital ratio of 10%. In the first quarter of 2014, the minimum Tier 1 ratio rose to 8.5% and the Total capital ratio rose to 10.5%.

Furthermore, on January 13, 2011, additional guidance was issued by the BCBS, with respect to requirements for loss absorbency of capital at the point of non-viability, effective January 1, 2013 for Canadian banks. These rules affect the eligibility of instruments for inclusion in regulatory capital and provide for a transition and phase-out of any non-eligible instruments.

As at January 31, 2013, all of the Bank's preferred shares, capital instruments and subordinated debentures do not meet these additional criteria and will be subject to phase-out commencing January 2013. Certain innovative Tier 1 capital instruments issued by the Bank contain regulatory event redemption rights. The Bank has no present intention of invoking any regulatory event redemption features in these capital instruments. However, the Bank reserves the right to redeem, call or repurchase any capital instruments within the terms of each offering at any time in the future.

The BCBS has issued the rules on the assessment methodology for global systemically important banks (G-SIBs) and their additional loss absorbency requirements. In their view, additional policy measures for G-SIBs are required due to negative externalities (i.e., adverse side effects) created by systemically important banks which are not fully addressed by current regulatory policies. The assessment methodology for G-SIBs is based on an indicator-based approach and comprises five broad categories: size, interconnectedness, lack of readily available substitutes, global (cross-jurisdictional) activity and complexity. Additional loss absorbency requirements may range from 1% to 3.5% Common Equity Tier 1 depending upon a bank's systemic importance and will be introduced in parallel with the Basel III capital conservation and countercyclical buffers from 2016 through to 2019. Scotiabank is not designated as a G-SIB.

Since similar externalities can apply at a domestic level, the BCBS extended the G-SIBs framework to domestic systemically important banks (D-SIBs) focusing on the impact that a distress or failure would have on a domestic economy. Given that the D-SIB framework complements the G-SIB framework, the Committee considers that it would be appropriate if banks identified as D-SIBs by their national authorities are required by those authorities to comply with the principles in line with phase-in arrangements for the G-SIB framework, i.e., January 2016. In a March 2013 advisory letter, OSFI designated the 6 largest banks in Canada as domestic systemically important banks (D-SIBs), increasing their minimum capital ratio requirements by 1% for the identified D-SIBs. This 1% surcharge is applicable to all minimum capital ratio requirements for CET1, Tier 1 and Total Capital, by no later than January 1, 2016, in line with the requirements for global systemically important banks.

Risk-weighted assets are computed on an all-in Basel III basis unless otherwise indicated. All-in is defined as capital calculated to include all of the regulatory adjustments that will be required by 2019 but retaining the phase-out rules for non-qualifying capital instruments.

This Regulatory Capital Disclosure Supplementary has been updated to reflect OSFI's Advisory, "Required Public Disclosure Requirements related to Basel III Pillar 3" (issued July 2, 2013), effective Q3/13 for all Domestic Systemically Important Banks. The main features template that sets out a summary of information on the terms and conditions of the main features of all capital instruments is posted on the Bank's website as follows: <http://www.scotiabank.com/ca/en/0,,3066,00.htm>

Prior period amounts have not been restated for Basel III as they represent the actual amounts reported in that period for regulatory purposes.

REGULATORY CAPITAL HIGHLIGHTS ⁽¹⁾


(\$MM)	Basel III - IFRS							
	Q2 2014		Q1 2014		Q4 2013		Q3 2013	
	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾
Common Equity Tier 1 Capital	39,172	29,311	38,974	28,499	38,021	26,359	36,873	25,188
Tier 1 Capital	39,172	33,966	38,974	33,742	38,021	31,914	36,873	31,041
Total Capital	44,067	40,004	44,827	40,811	43,358	38,841	43,243	38,948
Total Risk-weighted Assets	304,507	300,155	306,465	302,070	293,252	288,246	287,011	282,309
Capital Ratios								
Common Equity Tier 1 (as a percentage of risk-weighted assets)	12.9	9.8	12.7	9.4	13.0	9.1	12.8	8.9
Tier 1 (as a percentage of risk-weighted assets)	12.9	11.3	12.7	11.2	13.0	11.1	12.8	11.0
Total Capital (as a percentage of risk-weighted assets)	14.5	13.3	14.6	13.5	14.8	13.5	15.1	13.8
OSFI Target - All-in Basis								
Common Equity Tier 1 minimum ratio		7.0		7.0		7.0		7.0
Tier 1 capital all-in minimum ratio		8.5		8.5				
Total capital all-in minimum ratio		10.5		10.5				
Capital instruments subject to phase-out arrangements □								
Current cap on Additional Tier 1 (AT1) instruments subject to phase-out	80%	80%	80%	80%	90%	90%	90%	90%
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	7	7	-	-	-	-
Current cap on Tier 2 (T2) instruments subject to phase-out arrangements	80%	80%	80%	80%	90%	90%	90%	90%
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-	-	-

⁽¹⁾ Prior quarters are detailed on pages 7-8.

⁽²⁾ 'All-in' approach is defined as capital calculated to include all of the regulatory adjustments that will be required by 2019 but retaining the phase-out rules for non-qualifying capital instruments.

REGULATORY CAPITAL - DEFINITION OF CAPITAL COMPONENTS



(\$MM)		Cross-Reference ⁽¹⁾	All-in Q2 2014	All-in Q1 2014
Common Equity Tier 1 Capital: Instruments and Reserves				
1	Directly issued qualifying common share capital plus related stock surplus	u+y	15,194	15,084
2	Retained Earnings	v	26,849	25,928
3	Accumulated Other Comprehensive Income	w	943	1,345
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	aa	508	487
6	Common Equity Tier 1 capital before regulatory adjustments		43,494	42,844
Common Equity Tier 1 Capital: Regulatory Adjustments				
8	Goodwill (net of related tax liability)	g	(6,910)	(6,959)
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	h-q+i-r	(3,018)	(2,910)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	(686)	(728)
11	Cash flow hedge reserve	x	89	121
14	Gains and losses due to changes in own credit risk on fair value liabilities	p	(153)	(173)
15	Defined-benefit pension fund net assets (net of related tax liability)	l-s	(106)	(76)
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	a	(11)	(23)
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	e	(2,812)	(2,881)
22	Amount exceeding the 15% threshold		(576)	(716)
23	of which: significant investments in the common stock of financials	f	(379)	(460)
25	of which: deferred tax assets arising from temporary differences	j	(197)	(256)
28	Total regulatory adjustments to Common Equity Tier 1		(14,183)	(14,345)
29	Common Equity Tier 1 Capital (CET1)		29,311	28,499
Additional Tier 1 Capital: Instruments				
33	Directly issued capital instruments subject to phase-out from Additional Tier 1	z + (2)	4,634	5,227
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	bb	34	29
36	Additional Tier 1 capital before regulatory adjustments		4,668	5,256
Additional Tier 1 Capital: Regulatory Adjustments				
39	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)			
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	b	(8)	(8)
41	Other deductions from Tier 1 capital as determined by OSFI	o	(5)	(5)
43	Total regulatory adjustments to Additional Tier 1 capital		(13)	(13)
44	Additional Tier 1 Capital (AT1)		4,655	5,243
45	Tier 1 Capital (T1=CET1 + AT1)		33,966	33,742

	Cross-Reference ⁽¹⁾	All-in Q2 2014	All-in Q1 2014
Tier 2 Capital: Instruments and Provisions			
47	Directly issued capital instruments subject to phase-out from Tier 2	m	4,864
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	cc	177
50	Eligible Collective Allowance and Excess of allowance over expected loss	c+d	997
51	Tier 2 capital before regulatory adjustments		6,038
Tier 2 Capital: Regulatory Adjustments			
57	Total regulatory adjustments to Tier 2 capital		0
58	Tier 2 Capital (T2)		6,038
59	Total Capital (TC = T1 + T2)		40,004
60	Total Risk-weighted Assets		300,155
Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)		9.8
62	Tier 1 (as a percentage of risk-weighted assets)		11.3
63	Total capital (as a percentage of risk-weighted assets)		13.3
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk-weighted assets)		7.0%
65	of which: capital conservation buffer requirement		2.5%
66	Not applicable.		
67	of which: G-SIB buffer requirement		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)		9.8
OSFI all-in target (minimum + capital conservation buffer + DSIB surcharge (if applicable))			
69	Common Equity Tier 1 all-in target ratio		7.0%
70	Tier 1 capital all-in target ratio		8.5%
71	Total capital all-in target ratio		10.5%
Amounts below the thresholds for the deduction (before risk-weighting)			
72	Non-significant investments in the capital of other financial institutions		1,318
73	Significant investments in the common stock of financial institutions		2,891
75	Deferred tax assets arising from temporary differences (net of related tax liability)		1,506
Applicable caps on the inclusion of allowances in Tier 2			
76	Allowances eligible for inclusion in Tier 2 in respect to exposures subject to standardized approach (prior to application of cap)		931
77	Cap on inclusion of allowances in Tier 2 under standardized approach		1,020
78	Allowances eligible for inclusion in Tier 2 in respect to exposures subject to internal ratings-based approach (prior to application of cap)		65
79	Cap for inclusion of allowances in Tier 2 under internal ratings-based approach		1,040
Capital instruments subject to phase-out arrangements (only applicable between Jan 1 2018 and Jan 1 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements		80%
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		-
82	Current cap on AT1 instruments subject to phase-out arrangements		80%
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		7
84	Current cap on T2 instruments subject to phase-out arrangements		80%
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		-

⁽¹⁾ Cross-referenced to the Consolidated Balance Sheet: Source of Definition of Capital Components on page 5 (refer to column: Under Regulatory Scope of Consolidation).

⁽²⁾ Line 33 also includes \$1,400 of capital instruments issued by trusts not consolidated under accounting standard IFRS 10, effective Q1 2014.

CONSOLIDATED BALANCE SHEET: SOURCE OF DEFINITION OF CAPITAL COMPONENTS



(\$MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position ⁽¹⁾	Under regulatory scope of consolidation ⁽²⁾	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position ⁽¹⁾	Under regulatory scope of consolidation ⁽²⁾
		Q2 2014	Q2 2014		Q2 2014	Q2 2014
Assets				Liabilities		
Cash and deposits with banks		59,758	59,382	Deposits		
Precious Metals		8,181	8,181	Personal	173,309	173,308
Trading Assets				Business and Government	337,876	337,876
Trading Securities		103,535	103,534	Banks	40,539	40,539
- Investment in own shares	a		11		551,724	551,723
- Other trading securities			103,523	Other		
Trading Loans		12,271	12,271	Acceptances	11,158	11,158
Other Trading Assets		1,922	1,922	Obligations Related to Securities Sold Short	27,810	27,810
		117,728	117,727	Derivative Instruments	28,918	28,918
Financial assets designated at fair value through profit or loss		114	114	Obligations Related to Securities Sold Under Repurchase Agreements	88,377	88,377
Securities Purchased Under Resale Agreements		83,357	83,357	Subordinated Debentures	4,864	4,864
Derivative Instruments		25,223	25,223	- Regulatory capital amortization of maturing debentures		-
Investment Securities		37,387	36,734	- Subordinated debentures used for regulatory capital		-
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital	b		8	- of which: are subject to phase-out included in Tier 1 capital (80%)	m	4,864
- Other securities			36,726	- of which: are subject to phase-out not included in Tier 1 capital		-
Loans				Other Liabilities	31,464	30,829
Residential Mortgages		210,866	210,729	- Liquidity Reserves		5
Personal and Credit Cards		79,170	79,170	- Gains/losses due to changes in own credit risk including DVA on derivatives	p	153
Business and Government		132,192	132,192	- Deferred tax liabilities		663
		422,228	422,091	- Intangible assets (excl. computer software and mortgage servicing rights)	q	772
Allowance For Credit Losses		(3,364)	(3,364)	- Intangible assets - computer software	r	93
- Collective Allowance reflected in Tier 2 capital	c		932	- Defined benefit pension fund assets	s	48
- Excess of allowances to expected loss	d		65	- Other deferred tax liabilities		(250)
- Allowances not reflected in regulatory capital			2,367	- Other Liabilities		30,394
Other				Total Liabilities	192,591	191,956
Customers' Liability Under Acceptances		11,158	11,158		744,315	743,679
Property and Equipment		2,222	2,124	Shareholders' Equity		
Investments in Associates		5,536	6,166	Common Equity		
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		2,812	- Common Shares	u	14,999
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		379	- Retained Earnings	v	26,849
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			2,975	- Accumulated Other Comprehensive Income (Loss)	w	943
Goodwill & Other Intangibles		10,794	10,794	- Cash flow hedging reserve	x	(89)
- Goodwill	g		6,910	- Other		1,032
- Intangibles (excl. computer software)	h		2,877	- Other Reserves	y	195
- Computer software intangibles	i		1,007	Total Common Equity		42,986
Deferred tax assets		1,972	1,971	Preferred Shares		3,234
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		197	- of which: are subject to phase-out and included in Tier 1 capital (80%)		
- Deferred tax assets that rely on future profitability	k		686	- of which: are subject to phase-out and not included into Tier 1 capital	z	3,234
- Deferred tax assets not deducted from regulatory capital			1,088	Total Equity Attributable to Equity Holders		46,220
Other Assets		9,478	9,478	Non-Controlling Interests		
- Defined pension fund assets	l		154	Non-Controlling Interest in Subsidiaries		1,237
- Other assets			9,324	- portion allowed for inclusion into CET1	aa	508
		41,160	41,691	- portion allowed for inclusion into Tier 1 capital	bb	34
		791,772	791,136	- portion allowed for inclusion into Tier 2 capital	cc	177
				- portion not allowed for regulatory capital		518
Total Assets				Total Equity		47,457
				Total Liabilities & Shareholders' Equity		791,772
						791,136

