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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 three 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.

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. 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%.

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.

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%.

In December 2013, OSFI announced its decision to implement the phase-in (over 5 years) of the regulatory capital for Credit Valuation Adjustment (CVA) on Bilateral OTC Derivatives effective Q1 2014. In accordance with OSFI's requirements, a scalar for CVA risk-weighted assets (RWA) of 0.57 was used in the first two quarters of 2014. At Q3 2014, CVA RWA were calculated using scalars of 0.57, 0.65, and 0.77 to compute the CET1 capital ratio, Tier 1 capital ratio and Total capital ratio, respectively.

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.

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

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.

In addition to risk-based capital requirements, the Basel III reforms introduced a simpler, non-risk-based Leverage Ratio requirement to act as a supplementary measure to its risk-based capital requirements. The Leverage Ratio is defined as a ratio of Basel III Tier 1 capital to a leverage exposure measure which includes on-balance sheet assets and off-balance sheet commitments, derivatives and securities financing transactions, as defined within the requirements. In January 2014, the BCBS issued revisions to the Basel III Leverage Ratio framework. Revisions to the framework relate primarily to the exposure measure, i.e. the denominator of the ratio, and consist mainly of: lower credit conversion factors for certain off-balance sheet commitments; further clarification on the treatment for derivatives, related collateral, and securities financing transactions; additional requirements for written credit derivatives; and, minimum public disclosure requirements commencing January 2015. The final calibration will be completed by 2017, with a view to migrating to a Pillar 1 (minimum capital requirement) treatment by January 2018. As a member of the BCBS, OSFI intends to adopt the Basel requirements as part of its domestic requirements for banks, bank holding companies, federally regulated trust and loan companies in Canada.

In July 2014, OSFI released its draft "Leverage Requirements (LR) Guideline" for public consultation. Given that the public disclosure of the Leverage Ratio begins in 2015, OSFI has decided to replace the existing Assets to Capital Multiple (ACM) with the Basel Leverage Ratio beginning in Q1 2015. Institutions will be expected to maintain a Leverage Ratio that meets or exceeds 3% at all times. Authorized Leverage Ratios, which will take effect in Q1 2015, will be communicated to institutions on a bilateral basis and are considered supervisory information that is not permitted to be disclosed.

This "Supplementary Regulatory Capital Disclosure" has been updated to reflect OSFI's Advisory, "Required Public Disclosure Requirements related to Basel III Pillar 3" (issued July 2, 2013), effective Q3 2013 for all D-SIBs. 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							
	Q3 2014		Q2 2014		Q1 2014		Q4 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	41,767	33,670	39,172	29,311	38,974	28,499	38,021	26,359
Tier 1 capital	41,767	38,022	39,172	33,966	38,974	33,742	38,021	31,914
Total capital	47,235	43,544	44,067	40,004	44,827	40,811	43,358	38,841
Risk-weighted Assets⁽³⁾								
CET1 Capital Risk-weighted Assets	314,701	307,795	304,507	300,155	306,465	302,070	293,252	288,246
Tier 1 Capital Risk-weighted Assets	314,701	308,502	304,507	300,155	306,465	302,070	293,252	288,246
Total Capital Risk-weighted Assets	314,701	309,563	304,507	300,155	306,465	302,070	293,252	288,246
Capital Ratios (%)								
Common Equity Tier 1 (as a percentage of risk-weighted assets)	13.3	10.9	12.9	9.8	12.7	9.4	13.0	9.1
Tier 1 (as a percentage of risk-weighted assets)	13.3	12.3	12.9	11.3	12.7	11.2	13.0	11.1
Total capital (as a percentage of risk-weighted assets)	15.0	14.1	14.5	13.3	14.6	13.5	14.8	13.5
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		8.5		
Total capital all-in minimum ratio		10.5		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	80	80	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	80	80	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.

⁽³⁾ At Q3 2014, CVA risk-weighted assets were calculated using the scalars of 0.57, 0.65 and 0.77 to compute CET1 capital ratio, Tier 1 capital ratio and Total capital ratio respectively.

REGULATORY CAPITAL - DEFINITION OF CAPITAL COMPONENTS



(\$MM)		Cross-Reference ⁽¹⁾	All-in Q3 2014	All-in Q2 2014
Common Equity Tier 1 Capital: Instruments and Reserves				
1	Directly issued qualifying common share capital plus related stock surplus	u+y	15,319	15,194
2	Retained Earnings	v	28,217	26,849
3	Accumulated Other Comprehensive Income	w	700	943
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	aa	506	508
6	Common Equity Tier 1 capital before regulatory adjustments		44,742	43,494
Common Equity Tier 1 Capital: Regulatory Adjustments				
8	Goodwill (net of related tax liability)	g	(7,053)	(6,910)
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	h-q+i-r	(3,047)	(3,018)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	(618)	(686)
11	Cash flow hedge reserve	x	86	89
12	Shortfall of allowances to expected losses	ee	(9)	-
14	Gains and losses due to changes in own credit risk on fair value liabilities	p	(151)	(153)
15	Defined-benefit pension fund net assets (net of related tax liability)	t-s	(69)	(106)
16	Investments in own shares (if not already netted off paid-in capital on reported balance)	a	(16)	(11)
19	Significant investments in the common stock of banking, financial and insurance entities	e	(68)	(2,812)
22	Amount exceeding the 15% threshold	f	(124)	(576)
23	of which: significant investments in the common stock of financials		(81)	(379)
25	of which: deferred tax assets arising from temporary differences	j	(43)	(197)
26	Other deductions from CET1 as determined by OSFI	o	(3)	-
28	Total regulatory adjustments to Common Equity Tier 1		(11,072)	(14,183)
29	Common Equity Tier 1 Capital (CET1)		33,670	29,311
Additional Tier 1 Capital: Instruments				
33	Directly issued capital instruments subject to phase-out from Additional Tier 1	z + (2)	4,334	4,634
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by	bb	25	34
36	Additional Tier 1 capital before regulatory adjustments		4,359	4,668
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	(7)	(8)
41	Other deductions from Tier 1 capital as determined by OSFI		-	(5)
43	Total regulatory adjustments to Additional Tier 1 capital		(7)	(13)
44	Additional Tier 1 Capital (AT1)		4,352	4,655
45	Tier 1 Capital (T1=CET1 + AT1)		38,022	33,966
Tier 2 Capital: Instruments and Provisions				
47	Directly issued capital instruments subject to phase-out from Tier 2	m	4,873	4,864
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in	cc	179	177
50	Eligible Collective Allowance and Excess of allowance over expected loss	c+d	470	997
51	Tier 2 capital before regulatory adjustments		5,522	6,038

	Cross-Reference ⁽¹⁾	All-in Q3 2014	All-in Q2 2014
Tier 2 Capital: Regulatory Adjustments			
57	Total regulatory adjustments to Tier 2 capital	-	-
58	Tier 2 Capital (T2)	5,522	6,038
59	Total Capital (TC = T1 + T2)	43,544	40,004
60	Total Risk-weighted Assets	311,596	300,155
60a	Common Equity Tier 1 (CET1) Capital RWA	307,795	300,155
60b	Tier 1 Capital RWA	308,502	300,155
60c	Total Capital RWA	309,563	300,155
Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	10.9	9.8
62	Tier 1 (as a percentage of risk-weighted assets)	12.3	11.3
63	Total capital (as a percentage of risk-weighted assets)	14.1	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%	7.0%
65	of which: capital conservation buffer requirement	2.5%	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)	10.9	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%	7.0%
70	Tier 1 capital all-in target ratio	8.5%	8.5%
71	Total capital all-in target ratio	10.5%	10.5%
Amounts below the thresholds for the deduction (before risk-weighting)			
72	Non-significant investments in the capital of other financial institutions	1,275	1,318
73	Significant investments in the common stock of financial institutions	3,305	2,891
75	Deferred tax assets arising from temporary differences (net of related tax liability)	1,745	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)	470	931
77	Cap on inclusion of allowances in Tier 2 under standardized approach	1,059	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	1,063	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%	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%	80%
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
84	Current cap on T2 instruments subject to phase-out arrangements	80%	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⁾
		Q3 2014	Q3 2014
Assets			
Cash and deposits with banks		49,964	49,605
Precious Metals		7,916	7,916
Trading Assets			
Trading Securities		104,319	104,318
- Investment in own shares	a		16
- Other trading securities			104,302
Trading Loans		12,912	12,912
Other Trading Assets		3,176	3,176
		120,407	120,406
Financial assets designated at fair value through profit or loss		111	111
Securities Purchased Under Resale Agreements		91,632	91,632
Derivative Instruments		24,952	24,952
Investment Securities		39,064	38,413
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital	b		7
- Other securities			38,406
Loans			
Residential Mortgages		211,391	211,244
Personal and Credit Cards		81,942	81,942
Business and Government		129,015	129,015
		422,348	422,201
Allowance For Credit Losses		3,406	3,406
- Collective Allowance reflected in Tier 2 capital	c		470
- Shortfall of allowances to expected loss	ee		(9)
- Excess of allowances to expected loss	d		-
- Allowances not reflected in regulatory capital			2,945
Other			
Customers' Liability Under Acceptances		10,010	10,010
Property and Equipment		2,231	2,229
Investments in Associates		2,981	3,497
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		68
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		124
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			3,305
Goodwill & Other Intangibles		10,820	10,969
- Goodwill	g		7,053
- Intangibles (excl computer software)	h		2,857
- Computer software intangibles	i		1,059
Deferred tax assets		1,899	1,899
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		43
- Deferred tax assets that rely on future profitability	k		618
- Deferred tax assets not deducted from regulatory capital			1,238
Other Assets		10,580	10,457
- Defined pension fund assets	l		104
- Other assets			10,353
		38,520	35,655
Total Assets		791,509	790,892

