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BASEL III INTRODUCTION



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 Q4 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 features in these capital instruments.

However, the Bank reserves the right to redeem, call or repurchase any capital instruments within the terms of each offering at any time in the future.

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

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

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 October 2014, OSFI released its Leverage Requirements Guideline which outlines the application of the Basel III leverage ratio in Canada and the replacement of the existing Assets-to-Capital Multiple (ACM), effective Q1 2015. Institutions will be expected to maintain a material operating buffer above the 3% minimum. The Bank expects to meet OSFI's authorized leverage ratio. Disclosure in accordance with OSFI's September 2014 Public Disclosure Requirements related to Basel III Leverage ratio will be made commencing Q1 2015.

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							
	Q4 2014		Q3 2014		Q2 2014		Q1 2014	
	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	41,712	33,742	41,767	33,670	39,172	29,311	38,974	28,499
Tier 1 capital	41,712	38,073	41,767	38,022	39,172	33,966	38,974	33,742
Total capital	47,100	43,592	47,235	43,544	44,067	40,004	44,827	40,811
Risk-weighted Assets⁽³⁾								
CET1 Capital Risk-weighted Assets	319,936	312,473	314,701	307,795	304,507	300,155	306,465	302,070
Tier 1 Capital Risk-weighted Assets	319,936	313,263	314,701	308,502	304,507	300,155	306,465	302,070
Total Capital Risk-weighted Assets	319,936	314,449	314,701	309,563	304,507	300,155	306,465	302,070
Capital Ratios (%)								
Common Equity Tier 1 (as a percentage of risk-weighted assets)	13.0	10.8	13.3	10.9	12.9	9.8	12.7	9.4
Tier 1 (as a percentage of risk-weighted assets)	13.0	12.2	13.3	12.3	12.9	11.3	12.7	11.2
Total capital (as a percentage of risk-weighted assets)	14.7	13.9	15.0	14.1	14.5	13.3	14.6	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		8.5
Total capital all-in minimum ratio		10.5		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	80	80
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	80	80
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-	-	-

⁽¹⁾ Prior quarters are detailed on pages 7-9.

⁽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⁾ As per OSFI guideline, effective Q1 2014, Credit Valuation Adjustment RWA on derivatives was phased-in at 57%. Effective 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 Q4 2014	All-in Q3 2014
Common Equity Tier 1 Capital: Instruments and Reserves				
1	Directly issued qualifying common share capital plus related stock surplus	u+y	15,407	15,319
2	Retained Earnings	v	28,609	28,217
3	Accumulated Other Comprehensive Income	w	949	700
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	aa	513	506
6	Common Equity Tier 1 capital before regulatory adjustments		45,478	44,742
Common Equity Tier 1 Capital: Regulatory Adjustments				
8	Goodwill (net of related tax liability)	g	(7,383)	(7,053)
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	h-q+r	(3,095)	(3,047)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	(620)	(618)
11	Cash flow hedge reserve	x	49	86
12	Shortfall of allowances to expected losses	ee	(137)	(9)
14	Gains and losses due to changes in own credit risk on fair value liabilities	p	(151)	(151)
15	Defined-benefit pension fund net assets (net of related tax liability)	t-s	(78)	(69)
16	Investments in own shares (if not already netted off paid-in capital on reported balance)	a	(12)	(16)
19	Significant investments in the common stock of banking, financial and insurance entities	e	(144)	(68)
22	Amount exceeding the 15% threshold	f	(161)	(124)
23	of which: significant investments in the common stock of financials		(105)	(81)
25	of which: deferred tax assets arising from temporary differences	j	(56)	(43)
26	Other deductions from CET1 as determined by OSFI	o	(4)	(3)
28	Total regulatory adjustments to Common Equity Tier 1		(11,736)	(11,072)
29	Common Equity Tier 1 Capital (CET1)		33,742	33,670
Additional Tier 1 Capital: Instruments				
33	Directly issued capital instruments subject to phase-out from Additional Tier 1	z + (2)	4,334	4,334
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by	bb	26	25
36	Additional Tier 1 capital before regulatory adjustments		4,360	4,359
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	(13)	(7)
41	Other deductions from Tier 1 capital as determined by OSFI		(16)	-
43	Total regulatory adjustments to Additional Tier 1 capital		(29)	(7)
44	Additional Tier 1 Capital (AT1)		4,331	4,352
45	Tier 1 Capital (T1=CET1 + AT1)		38,073	38,022
Tier 2 Capital: Instruments and Provisions				
47	Directly issued capital instruments subject to phase-out from Tier 2	m	4,871	4,873
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in	cc	180	179
50	Eligible Collective Allowance and Excess of allowance over expected loss	c+d	468	470
51	Tier 2 capital before regulatory adjustments		5,519	5,522