⁽¹⁾ Consolidated Statement of Financial Position as reported in the 2014 Second Quarter Results - Report to the Shareholders

⁽²⁾ Legal Entities that are within the accounting scope of consolidation but excluded from the regulatory scope of consolidation represent the Bank's insurance subsidiaries principle activities includes insurance, reinsurance, property and casualty insurance. Key subsidiaries are Scotia Insurance Barbados Ltd (assets:\$359, equity:\$288), Scotia Life Insurance Company (assets:\$96, equity:\$162), Scotia Jamaica Life Insurance Co. Ltd (assets:\$483, equity:\$71), Scotia Life Trinidad and Tobago Ltd (assets:\$239, equity:\$48) and Scotia Seguros: (assets:\$56, equity:\$31).

BALANCE SHEET ASSET CATEGORIES CROSS-REFERENCED TO CREDIT RISK EXPOSURES


	Credit Risk Exposures					Other Exposures		Total
	Drawn		Other Exposures			Market Risk Exposures		
	Non-retail	Retail	Securitization	Repo-style Transactions	OTC Derivatives	Also subject to Credit Risk	All Other ⁽¹⁾	
As at April 30, 2014 (\$ MM)								
Cash and deposits with financial institutions	\$57,400	-	-	-	-	-	\$2,358	\$59,758
Precious metals	-	-	-	-	-	-	8,181	8,181
Trading assets								
Securities	-	-	-	-	-	-	103,535	103,535
Loans	8,511	-	-	-	-	8,511	3,760	12,271
Other	-	-	-	-	-	-	1,922	1,922
Financial assets designated at fair value through profit or loss	72	-	-	-	-	-	42	114
Securities purchased under resale agreements and securities borrowed	-	-	-	83,357	-	-	-	83,357
Derivative financial instruments	-	-	-	-	25,223	23,462	-	25,223
Investment securities	32,407	-	-	-	-	-	4,980	37,387
Loans:								
Residential mortgages ⁽²⁾	85,548	125,204	-	-	-	-	114	210,866
Personal and credit cards	-	77,302	1,858	-	-	-	10	79,170
Business & government	124,577	-	7,593	-	-	-	22	132,192
Allowances for credit losses ⁽³⁾	(792)	-	-	-	-	-	(2,572)	(3,364)
Customers' liability under acceptances	11,158	-	-	-	-	-	-	11,158
Property and equipment	-	-	-	-	-	-	2,222	2,222
Investment in associates	-	-	-	-	-	-	5,536	5,536
Goodwill and other intangibles assets	-	-	-	-	-	-	10,794	10,794
Other (including Deferred tax assets)	773	140	-	-	-	-	10,537	11,450
Total	\$319,654	\$202,646	\$9,451	\$83,357	\$25,223	\$31,973	\$117,398	\$791,772

(1) Includes the Bank's insurance subsidiaries' assets and all other assets which are not subject to credit and market risks.

(2) Includes \$84.9 billion in mortgages guaranteed by Canada Mortgage Housing Corporation including 90% of privately insured mortgages.

(3) Gross of allowances against impaired loans for AIRB exposures and net of allowances against impaired loans for standardized exposures.

	Credit Risk Exposures					Other Exposures		Total
	Drawn		Other Exposures			Market Risk Exposures		
	Non-retail	Retail	Securitization	Repo-style Transactions	OTC Derivatives	Also subject to Credit Risk	All Other ⁽¹⁾	
As at January 31, 2014 (\$ MM)								
Cash and deposits with financial institutions	\$53,084	-	-	-	-	-	\$2,237	\$55,321
Precious metals	-	-	-	-	-	-	7,571	7,571
Trading assets								
Securities	-	-	-	-	-	-	99,583	99,583
Loans	8,319	-	-	-	-	8,319	3,479	11,798
Other	-	-	-	-	-	-	1,594	1,594
Financial assets designated at fair value through profit or loss	73	-	-	-	-	-	41	114
Securities purchased under resale agreements and securities borrowed	-	-	-	82,435	-	-	-	82,435
Derivative financial instruments	-	-	-	-	30,391	28,304	-	30,391
Investment securities	32,519	-	241	-	-	-	5,133	37,893
Loans:								
Residential mortgages ⁽²⁾	87,088	123,863	-	-	-	-	111	211,062
Personal and credit cards	-	75,593	2,025	-	-	-	9	77,627
Business & government	121,779	-	7,683	-	-	-	31	129,493
Allowances for credit losses ⁽³⁾	(831)	-	-	-	-	-	(2,530)	(3,361)
Customers' liability under acceptances	11,250	-	-	-	-	-	-	11,250
Property and equipment	-	-	-	-	-	-	2,252	2,252
Investment in associates	-	-	-	-	-	-	5,517	5,517
Goodwill and other intangibles assets	-	-	-	-	-	-	10,822	10,822
Other (including Deferred tax assets)	877	137	-	-	-	-	10,459	11,473
Total	\$314,158	\$199,593	\$9,949	\$82,435	\$30,391	\$36,623	\$112,227	\$782,835

(1) Includes the Bank's insurance subsidiaries' assets and all other assets which are not subject to credit and market risks.

(2) Includes \$86.5 billion in mortgages guaranteed by Canada Mortgage Housing Corporation including 90% of privately insured mortgages.

(3) Gross of allowances against impaired loans for AIRB exposures and net of allowances against impaired loans for standardized exposures.

FLOW STATEMENT FOR REGULATORY CAPITAL



	Basel III All-in			
	2014		2013 ⁽¹⁾	
	Q2	Q1	Q4	Q3
(\$MM)				
Common Equity Tier 1 (CET1) capital				
Opening amount	28,499	26,359	25,188	24,013
New capital issues	-	-	-	-
Redeemed capital	-	-	-	-
Gross dividends	(821)	(798)	(800)	(773)
Share Purchase Plan	110	375	328	284
Profit for the quarter (attributable to shareholders of the parent company)	1,742	1,655	1,626	1,703
Removal of own credit spread (net of tax)	20	(21)	(8)	(6)
Movements in other comprehensive income, excluding cash flow hedges ⁽²⁾	(434)	1,038	363	(300)
Currency translation differences	(385)	1,055	297	(198)
Available-for-sale investments	6	18	66	(102)
Other	(55)	(35)	-	-
Goodwill and other intangible assets (deduction, net of related tax liability)	(59)	(97)	(97)	(125)
Other, including regulatory adjustments and transitional arrangements	254	(12)	(241)	392
Deferred tax assets that rely on future probability	42	24	(4)	(5)
Prudential valuation adjustments	-	-	-	-
Other, IFRS Impact ⁽²⁾	-	(142)	-	-
Other	212	106	(237)	397
Closing Amount	29,311	28,499	26,359	25,188
Other Additional Tier 1 Capital				
Opening amount	5,243	5,555	5,853	5,948
New Additional Tier 1 eligible capital issues				
Redeemed capital	(600)	(250)	(300)	(750)
Other, capital including regulatory adjustments and transitional arrangements	12	(62)	2	655
Closing Amount	4,654	5,243	5,555	5,853
Total Tier 1 Capital	33,966	33,742	31,914	31,041
Tier 2 capital				
Opening amount	7,070	6,927	7,907	8,243
New Tier 2 eligible capital issues	-	-	-	-
Redeemed capital	(1,000)	-	(1,200)	-
Amortization adjustments	-	-	250	-
Other, including regulatory adjustments and transitional adjustments	(32)	143	(30)	(336)
Closing Amount	6,038	7,070	6,927	7,907
Total regulatory capital	40,004	40,811	38,841	38,948

⁽¹⁾ Prior quarters on a more summarized basis, refer to page 8. Prior period amounts have not been restated for the new IFRS standards as they represent the actual amounts in that period for regulatory purposes.

⁽²⁾ Impact on November 1, 2013, from the adoption of new accounting standards, IFRS 10 (Consolidated Financial Statements) and IAS 19R (Employee Benefits) is included in Other.

REGULATORY CAPITAL ⁽¹⁾



(\$MM)	2013 (Basel III All-in)		2012 (Basel II)				2011 (Basel II)
	IFRS		IFRS				CGAAP
	Q2	Q1	Q4	Q3	Q2	Q1	Q4
REGULATORY CAPITAL:							
Common Shares, Contributed Surplus & Retained Earnings	37,661	36,556	35,283	32,555	31,011	28,399	33,094
Adjustment for transition to measurement base under IFRS	-	-	322	643	964	1,286	
Accumulated Other Comprehensive Income, excluding cash flow hedges	351	343					
Accumulated Foreign Currency Translation Losses			(528)	(563)	(848)	(555)	(5,162)
Non-Controlling Interest of Subsidiaries	447	437	966	918	887	823	640
Goodwill and Non-qualifying Intangibles			(5,239)	(5,363)	(5,375)	(4,586)	(4,662)
Other deductions	(14,446)	(14,322)					
CET1	24,013	23,014					
Non-Cumulative Preferred Shares	3,945	3,945	4,384	4,384	4,384	4,384	4,384
Innovative Capital Instruments	1,935	1,935	2,150	2,150	2,900	2,900	2,900
Other Capital Deductions ⁽²⁾	68	66	(2,902)	(2,850)	(2,949)	(3,773)	(2,705)
Net Tier 1 Capital	29,961	28,960	34,436	31,874	30,974	28,878	28,489
Accumulated Net Unrealized Gains (after-tax) on Available-For-Sale Equity Securities			305	288	296	254	152
Subordinated Debentures (net of Amortization)	7,087	7,902	9,893	6,699	6,695	6,730	6,723
Eligible Allowance for Credit Losses ⁽³⁾	1,048	853	454	444	401	391	353
Capital issued by consolidated subsidiaries to third parties	108	103					
Tier 2 Capital	8,243	8,858	10,652	7,431	7,392	7,375	7,228
Other Capital Deductions ⁽⁴⁾			(2,895)	(2,847)	(2,946)	(2,961)	(3,184)
Total Regulatory Capital	38,204	37,818	42,193	36,458	35,420	33,292	32,533
CHANGES IN REGULATORY CAPITAL:							
Total Capital, Beginning of Period	37,818	42,193	36,458	35,420	33,292	32,533	31,697
Internally Generated Capital							
Net Income attributable to Equity Holders of the Bank	1,534	1,559	1,453	2,001	1,391	1,398	1,222
Preferred and Common Share Dividends	(771)	(731)	(728)	(683)	(679)	(622)	(620)
	763	828	725	1,318	712	776	602
External Financing							
Subordinated Debentures (net of Amortization)	(1,710)	(1,362)	3,194	4	(35)	7	(31)
Innovative Capital Instruments	-	-	-	(750)	-	-	-
Preferred Shares	-	-	-	-	-	-	-
Common Shares Issued	352	413	1,976	199	1,895	733	194
	(1,358)	(949)	5,170	(547)	1,860	740	163
Other							
Net Change in Foreign Currency Translation Gains / (Losses) ⁽⁵⁾	-	-	34	285	(294)	142	239
Net Change in Net Unrealized Gains / Losses (after-tax) on Available-For-Sale Equity Securities	-	-	17	(8)	42	102	(78)
Non-Controlling Interest of Subsidiaries	-	-	48	31	64	183	39
Other ⁽⁶⁾	981	(4,254)	(259)	(41)	(256)	(1,184)	(129)
	981	(4,254)	(160)	267	(444)	(757)	71
Total Capital Generated / (Used)	386	(4,375)	5,735	1,038	2,128	759	836
Total Capital, End of Period	38,204	37,818	42,193	36,458	35,420	33,292	32,533