	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position ⁽¹⁾	Under regulatory scope of consolidation ⁽²⁾
		Q3 2014	Q3 2014
Liabilities			
Deposits			
Personal		174,213	174,212
Business and Government		333,013	333,013
Banks		38,113	38,113
		545,339	545,338
Other			
Acceptances		10,010	10,010
Obligations Related to Securities Sold Short		30,163	30,163
Derivative Instruments		28,686	28,686
Obligations Related to Securities Sold Under Repurchase Agreements		91,015	91,015
Subordinated Debentures		4,873	4,873
- Regulatory capital amortization of maturing debentures			-
- Subordinated debentures used for regulatory capital			-
- of which: are subject to phase-out included in Tier 2 capital (80%)	m		4,873
- of which: are subject to phase-out not included in Tier 2 capital			-
Other Liabilities		32,977	32,361
- Liquidity Reserves	o		3
- Gains/losses due to changes in own credit risk including DVA on derivatives	p		151
- Deferred tax liabilities			663
- Intangible assets (excl. computer software and mortgage servicing rights)	q		770
- Intangible assets - computer software	r		99
- Defined benefit pension fund assets	s		35
- Other deferred tax liabilities			(241)
- Other Liabilities			31,544
		197,724	197,108
Total Liabilities		743,063	742,447
Shareholders' Equity			
Common Equity			
- Common Shares	u	15,141	15,141
- Retained Earnings	v	28,217	28,217
- Accumulated Other Comprehensive Income (Loss)	w	700	700
- Cash flow hedging reserve	x		(86)
- Other			786
- Other Reserves	y	178	178
Total Common Equity		44,236	44,236
Preferred Shares		2,934	2,934
- of which: are subject to phase-out and included in Tier 1 capital (80%)	z		2,934
- of which: are subject to phase-out and not included into Tier 1 capital			-
Total Equity Attributable to Equity Holders		47,170	47,170
Non-Controlling Interests			
Non-Controlling Interest in Subsidiaries		1,276	1,276
- portion allowed for inclusion into CET1	aa		506
- portion allowed for inclusion into Tier 1 capital	bb		25
- portion allowed for inclusion into Tier 2 capital	cc		179
- portion not allowed for regulatory capital			566
Total Equity		48,446	48,446
Total Liabilities & Shareholders' Equity		791,509	790,892

⁽¹⁾ Consolidated Statement of Financial Position as reported in the 2014 Third 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: \$360, equity: \$288), Scotia Life Insurance Company (assets: \$105, equity: \$172), Scotia Jamaica Life Insurance Co. Ltd (assets: \$473, equity: \$74), Scotia Life Trinidad and Tobago Ltd (assets: \$258, equity: \$51) and Scotia Seguros (assets: \$58, equity: \$33).

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	Equity	Also subject to Credit Risk	All Other ⁽¹⁾	
As at July 31, 2014 (\$MM)									
Cash and deposits with financial institutions	46,651	-	-	-	-	-	-	3,313	49,964
Precious metals	-	-	-	-	-	-	7,916	-	7,916
Trading assets									
Securities	-	-	-	-	-	-	104,319	-	104,319
Loans	8,840	-	-	-	-	-	8,840	4,072	12,912
Other	-	-	-	-	-	-	3,176	-	3,176
Financial assets designated at fair value through profit or loss	70	-	-	-	-	41	-	-	111
Securities purchased under resale agreements and securities borrowed	-	-	-	91,632	-	-	-	-	91,632
Derivative financial instruments	-	-	-	-	24,952	-	23,297	-	24,952
Investment securities	33,644	-	-	-	-	4,410	-	1,010	39,064
Loans:									
Residential mortgages ⁽²⁾	84,027	127,241	-	-	-	-	-	123	211,391
Personal and credit cards	-	80,140	1,792	-	-	-	-	10	81,942
Business & government	122,504	-	6,493	-	-	-	-	18	129,015
Allowances for credit losses ⁽³⁾	(771)	-	-	-	-	-	-	(2,635)	(3,406)
Customers' liability under acceptances	10,010	-	-	-	-	-	-	-	10,010
Property and equipment	-	-	-	-	-	-	-	2,231	2,231
Investment in associates	-	-	-	-	-	-	-	2,981	2,981
Goodwill and other intangibles assets	-	-	-	-	-	-	-	10,820	10,820
Other (including Deferred tax assets)	1,590	132	-	-	-	-	-	10,757	12,479
Total	306,565	207,513	8,285	91,632	24,952	4,451	32,137	119,483	791,509

	Credit Risk Exposures						Other Exposures		Total
	Drawn		Other Exposures				Market Risk Exposures		
	Non-retail	Retail	Securitization	Repo-style Transactions	OTC Derivatives	Equity	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	-	-	-	-	3,960	-	1,020	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	4,002	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 \$83.2 billion (Q2 - \$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.

FLOW STATEMENT FOR REGULATORY CAPITAL



	Basel III All-in				
	Q3 2014	Q2 2014	Q1 2014	Q4 2013 ⁽¹⁾	Q3 2013 ⁽¹⁾
(\$MM)					
Common Equity Tier 1 (CET1) capital					
Opening amount	29,311	28,499	26,359	25,188	24,013
New capital issues	10	-	-	-	-
Redeemed capital	(144)	-	-	-	-
Gross dividends	(813)	(821)	(798)	(800)	(773)
Share Purchase Plan	142	110	375	328	284
Normal Course Issuer Bid	-	-	-	-	-
Profit for the quarter (attributable to shareholders of the parent company)	2,301	1,742	1,655	1,626	1,703
Removal of own credit spread (net of tax)	2	20	(21)	(8)	(6)
Movements in other comprehensive income, excluding cash flow hedges ⁽²⁾	(246)	(434)	1,038	363	(300)
Currency translation differences	(101)	(385)	1,055	297	(198)
Available-for-sale investments	14	6	18	66	(102)
Other	(159)	(55)	(35)	-	-
Goodwill and other intangible assets (deduction, net of related tax liability)	(172)	(59)	(97)	(97)	(125)
Other, including regulatory adjustments and transitional arrangements	3,279	254	(12)	(241)	392
Deferred tax assets that rely on future probability	68	42	24	(4)	(5)
Prudential valuation adjustments	-	-	-	-	-
Other, IFRS Impact ⁽²⁾	-	-	(142)	-	-
Other	3,211	212	106	(237)	397
Closing Amount	33,670	29,311	28,499	26,359	25,188
Other Additional Tier 1 capital					
Opening amount	4,655	5,243	5,555	5,853	5,948
New Additional Tier 1 eligible capital issues	-	-	-	-	-
Redeemed capital	(300)	(600)	(250)	(300)	(750)
Other, capital including regulatory adjustments and transitional arrangements	(3)	12	(62)	2	655
Closing Amount	4,352	4,655	5,243	5,555	5,853
Total Tier 1 capital	38,022	33,966	33,742	31,914	31,041
Tier 2 capital					
Opening amount	6,038	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	(516)	(32)	143	(30)	(336)
Closing Amount	5,522	6,038	7,070	6,927	7,907
Total regulatory capital	43,544	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 - PRIOR PERIODS⁽¹⁾



(\$MM)

	Basel III All-in		Basel II				CGAAP	
	Q2 2013	Q1 2013	IFRS		Q2 2012	Q1 2012		Q4 2011
			Q4 2012	Q3 2012				
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		
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

(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 and other items.