	Cross-Reference ⁽¹⁾	All-in Q4 2014	All-in Q3 2014
Tier 2 Capital: Regulatory Adjustments			
57	Total regulatory adjustments to Tier 2 capital	-	-
58	Tier 2 Capital (T2)	5,519	5,522
59	Total Capital (TC = T1 + T2)	43,592	43,544
60	Total Risk-weighted Assets	316,721	311,596
60a	Common Equity Tier 1 (CET1) Capital RWA	312,473	307,795
60b	Tier 1 Capital RWA	313,263	308,502
60c	Total Capital RWA	314,449	309,563
Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	10.8	10.9
62	Tier 1 (as a percentage of risk-weighted assets)	12.2	12.3
63	Total capital (as a percentage of risk-weighted assets)	13.9	14.1
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)	10.8	10.9
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	1,246	1,275
73	Significant investments in the common stock of financial institutions	3,261	3,305
75	Deferred tax assets arising from temporary differences (net of related tax liability)	1,762	1,745
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)	469	470
77	Cap on inclusion of allowances in Tier 2 under standardized approach	1,073	1,059
78	Allowances eligible for inclusion in Tier 2 in respect to exposures subject to internal ratings-based approach (prior to application of cap)	-	-
79	Cap for inclusion of allowances in Tier 2 under internal ratings-based approach	1,082	1,063
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⁾
		Q4 2014	Q4 2014
Assets			
Cash and deposits with banks		56,730	56,730
Precious Metals		7,286	7,286
Trading Assets			
Trading Securities		95,363	95,361
- Investment in own shares	a		12
- Other trading securities			95,349
Trading Loans		14,508	14,508
Other Trading Assets		3,377	3,377
		113,248	113,246
Financial assets designated at fair value through profit or loss		111	111
Securities Purchased Under Resale Agreements		93,866	93,866
Derivative Instruments		33,439	33,439
Investment Securities		38,662	38,002
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital	b		13
- Other securities			37,989
Loans			
Residential Mortgages		212,648	212,490
Personal and Credit Cards		84,204	84,204
Business and Government		131,098	131,098
		427,950	427,792
Allowance For Credit Losses		3,641	3,641
- Collective Allowance reflected in Tier 2 capital	c		468
- Shortfall of allowances to expected loss	ee		(137)
- Excess of allowances to expected loss	d		-
- Allowances not reflected in regulatory capital			3,310
Other			
Customers' Liability Under Acceptances		9,876	9,876
Property and Equipment		2,272	2,270
Investments in Associates		3,461	3,566
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		144
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		161
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			3,261
Goodwill & Other Intangibles		10,884	11,358
- Goodwill	g		7,383
- Intangibles (excl computer software)	h		2,833
- Computer software intangibles	i		1,142
Deferred tax assets		1,763	1,763
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		56
- Deferred tax assets that rely on future profitability	k		620
- Deferred tax assets not deducted from regulatory capital			1,087
Other Assets		9,759	9,657
- Defined pension fund assets	l		117
- Other assets			9,540
		38,015	38,490
Total Assets		805,666	805,321

(\$MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position ⁽¹⁾	Under regulatory scope of consolidation ⁽²⁾
		Q4 2014	Q4 2014
Liabilities			
Deposits			
Personal		175,163	175,162
Business and Government		342,367	342,367
Banks		36,487	36,487
		554,017	554,016
Financial instruments designated at fair value through profit or loss ⁽³⁾		465	465
Other			
Acceptances		9,876	9,876
Obligations Related to Securities Sold Short		27,050	27,050
Derivative Instruments		36,438	36,438
Obligations Related to Securities Sold Under Repurchase Agreements		88,953	88,953
Subordinated Debentures		4,871	4,871
- 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		4,871
- of which: are subject to phase-out not included in Tier 2 capital			-
Other Liabilities		34,785	34,441
- Liquidity Reserves	o		4
- Gains/losses due to changes in own credit risk including DVA on derivatives	p		151
- Deferred tax liabilities servicing rights)	q		454
- Intangible assets - computer software	r		765
- Defined benefit pension fund assets	s		115
- Other deferred tax liabilities			39
- Other Liabilities			(468)
			33,832
		201,973	201,629
Total Liabilities		756,455	756,110
Shareholders' Equity			
Common Equity			
- Common Shares	u	15,231	15,231
- Retained Earnings	v	28,609	28,609
- Accumulated Other Comprehensive Income (Loss)	w	949	949
- Cash flow hedging reserve	x		(49)
- Other			998
- Other Reserves	y	176	176
Total Common Equity		44,965	44,965
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		47,899	47,899
Non-Controlling Interests			
Non-Controlling Interest in Subsidiaries		1,312	1,312
- portion allowed for inclusion into CET1	aa		513
- portion allowed for inclusion into Tier 1 capital	bb		26
- portion allowed for inclusion into Tier 2 capital	cc		180
- portion not allowed for regulatory capital			593
Total Equity		49,211	49,211
Total Liabilities & Shareholders' Equity		805,666	805,321