- (1) Effective Q3 2013, this schedule has been replaced with pages 4 and 7 on a prospective basis. Prior period amounts have not been restated for the new IFRS standards as they represent the actual amounts in that period for regulatory purposes.
- (2) Under Basel III, Other Capital Deductions in Tier 1 and Tier 2 is comprised of Non-controlling interest of subsidiaries. Under Basel II, Other Capital Deductions is comprised of 50% of all investments in certain specified corporations (includes insurance subsidiaries effective November 1, 2011) and other items.
- (3) Under Basel II, eligible general allowances in excess of expected losses under AIRB approach and allocated allowances under Standardized approach can be included in capital, subject to certain limitations.
- (4) Under Basel II, other capital deductions was comprised of 50% of all investments in certain specified corporations (includes insurance subsidiaries effective November 1, 2011), 100% of investments in insurance subsidiaries prior to November 1, 2011
- (5) Q1 2012 excludes reclassification of \$4.5 billion from AOCI to Retained Earnings as a result of the adoption of IFRS, which is included in Other ⁽⁶⁾.
- (6) Includes changes to eligible allowances for credit losses, regulatory capital deductions relating to goodwill, non-qualifying intangibles, investments in associated corporations and insurance entities. Effective Q1 2012, also includes the impact to retained earnings and AOCI Foreign Currency Translation from the adoption of IFRS. For Q1/13, includes transition amount for conversion from Basel II to Basel III.

RISK-WEIGHTED ASSETS AND CAPITAL RATIOS



(\$B)	Basel III - All-in						Basel II			
	2014		IFRS				2012			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
RISK-WEIGHTED ASSETS:^(1,2)										
On- Balance Sheet Assets										
Cash Resources	2.7	2.5	2.9	3.1	3.0	2.6	2.7	2.9	4.1	3.0
Securities ⁽³⁾	13.8	16.4	15.4	15.9	16.3	17.5	12.6	12.7	17.1	17.4
Residential Mortgages	19.5	19.1	19.0	18.5	18.1	17.6	13.0	12.4	12.4	12.1
Loans										
- Personal Loans	37.8	37.1	36.3	34.3	33.4	32.5	30.8	29.7	28.6	28.6
- Non-Personal Loans	95.9	93.2	88.2	87.6	87.1	88.0	85.5	85.4	82.9	83.5
All Other ⁽⁴⁾	24.3	25.8	24.9	23.9	22.9	23.8	18.2	18.1	18.4	17.1
	194.0	194.1	186.7	183.3	180.8	182.0	162.8	161.2	163.5	161.7
Off- Balance Sheet Assets										
Indirect Credit Instruments	35.6	37.6	38.3	37.3	35.7	34.8	34.1	33.7	32.0	32.0
Derivative Instruments	13.3	13.0	7.6	7.6	7.6	8.0	5.6	5.9	5.8	6.0
	48.9	50.6	45.9	44.9	43.3	42.8	39.7	39.6	37.8	38.0
Total Credit Risk before AIRB scaling factor	242.9	244.7	232.6	228.2	224.1	224.8	202.5	200.8	201.3	199.7
AIRB Scaling factor ⁽⁵⁾	8.5	8.5	8.3	8.1	8.3	8.2	7.5	7.5	7.6	7.7
Total Credit Risk after AIRB scaling factor	251.4	253.2	240.9	236.3	232.4	233.0	210.0	208.3	208.9	207.4
Market Risk - Risk Assets Equivalent	16.4	16.7	15.4	14.5	17.4	16.5	13.8	14.8	14.8	16.5
Operational Risk - Risk Assets Equivalent	32.4	32.2	31.9	31.5	30.9	30.6	29.5	29.3	29.2	29.2
Total Risk-Weighted Assets	300.2	302.1	288.2	282.3	280.7	280.1	253.3	252.4	252.9	253.1
REGULATORY CAPITAL RATIOS (%):										
Common Equity Tier 1	9.8	9.4	9.1	8.9	8.6	8.2	n/a	n/a	n/a	n/a
Tier 1	11.3	11.2	11.1	11.0	10.7	10.3	13.6	12.6	12.2	11.4
Total	13.3	13.5	13.5	13.8	13.6	13.5	16.7	14.4	14.0	13.2

(1) For purposes of this presentation only, Risk-weighted Assets (RWA) is shown by balance sheet categories. Details by Basel III exposure type are shown on pages 12-13 entitled, "Exposure at Default and Risk-Weighted Assets for Credit Risk Portfolios".

(2) Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

(3) Effective Q1 2013, under Basel III, Securities include amounts for trade exposures related to securities financing transactions.

(4) Effective Q1 2013, under Basel III, Other Assets include amounts for initial margin related to trade exposures, default fund contributions to QCCP and exchange-traded derivatives (previously were excluded for capital calculation under Basel II and are now risk-weighted as per OSFI guideline).

(5) The Basel Framework requires an additional 6% scaling factor to AIRB credit risk portfolios (excluding exposures with a risk-weight of 1250%).

MOVEMENT OF RISK-WEIGHTED ASSETS (RWA) BY RISK TYPE (ALL-IN BASIS)


Credit Risk RWA (\$MM)	Q2 2014		Q1 2014	
	Credit Risk ⁽¹⁾	Of which Counterparty Credit Risk	Credit Risk ⁽¹⁾	Of which Counterparty Credit Risk
Credit risk-weighted assets as at beginning of Quarter	\$253,196	\$16,101	\$240,940	\$10,471
Book size ⁽²⁾	970	(497)	3,297	785
Book quality ⁽³⁾	(852)	149	(4,313)	(828)
Model updates ⁽⁴⁾	-	-	-	-
Methodology and policy ⁽⁵⁾	-	-	5,003	5,003
Acquisitions and disposals	-	-	-	-
Foreign exchange movements	(1,922)	(156)	8,269	670
Other	-	-	-	-
Credit risk-weighted assets as at end of Quarter	\$251,392	\$15,597	\$253,196	\$16,101

⁽¹⁾ Counterparty credit risk includes trading and investment over the counter derivatives (OTC), repo-style exposures, trades cleared through central counterparties and effective Q1/14, Credit Valuation Adjustment RWA (phased-in at 57%).

⁽²⁾ Book size is defined as organic changes in book size and composition (including new business and maturing loans).

⁽³⁾ Book quality is defined as quality of book changes caused by experience such as underlying customer behaviour or demographics, including changes through model calibrations/realignments.

⁽⁴⁾ Model updates are defined as model implementation, change in model scope or any change to address model enhancement.

⁽⁵⁾ Methodology and policy is defined as methodology changes to the calculations driven by regulatory policy changes, such as new regulation (e.g. Basel III).

Market Risk RWA (\$MM)	Q2 2014	Q1 2014
Market risk-weighted assets as at beginning of Quarter	\$16,714	\$15,455
Movement in risk levels ⁽¹⁾	(343)	1,259
Model updates ⁽²⁾	15	-
Methodology and policy ⁽³⁾	-	-
Acquisitions and disposals	-	-
Other	-	-
Market risk-weighted assets as at end of Quarter	\$16,386	\$16,714

⁽¹⁾ Movement in risk levels are defined as changes in risk due to position changes and market movements. Foreign exchange movements are imbedded within Movement in risk levels.

⁽²⁾ Model updates are defined as updates to the model to reflect recent experience and change in model scope.

⁽³⁾ Methodology and policy is defined as methodology changes to the calculations driven by regulatory policy changes (eg. Basel III).

Operational Risk RWA (\$MM)	Q2 2014	Q1 2014
Operational risk-weighted assets as at beginning of Quarter	\$32,160	\$31,851
Revenue Generation	217	309
Operational risk-weighted assets as at end of Quarter	\$32,377	\$32,160

RISK-WEIGHTED ASSETS ARISING FROM THE ACTIVITIES OF THE BANK'S BUSINESSES


Risk-weighted Assets (RWA)	Q2 2014					
	Canadian Banking	International Banking	Global Wealth & Insurance	Global Banking & Markets	Other	All Bank
RWA (\$ billions)	\$83.3	\$105.7	\$12.1	\$88.7	\$10.4	\$300.2
Proportion of Bank	28%	35%	4%	30%	3%	100%
Comprised of:						
Credit risk	87%	89%	61%	76%	100%	84%
Market risk	- %	1%	- %	17%	- %	5%
Operational risk	13%	10%	39%	7%	- %	11%

Risk-weighted Assets (RWA)	Q1 2014					
	Canadian Banking	International Banking	Global Wealth & Insurance	Global Banking & Markets	Other	All Bank
RWA (\$ billions)	\$81.3	\$106.1	\$11.6	\$90.3	\$12.8	\$302.1
Proportion of Bank	27%	35%	4%	30%	4%	100%
Comprised of:						
Credit risk	87%	89%	58%	76%	100%	84%
Market risk	- %	1%	- %	17%	- %	5%
Operational risk	13%	10%	42%	7%	- %	11%

EXPOSURE AT DEFAULT AND RISK-WEIGHTED ASSETS FOR CREDIT RISK PORTFOLIOS



(\$MM)		Basel III - IFRS							
		Q2 2014						Q1 2014	
		AIRB		Standardized		Total		Total	
Exposure Type	Sub-type	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾
Non-Retail									
Corporate ⁽³⁾	Drawn	88,320	51,166	40,288	38,913	128,608	90,079	121,562	86,649
	Undrawn	38,872	16,828	2,747	2,726	41,619	19,554	42,968	20,444
	Other ⁽⁴⁾	24,266	7,888	2,286	2,238	26,552	10,126	30,930	11,540
	Total	151,458	75,882	45,321	43,877	196,779	119,759	195,460	118,633
Bank ⁽³⁾	Drawn	26,457	7,373	2,610	1,680	29,067	9,053	34,833	9,949
	Undrawn	10,534	3,227	86	52	10,620	3,279	11,879	3,507
	Other ⁽⁴⁾	8,146	1,316	82	54	8,228	1,370	7,904	1,304
	Total	45,137	11,916	2,778	1,786	47,915	13,702	54,616	14,760
Sovereign	Drawn	71,781	4,395	5,291	322	77,072	4,717	71,279	5,145
	Undrawn	1,359	189	-	-	1,359	189	1,440	263
	Other ⁽⁴⁾	855	30	1	1	856	31	1,191	28
	Total	73,995	4,614	5,292	323	79,287	4,937	73,910	5,436
Total Non-Retail	Drawn	186,558	62,934	48,189	40,915	234,747	103,849	227,674	101,743
	Undrawn	50,765	20,244	2,833	2,778	53,598	23,022	56,287	24,214
	Other ⁽⁴⁾	33,267	9,234	2,369	2,293	35,636	11,527	40,025	12,872
	Total	270,590	92,412	53,391	45,986	323,981	138,398	323,986	138,829
Retail									
Residential Mortgages	Drawn	187,770	9,458	22,681	10,008	210,451	19,466	210,691	19,085
	Undrawn	-	-	-	-	-	-	-	-
	Total	187,770	9,458	22,681	10,008	210,451	19,466	210,691	19,085
Secured Lines Of Credit	Drawn	18,459	4,509	-	-	18,459	4,509	18,220	4,552
	Undrawn	13,265	1,394	-	-	13,265	1,394	13,052	1,370
	Total	31,724	5,903	-	-	31,724	5,903	31,272	5,922
Qualifying Revolving Retail Exposures (QRRE)	Drawn	15,653	7,153	-	-	15,653	7,153	15,412	7,171
	Undrawn	13,638	1,674	-	-	13,638	1,674	13,400	1,678
	Total	29,291	8,827	-	-	29,291	8,827	28,812	8,849
Other Retail	Drawn	21,277	10,441	21,712	15,775	42,989	26,216	41,754	25,405
	Undrawn	736	91	-	-	736	91	733	91
	Total	22,013	10,532	21,712	15,775	43,725	26,307	42,487	25,496
Total Retail	Drawn	243,159	31,561	44,393	25,783	287,552	57,344	286,077	56,213
	Undrawn	27,639	3,159	-	-	27,639	3,159	27,185	3,139
Total	270,798	34,720	44,393	25,783	315,191	60,503	313,262	59,352	
Securitizations		19,342	5,464	64	63	19,406	5,527	19,900	7,273
Trading Derivatives ⁽³⁾		22,139	7,454	-	-	22,139	7,454	23,638	7,284
Derivatives - credit valuation adjustment ⁽⁵⁾		-	-	-	4,793	-	4,793	-	5,003.00
Total Credit Risk (Excluding Equities & Other Assets)		582,869	140,050	97,848	76,625	680,717	216,675	680,786	217,741
Equities		4,002	4,002	-	-	4,002	4,002	4,019	4,019
Other Assets ⁽⁶⁾		-	-	52,771	22,224	52,771	22,224	57,028	22,930
Total Credit Risk (Before Scaling Factor)		586,871	144,052	150,619	98,849	737,490	242,901	741,833	244,690
Add-on for 6% Scaling Factor ⁽⁷⁾		-	8,491	-	-	-	8,491	-	8,506
Total Credit Risk		586,871	152,543	150,619	98,849	737,490	251,392	741,833	253,196

(1) Exposure at default, before credit risk mitigation for AIRB exposures, after related allowances for credit losses for Standardized exposures.