(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) 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 2013, includes transition amount for conversion from Basel II to Basel III.

RISK-WEIGHTED ASSETS AND CAPITAL RATIOS



(\$B)	Basel III - All-in							Basel II			
				IFRS							
	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
RISK-WEIGHTED ASSETS:^(1,2)											
On-Balance Sheet Assets											
Cash Resources	2.2	2.7	2.5	2.9	3.1	3.0	2.6	2.7	2.9	4.1	3.0
Securities ⁽³⁾	13.4	13.8	16.4	15.4	15.9	16.3	17.5	12.6	12.7	17.1	17.4
Residential Mortgages	19.4	19.5	19.1	19.0	18.5	18.1	17.6	13.0	12.4	12.4	12.1
Loans											
- Personal Loans	39.6	37.8	37.1	36.3	34.3	33.4	32.5	30.8	29.7	28.6	28.6
- Non-Personal Loans	95.7	95.9	93.2	88.2	87.6	87.1	88.0	85.5	85.4	82.9	83.5
All Other ⁽⁴⁾	26.3	24.3	25.8	24.9	23.9	22.9	23.8	18.2	18.1	18.4	17.1
	196.6	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	39.3	35.6	37.6	38.3	37.3	35.7	34.8	34.1	33.7	32.0	32.0
Derivative Instruments	13.5	13.3	13.0	7.6	7.6	7.6	8.0	5.6	5.9	5.8	6.0
	52.8	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	249.4	242.9	244.7	232.6	228.2	224.1	224.8	202.5	200.8	201.3	199.7
AIRB Scaling factor ⁽⁵⁾	8.8	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	258.2	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	16.7	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	32.9	32.4	32.2	31.9	31.5	30.9	30.6	29.5	29.3	29.2	29.2
CET1 Risk-weighted Assets⁽⁶⁾	307.8	300.2	302.1	288.2	282.3	280.7	280.1	253.3	252.4	252.9	253.1
Tier 1 Risk-weighted Assets⁽⁶⁾	308.5	300.2	302.1	288.2	282.3	280.7	280.1	253.3	252.4	252.9	253.1
Total Risk-weighted Assets⁽⁶⁾	309.6	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	10.9	9.8	9.4	9.1	8.9	8.6	8.2	n/a	n/a	n/a	n/a
Tier 1	12.3	11.3	11.2	11.1	11.0	10.7	10.3	13.6	12.6	12.2	11.4
Total	14.1	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%).

(6) As per OSFI guideline, effective Q1 2014, Credit Valuation Adjustment RWA on derivatives was phased-in at 57%. At Q3 2014, CVA risk-weighted assets were calculated using the scalars of 0.57, 0.65 and 0.77 to compute CET1 capital ratio, Tier 1 capital ratio and Total capital ratio respectively.

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


Credit Risk Risk-weighted Assets (RWA) (\$MM)	Q3 2014		Q2 2014	
	Credit Risk ⁽¹⁾	Of which Counterparty Credit Risk	Credit Risk ⁽¹⁾	Of which Counterparty Credit Risk
CET1 Credit risk-weighted assets as at beginning of Quarter	251,392	15,597	253,196	16,101
Book size ⁽²⁾	7,679	1,034	970	(497)
Book quality ⁽³⁾	(1,176)	(27)	(852)	149
Model updates ⁽⁴⁾	1,339	-	-	-
Methodology and policy ⁽⁵⁾	-	-	-	-
Acquisitions and disposals	-	-	-	-
Foreign exchange movements	(1,071)	(42)	(1,922)	(156)
Other	-	-	-	-
CET1 Credit risk-weighted assets as at end of Quarter	258,163	16,562	251,392	15,597
Tier 1 CVA scalar	707	707	-	-
Tier 1 Credit risk-weighted assets as at end of Quarter	258,870	17,269	251,392	15,597
Total CVA scalar	1,061	1,061	-	-
Total Credit risk-weighted assets as at end of Quarter	259,931	18,330	251,392	15,597

⁽¹⁾ In accordance with OSFI's requirements, a scalar for CVA risk-weighted assets (RWA) of 0.57 was used in the first two quarters of 2014. At Q3 2014, CVA RWA were calculated using scalars of 0.57, 0.65, and 0.77 to compute the CET1 capital ratio, Tier 1 capital ratio and Total capital ratio, respectively.

⁽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)	Q3 2014	Q2 2014
Market risk-weighted assets as at beginning of Quarter	16,386	16,714
Movement in risk levels ⁽¹⁾	337	(343)
Model updates ⁽²⁾	(6)	15
Methodology and policy ⁽³⁾	-	-
Acquisitions and disposals	-	-
Other	-	-
Market risk-weighted assets as at end of Quarter	16,717	16,386

⁽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)	Q3 2014	Q2 2014
Operational risk-weighted assets as at beginning of Quarter	32,377	32,160
Revenue Generation	537	217
Operational risk-weighted assets as at end of Quarter	32,914	32,377

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


Risk-weighted Assets (RWA)	Q3 2014					
	Canadian Banking	International Banking	Global Wealth & Insurance	Global Banking & Markets	Other	All Bank
RWA (\$ billions)	\$87.4	\$109.8	\$10.5	\$90.0	\$10.1	\$307.8
Proportion of Bank	28%	36%	4%	29%	3%	100%
Comprised of:						
Credit risk	88%	89%	54%	76%	100%	84%
Market risk	- %	1%	- %	17%	- %	5%
Operational risk	12%	10%	46%	7%	- %	11%