⁽¹⁾ Consolidated Statement of Financial Position as reported in the 2014 Annual Report (page 120)

⁽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: \$84, equity: \$199), Scotia Life Insurance Company (assets: \$75, equity: \$178), Scotia Jamaica Life Insurance Co. Ltd (assets: \$472, equity: \$83), Scotia Life Trinidad and Tobago Ltd (assets: \$259, equity: \$54) and Scotia Seguros: (assets: \$43, equity: \$36).

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 October 31, 2014 (\$MM)									
Cash and deposits with financial institutions	54,774	-	-	-	-	-	-	1,956	56,730
Precious metals	-	-	-	-	-	-	-	7,286	7,286
Trading assets									
Securities	-	-	-	-	-	-	95,363	-	95,363
Loans	8,465	-	-	-	-	-	8,465	6,043	14,508
Other	-	-	-	-	-	-	3,377	-	3,377
Financial assets designated at fair value through profit or loss	72	-	-	-	-	39	-	-	111
Securities purchased under resale agreements and securities borrowed	-	-	-	93,866	-	-	-	-	93,866
Derivative financial instruments	-	-	-	-	33,439	-	31,405	-	33,439
Investment securities	33,417	-	-	-	-	4,230	-	1,015	38,662
Loans:									
Residential mortgages ⁽²⁾	84,973	127,543	-	-	-	-	-	132	212,648
Personal and credit cards	-	82,417	1,776	-	-	-	-	11	84,204
Business & government	124,800	-	6,277	-	-	-	-	21	131,098
Allowances for credit losses ⁽³⁾	(861)	-	-	-	-	-	-	(2,780)	(3,641)
Customers' liability under acceptances	9,876	-	-	-	-	-	-	-	9,876
Property and equipment	-	-	-	-	-	-	-	2,272	2,272
Investment in associates	-	-	-	-	-	-	-	3,461	3,461
Goodwill and other intangibles assets	-	-	-	-	-	-	-	10,884	10,884
Other (including Deferred tax assets)	539	142	-	-	-	-	-	10,841	11,522
Total	316,055	210,102	8,053	93,866	33,439	4,269	39,870	112,069	805,666

	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	47,691	-	-	-	-	-	-	2,273	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)	550	132	-	-	-	-	-	11,797	12,479
Total	306,565	207,513	8,285	91,632	24,952	4,451	32,137	119,483	791,509

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

(2) Includes \$83.4 billion (Q3 - \$83.2 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⁽¹⁾