(2) Risk-Weighted Assets.

(3) Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

(4) Includes lending instruments such as letters of credit and letters of guarantee; banking book derivatives and repo-style exposures, net of related collateral.

(5) As per OSFI guideline, effective Q1/14, Credit Valuation Adjustment RWA on derivatives are phased-in at 57%.

(6) Effective Q1 2013, Other Assets include exchange-traded derivatives which were previously excluded for capital calculation under Basel II and are now risk-weighted under Basel III.

(7) The Basel Framework requires an additional 6% scaling factor to AIRB credit risk portfolios (excluding exposures with a risk-weight of 1250%).

EXPOSURE AT DEFAULT AND RISK-WEIGHTED ASSETS FOR CREDIT RISK PORTFOLIOS (CONTINUED)



(SMM)		Basel III - IFRS								Basel II - IFRS					
		2013								2012					
		Q4		Q3		Q2		Q1		Q4		Q3		Q2	
Exposure Type	Sub-type	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾
Non-Retail															
Corporate ⁽³⁾	Drawn	116,209	82,203	114,567	82,109	115,934	81,854	114,895	82,943	112,974	82,239	111,052	81,432	108,593	78,977
	Undrawn	45,758	21,547	45,477	21,329	42,956	20,029	42,742	19,656	43,056	20,311	42,226	20,017	41,356	19,239
	Other ⁽⁴⁾	24,902	9,520	22,156	8,532	21,444	8,604	21,602	8,854	16,765	7,095	17,710	7,488	16,325	6,514
	Total	186,869	113,270	182,200	111,970	180,334	110,487	179,239	111,453	172,795	109,645	170,988	108,937	166,274	104,730
Bank	Drawn	28,186	9,509	33,053	9,280	36,340	9,875	33,665	9,297	35,211	8,047	34,596	8,731	38,228	10,377
	Undrawn	12,463	3,968	12,374	4,114	11,930	3,810	11,130	3,479	11,060	2,754	10,731	2,631	10,731	2,583
	Other ⁽⁴⁾	11,361	2,071	12,772	1,779	11,955	1,723	9,159	1,694	7,842	1,190	11,435	1,769	11,555	1,657
	Total	52,010	15,548	58,199	15,173	60,225	15,408	53,954	14,470	54,113	11,991	56,762	13,131	60,514	14,617
Sovereign	Drawn	69,594	5,013	63,915	5,074	63,065	4,117	65,407	5,053	53,451	4,079	57,628	4,151	56,444	4,032
	Undrawn	1,568	234	1,276	247	1,539	306	1,605	269	1,281	220	1,412	249	1,288	235
	Other ⁽⁴⁾	4,837	84	2,549	5	2,278	5	281	6	291	27	438	25	380	29
	Total	75,999	5,331	67,740	5,326	66,882	4,428	67,293	5,328	55,023	4,326	59,478	4,425	58,112	4,296
Total Non-retail	Drawn	213,989	96,725	211,535	96,463	215,339	95,846	213,967	97,293	201,636	94,365	203,276	94,314	203,265	93,386
	Undrawn	59,789	25,749	59,127	25,690	56,425	24,145	55,477	23,404	55,397	22,895	54,369	22,897	53,375	22,057
	Other ⁽⁴⁾	41,100	11,675	37,477	10,316	35,677	10,332	31,042	10,554	24,898	8,312	29,583	9,282	28,260	8,200
	Total	314,878	134,149	308,139	132,469	307,441	130,323	300,486	131,251	281,931	125,962	287,228	126,493	284,900	123,643
Retail															
Residential Mortgages	Drawn	209,581	18,956	208,604	18,464	207,641	18,139	206,648	17,625	175,114	13,005	171,295	12,370	166,816	12,382
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	209,581	18,956	208,604	18,464	207,641	18,139	206,648	17,625	175,114	13,005	171,295	12,370	166,816	12,382
Secured Lines Of Credit	Drawn	18,241	4,802	18,346	4,512	18,475	4,540	18,328	4,530	18,404	4,701	18,144	4,502	17,841	4,428
	Undrawn	12,856	1,419	12,625	1,302	12,347	1,280	12,026	1,247	11,759	1,267	11,492	1,229	11,149	1,196
	Total	31,097	6,221	30,971	5,814	30,822	5,820	30,354	5,777	30,163	5,968	29,636	5,731	28,990	5,624
Qualifying Revolving	Drawn	15,174	7,105	14,944	6,691	14,711	6,553	14,517	6,489	14,414	6,444	14,194	6,128	14,371	6,058
	Undrawn	12,900	1,672	12,500	1,473	12,159	1,426	11,901	1,395	11,613	1,397	11,348	1,303	11,197	1,260
	Total	28,074	8,777	27,444	8,164	26,870	7,979	26,418	7,884	26,027	7,841	25,542	7,431	25,568	7,318
Other Retail	Drawn	40,499	24,412	38,184	23,088	36,497	22,326	35,018	21,501	32,938	19,642	32,002	19,047	30,109	18,088
	Undrawn	735	90	720	87	708	86	761	93	749	93	739	92	597	59
	Total	41,234	24,502	38,904	23,175	37,205	22,412	35,779	21,594	33,687	19,735	32,741	19,139	30,706	18,147
Total Retail	Drawn	283,495	55,275	280,078	52,755	277,324	51,558	274,511	50,145	240,870	43,792	235,635	42,047	229,137	40,956
	Undrawn	26,491	3,181	25,845	2,862	25,214	2,792	24,688	2,735	24,121	2,757	23,579	2,624	22,943	2,515
	Total	309,986	58,456	305,923	55,617	302,538	54,350	299,199	52,880	264,991	46,549	259,214	44,671	252,080	43,471
Securitized		17,975	7,049	18,145	7,606	18,183	7,857	18,046	8,036	17,636	4,170	16,955	4,404	15,240	4,060
Trading Derivatives ⁽³⁾		20,623	6,977	21,848	7,309	22,211	7,189	22,470	7,609	18,845	5,434	19,772	5,617	20,105	5,574
Total Credit risk (excl. Equities & Other Assets)		663,462	206,631	654,055	203,001	650,373	199,719	640,201	199,776	583,403	182,115	583,169	181,185	572,325	176,748
Equities⁽⁵⁾		3,728	3,728	3,629	3,629	3,678	3,678								
	Grandfathered	-	-	-	-	-	-	-	-	-	-	-	-	1,298	1,298
	Simple Method	-	-	-	-	-	-	-	-	-	-	-	-	1,695	5,721
	PD/LGD Approach	-	-	-	-	-	-	-	-	-	-	-	-	433	510
	Other	-	-	-	-	-	-	3,539	3,539	3,155	3,155	3,055	3,055	-	-
	Total Equities	3,728	3,728	3,629	3,629	3,678	3,678	3,539	3,539	3,155	3,155	3,055	3,055	3,426	7,529
Other Assets⁽⁶⁾		55,910	22,250	53,664	21,594	51,101	20,800	51,040	21,472	41,514	17,197	37,760	16,477	38,970	16,894
		723,100	232,609	711,348	228,224	705,152	224,197	694,780	224,787	628,072	202,467	623,984	200,717	614,721	201,171
Add-on for 6% scaling factor ⁽⁷⁾			8,331		8,119		8,262		8,245		7,499		7,536		7,642
Total Credit Risk		723,100	240,940	711,348	236,343	705,152	232,459	694,780	233,032	628,072	209,966	623,984	208,253	614,721	208,813

(1) Exposure at default, before credit risk mitigation for AIRB exposures, after related allowances for credit losses for Standardized exposures.

(2) Risk-Weighted Assets.

(3) Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

(4) Includes lending instruments such as letters of credit and letters of guarantee; banking book derivatives and repo-style exposures, net of related collateral.

(5) Effective July 31, 2012, the Bank's equity portfolio, including both preferred and grandfathered securities, qualified for the materiality threshold exemption under OSFI's Capital Adequacy Requirements for equities.

(6) Effective Q1 2013, Other Assets includes exchange-traded derivatives which previously were excluded for capital calculation under Basel II, are now risk-weighted under Basel III.

(7) The Basel Framework requires an additional 6% scaling factor to AIRB credit risk portfolios (excluding exposure with risk weight of 1250%).

Exposure at Default

(\$MM)	Basel III - IFRS									
	Q2 2014					Q1 2014				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
Drawn	Undrawn	Other ⁽³⁾	Drawn			Undrawn	Other ⁽³⁾			
Canada	60,739	25,314	30,529	277,678	394,260	58,604	25,975	32,366	275,914	392,859
USA	64,610	16,866	29,219	-	110,695	60,290	17,976	33,345	-	111,611
Mexico	10,945	251	1,274	7,534	20,004	10,520	358	1,183	7,326	19,387
Other International										
Europe	14,974	4,974	8,260	-	28,208	14,244	5,052	8,227	-	27,523
Caribbean	17,155	1,558	1,732	13,922	34,367	18,192	1,707	1,940	14,175	36,014
Latin America (excl. Mexico)	31,140	1,228	3,831	15,969	52,168	31,036	1,402	3,968	15,758	52,164
All Other	35,184	3,407	2,336	88	41,015	34,788	3,817	2,534	89	41,228
Total	234,747	53,598	77,181	315,191	680,717	227,674	56,287	83,563	313,262	680,786

	Basel III - IFRS				Basel II - IFRS
	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Canada	390,613	390,736	384,672	374,866	339,320
USA	104,366	100,794	102,702	107,243	94,784
Mexico	17,859	17,321	17,400	15,422	14,079
Other International					
Europe	30,072	29,727	31,636	30,526	27,723
Caribbean	34,034	33,165	32,718	33,790	32,700
Latin America (excl. Mexico)	49,559	46,676	45,967	44,108	42,312
All Other	36,959	35,636	35,278	34,246	32,485
Total	663,462	654,055	650,373	640,201	583,403

⁽¹⁾ Before credit risk mitigation, excluding AFS equity securities and other assets.

⁽²⁾ Geographic segmentation is based upon the location of the ultimate risk of the credit exposure.

⁽³⁾ Includes off-balance sheet lending instruments such as letters of credit and letters of guarantee, OTC derivatives, securitization and repo-style transactions net of related collateral.