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%

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



(\$MM)		Basel III - IFRS									
		Q3 2014						Q2 2014		Q1 2014	
		AIRB		Standardized		Total		Total		Total	
Exposure Type	Sub-type	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	86,861	50,235	41,547	40,130	128,408	90,365	128,608	90,079	121,562	86,649
	Undrawn	41,347	17,841	3,508	3,433	44,855	21,274	41,619	19,554	42,968	20,444
	Other ⁽⁴⁾	29,010	8,579	2,694	2,667	31,704	11,246	26,552	10,126	30,930	11,540
	Total	157,218	76,655	47,749	46,230	204,967	122,885	196,779	119,759	195,460	118,633
Bank ⁽³⁾	Drawn	24,729	6,721	1,508	1,161	26,237	7,882	29,067	9,053	34,833	9,949
	Undrawn	11,479	3,520	73	39	11,552	3,559	10,620	3,279	11,879	3,507
	Other ⁽⁴⁾	7,799	1,298	130	96	7,929	1,394	8,228	1,370	7,904	1,304
	Total	44,007	11,539	1,711	1,296	45,718	12,835	47,915	13,702	54,616	14,760
Sovereign	Drawn	63,513	4,413	5,255	251	68,768	4,664	77,072	4,717	71,279	5,145
	Undrawn	1,353	177	-	-	1,353	177	1,359	189	1,440	263
	Other ⁽⁴⁾	774	25	1	1	775	26	856	31	1,191	28
	Total	65,640	4,615	5,256	252	70,896	4,867	79,287	4,937	73,910	5,436
Total Non-Retail		175,103	61,369	48,310	41,542	223,413	102,911	234,747	103,849	227,674	101,743
	Undrawn	54,179	21,538	3,581	3,472	57,760	25,010	53,598	23,022	56,287	24,214
	Other ⁽⁴⁾	37,583	9,902	2,825	2,764	40,408	12,666	35,636	11,527	40,025	12,872
	Total	266,865	92,809	54,716	47,778	321,581	140,587	323,981	138,398	323,986	138,829
Retail											
Residential Mortgages	Drawn	187,713	9,151	23,030	10,209	210,743	19,360	210,451	19,466	210,691	19,085
	Undrawn	-	-	-	-	-	-	-	-	-	-
	Total	187,713	9,151	23,030	10,209	210,743	19,360	210,451	19,466	210,691	19,085
Secured Lines Of Credit	Drawn	18,590	4,409	-	-	18,590	4,409	18,459	4,509	18,220	4,552
	Undrawn	17,724	1,857	-	-	17,724	1,857	13,265	1,394	13,052	1,370
	Total	36,314	6,266	-	-	36,314	6,266	31,724	5,903	31,272	5,922
Qualifying Revolving Retail Exposures (QRRE)	Drawn	15,953	7,622	-	-	15,953	7,622	15,653	7,153	15,412	7,171
	Undrawn	18,311	2,360	-	-	18,311	2,360	13,638	1,674	13,400	1,678
	Total	34,264	9,982	-	-	34,264	9,982	29,291	8,827	28,812	8,849
Other Retail	Drawn	22,942	11,399	22,438	16,225	45,380	27,624	42,989	26,216	41,754	25,405
	Undrawn	999	126	-	-	999	126	736	91	733	91
	Total	23,941	11,525	22,438	16,225	46,379	27,750	43,725	26,307	42,487	25,496
Total Retail		245,198	32,581	45,468	26,434	290,666	59,015	287,552	57,344	286,077	56,213
	Undrawn	37,034	4,343	-	-	37,034	4,343	27,639	3,159	27,185	3,139
	Total	282,232	36,924	45,468	26,434	327,700	63,358	315,191	60,503	313,262	59,352
Securitized		18,100	4,884	63	63	18,163	4,947	19,406	5,527	19,900	7,273
Trading Derivatives ⁽³⁾		22,886	7,559	-	-	22,886	7,559	22,139	7,454	23,638	7,284
Derivatives - credit valuation adjustment ⁽⁵⁾		-	-	-	5,039	-	5,039	-	4,793	-	5,003
Total Credit Risk (Excluding Equities & Other Assets)		590,083	142,176	100,247	79,314	690,330	221,490	680,717	216,675	680,786	217,741
Equities		4,451	4,451	-	-	4,451	4,451	4,002	4,002	4,019	4,019
Other Assets ⁽⁶⁾		-	-	52,377	23,550	52,377	23,550	52,771	22,224	57,028	22,930
Total Credit Risk (Before Scaling Factor)		594,534	146,627	152,624	102,864	747,158	249,491	737,490	242,901	741,833	244,690
Add-on for 6% Scaling Factor ⁽⁷⁾		-	8,672	-	-	-	8,672	-	8,491	-	8,506
Total Credit Risk		594,534	155,299	152,624	102,864	747,158	258,163	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) CET1 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 2014, Credit Valuation Adjustment RWA on derivatives are phased-in at 57% to compute CET1 capital ratio.

(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)



(\$MM)		Basel III - IFRS								Basel II - IFRS					
		Q4 2013		Q3 2013		Q2 2013		Q1 2013		Q4 2012		Q3 2012		Q2 2012	
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	23,285	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	-	-	-	-	-	-	1,298	1,298
	Grandfathered	-	-	-	-	-	-	-	-	-	-	-	-	1,695	5,721
	Simple Method	-	-	-	-	-	-	-	-	-	-	-	-	433	510
	PD/LGD Approach	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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
	Total	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									
	Q3 2014					Q2 2014				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
Drawn	Undrawn	Other ⁽³⁾	Drawn			Undrawn	Other ⁽³⁾			
Canada	61,249	27,167	30,375	289,351	408,142	60,739	25,314	30,529	277,678	394,260
USA	55,583	17,696	33,593	-	106,872	64,610	16,866	29,219	-	110,695
Mexico	10,691	320	1,195	7,684	19,890	10,945	251	1,274	7,534	20,004
Other International										
Europe	14,106	5,339	8,422	-	27,867	14,974	4,974	8,260	-	28,208
Caribbean	16,945	1,664	1,561	13,926	34,096	17,155	1,558	1,732	13,922	34,367
Latin America (excl. Mexico)	32,281	1,820	3,947	16,653	54,701	31,140	1,228	3,831	15,969	52,168
All Other	32,558	3,754	2,364	86	38,762	35,184	3,407	2,336	88	41,015
Total	223,413	57,760	81,457	327,700	690,330	234,747	53,598	77,181	315,191	680,717

	Basel III - IFRS				
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Canada	392,859	390,613	390,736	384,672	374,866
USA	111,611	104,366	100,794	102,702	107,243
Mexico	19,387	17,859	17,321	17,400	15,422
Other International					
Europe	27,523	30,072	29,727	31,636	30,526
Caribbean	36,014	34,034	33,165	32,718	33,790
Latin America (excl. Mexico)	52,164	49,559	46,676	45,967	44,108
All Other	41,228	36,959	35,636	35,278	34,246
Total	680,786	663,462	654,055	650,373	640,201

⁽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							
	Q3 2014				Q2 2014			
	Drawn	Undrawn	Other ⁽³⁾	Total	Drawn	Undrawn	Other ⁽³⁾	Total
Non-Retail								
Less than 1 year	108,044	16,129	48,077	172,250	116,012	14,746	43,447	174,205
1 to 5 years	59,395	30,398	28,520	118,313	62,453	30,937	29,362	122,752
Over 5 Years	7,664	7,652	1,972	17,288	8,093	5,082	1,939	15,114
Total Non-Retail	175,103	54,179	78,569	307,851	186,558	50,765	74,748	312,071
Retail								
Less than 1 year	35,158	18,723		53,881	29,119	14,001		43,120
1 to 5 years	158,610	-		158,610	163,589	-		163,589
Over 5 Years	15,567	-		15,567	15,042	-		15,042
Revolving Credits ⁽⁴⁾	35,863	18,311		54,174	35,409	13,638		49,047
Total Retail	245,198	37,034		282,232	243,159	27,639		270,798
Total	420,301	91,213	78,569	590,083	429,717	78,404	74,748	582,869

	Basel III - IFRS			
	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Non-Retail				
Less than 1 year	176,726	173,719	165,006	164,157
1 to 5 years	121,516	119,173	114,841	121,923
Over 5 Years	15,025	9,019	15,399	9,275
Total Non-Retail	313,267	301,911	295,246	295,355
Retail				
Less than 1 year	39,046	39,325	38,183	38,671
1 to 5 years	166,964	166,712	167,179	165,596
Over 5 Years	15,000	14,653	13,318	11,655
Revolving Credits ⁽⁴⁾	48,312	47,622	47,109	46,667
Total Retail	269,322	268,312	265,789	262,589
Total	582,589	570,223	561,035	557,944

⁽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													
	Q3 2014							Q2 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%	1,212	8	4,374	5,594	2	1,158	1,160	1,129	8	4,495	5,632	8	971	979
20%	598	486	653	1,737	1,327	-	1,327	617	1,204	266	2,087	1,335	-	1,335
35%	-	-	-	-	16,372	449	16,821	-	-	-	-	16,201	493	16,694
50%	77	45	215	337	-	-	-	73	42	522	637	-	-	-
75%	-	-	-	-	4,464	20,202	24,666	-	-	-	-	4,266	19,650	23,916
100%	45,512	1,163	14	46,689	865	34	899	43,146	1,524	9	44,679	871	31	902
150%	413	9	-	422	-	595	595	420	-	-	420	-	567	567
Total	47,812	1,711	5,256	54,779	23,030	22,438	45,468	45,385	2,778	5,292	53,455	22,681	21,712	44,393

Risk-weight	Basel III - IFRS										Basel II - IFRS			
	Q1 2014		Q4 2013		Q3 2013		Q2 2013		Q1 2013		Q4 2012		Q3 2012	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
0%	6,260	1,025	6,228	1,093	6,512	1,054	7,196	1,067	7,967	923	4,850	911	4,515	1,006
20%	2,472	1,358	2,128	1,289	2,925	1,285	3,096	1,280	3,256	1,469	4,153	1,521	3,817	1,590
35%	-	17,461	-	15,737	-	15,390	-	15,219	-	11,072	-	14,412	-	13,965
50%	719	-	413	-	474	-	571	-	605	-	650	-	604	-
75%	-	22,709	-	22,252	-	21,137	-	21,076	-	23,945	-	18,433	-	18,054
100%	44,307	878	42,195	827	42,410	842	41,073	839	40,605	788	38,824	425	37,650	424
150%	499	509	601	476	565	426	544	468	459	490	419	59	456	55
Total	54,257	43,940	51,565	41,674	52,886	40,134	52,480	39,949	52,892	38,687	48,896	35,761	47,042	35,094