AIRB CREDIT RISK EXPOSURES BY MATURITY ^(1,2)



NON-RETAIL AND RETAIL PORTFOLIO EXPOSURE AT DEFAULT

(\$MM)	Basel III - IFRS							
	Q2 2014				Q1 2014			
	Drawn	Undrawn	Other ⁽³⁾	Total	Drawn	Undrawn	Other ⁽³⁾	Total
Non-Retail								
Less than 1 year	116,012	14,746	43,447	174,205	113,200	15,710	47,816	176,726
1 to 5 years	62,453	30,937	29,362	122,752	59,723	32,123	29,670	121,516
Over 5 Years	8,093	5,082	1,939	15,114	7,351	5,459	2,215	15,025
Total Non-Retail	186,558	50,765	74,748	312,071	180,274	53,292	79,701	313,267
Retail								
Less than 1 year	29,119	14,001		43,120	25,261	13,785		39,046
1 to 5 years	163,589	-		163,589	166,964	-		166,964
Over 5 Years	15,042	-		15,042	15,000	-		15,000
Revolving Credits ⁽⁴⁾	35,409	13,638		49,047	34,912	13,400		48,312
Total Retail	243,159	27,639		270,798	242,137	27,185		269,322
Total	429,717	78,404	74,748	582,869	422,411	80,477	79,701	582,589

	Basel III - IFRS			
	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Non-Retail				
Less than 1 year	173,719	165,006	164,157	156,107
1 to 5 years	119,173	114,841	121,923	123,231
Over 5 Years	9,019	15,399	9,275	8,772
Total Non-Retail	301,911	295,246	295,355	288,110
Retail				
Less than 1 year	39,325	38,183	38,671	40,063
1 to 5 years	166,712	167,179	165,596	163,625
Over 5 Years	14,653	13,318	11,655	10,679
Revolving Credits ⁽⁴⁾	47,622	47,109	46,667	46,145
Total Retail	268,312	265,789	262,589	260,512
Total	570,223	561,035	557,944	548,622

⁽¹⁾ Before credit risk mitigation, excluding AFS equity securities and other assets.

⁽²⁾ Remaining term to maturity of the credit exposure.

⁽³⁾ Off-balance sheet lending instruments such as letters of credit and letters of guarantee, securitization, derivatives and repo-style transactions net of related collateral.

⁽⁴⁾ Credit cards and lines of credit with unspecified maturity.

STANDARDIZED CREDIT RISK EXPOSURES BY RISK-WEIGHT

EXPOSURE AT DEFAULT⁽¹⁾

(\$MM)	Basel III - IFRS													
	Q2 2014							Q1 2014						
	Non-Retail				Retail			Non-Retail				Retail		
	Corporate	Bank	Sovereign	Total	Res Mtgs	Other Retail	Total	Corporate	Bank	Sovereign	Total	Res Mtgs	Other Retail	Total
0%	1,129	8	4,495	5,632	8	971	979	1,073	8	5,179	6,260	9	1,016	1,025
20%	617	1,204	266	2,087	1,335	-	1,335	713	1,497	262	2,472	1,358	-	1,358
35%	-	-	-	-	16,201	493	16,694	-	-	-	-	16,957	504	17,461
50%	73	42	522	637	-	-	-	127	17	575	719	-	-	-
75%	-	-	-	-	4,266	19,650	23,916	-	-	-	-	3,357	19,352	22,709
100%	43,146	1,524	9	44,679	871	31	902	42,924	1,367	16	44,307	845	33	878
150%	420	-	-	420	-	567	567	499	-	-	499	-	509	509
Total	45,385	2,778	5,292	53,455	22,681	21,712	44,393	45,336	2,889	6,032	54,257	22,526	21,414	43,940

Risk-weight	Basel III - IFRS						BASEL II - IFRS							
	Q4 2013		Q3 2013		Q2 2013		Q1 2013		Q4 2012		Q3 2012		Q2 2012	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
	0%	6,228	1,093	6,512	1,054	7,196	1,067	7,967	923	4,850	911	4,515	1,006	3,874
20%	2,128	1,289	2,925	1,285	3,096	1,280	3,256	1,469	4,153	1,521	3,817	1,590	5,905	1,610
35%	-	15,737	-	15,390	-	15,219	-	11,072	-	14,412	-	13,965	-	13,197
50%	413	-	474	-	571	-	605	-	650	-	604	-	971	-
75%	-	22,252	-	21,137	-	21,076	-	23,945	-	18,433	-	18,054	-	17,207
100%	42,195	827	42,410	842	41,073	839	40,605	788	38,824	425	37,650	424	34,770	968
150%	601	476	565	426	544	468	459	490	419	59	456	55	1,053	60
Total	51,565	41,674	52,886	40,134	52,480	39,949	52,892	38,687	48,896	35,761	47,042	35,094	46,573	33,851

⁽¹⁾ Net of specific allowances for credit losses, after credit risk mitigation.

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(SMM)			Basel III - IFRS												
			Q2 2014							Q1 2014					
Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	Drawn Exposure at Default ⁽³⁾	Undrawn Exposure at Default ⁽⁵⁾	Other Exposure at Default ⁽³⁾	Total Exposure at Default ⁽³⁾	RWA ⁽⁸⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)	Total Exposure at Default ⁽³⁾	RWA ⁽⁸⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)
			\$	\$	\$	\$	\$	%	%	%	\$	\$	%	%	%
Investment Grade															
<u>Corporate ⁽⁷⁾</u>			46,085	28,139	23,091	97,316	34,063	0.17	44	35	99,805	34,168	0.17	44	34
	99	0.00% - 0.03%	1,233	45	400	1,678	152	0.03	45	9	1,065	116	0.03	46	11
	98	0.00% - 0.06%	85	626	234	945	83	0.06	25	9	378	57	0.06	33	15
	95	0.05% - 0.16%	3,625	1,820	2,562	8,007	1,716	0.08	44	21	7,917	1,754	0.08	44	22
	90	0.06% - 0.17%	7,838	5,612	5,715	19,165	3,759	0.08	40	20	20,776	3,878	0.08	39	19
	87	0.10% - 0.26%	8,937	6,997	5,023	20,957	6,335	0.12	43	30	24,033	6,741	0.12	43	28
	85	0.14% - 0.38%	10,573	6,748	5,216	22,537	8,739	0.19	44	39	21,564	8,395	0.18	45	39
	83	0.21% - 0.54%	13,794	6,291	3,941	24,027	13,279	0.32	48	55	24,072	13,227	0.31	48	55
<u>Bank ⁽⁷⁾</u>			21,654	10,426	18,177	50,257	11,353	0.15	36	23	57,250	12,450	0.14	35	22
	99	0.00% - 0.03%	76	12	1	89	4	0.03	38	4	117	6	0.03	40	5
	98	0.00% - 0.06%	111	370	464	945	13	0.06	31	1	7,038	763	0.06	28	11
	95	0.05% - 0.16%	4,157	4,639	7,831	16,627	2,922	0.07	40	18	17,291	3,089	0.06	39	18
	90	0.06% - 0.17%	8,938	3,064	5,758	17,760	3,124	0.10	34	18	17,314	3,702	0.10	34	21
	87	0.10% - 0.26%	1,198	1,652	2,463	5,313	1,414	0.13	31	27	6,050	1,540	0.13	32	25
	85	0.14% - 0.38%	2,981	550	1,385	4,916	1,864	0.28	36	38	4,320	1,208	0.29	34	28
	83	0.21% - 0.54%	4,193	139	275	4,607	2,012	0.52	39	44	5,120	2,142	0.52	39	42
<u>Sovereign</u>			153,399	1,335	3,535	158,269	2,879	0.02	16	2	153,842	3,132	0.03	16	2
	99	0.00% - 0.03%	138,420	114	1,735	140,269	-	-	15	-	135,009	-	-	15	-
	98	0.00% - 0.06%	17,500	67	880	2,697	204	0.06	14	8	2,185	172	0.06	12	8
	95	0.05% - 0.16%	4,416	553	783	5,752	511	0.08	16	9	6,057	553	0.09	17	9
	90	0.06% - 0.17%	1,528	195	57	1,780	203	0.15	19	11	1,953	226	0.15	18	12
	87	0.10% - 0.26%	4,795	6	74	4,875	937	0.26	24	19	1,212	226	0.26	24	19
	85	0.14% - 0.38%	932	301	1	1,234	437	0.37	22	35	5,800	1,357	0.37	24	23
	83	0.21% - 0.54%	1,558	99	5	1,662	587	0.53	27	35	1,626	598	0.53	28	37
Sub-Total			221,138	39,900	44,803	305,842	48,295	0.09	28	16	310,897	49,750	0.09	28	16
Non-Investment Grade															
<u>Corporate ⁽⁷⁾</u>			39,451	10,610	10,014	60,075	40,549	0.77	43	67	55,827	37,293	0.73	43	67
	80	0.33% - 0.60%	14,670	5,633	2,736	23,039	13,147	0.40	46	57	22,797	13,106	0.41	45	57
	77	0.52% - 0.66%	9,756	2,184	1,576	13,516	8,656	0.57	44	64	12,831	8,551	0.57	44	67
	75	0.65% - 0.83%	9,459	1,819	4,480	15,758	11,080	0.83	41	70	14,477	10,060	0.83	40	69
	73	0.82% - 1.64%	3,685	737	748	5,170	4,935	1.64	41	95	3,559	3,087	1.64	38	87
	70	1.63% - 3.09%	1,881	237	474	2,592	2,731	3.09	40	105	2,163	2,489	3.09	42	115
<u>Bank ⁽⁷⁾</u>			4,766	109	356	5,231	2,285	0.80	37	44	5,975	2,510	0.74	37	42
	80	0.33% - 0.60%	2,885	99	286	3,270	1,503	0.57	37	46	3,900	1,659	0.57	37	43
	77	0.52% - 0.66%	1,018	1	32	1,051	503	0.66	39	48	1,236	594	0.66	39	48
	75	0.65% - 0.83%	273	6	29	308	147	0.83	38	48	350	167	0.83	38	48
	73	0.82% - 1.64%	338	1	5	344	127	1.64	36	37	283	83	1.64	31	29
	70	1.63% - 3.09%	252	2	4	258	5	3.09	39	2	206	7	3.09	37	3
<u>Sovereign</u>			3,212	23	37	3,272	1,749	2.04	24	53	3,199	1,662	1.91	24	52
	80	0.33% - 0.60%	615	-	26	641	181	0.58	23	28	814	253	0.58	22	31
	77	0.52% - 0.66%	32	-	-	32	9	0.66	24	27	30	9	0.66	24	28
	75	0.65% - 0.83%	556	17	8	581	142	0.83	20	25	542	90	0.83	20	17
	73	0.82% - 1.64%	293	3	2	298	166	1.64	27	56	287	159	1.64	26	56
	70	1.63% - 3.09%	1,716	3	1	1,720	1,251	3.09	25	73	1,526	1,151	3.09	25	75
Sub-Total			47,429	10,742	10,407	68,578	44,583	0.84	42	65	65,001	41,465	0.79	39	64

⁽¹⁾ The cross references of the Bank's internal borrower grades (IG) with equivalent rating categories utilized by external rating agencies are outlined on page 182 of the Bank's 2013 Annual Report.

⁽²⁾ PD ranges overlap across IG codes as the Bank utilizes two risk rating systems for its AIRB portfolios and each risk rating system has its own separate IG to PD mapping.

⁽³⁾ Amounts are after certain credit risk mitigation (i.e. guarantees accounted for under the PD substitution approach), and includes all non-retail exposures except securitization, equity and other assets; includes government guaranteed residential mortgages.

⁽⁴⁾ PD - Probability of Default, see glossary for details.

⁽⁵⁾ LGD - downturn Loss Given Default including a certain conservative factor as per Basel accord, see glossary for details.

⁽⁶⁾ RW - risk-weight.

⁽⁷⁾ Exposure at default (EAD) used as basis for estimated weightings, see glossary for details.

⁽⁸⁾ Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

RISK ASSESSMENT OF CREDIT RISK EXPOSURES



NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY (CONTINUED)

(\$MM)			Basel III - IFRS												
			Q2 2014							Q1 2014					
Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	Drawn Exposure at Default ⁽³⁾	Undrawn Exposure at Default ⁽³⁾	Other Exposure at Default ⁽³⁾	Total Exposure at Default ⁽³⁾	RWA ⁽⁸⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)	Total Exposure at Default ⁽³⁾	RWA ⁽⁸⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)
			\$	\$	\$	\$		%	%	%	\$		%	%	%
Watch List (CCC+ to CC)															
Corporate ⁽⁷⁾	65 - 30	3.08% - 60.85%	1,480	89	45	1,614	3,676	21.46	47	228	2,045	4,539	20.36	46	222
Bank ⁽⁷⁾	65 - 30	3.08% - 60.85%	28	-	2	30	59	29.13	48	202	36	78	30.36	48	213
Sovereign	65 - 30	3.08% - 60.85%	69	-	-	69	115	10.82	43	168	348	426	10.82	31	122
Sub-Total			1,577	89	47	1,713	3,850	21.16	47	225	2,429	5,043	19.14	44	207
Default⁽⁹⁾															
Corporate	27-21	100%	1,304	34	148	1,486	3,104	100.00	47	209	1,570	3,988	100.00	48	254
Bank	27-21	100%	8	-	-	8	2	100.00	35	31	8	3	100.00	35	34
Sovereign	27-21	100%	8	-	1	9	32	100.00	31	389	9	34	100.00	30	378
Sub-Total			1,320	34	149	1,503	3,138	100.00	47	209	1,587	4,025	100.00	48	254
Total			271,464	50,765	55,406	377,636	99,866	0.72	31	26	379,914	100,283	0.75	31	26

⁽¹⁾ The cross references of the Bank's internal borrower grades (IG) with equivalent rating categories utilized by external rating agencies are outlined on page 182 of the Bank's 2013 Annual Report.

⁽²⁾ PD ranges overlap across IG codes as the Bank utilizes two risk rating systems for its AIRB portfolios and each risk rating system has its own separate IG to PD mapping.

⁽³⁾ Amounts are after certain credit risk mitigation (i.e. guarantees accounted for under the PD substitution approach), and includes all non-retail exposures except securitization, equity and other assets; includes government guaranteed residential mortgages.

⁽⁴⁾ PD - Probability of Default, see glossary for details.

⁽⁵⁾ LGD - downturn Loss Given Default including a certain conservative factor as per Basel accord, see glossary for details.

⁽⁶⁾ RW - risk-weight.

⁽⁷⁾ Exposure at default (EAD) used as basis for estimated weightings, see glossary for details.

⁽⁸⁾ Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

⁽⁹⁾ EAD for defaulted exposures before related specific provisions and write-offs.

NON-RETAIL AIRB PORTFOLIO - CREDIT COMMITMENTS

(\$MM)	Basel III - IFRS			
	Q2 2014		Q1 2014	
	Notional Undrawn	Weighted Average EAD	Notional Undrawn	Weighted Average EAD
	\$	%	\$	%
Corporate	77,671	50	79,715	50
Bank	18,816	56	20,921	56
Sovereign	2,445	56	2,538	57
Total	98,932	51	103,174	52

RISK ASSESSMENT OF CREDIT RISK EXPOSURES



RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY ⁽¹⁾

Category of PD Grades ^(2,3)	PD Range ⁽³⁾	Basel III - IFRS																			
		Q2 2014					Q1 2014					Q4 2013					Q3 2013				
		EAD ^(4,7)	RWA	PD ^(3,7)	LGD ^(4,5,7)	RW ^(6,7)	EAD ^(4,7)	RWA	PD ^(3,7)	LGD ^(4,5,7)	RW ^(6,7)	EAD ^(4,7)	RWA	PD ^(3,7)	LGD ^(4,5,7)	RW ^(6,7)	EAD ^(4,7)	RWA	PD ^(3,7)	LGD ^(4,5,7)	RW ^(6,7)
\$	\$	%	%	%	\$	\$	%	%	%	\$	\$	%	%	%	\$	\$	%	%	%		
Residential Mortgage and HELOC																					
Exceptionally Low	0.00% to 0.04%	17,669	237	0.04	12	1	16,537	222	0.04	12	1	16,003	184	0.03	12	1	15,672	180	0.03	12	1
Very Low	0.05% to 0.19%	71,041	3,483	0.11	19	5	69,397	3,423	0.11	20	5	74,081	3,669	0.12	19	5	73,478	3,652	0.12	19	5
Low	0.20% to 0.99%	32,651	4,466	0.47	19	14	33,651	4,604	0.48	19	14	27,928	4,000	0.51	19	14	27,782	3,943	0.51	19	14
Medium Low	1.00% to 2.99%	6,290	2,610	1.85	22	41	6,523	2,710	1.85	22	42	7,388	2,657	1.49	22	36	7,529	2,710	1.50	22	36
Medium	3.00% to 9.99%	5,099	2,992	4.04	20	59	5,056	2,961	4.01	20	59	6,045	3,785	4.12	21	63	5,529	3,311	4.08	20	60
High	10.00% to 19.99%	809	867	15.75	21	107	317	406	11.59	27	128	303	393	12.02	27	130	332	432	12.06	27	130
Extremely High	20.00% to 99.99%	755	706	45.20	18	94	1,191	1,111	32.94	18	93	1,254	1,214	30.87	18	97	1,238	1,139	31.01	17	92
Default ⁽⁷⁾	100%	273	0	100.00	40	0	282	0	100.00	38	0	274	0	100.00	37	0	256	0	100.00	38	0
Sub-total		134,587	15,361	0.97	18	11	132,954	15,437	0.96	19	12	133,276	15,902	0.97	19	12	131,816	15,367	0.95	18	12
Qualifying Revolving Retail Exposures(QRRE)																					
Exceptionally Low	0.00% to 0.04%	18	0	0.03	79	2	17	0	0.03	79	2	16	0	0.03	79	2	14	0	0.03	79	2
Very Low	0.05% to 0.19%	12,146	583	0.10	81	5	11,824	568	0.10	81	5	11,433	507	0.09	82	4	11,399	515	0.09	82	5
Low	0.20% to 0.99%	8,957	1,632	0.54	79	18	8,818	1,615	0.54	79	18	6,578	954	0.39	80	14	6,594	958	0.39	80	15
Medium Low	1.00% to 2.99%	1,868	786	1.55	79	42	4,340	2,466	2.38	79	57	6,073	2,823	1.84	79	46	6,130	2,871	1.85	79	47
Medium	3.00% to 9.99%	5,084	4,105	4.11	77	81	2,586	2,451	5.21	76	95	2,718	2,636	5.34	76	97	2,164	2,162	5.45	78	100
High	10.00% to 19.99%	583	952	12.83	76	163	628	1,030	12.93	76	164	630	1,058	13.27	77	168	625	1,051	13.27	77	168
Extremely High	20.00% to 99.99%	423	769	39.26	65	182	392	720	38.91	65	183	423	799	39.77	66	189	329	608	41.44	65	185
Default ⁽⁷⁾	100%	212	0	100.00	84	0	207	0	100.00	84	0	203	0	100.00	85	0	189	0	100.00	85	0
Sub-total		29,291	8,827	2.56	79	30	28,812	8,850	2.56	80	31	28,074	8,777	2.66	80	31	27,444	8,165	2.46	80	30
Other Retail																					
Exceptionally Low	0.00% to 0.04%	0	0	0.00	0	0	0	0	0.00	0	0	559	23	0.04	32	4	576	24	0.04	32	4
Very Low	0.05% to 0.19%	2,427	284	0.12	41	12	2,429	286	0.12	41	12	1,741	234	0.14	43	13	1,676	222	0.14	43	13
Low	0.20% to 0.99%	13,724	5,356	0.49	56	39	13,061	5,096	0.49	56	39	11,552	3,936	0.39	55	34	10,434	3,579	0.39	55	34
Medium Low	1.00% to 2.99%	3,433	2,622	1.96	60	76	3,191	2,430	1.98	60	76	4,467	3,374	1.87	61	76	4,414	3,305	1.86	60	75
Medium	3.00% to 9.99%	1,823	1,594	6.12	57	87	1,841	1,614	6.08	57	88	1,906	1,674	6.29	57	88	1,712	1,505	6.38	57	88
High	10.00% to 19.99%	0	0	0.00	0	0	0	0	0.00	0	0	1	1	12.03	27	48	1	1	12.15	27	48
Extremely High	20.00% to 99.99%	474	676	37.54	60	143	424	600	37.64	59	142	400	557	40.04	59	139	354	493	40.56	59	139
Default ⁽⁷⁾	100%	132	0	100.00	86	0	127	0	100.00	86	0	120	0	100.00	86	0	111	0	100.00	86	0
Sub-total		22,013	10,532	2.54	55	48	21,073	10,026	2.51	55	48	20,746	9,799	2.56	55	47	19,278	9,129	2.54	55	47
Total Retail																					
Exceptionally Low	0.00% to 0.04%	17,687	237	0.04	12	1	16,554	222	0.04	12	1	16,554	222	0.03	13	1	16,578	207	0.03	13	1
Very Low	0.05% to 0.19%	85,615	4,350	0.11	29	5	83,650	4,277	0.11	29	5	83,650	4,277	0.12	28	5	87,255	4,410	0.12	28	5
Low	0.20% to 0.99%	55,332	11,455	0.49	38	21	55,530	11,315	0.49	37	20	55,530	11,315	0.46	37	19	46,058	8,890	0.46	36	19
Medium Low	1.00% to 2.99%	11,591	6,018	1.83	42	52	14,054	7,606	2.04	48	54	14,054	7,606	1.70	51	49	17,928	8,854	1.71	51	49
Medium	3.00% to 9.99%	12,006	8,692	4.39	50	72	9,483	7,026	4.74	43	74	9,483	7,026	4.82	41	76	10,669	8,095	4.82	40	74
High	10.00% to 19.99%	1,392	1,819	14.52	44	131	945	1,436	12.48	60	152	945	1,436	12.86	61	156	934	1,452	12.85	60	155
Extremely High	20.00% to 99.99%	1,652	2,151	41.48	42	130	2,007	2,431	35.10	36	121	2,007	2,431	34.45	36	124	2,077	2,570	34.55	33	177
Default ⁽⁷⁾	100%	617	0	100.00	65	0	616	0	100.00	63	0	616	0	100.00	63	0	597	0	100.00	64	0
Total		185,891	34,720	1.41	32	19	182,839	34,313	1.39	32	19	182,096	34,478	1.41	32	19	178,538	32,661	1.35	32	18

⁽¹⁾ Retail AIRB Portfolio (drawn and undrawn) are domiciled in Canada.

⁽²⁾ The general relationship between probability of default (PD) ranges and the category of PD grades is detailed on page 183 of the Bank's 2013 Annual Report.

⁽³⁾ PD - Probability of Default, see glossary for details.

⁽⁴⁾ After credit risk mitigation, includes drawn and undrawn commitments. The Bank uses PD substitution to account for the CMHC guarantee, whereas Tangerine (formerly ING Direct Canada), a wholly owned subsidiary, utilizes LGD substitution. CMHC guarantees under the PD substitution are reclassified to sovereign.

⁽⁵⁾ LGD - downturn Loss Given Default, see glossary for details.

⁽⁶⁾ RW - risk-weight.

⁽⁷⁾ Weighted averages provided based on exposure at default (EAD) for estimated weightings.

⁽⁸⁾ Gross defaulted exposures, before any related specific provisions.

Exposure Type	Basel III - IFRS									
	Q2 2014		Q1 2014		Q4 2013		Q3 2013		Q2 2013	
	Actual Loss Rate %	Expected Loss Rate %	Actual Loss Rate %	Loss Rate %	Actual Loss Rate %	Loss Rate %	Loss Rate %	Expected Loss Rate %	Loss Rate %	Expected Loss Rate %
Non-Retail⁽¹⁾										
Corporate	0.09	1.06	0.11	1.10	0.12	1.13	0.09	1.09	0.12	1.15
Sovereign	-	0.41	-	0.62	-	0.41	-	0.38	-	0.31
Bank	-	0.16	-	0.06	-	0.40	-	0.40	-	0.54
Retail⁽²⁾										
Real Estate Secured	0.01	0.13	0.01	0.13	0.01	0.14	0.01	0.14	0.01	0.14
QRRE	1.80	3.26	1.78	3.31	1.84	3.27	1.90	3.17	1.87	3.10
Other Retail	0.51	1.77	0.49	1.82	0.47	1.72	0.48	1.74	0.49	1.80

⁽¹⁾ Non-retail actual loss rates represent the credit losses net of recoveries for the current and prior three quarters divided by the 5 point average of outstanding loan balances for the same four-quarter period beginning 12 months ago. Expected loss rates represent the expected losses that were predicted at the beginning of the four-quarter period divided by outstanding loan balances at the beginning of the four-quarter period. Prior periods have been restated to conform with the current presentation.