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

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(SMM)			Basel III - IFRS																
			Q3 2014								Q2 2014								
			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	RWA ⁽⁸⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)				
\$	\$	\$	\$	\$	%	%	%	\$	\$	%	%	%							
Investment Grade																			
<u>Corporate⁽⁷⁾</u>			45,189	29,700	29,008	103,897	33,999	0.16	43	33	97,316	34,063	0.17	44	35				
	99	0.00% - 0.03%	1,301	43	311	1,655	82	0.03	46	5	1,678	152	0.03	45	9				
	98	0.00% - 0.06%	98	547	116	761	50	0.06	21	7	945	83	0.06	25	9				
	95	0.05% - 0.16%	3,266	2,029	2,414	7,709	1,545	0.07	43	20	8,007	1,716	0.08	44	21				
	90	0.06% - 0.17%	8,298	6,255	7,043	21,596	4,005	0.08	40	19	19,165	3,759	0.08	40	20				
	87	0.10% - 0.26%	8,380	7,413	8,424	24,217	6,510	0.12	42	27	20,957	6,335	0.12	43	30				
	85	0.14% - 0.38%	11,204	7,548	5,668	24,420	9,312	0.19	44	38	22,537	8,739	0.19	44	39				
	83	0.21% - 0.54%	12,642	5,865	5,032	23,539	12,495	0.31	48	53	24,027	13,279	0.32	48	55				
<u>Bank⁽⁷⁾</u>			20,367	11,374	18,217	49,958	11,930	0.14	36	24	50,257	11,353	0.15	36	23				
	99	0.00% - 0.03%	36	12	1	49	2	0.02	44	3	89	4	0.03	38	4				
	98	0.00% - 0.06%	70	368	504	942	52	0.06	31	6	945	13	0.06	31	1				
	95	0.05% - 0.16%	5,155	5,190	7,783	18,128	4,050	0.06	40	22	16,627	2,922	0.07	40	18				
	90	0.06% - 0.17%	7,961	3,220	5,819	17,000	3,528	0.10	34	21	17,760	3,124	0.10	34	18				
	87	0.10% - 0.26%	1,237	1,923	2,390	5,550	949	0.13	31	17	5,313	1,414	0.13	31	27				
	85	0.14% - 0.38%	2,570	563	1,113	4,246	1,700	0.27	36	40	4,916	1,864	0.28	36	38				
	83	0.21% - 0.54%	3,338	98	607	4,043	1,649	0.49	37	41	4,607	2,012	0.52	39	44				
<u>Sovereign</u>			60,450	1,346	3,600	65,396	2,967	0.06	17	5	158,269	2,879	0.02	16	2				
	99	0.00% - 0.03%	44,966	143	1,844	46,953	-	-	15	-	140,269	-	-	15	-				
	98	0.00% - 0.06%	1,823	66	765	2,654	195	0.06	14	7	2,697	204	0.06	14	8				
	95	0.05% - 0.16%	4,576	549	883	6,008	542	0.08	16	9	5,752	511	0.08	16	9				
	90	0.06% - 0.17%	931	179	58	1,168	127	0.14	20	11	1,780	203	0.15	19	11				
	87	0.10% - 0.26%	5,242	8	35	5,285	965	0.26	24	18	4,875	937	0.26	24	19				
	85	0.14% - 0.38%	1,530	302	10	1,842	649	0.37	26	35	1,234	437	0.37	22	35				
	83	0.21% - 0.54%	1,382	99	5	1,486	489	0.53	26	33	1,662	587	0.53	27	35				
Sub-Total			126,006	42,420	50,825	219,251	48,896	0.13	34	22	305,842	48,295	0.09	28	16				
Non-Investment Grade																			
<u>Corporate⁽⁷⁾</u>			38,782	11,474	8,962	59,218	40,285	0.76	44	68	60,075	40,549	0.77	43	67				
	80	0.33% - 0.60%	14,882	6,099	2,862	23,843	13,649	0.40	46	57	23,039	13,147	0.40	46	57				
	77	0.52% - 0.66%	9,653	2,592	1,744	13,989	9,093	0.57	44	65	13,516	8,656	0.57	44	64				
	75	0.65% - 0.83%	9,170	1,906	2,995	14,071	10,115	0.83	41	72	15,758	11,080	0.83	41	70				
	73	0.82% - 1.64%	3,213	658	894	4,765	4,258	1.64	40	89	5,170	4,935	1.64	41	95				
	70	1.63% - 3.09%	1,864	219	467	2,550	3,170	3.09	48	124	2,592	2,731	3.09	40	105				
<u>Bank⁽⁷⁾</u>			4,324	105	370	4,799	2,150	0.79	36	45	5,231	2,285	0.80	37	44				
	80	0.33% - 0.60%	2,737	96	312	3,145	1,498	0.57	37	48	3,270	1,503	0.57	37	46				
	77	0.52% - 0.66%	916	1	27	944	367	0.66	38	39	1,051	503	0.66	39	48				
	75	0.65% - 0.83%	160	5	22	187	69	0.83	35	37	308	147	0.83	38	48				
	73	0.82% - 1.64%	239	1	6	246	150	1.64	36	61	344	127	1.64	36	37				
	70	1.63% - 3.09%	272	2	3	277	66	3.09	30	24	258	5	3.09	39	2				
<u>Sovereign</u>			2,987	6	17	3,010	1,672	2.28	24	56	3,272	1,749	2.04	24	53				
	80	0.33% - 0.60%	509	-	9	518	162	0.59	24	31	641	181	0.58	23	28				
	77	0.52% - 0.66%	33	-	-	33	11	0.66	24	32	32	9	0.66	24	27				
	75	0.65% - 0.83%	271	-	-	271	76	0.83	23	28	581	142	0.83	20	25				
	73	0.82% - 1.64%	304	3	-	307	167	1.64	27	54	298	166	1.64	27	56				
	70	1.63% - 3.09%	1,870	3	8	1,881	1,256	3.09	24	67	1,720	1,251	3.09	25	73				
Sub-Total			46,093	11,585	9,349	67,027	44,107	0.83	42	66	68,578	44,583	0.84	42	65				

(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 before credit risk mitigation (excludes government guaranteed residential mortgages), and includes all non-retail exposures except securitization, equity and other assets.

(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.

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(\$MM)			Basel III - IFRS												
			Q3 2014							Q2 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 ⁽⁴⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)	Total Exposure at Default	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%	1,710	145	180	2,035	4,540	19.81	48	223	1,614	3,676	21.46	47	228
Bank ⁽⁷⁾	65 - 30	3.08% - 60.85%	30	-	1	31	65	28.93	47	206	30	59	29.13	48	202
Sovereign	65 - 30	3.08% - 60.85%	70	-	1	71	114	10.82	41	161	69	115	10.82	43	168
Sub-Total			1,810	145	182	2,137	4,719	19.64	47	221	1,713	3,850	21.16	47	225
Default⁽⁹⁾															
Corporate	27-21	100%	1,179	29	112	1,320	2,614	100.00	48	198	1,486	3,104	100.00	47	209
Bank	27-21	100%	8	-	-	8	2	100.00	35	32	8	2	100.00	35	31
Sovereign	27-21	100%	7	-	1	8	30	100.00	31	388	9	32	100.00	31	389
Sub-Total			1,194	29	113	1,336	2,646	100.00	48	198	1,503	3,138	100.00	47	209
Total			175,103	54,179	60,469	289,751	100,368	0.89	36	35	377,636	99,866	0.72	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 before credit risk mitigation (excludes government guaranteed residential mortgages), and includes all non-retail exposures except securitization, equity and other assets.