⁽²⁾ Retail actual loss rates represent write-offs net of recoveries for the current and prior three-quarters divided by the 5 point average of outstanding loan balances for the same four-quarter period beginning 12 months ago. Expected loss rates represent the expected losses that were predicted at the beginning of the four-quarter period divided by outstanding loan balances at the beginning of the four-quarter period.

ESTIMATED AND ACTUAL LOSS PARAMETERS - NON-RETAIL AND RETAIL AIRB PORTFOLIOS


(\$MM)	Four-quarter period ending April 30, 2014						Four-quarter period ending January 31, 2014					
	Average estimated	Actual	Average estimated	Actual	Average estimated	Actual	Average estimated	Actual	Average estimated	Actual	Average estimated	Actual
	PD %	default rate %	LGD %	Actual LGD %	CCF ⁽²⁾ %	CCF ⁽²⁾ %	PD %	default rate %	LGD %	Actual LGD %	CCF ⁽²⁾ %	CCF ⁽²⁾ %
Non Retail ⁽¹⁾	1.00	0.32	37.85	23.81	61.15	14.29	0.99	0.33	38.41	15.97	61.07	14.93

⁽¹⁾ Estimated parameters are based on portfolio averages at Q4/12, whereas actual parameters are based on averages of realized parameters during the subsequent four quarters.

⁽²⁾ EAD back-testing is performed through Credit Conversion Factor (CCF) back-testing, as EAD is computed using the sum of the drawn exposure and the committed undrawn exposure multiplied by the estimated CCF.

(\$MM)	Four-quarter period ending April 30, 2014						Four-quarter period ending January 31, 2014					
	Average estimated	Actual	Average estimated	Actual	Estimated	Actual	Average estimated	Actual	Average estimated	Actual	Estimated	Actual
	PD ⁽²⁾⁽⁷⁾ %	rate ⁽²⁾⁽⁵⁾ %	LGD ⁽³⁾⁽⁷⁾ %	LGD ⁽³⁾⁽⁶⁾ %	(EAD) ⁽⁴⁾⁽⁷⁾ \$	EAD ⁽⁴⁾⁽⁵⁾ \$	PD ⁽²⁾⁽⁷⁾ %	rate ⁽²⁾⁽⁵⁾ %	LGD ⁽³⁾⁽⁷⁾ %	LGD ⁽³⁾⁽⁶⁾ %	(EAD) ⁽⁴⁾⁽⁷⁾ \$	EAD ⁽⁴⁾⁽⁵⁾ \$
Residential real estate secured ⁽¹⁾												
Residential mortgages												
Insured mortgages ⁽⁸⁾	0.92	0.62	-	-	-	-	0.92	0.62	-	-	-	-
Uninsured mortgages	0.53	0.39	15.68	11.06	-	-	0.54	0.39	15.87	10.76	-	-
Secured lines of credit	0.91	0.22	26.86	17.28	74	67	0.96	0.23	27.12	17.23	76	69
Qualifying revolving retail exposures	1.60	1.34	71.59	67.64	419	412	1.61	1.34	71.63	68.21	415	407
Other retail	1.98	1.25	65.33	54.23	9	8	1.94	1.27	65.59	56.33	11	10

⁽¹⁾ Excludes the acquisition of Tangerine (formally ING Direct Canada) .

⁽²⁾ Account weighted aggregation.

⁽³⁾ Default weighted aggregation.

⁽⁴⁾ EAD is estimated for revolving products only.

⁽⁵⁾ Actual based on accounts not at default as at four quarters prior to reporting date.

⁽⁶⁾ Actual LGD calculated based on 24 month recovery period after default and therefore excludes any recoveries received after the 24 month period.

⁽⁷⁾ Estimates are based on the four quarters prior to the reporting date.

⁽⁸⁾ Actual and estimated LGD for insured mortgages are not shown. Actual LGD includes the insurance benefit, whereas estimated LGD may not.

EXPOSURE AT DEFAULT⁽¹⁾

(\$MM)	Basel III - IFRS											
	Q2 2014			Q1 2014			Q4 2013			Q3 2013		
	Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives	
	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach
Basel II Exposure type												
Non-Retail												
Corporate	503	1,111	5,228	450	1,180	4,970	501	1,171	4,489	552	1,169	3,752
Bank	-	8	2,347	-	8	1,410	-	8	1,132	-	8	7,445
Sovereign	-	-	5,089	-	-	6,018	-	-	5,481	-	-	360
Total Non-Retail	503	1,119	12,664	450	1,188	12,398	501	1,179	11,102	552	1,177	11,557
Retail												
Residential Mortgages ⁽²⁾	-	3,497	96,704	-	3,509	98,865	0	3,284	98,981	1	3,242	101,190
Secured Lines of Credit												
Qualifying Revolving Retail Exposures (QRRE)												
Other Retail	574	891	-	595	927	-	570	1,007	-	561	985	-
Total Retail	574	4,388	96,704	595	4,436	98,865	570	4,291	101,190	562	4,227	101,190
Total	1,077	5,507	109,368	1,045	5,624	111,263	1,071	5,470	112,292	1,114	5,404	112,747

⁽¹⁾ Includes drawn, undrawn and other off- balance sheet exposures (e.g., letters of credit and letters of guarantee) covered by eligible collateral and guarantees.

⁽²⁾ Primarily includes residential mortgages guaranteed by Canada Mortgage Housing Corporation (CMHC). The Bank uses PD substitution to account for the CMHC guarantee, whereas Tangerine (formally ING Direct Canada), a wholly owned subsidiary, utilizes LGD substitution. CMHC guarantees under the PD substitution are reclassified to sovereign.

(\$MM)	Basel III - IFRS															
	Q2 2014				Q1 2014				Q4 2013				Q3 2013			
	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾
Contract Types																
Interest Rate Contracts:																
Futures and Forward Rate Agreements	458,607	36	1,355	42	446,895	2	1,035	30	379,882	7	883	29	376,466	3	488	10
Swaps	2,614,773	477	8,442	1,363	2,441,658	744	8,977	1,564	2,085,682	1,764	8,639	1,744	1,905,681	1,907	7,832	1,561
Options Purchased	88,589	10	70	37	78,637	8	52	31	60,127	13	54	16	67,047	22	345	15
Options Written	87,340	-	-	-	71,915	-	-	-	55,410	-	-	-	69,429	-	-	-
Total	3,249,309	523	9,867	1,442	3,039,105	754	10,064	1,625	2,581,101	1,784	9,576	1,789	2,418,623	1,932	8,665	1,586
Foreign Exchange Contracts:																
Futures, Spots and Forwards	398,717	1,046	4,637	1,105	364,273	2,232	5,275	1,342	293,658	1,338	3,946	1,067	284,562	1,523	4,510	1,215
Swaps	240,885	1,190	5,014	1,187	230,766	1,303	5,097	1,163	206,298	916	4,171	1,181	188,888	1,115	4,123	1,070
Options Purchased	3,384	15	58	17	2,839	32	68	22	2,484	16	47	13	2,312	21	67	17
Options Written	3,004	-	-	-	2,554	-	-	-	2,050	-	-	-	1,813	-	-	-
Total	645,990	2,251	9,709	2,309	600,432	3,567	10,440	2,527	504,490	2,270	8,164	2,261	477,575	2,659	8,700	2,302
Other Derivatives Contracts:																
Equity	51,329	425	4,736	1,915	51,275	533	4,954	1,889	42,791	460	4,017	1,775	46,631	539	4,353	1,819
Credit	75,999	365	2,841	528	75,146	483	2,988	502	77,497	539	3,273	587	74,264	589	3,113	592
Other	111,153	1,490	10,208	2,101	96,830	1,291	8,603	1,731	88,929	830	7,409	1,434	80,456	839	6,388	1,650
Total	238,481	2,280	17,785	4,544	223,251	2,307	16,545	4,122	209,217	1,829	14,699	3,796	201,351	1,967	13,854	3,961
Credit Valuation Adjustment ⁽³⁾				4,793				5,003				n.a.				n.a.
Total Derivatives after Netting and Collateral	4,133,780	5,054	37,361	13,088	3,862,788	6,628	37,049	13,277	3,294,808	5,883	32,439	7,846	3,097,549	6,558	31,219	7,849

Contract Types	Basel III - IFRS				Basel II - IFRS			
	Q2 2013		Q1 2013		Q4 2012		Q3 2012	
	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount
Interest Rate Contracts:								
Futures and Forward Rate Agreements	275,858	576	363,919	1,111	352,329	144	346,402	128
Swaps	1,719,603	8,255	1,776,882	7,451	1,660,618	4,993	1,572,021	5,676
Options Purchased	40,230	187	39,741	187	32,760	23	46,315	24
Options Written	49,176	-	47,937	-	35,503	-	57,675	-
Total	2,084,867	9,018	2,228,479	8,749	2,081,210	5,160	2,022,413	5,828
Foreign Exchange Contracts:								
Futures, Spots and Forwards	319,153	4,316	294,077	4,619	315,453	3,812	323,391	4,266
Swaps	190,757	4,525	187,633	4,672	184,996	4,268	188,577	4,440
Options Purchased	2,379	61	2,386	76	3,265	60	3,361	70
Options Written	1,766	-	1,788	-	3,001	-	3,202	-
Total	514,055	8,902	485,884	9,367	506,715	8,140	518,531	8,776
Other Derivatives Contracts:								
Equity	45,715	3,814	52,136	4,088	44,037	1,750	43,042	1,740
Credit	70,079	2,623	71,882	2,915	68,384	2,171	70,400	2,331
Other	77,167	5,753	72,682	5,872	65,719	2,422	54,255	2,055
Total	192,961	12,190	196,700	12,875	178,140	6,343	167,697	6,126
Total Derivatives	2,791,883	30,110	2,911,063	30,991	2,766,065	19,643	2,708,641	20,730
Risk-weighted Amount		7,769		8,152		5,634		5,856

⁽¹⁾ The impact of Master Netting Agreements and Collateral have been incorporated within the various contracts, as a result risk-weighted amounts are reported net of impact of collateral and master netting arrangements.

⁽²⁾ Under Basel III, risk-weighted assets for derivatives include the impact of wrong way risk. In addition, exchange-traded derivatives, which were previously excluded for capital calculations under Basel II, are now risk-weighted as per OSFI guideline and are included above.

⁽³⁾ As per OSFI guideline, effective Q1/14, Credit Valuation Adjustment RWA on derivatives was phased-in at 57%..