⁽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			
	Q3 2014		Q2 2014	
	Notional Undrawn	Weighted Average EAD	Notional Undrawn	Weighted Average EAD
	\$	%	\$	%
Corporate	81,977	50	77,671	50
Bank	20,494	56	18,816	56
Sovereign	2,435	56	2,445	56
Total	104,906	52	98,932	51

RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY⁽¹⁾

(\$MM)		Basel III - IFRS								
Category of PD Grades	PD Range	Q3 2014						RWA	EL	EL adjusted average risk weight ⁽³⁾
		EAD ⁽²⁾	Notional of undrawn commitments	Exposure weighted-average EAD	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW			
		\$	\$	%	%	%	%			
Residential mortgages and HELOCs										
Insured Drawn and Undrawn⁽⁴⁾										
Exceptionally Low	0.01% to 0.04%	83,613	0	100.00	0.04	44	5	22	0	0
Very Low	0.05% to 0.19%	4,634	4	99.92	0.12	22	4	201	1	5
Low	0.20% to 0.99%	7,900	0	99.99	0.46	24	12	973	6	13
Medium Low	1.00% to 2.99%	726	0	100.00	1.22	23	28	206	2	31
Medium	3.00% to 9.99%	732	0	99.99	3.72	29	64	468	6	74
High	10.00% to 19.99%	179	0	100.00	18.35	23	91	164	5	129
Extremely High	20.00% to 99.99%	151	0	99.99	49.56	21	73	110	11	161
Default	100%	51	0	100.00	100.00	53	0	0	15	364
Sub-total		97,985	4	99.97	1.42	41	34	2,144	46	3
Uninsured Undrawn⁽⁵⁾										
Exceptionally Low	0.00% to 0.04%	3	6	60.72	0.03	27	2	0	0	4
Very Low	0.05% to 0.19%	15,743	26,180	64.77	0.10	27	6	1,239	4	8
Low	0.20% to 0.99%	1,276	2,133	67.92	0.57	27	23	931	2	75
Medium Low	1.00% to 2.99%	165	237	88.07	1.58	27	45	139	1	89
Medium	3.00% to 9.99%	639	1,020	69.64	4.41	27	82	609	8	110
High	10.00% to 19.99%	17	24	74.00	13.96	27	137	73	1	482
Extremely High	20.00% to 99.99%	26	36	77.24	42.36	27	147	64	3	382
Default	100%	0	0	100.00	100.00	40	0	0	0	0
Sub-total		17,870	29,635	65.41	0.37	27	11	3,055	18	18
Uninsured Drawn⁽⁶⁾										
Exceptionally Low	0.00% to 0.04%	18,603	0	100.00	0.04	11	1	231	1	1
Very Low	0.05% to 0.19%	56,336	0	97.70	0.11	4	5	2,181	12	4
Low	0.20% to 0.99%	22,348	0	99.06	0.47	18	14	2,579	19	13
Medium Low	1.00% to 2.99%	4,471	0	98.94	1.44	21	34	1,507	19	39
Medium	3.00% to 9.99%	5,223	0	98.64	4.12	20	61	2,693	36	60
High	10.00% to 19.99%	517	0	99.87	17.92	18	99	512	17	139
Extremely High	20.00% to 99.99%	471	0	99.80	44.95	20	109	515	43	223
Default	100%	203	0	100.00	100.00	44	0	0	88	539
Sub-total		108,172	0	98.51	0.89	17	11	10,218	234	12
Qualifying Revolving Retail Exposures(QRRE)										
Exceptionally Low	0.00% to 0.04%	21	42	60.72	0.03	83	2	0	0	2
Very Low	0.05% to 0.19%	15,339	20,975	66.32	0.10	6	5	783	13	6
Low	0.20% to 0.99%	9,098	7,414	78.39	0.46	83	17	1,587	35	22
Medium Low	1.00% to 2.99%	4,397	762	95.43	1.62	83	46	2,013	59	63
Medium	3.00% to 9.99%	4,273	1,034	95.21	4.72	81	95	3,786	155	134
High	10.00% to 19.99%	483	47	99.78	13.96	80	178	859	54	317
Extremely High	20.00% to 99.99%	459	48	99.79	38.83	68	208	954	121	537
Default	100%	193	0	100.00	100.00	85	0	0	165	1,068
Sub-total		34,264	30,323	77.92	2.24	84	30	9,982	602	51
Other Retail										
Exceptionally Low	0.00% to 0.04%	3	8	60.72	0.03	30	3	0	0	3
Very Low	0.05% to 0.19%	2,598	1,300	87.15	0.12	40	12	300	1	12
Low	0.20% to 0.99%	13,632	182	99.61	0.42	56	36	4,810	32	38
Medium Low	1.00% to 2.99%	5,009	26	99.79	1.74	62	77	3,845	54	90
Medium	3.00% to 9.99%	1,814	162	97.65	5.46	56	83	1,504	57	123
High	10.00% to 19.99%	229	5	99.51	11.31	61	106	244	16	192
Extremely High	20.00% to 99.99%	516	3	99.86	37.67	60	159	822	117	442
Default	100%	139	0	100.00	100.00	90	0	0	125	1,120
Sub-total		23,941	1,685	98.15	2.53	56	49	11,525	401	69
Total Retail										
Exceptionally Low	0.01% to 0.04%	102,244	55	99.94	0.04	12	1	254	1	0
Very Low	0.05% to 0.19%	94,649	48,459	85.79	0.11	31	5	4,704	31	5
Low	0.20% to 0.99%	54,253	9,730	94.06	0.46	39	20	10,881	94	22
Medium Low	1.00% to 2.99%	14,769	1,026	98.04	1.59	53	52	7,709	135	64
Medium	3.00% to 9.99%	12,681	2,216	95.79	4.51	47	77	9,060	262	97
High	10.00% to 19.99%	1,425	75	99.43	15.53	47	126	1,852	92	211
Extremely High	20.00% to 99.99%	1,624	87	99.42	41.29	47	150	2,465	294	378
Default	100%	586	0	100.00	100.00	69	0	0	392	836
Total		282,232	61,647	91.22	1.33	35	19	36,924	1,301	19

⁽¹⁾ Represents retail exposures under the AIRB Approach which are domiciled in Canada.

⁽²⁾ Amounts are before allowance for credit losses and before credit risk mitigation.

⁽³⁾ EL adjusted average risk weight is calculated as (RWA + 12.5 X EL) / EAD

⁽⁴⁾ Includes insured drawn and undrawn Canadian residential mortgages and home equity lines of credit (e.g. CMHC insured mortgages). The Bank uses PD Substitution to account for the CMHC guarantee, whereas Tangerine (formerly ING Direct Canada), a wholly owned subsidiary, utilizes LGD substitution.

⁽⁵⁾ Includes only uninsured undrawn Canadian residential mortgages and home equity lines of credit

⁽⁶⁾ Includes only uninsured drawn Canadian residential mortgages and home equity lines of credit

RISK ASSESSMENT OF CREDIT RISK EXPOSURES - RETAIL AIRB PORTFOLIO



RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY⁽¹⁾

(\$MM)	Category of PD Grades ^(2,3)	PD Range ⁽³⁾	Basel III - IFRS														
			Q2 2014					Q1 2014					Q4 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)
\$	\$	%	%	%	\$	\$	%	%	%	\$	\$	%	%	%			
	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
	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
	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
	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
	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
	High	10.00% to 19.99%	809	867	15.75	21	107	317	406	11.59	27	128	303	393	12.02	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
	Default ⁽⁷⁾	100%	273	0	100.00	40	0	282	0	100.00	38	0	274	0	100.00	37	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
	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
	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
	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
	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
	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
	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
	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
	Default ⁽⁷⁾	100%	212	0	100.00	84	0	207	0	100.00	84	0	203	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
	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
	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
	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
	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
	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
	High	10.00% to 19.99%	0	0	0.00	0	0	0	0	0.00	0	0	1	1	12.03	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
	Default ⁽⁷⁾	100%	132	0	100.00	86	0	127	0	100.00	86	0	120	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
	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
	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
	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
	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
	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
	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
	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
	Default ⁽⁷⁾	100%	617	0	100.00	65	0	616	0	100.00	63	0	616	0	100.00	63	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

⁽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.

AIRB CREDIT LOSSES



Exposure Type	Basel III - IFRS									
	Q3 2014		Q2 2014		Q1 2014		Q4 2013		Q3 2013	
	Actual Loss Rate	Expected Loss Rate	Actual Loss Rate	Expected Loss Rate	Actual Loss Rate	Expected Loss Rate	Actual Loss Rate	Expected Loss Rate	Actual Loss Rate	Expected Loss Rate
	%	%	%	%	%	%	%	%	%	%
Non-Retail⁽¹⁾										
Corporate	0.04	1.00	0.09	1.06	0.11	1.10	0.12	1.13	0.09	1.09
Sovereign	-	0.13	-	0.41	-	0.62	-	0.41	-	0.38
Bank	-	0.23	-	0.16	-	0.06	-	0.40	-	0.40
Retail⁽²⁾										
Real Estate Secured	0.01	0.14	0.01	0.13	0.01	0.13	0.01	0.14	0.01	0.14
QRRE	1.95	3.20	1.80	3.26	1.78	3.31	1.84	3.27	1.90	3.17
Other Retail	0.50	1.71	0.51	1.77	0.49	1.82	0.47	1.72	0.48	1.74

⁽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


	Four-quarter period ending Q3 2014						Four-quarter period ending Q2 2014					
	Average estimated PD %	Actual default rate %	Average estimated LGD %	Actual LGD %	Average estimated CCF ⁽²⁾ %	Actual CCF ⁽²⁾ %	Average estimated PD %	Actual default rate %	Average estimated LGD %	Actual LGD %	Average estimated CCF ⁽²⁾ %	Actual CCF ⁽²⁾ %
Non Retail ⁽¹⁾	0.97	0.21	37.93	26.12	61.26	21.38	1.00	0.32	37.85	23.81	61.15	14.29

⁽¹⁾ Estimated parameters are based on portfolio averages at Q4 2012, 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 Q3 2014						Four-quarter period ending Q2 2014					
	Average estimated PD ⁽²⁾⁽⁷⁾ %	Actual default rate ⁽²⁾⁽⁵⁾ %	Average estimated LGD ⁽³⁾⁽⁷⁾ %	Actual LGD ⁽³⁾⁽⁶⁾ %	Estimated (EAD) ⁽⁴⁾⁽⁷⁾ \$	Actual EAD ⁽⁴⁾⁽⁵⁾ \$	Average estimated PD ⁽²⁾⁽⁷⁾ %	Actual default rate ⁽²⁾⁽⁵⁾ %	Average estimated LGD ⁽³⁾⁽⁷⁾ %	Actual LGD ⁽³⁾⁽⁶⁾ %	Estimated (EAD) ⁽⁴⁾⁽⁷⁾ \$	Actual EAD ⁽⁴⁾⁽⁵⁾ \$
Residential real estate secured ⁽¹⁾												
Residential mortgages												
Insured mortgages ⁽⁸⁾	0.89	0.62	-	-	-	-	0.92	0.62	-	-	-	-
Uninsured mortgages	0.53	0.42	15.97	11.75	-	-	0.53	0.39	15.68	11.06	-	-
Secured lines of credit	0.89	0.23	26.74	17.14	78	71	0.91	0.22	26.86	17.28	74	67
Qualifying revolving retail exposures	1.57	1.39	71.25	67.69	439	431	1.60	1.34	71.59	67.64	419	412
Other retail	1.95	1.27	64.95	52.90	8	7	1.98	1.25	65.33	54.23	9	8

⁽¹⁾ Excludes Tangerine (formerly 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											
	Q3 2014			Q2 2014			Q1 2014			Q4 2013		
	Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives	
Exposure type	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach
Non-Retail												
Corporate	486	1,258	5,158	503	1,111	5,228	450	1,180	4,970	501	1,171	4,489
Bank	-	8	2,275	-	8	2,347	-	8	1,410	-	8	1,132
Sovereign	-	-	5,125	-	-	5,089	-	-	6,018	-	-	5,481
Total Non-Retail	486	1,266	12,558	503	1,119	12,664	450	1,188	12,398	501	1,179	11,102
Retail												
Residential Mortgages ⁽²⁾	-	3,507	93,632	-	3,497	96,704	-	3,509	98,865	-	3,284	98,981
Secured Lines of Credit												
Qualifying Revolving Retail Exposures (QRRE)												
Other Retail	583	1,026	-	574	891	-	595	927	-	570	1,007	-
Total Retail	583	4,533	93,632	574	4,388	96,704	595	4,436	98,865	570	4,291	98,981
Total	1,069	5,799	106,190	1,077	5,507	109,368	1,045	5,624	111,263	1,071	5,470	110,083

⁽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 (formerly ING Direct Canada), a wholly owned subsidiary, utilizes LGD substitution. CMHC guarantees under the PD substitution are reclassified to sovereign.

DERIVATIVES - COUNTERPARTY CREDIT RISK ^(1,2)


(\$MM)	Basel III - IFRS															
	Q3 2014				Q2 2014				Q1 2014				Q4 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	627,626	57	1,658	58	458,607	36	1,355	42	446,895	2	1,035	30	379,882	7	883	29
Swaps	2,583,470	536	8,569	1,354	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
Options Purchased	107,499	12	181	44	88,589	10	70	37	78,637	8	52	31	60,127	13	54	16
Options Written	118,810	-	-	-	87,340	-	-	-	71,915	-	-	-	55,410	-	-	-
Total	3,437,405	605	10,408	1,456	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
Foreign Exchange Contracts:																
Futures, Spots and Forwards	406,999	1,082	5,488	1,255	398,717	1,046	4,637	1,105	364,273	2,232	5,275	1,342	293,658	1,338	3,946	1,067
Swaps	241,692	1,124	5,289	1,206	240,885	1,190	5,014	1,187	230,766	1,303	5,097	1,163	206,298	916	4,171	1,181
Options Purchased	2,741	12	48	14	3,384	15	58	17	2,839	32	68	22	2,484	16	47	13
Options Written	2,516	-	-	-	3,004	-	-	-	2,554	-	-	-	2,050	-	-	-
Total	653,948	2,218	10,825	2,475	645,990	2,251	9,709	2,309	600,432	3,567	10,440	2,527	504,490	2,270	8,164	2,261
Other Derivatives Contracts:																
Equity	62,707	642	5,465	2,258	51,329	425	4,736	1,915	51,275	533	4,954	1,889	42,791	460	4,017	1,775
Credit	65,079	410	1,854	392	75,999	365	2,841	528	75,146	483	2,988	502	77,497	539	3,273	587
Other	121,593	933	10,474	1,896	111,153	1,490	10,208	2,101	96,830	1,291	8,603	1,731	88,929	830	7,409	1,434
Total	249,378	1,985	17,793	4,546	238,481	2,280	17,785	4,544	223,251	2,307	16,545	4,122	209,217	1,829	14,699	3,796
Credit Valuation Adjustment ⁽³⁾				5,039				4,793				5,003				n.a.
Total Derivatives after Netting and Collateral	4,340,732	4,808	39,026	13,516	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

Contract Types	Basel III - IFRS								Basel II - IFRS	
	Q3 2013		Q2 2013		Q1 2013		Q4 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	Notional Amount	Credit Risk Equivalent Amount		
Interest Rate Contracts:										
Futures and Forward Rate Agreements	376,466	488	275,858	576	363,919	1,111	352,329	144		
Swaps	1,905,681	7,832	1,719,603	8,255	1,776,882	7,451	1,660,618	4,993		
Options Purchased	67,047	345	40,230	187	39,741	187	32,760	23		
Options Written	69,429	-	49,176	-	47,937	-	35,503	-		
Total	2,418,623	8,665	2,084,867	9,018	2,228,479	8,749	2,081,210	5,160		
Foreign Exchange Contracts:										
Futures, Spots and Forwards	284,562	4,510	319,153	4,316	294,077	4,619	315,453	3,812		
Swaps	188,888	4,123	190,757	4,525	187,633	4,672	184,996	4,268		
Options Purchased	2,312	67	2,379	61	2,386	76	3,265	60		
Options Written	1,813	-	1,766	-	1,788	-	3,001	-		
Total	477,575	8,700	514,055	8,902	485,884	9,367	506,715	8,140		
Other Derivatives Contracts:										
Equity	46,631	4,353	45,715	3,812	52,136	4,088	44,037	1,750		
Credit	74,264	3,113	70,079	2,623	71,882	2,915	68,384	2,171		
Other	80,456	6,388	77,167	5,753	72,682	5,872	65,719	2,422		
Total	201,351	13,854	192,961	12,190	196,700	12,875	178,140	6,343		
Total Derivatives	3,097,549	31,219	2,791,883	30,110	2,911,063	30,991	2,766,065	19,643		
Risk-weighted Amount		7,849		7,769		8,152		5,634		

⁽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 2014, Credit Valuation Adjustment RWA on derivatives was phased-in at 57%. At Q3 2014, CVA risk-weighted assets were calculated using the scalars of 0.57, 0.65 and 0.77 to compute CET1 capital ratio, Tier 1 capital ratio and Total capital ratio respectively.