RISK-WEIGHTED ASSETS FOR SECURITIZATION EXPOSURES - BANKING BOOK ⁽¹⁾


(\$MM)			Basel III - IFRS															
			Q2 2014 ⁽²⁾				Q1 2014 ⁽²⁾				Q4 2013				Q3 2013			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾			
			On- Balance Sheet	Off- Balance Sheet	Total	Risk-Weighted Assets	On- Balance Sheet	Off- Balance Sheet	Total	Risk-Weighted Assets	On- Balance Sheet	Off- Balance Sheet	Total	Risk-Weighted Assets	On- Balance Sheet	Off- Balance Sheet	Total	Risk-Weighted Assets
Securitization																		
Investment Grade	AAA to A A- to BB-	7 - 25 35 - 100	8,593 354	9,683 117	18,276 471	1,641 309	8,695 526	9,670 126	18,365 652	1,664 324	6,537 712	9,696 113	16,233 825	1,418 560	6,424 769	9,887 110	16,311 879	1,452 600
Non-Investment Grade	BB+ to BB- Below BB-	150 - 650 1250 - (Capital Deduction) ⁽⁴⁾	31 159	- -	31 159	98 1,993	49 164	- -	49 164	217 2,262	50 158	- -	50 158	234 1,981	56 189	- -	56 189	267 2,364
			9,137	9,800	18,937	4,041	9,434	9,796	19,230	4,467	7,457	9,809	17,266	4,193	7,438	9,997	17,435	4,683
Resecuritization																		
Investment Grade	AAA to A A- to BBB-	20 - 65 100 - 350	57 138	155 138	212 138	132 248	125 164	155 164	280 164	168 336	140 164	197 -	337 164	209 334	127 172	197 -	324 172	200 338
Non-Investment Grade	BB+ to BB- Below BB-	500 - 850 1250 - (Capital Deduction) ⁽⁴⁾	76 43	- -	76 43	566 540	67 159	- -	67 159	525 1,777	63 145	- -	63 145	495 1,818	62 152	- -	62 152	490 1,895
			314	155	469	1,486	515	155	670	2,806	512	197	709	2,856	513	197	710	2,923
Total			9,451	9,955	19,406	5,527	9,949	9,951	19,900	7,273	7,969	10,006	17,975	7,049	7,951	10,194	18,145	7,606

(\$MM)		Basel III - IFRS															
		Q2 2014 ⁽²⁾				Q1 2014 ⁽²⁾				Q4 2013				Q3 2013			
Underlying Asset		Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾			
		On- Balance Sheet	Off- Balance Sheet	Total	Exposures at Default (RW=1250%) ⁽⁴⁾	On- Balance Sheet	Off- Balance Sheet	Total	Exposures at Default (RW=1250%) ⁽⁴⁾	On- Balance Sheet	Off- Balance Sheet	Total	Exposures at Default (RW=1250%) ⁽⁴⁾	On- Balance Sheet	Off- Balance Sheet	Total	Exposures at Default (RW=1250%) ⁽⁴⁾
Residential Mortgages		145	1,275	1,420	-	166	1,275	1,441	-	169	1,275	1,444	-	169	1,020	1,189	-
Commercial Mortgages		12	-	12	-	12	-	12	-	13	-	13	-	14	-	14	-
Credit cards/Consumer receivables		565	330	895	-	584	41	625	-	547	37	584	-	525	51	576	-
Auto loans/Leases		4,152	3,800	7,952	155	4,402	4,159	8,561	159	3,167	4,234	7,401	152	3,131	4,717	7,848	183
Diversified asset-backed securities		187	155	342	43	294	155	449	159	287	197	484	147	305	197	502	153
Business Loans		480	230	710	5	598	-	598	5	637	-	637	5	640	-	640	4
Trade receivables		2,567	4,113	6,680	-	2,516	4,280	6,796	-	2,034	4,227	6,261	-	2,039	4,172	6,211	-
Other		1,343	52	1,395	-	1,377	41	1,418	-	1,115	36	1,151	-	1,128	37	1,165	-
Total		9,451	9,955	19,406	203	9,949	9,951	19,900	323	7,969	10,006	17,975	304	7,951	10,194	18,145	340

⁽¹⁾ Effective Q1 2012, the Bank implemented the revised regulatory guidance as outlined in the BIS Enhancements to the Basel II Framework, issued July 2009. Capital charges related to trading book securitization exposures are based upon the Bank's internal market risk models including its comprehensive risk measure.

⁽²⁾ Q2 2014 amounts include securitization under the standardized approach: externally rated A+: \$12MM (Q1 2014: \$12MM), Resecuritization A-: \$49MM (Q1 2014: \$48MM) and BBB: \$3MM (Q1 2014: \$4MM).

⁽³⁾ Includes banking book on-balance sheet investments in asset backed securities (ABS), collateralized loan obligations (CLOs), collateralized debt obligations (CDOs), and off-balance sheet liquidity lines and credit enhancements to Bank sponsored and non-bank sponsored ABCP conduits.

⁽⁴⁾ Under Basel III, Non-investment grade exposures externally rated below BB- are risk-weighted at 1250%, whereas under Basel II, these exposures were deducted at 50% from Tier 1 capital and 50% from Tier 2 capital.

RISK-WEIGHTED ASSETS FOR SECURITIZATION EXPOSURES - BANKING BOOK⁽¹⁾


(\$MM)			Basel III								Basel II - IFRS ⁽²⁾							
			Q2 2013				Q1 2013				Q4 2012				Q3 2012			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets
			On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total	
<u>Securitization</u>																		
Investment Grade	AAA to A A- to BBB-	7 - 25 35 - 100	5,202 1,221	7,625 20	12,827 1,241	1,103 648	6,536 1,365	9,112 19	15,648 1,384	1,375 730	6,335 1,309	8,979 89	15,314 1,398	1,318 689	5,919 1,266	8,626 22	14,545 1,288	1,258 652
Non-Investment Grade	BB+ to BB- Below BB-	150 - 650 Capital Deduction ⁽⁴⁾	55 210	- -	55 210	196 n/a	79 190	- -	79 190	367 2,374	40 198	- -	40 198	140 -	41 210	- -	41 210	150 n/a
			6,688	7,645	14,333	1,947	8,170	9,131	17,301	4,846	7,882	9,068	16,950	2,147	7,436	8,648	16,084	2,060
<u>Resecuritization</u>																		
Investment Grade	AAA to A A- to BBB-	20 - 65 100 - 350	67 303	200 -	267 303	163 855	107 176	197 -	304 176	186 242	75 133	197 -	272 133	168 244	161 210	200 -	361 210	204 439
Non-Investment Grade	BB+ to BB- Below BB-	500 - 850 Capital Deduction ⁽⁴⁾	155 182	- -	155 182	1,095 n/a	99 166	- -	99 166	692 2,070	220 61	- -	220 61	1,611 -	234 66	- -	234 66	1,701 n/a
			707	200	907	2,113	548	197	745	3,190	489	197	686	2,023	671	200	871	2,344
Total			7,395	7,845	15,240	4,060	8,718	9,328	18,046	8,036	8,371	9,265	17,636	4,170	8,107	8,848	16,955	4,404

(\$MM)		Basel III				Q1 2013				Basel II - IFRS ⁽²⁾				Q3 2012			
		Q2 2013				Q1 2013				Q4 2012				Q3 2012			
Underlying Asset		Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%) ⁽⁴⁾	Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾	Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾	Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾
		On- Balance Sheet	Off- Balance Sheet	Total		On- Balance Sheet	Off- Balance Sheet	Total		On- Balance Sheet	Off- Balance Sheet	Total		On- Balance Sheet	Off- Balance Sheet	Total	
Residential Mortgages		232	510	742	1	122	510	632	-	161	510	671	-	218	510	728	2
Commercial Mortgages						59	-	59	-								
Credit cards/Consumer receivables		11	39	50	-	517	42	559	-	520	41	561	-	509	53	562	-
Auto loans/Leases		3,556	3,862	7,418	203	3,666	4,563	8,229	184	3,664	4,776	8,440	192	3,476	4,720	8,196	203
Diversified asset-backed securities		451	200	651	167	325	197	522	168	265	197	462	67	440	200	640	71
Business Loans		1,039	-	1,039	10	931	-	931	4	924	-	924	-	928	-	928	-
Trade receivables		1,557	3,214	4,771	-	1,958	3,980	5,938	-	1,697	3,699	5,396	-	1,847	3,328	5,175	-
Other		549	20	569	11	1,140	36	1,176	-	1,140	42	1,182	-	689	37	726	-
Total		7,395	7,845	15,240	392	8,718	9,328	18,046	356	8,371	9,265	17,636	259	7,395	7,845	15,240	392

⁽¹⁾ Effective Q1 2012, the Bank implemented the revised regulatory guidance as outlined in the BIS Enhancements to the Basel II Framework, issued July 2009. Capital charges related to trading book securitization exposures are based upon the Bank's internal market risk models including its comprehensive risk measure. Prior periods have been restated to conform with current presentation.

⁽²⁾ Certain special purpose vehicles have been consolidated under IFRS, however, will continue to fall under the securitization framework for capital purposes.

⁽³⁾ Includes banking book on-balance sheet investments in asset backed securities (ABS), collateralized loan obligations (CLOs), collateralized debt obligations (CDOs), and off-balance sheet liquidity lines and credit enhancements to Bank sponsored and non-bank sponsored ABCP conduits.

⁽⁴⁾ Securitization related deductions are 50% from Tier 1 capital and 50% from Tier 2 capital.

TOTAL MARKET RISK CAPITAL



Total Market Risk RWA (\$MM)	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
All Bank VaR	\$2,319	\$2,582	\$2,403	\$2,379	\$2,207
All Bank stressed VaR	4,547	5,250	4,969	5,177	5,511
Incremental Risk Charge	4,370	4,740	4,226	3,358	3,921
Comprehensive risk measure ⁽¹⁾	2,665	2,203	2,074	1,744	3,427
CRM surcharge ⁽¹⁾	1,963	1,363	1,400	1,413	1,825
Standardized approach	522	576	384	409	481
Market risk-weighted assets as at Quarter End	\$16,386	\$16,714	\$15,455	\$14,479	\$17,372

⁽¹⁾ The Q2 2014 related capital charge for total comprehensive risk measure including securitization exposures is \$370MM (Q1 2014: \$285MM) broken down as follows: Market Simulation \$38MM (Q1 2014: \$46MM), Default & Migration Risk \$175MM (Q1 2014: \$130MM), and Surcharge \$157MM (Q1 2014: \$109MM).

Credit Risk Parameters	
Exposure at Default (EAD)	Generally represents the expected gross exposures at default and includes outstanding amounts for on-balance sheet exposures and loan equivalent amounts for off-balance sheet exposures.
Probability of Default (PD)	Measures the likelihood that a borrower will default within a 1-year time horizon, expressed as a percentage.
Loss Given Default (LGD)	Measures the severity of loss on a facility in the event of a borrower's default, expressed as a percentage of exposure at default.
Exposure Types	
Non-retail	
Corporate	Defined as a debt obligation of a corporation, partnership, or proprietorship.
Bank	Defined as a debt obligation of a bank or bank equivalent (including certain public sector entities (PSEs) treated as Bank equivalent exposures).
Sovereign	Defined as a debt obligation of a sovereign, central bank, certain Multi Development Banks (MDBs) and certain PSEs treated as Sovereign.
Securitization	On-balance sheet investments in asset backed securities (ABS), mortgage backed securities (MBS), collateralized loan obligations (CLOs) and collateralized debt obligations (CDOs). Off-balance sheet liquidity lines including credit enhancements to Bank's sponsored ABCP conduits and liquidity lines to non-bank sponsored ABCP conduits.
Retail	
Real Estate Secured	
Residential Mortgages	Loans to individuals against residential property (four units or less).
Secured Lines Of Credit	Revolving personal lines of credit secured by first charge on residential real estate.
Qualifying Revolving Retail Exposures (QRRE)	Credit cards and unsecured line of credit for individuals.
Other Retail	All other personal loans.
Exposure Sub-types	
Drawn	Outstanding amounts for loans, leases, acceptances, deposits with banks and available-for-sale debt securities.
Undrawn	Unutilized portion of an authorized credit line.
Repo-Style Transactions	Reverse repurchase agreements (reverse repos) and repurchase agreements (repos), securities lending and borrowing.
Over-the Counter (OTC) Derivatives	Over-the-counter derivatives contracts.
Exchange-traded derivatives (ETD)	Derivative contracts (e.g. futures contracts and options) that are transacted on an organized futures exchange. These include Futures contracts (both Long and Short positions), Purchased options and Written Options.
Other Off- Balance Sheet	Direct credit substitutes such as standby letters of credits and guarantees, trade letters of credits, and performance letters of credits and guarantees.
Qualifying central counterparty (QCCP)	A qualifying central counterparty (QCCP) is licensed as a central counterparty and is also considered as "qualifying" when it is compliant with CPSS-IOSCO standards and is able to assist clearing member banks in properly capitalizing for CCP exposures by either undertaking the calculations and/or making available sufficient information to its clearing members, or others, to enable the completion of capital calculations.
Non-qualifying central counterparties (NQCCP)	Defined as those which are not compliant with CPSS-IOSCO standards as outlined under qualifying CCP's. The exposures to NQCCP will follow standardized treatment under the Basel accord.
Other	
Asset Value Correlation Multiplier (AVC)	Basel III has increased the risk-weights on exposures to certain Financial Institutions (FIs) relative to the non-financial corporate sector by introducing an Asset Value Correlation multiplier (AVC). The correlation factor in the risk-weight formula is multiplied by this AVC factor of 1.25 for all exposures to regulated FIs whose total assets are greater than or equal to US \$100 billion and all exposures to unregulated FIs.
Specific Wrong-Way Risk (WWR)	Specific Wrong-Way Risk arises when the exposure to a particular counterpart is positively correlated with the probability of default of the counterpart due to the nature of the transactions with the counterpart.