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



(\$MM)			Basel III - IFRS															
			Q3 2014 ⁽²⁾				Q2 2014 ⁽²⁾				Q1 2014 ⁽²⁾				Q4 2013			
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	
Securitization																		
Investment Grade	AAA to A A- to BBB-	7 - 25 35 - 100	7,584 259	9,607 117	17,191 376	1,548 232	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
Non-Investment Grade	BB+ to BB- Below BB-	150 - 650 1250 ⁽⁴⁾	21 151	- -	21 151	126 1,883	31 159	- -	31 159	98 1,993	49 164	- -	49 164	217 2,262	50 158	- -	50 158	234 1,981
			8,015	9,724	17,739	3,789	9,137	9,800	18,937	4,041	9,434	9,796	19,230	4,467	7,457	9,809	17,266	4,193
Resecuritization																		
Investment Grade	AAA to A A- to BBB-	20 - 65 100 - 350	49 135	155 -	204 135	125 293	57 138	155 -	212 138	132 248	125 164	155 -	280 164	168 336	140 164	197 -	337 164	209 334
Non-Investment Grade	BB+ to BB- Below BB-	500 - 850 1250 ⁽⁴⁾	69 17	- -	69 17	531 208	76 43	- -	76 43	566 540	67 159	- -	67 159	525 1,777	63 145	- -	63 145	495 1,818
			270	155	425	1,157	314	155	469	1,486	515	155	670	2,806	512	197	709	2,856
Total			8,285	9,879	18,164	4,946	9,451	9,955	19,406	5,527	9,949	9,951	19,900	7,273	7,969	10,006	17,975	7,049

(\$MM)		Basel III - IFRS															
		Q3 2014 ⁽²⁾				Q2 2014 ⁽²⁾				Q1 2014 ⁽²⁾				Q4 2013			
Underlying Asset		Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%) ⁽⁴⁾	Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%) ⁽⁴⁾	Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%) ⁽⁴⁾	Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%) ⁽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		125	1,275	1,400	-	145	1,275	1,420	-	166	1,275	1,441	-	169	1,275	1,444	-
Commercial Mortgages		12	-	12	-	12	-	12	-	12	-	12	-	13	-	13	-
Credit cards/Consumer receivables		446	443	889	-	565	330	895	-	584	41	625	-	547	37	584	-
Auto loans/Leases		3,251	3,466	6,717	151	4,152	3,800	7,952	155	4,402	4,159	8,561	159	3,167	4,234	7,401	152
Diversified asset-backed securities		159	155	314	16	187	155	342	43	294	155	449	159	287	197	484	147
Business Loans		358	200	558	-	480	230	710	5	598	-	598	5	637	-	637	5
Trade receivables		2,592	4,300	6,892	-	2,567	4,113	6,680	-	2,516	4,280	6,796	-	2,034	4,227	6,261	-
Other		1,342	40	1,382	-	1,343	52	1,395	-	1,377	41	1,418	-	1,115	36	1,151	-
Total		8,285	9,879	18,164	167	9,451	9,955	19,406	203	9,949	9,951	19,900	323	7,969	10,006	17,975	304

⁽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⁾ Q3 2014 amounts include securitization under the standardized approach: externally rated A+: \$11MM (Q2 2014: \$12MM), Resecuritization A-: \$49MM (Q2 2014: \$49MM) and BBB: \$3MM (Q2 2014: \$3MM).

⁽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⁾ (CONTINUED)



(M\$M)	Risk Category	External Rating (S&P)	Risk-Weight %	Basel III - IFRS										Basel II - IFRS ⁽²⁾				
				Q3 2013			Q2 2013			Q1 2013			Q4 2012			Risk-Weighted Assets		
				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	7 - 25	6,424	9,887	16,311	1,452	6,732	9,504	16,236	1,448	6,536	9,112	15,648	1,375	6,335	8,979	15,314	1,318
	A- to BBB-	35 - 100	769	110	879	600	842	115	957	624	1,365	19	1,384	730	1,309	89	1,398	689
Non-Investment Grade	BB+ to BB-	150 - 650	56	-	56	267	67	-	67	311	79	-	79	367	40	-	40	140
	Below BB-	1250 - Capital Deduction ⁽⁴⁾	189	-	189	2,364	187	-	187	2,339	190	-	190	2,374	198	-	198	-
			7,438	9,997	17,435	4,683	7,828	9,619	17,447	4,722	8,170	9,131	17,301	4,846	7,882	9,068	16,950	2,147
Resecuritization																		
Investment Grade	AAA to A	20 - 65	127	197	324	200	113	197	310	192	107	197	304	186	75	197	272	168
	A- to BBB-	100 - 350	172	-	172	338	167	-	167	253	176	-	176	242	133	-	133	244
Non-Investment Grade	BB+ to BB-	500 - 850	62	-	62	490	97	-	97	668	99	-	99	692	220	-	220	1,611
	Below BB-	1250 - Capital Deduction ⁽⁴⁾	152	-	152	1,895	162	-	162	2,022	166	-	166	2,070	61	-	61	-
			513	197	710	2,923	539	197	736	3,135	548	197	745	3,190	489	197	686	2,023
Total			7,951	10,194	18,145	7,606	8,367	9,816	18,183	7,857	8,718	9,328	18,046	8,036	8,371	9,265	17,636	4,170

(M\$M)	Underlying Asset	Basel III - IFRS										Basel II - IFRS ⁽²⁾				
		Q3 2013			Q2 2013			Q1 2013			Q4 2012			Capital Deduction ⁽⁴⁾		
		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%)	On - Balance Sheet	Off - Balance Sheet	Total	Exposures at Default (RW=1250%)	On - Balance Sheet	Off - Balance Sheet	Total	Exposures at Default (RW=1250%)	On - Balance Sheet	Off - Balance Sheet	Total	Capital Deduction ⁽⁴⁾	
Residential Mortgages	169	1,020	1,189	-	108	1,020	1,128	-	122	510	632	-	161	510	671	-
Commercial Mortgages	14	-	14	-	15	-	15	-	59	-	59	-	-	-	-	-
Credit cards/Consumer receivables	525	51	576	-	517	49	566	-	517	42	559	-	520	41	561	-
Auto loans/Leases	3,131	4,717	7,848	183	3,317	4,153	7,470	181	3,666	4,563	8,229	184	3,664	4,776	8,440	192
Diversified asset-backed securities	305	197	502	153	318	197	515	164	325	197	522	168	265	197	462	67
Business Loans	640	-	640	4	940	-	940	4	931	-	931	4	924	-	924	-
Trade receivables	2,039	4,172	6,211	-	1,994	4,367	6,361	-	1,958	3,980	5,938	-	1,697	3,699	5,396	-
Other	1,128	37	1,165	-	1,158	30	1,188	-	1,140	36	1,176	-	1,140	42	1,182	-
Total	7,951	10,194	18,145	340	8,367	9,816	18,183	349	8,718	9,328	18,046	356	8,371	9,265	17,636	259

⁽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⁾ 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.

TOTAL MARKET RISK-WEIGHTED ASSETS



(\$MM)	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
All Bank VaR	2,810	2,319	2,582	2,403	2,379
All Bank stressed VaR	4,685	4,547	5,250	4,969	5,177
Incremental Risk Charge	4,936	4,370	4,740	4,226	3,358
Comprehensive risk measure ⁽¹⁾	2,060	2,665	2,203	2,074	1,744
CRM surcharge ⁽¹⁾	1,825	1,963	1,363	1,400	1,413
Standardized approach	401	522	576	384	409
Market risk-weighted assets as at end of Quarter	16,717	16,386	16,714	15,455	14,479

⁽¹⁾ The Q3 2014 related capital charge for total comprehensive risk measure including securitization exposures is \$311MM (Q2 2014: \$370MM) broken down as follows: Market Simulation \$31MM (Q2 2014: \$38MM), Default & Migration Risk \$134MM (Q2 2014: \$175MM), and Surcharge \$146MM (Q2 2014: \$157MM).

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 counterparty due to the nature of the transactions with the counterparty.
Credit Valuation Adjustment (CVA)	Credit Valuation Adjustment (CVA) is the difference between the riskfree value of a portfolio and the true value of that portfolio, accounting for the possible default of a counterparty. CVA adjustment, aims to identify the impact of Counter Party Risk.