	Basel III All-in					
	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013 ⁽²⁾	Q3 2013 ⁽²⁾
(\$MM)						
Common Equity Tier 1 (CET1) capital						
Opening amount	33,670	29,311	28,499	26,359	25,188	24,013
Net income attributable to equity holders of the Bank	1,373	2,301	1,742	1,655	1,626	1,703
Dividends paid to equity holders of the Bank	(833)	(813)	(821)	(798)	(800)	(773)
Shares Issued	90	152	110	375	328	284
Shared repurchased/redeemed	(176)	(144)	-	-	-	-
Normal Course Issuer Bid	-	-	-	-	-	-
Removal of own credit spread (net of tax)	-	2	20	(21)	(8)	(6)
Movements in other comprehensive income, excluding cash flow hedges ⁽³⁾	211	(246)	(434)	1,038	363	(300)
Currency translation differences	309	(101)	(385)	1,055	297	(198)
Available-for-sale investments	(85)	14	6	18	66	(102)
Other	(13)	(159)	(55)	(35)	-	-
Goodwill and other intangible assets (deduction, net of related tax liability)	(378)	(172)	(59)	(97)	(97)	(125)
Other, including regulatory adjustments and transitional arrangements	(215)	3,279	254	(12)	(241)	392
Deferred tax assets that rely on future probability	(2)	68	42	24	(4)	(5)
Prudential valuation adjustments	-	-	-	-	-	-
Other, IFRS Impact ⁽³⁾	-	-	-	(142)	-	-
Other	(213)	3,211	212	106	(237)	397
Closing Amount	33,742	33,670	29,311	28,499	26,359	25,188
Other Additional Tier 1 capital						
Opening amount	4,352	4,655	5,243	5,555	5,853	5,948
New Additional Tier 1 eligible capital issues	-	(300)	(600)	(250)	(300)	(750)
Redeemed capital	(21)	(3)	12	(62)	2	655
Other, capital including regulatory adjustments and transitional arrangements	-	4,352	4,655	5,243	5,555	5,853
Closing Amount	-	4,352	4,655	5,243	5,555	5,853
Total Tier 1 capital	4,331	38,022	33,966	33,742	31,914	31,041
Tier 2 capital						
Opening amount	5,522	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	(3)	(516)	(32)	143	(30)	(336)
Closing Amount	5,519	5,522	6,038	7,070	6,927	7,907
Total regulatory capital	43,592	43,544	40,004	40,811	38,841	38,948

(1) Prior period amounts have been restated to conform with current period presentation.

(2) 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.

(3) 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)

REGULATORY CAPITAL:

Common Shares, Contributed Surplus & Retained Earnings
 Adjustment for transition to measurement base under IFRS
 Accumulated Other Comprehensive Income, excluding cash flow hedges
 Accumulated Foreign Currency Translation Losses
 Non-Controlling Interest of Subsidiaries
 Goodwill and Non-qualifying Intangibles
 Other deductions
 CET1
 Non-Cumulative Preferred Shares
 Innovative Capital Instruments
 Other Capital Deductions ⁽²⁾
 Net Tier 1 Capital
 Accumulated Net Unrealized Gains (after-tax) on Available-For-Sale Equity Securities
 Subordinated Debentures (net of Amortization)
 Eligible Allowance for Credit Losses ⁽³⁾
 Capital issued by consolidated subsidiaries to third parties
 Tier 2 Capital
 Other Capital Deductions ⁽⁴⁾

Total Regulatory Capital

CHANGES IN REGULATORY CAPITAL:

Total Capital, Beginning of Period

Internally Generated Capital

Net Income attributable to Equity Holders of the Bank
 Preferred and Common Share Dividends

External Financing

Subordinated Debentures (net of Amortization)
 Innovative Capital Instruments
 Preferred Shares
 Common Shares Issued

Other

Net Change in Foreign Currency Translation Gains / (Losses)⁽⁵⁾
 Net Change in Net Unrealized Gains / Losses (after-tax) on
 Available-For-Sale Equity Securities
 Non-Controlling Interest of Subsidiaries
 Other⁽⁶⁾

Total Capital Generated / (Used)

Total Capital, End of Period

	Basel III All-in		Basel II				CGAAP	
	Q2 2013	Q1 2013	IFRS		Q2 2012	Q1 2012		Q4 2011
			Q4 2012	Q3 2012				
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	
Total Capital, Beginning of Period	37,818	42,193	36,458	35,420	33,292	32,533	31,697	
Internally Generated Capital								
Net Income attributable to Equity Holders of the Bank	1,534	1,559	1,453	2,001	1,391	1,398	1,222	
Preferred and Common Share Dividends	(771)	(731)	(728)	(683)	(679)	(622)	(620)	
	763	828	725	1,318	712	776	602	
External Financing								
Subordinated Debentures (net of Amortization)	(1,710)	(1,362)	3,194	4	(35)	7	(31)	
Innovative Capital Instruments	-	-	-	(750)	-	-	-	
Preferred Shares	-	-	-	-	-	-	-	
Common Shares Issued	352	413	1,976	199	1,895	733	194	
	(1,358)	(949)	5,170	(547)	1,860	740	163	
Other								
Net Change in Foreign Currency Translation Gains / (Losses) ⁽⁵⁾	-	-	34	285	(294)	142	239	
Net Change in Net Unrealized Gains / Losses (after-tax) on Available-For-Sale Equity Securities	-	-	17	(8)	42	102	(78)	
Non-Controlling Interest of Subsidiaries	-	-	48	31	64	183	39	
Other ⁽⁶⁾	981	(4,254)	(259)	(41)	(256)	(1,184)	(129)	
	981	(4,254)	(160)	267	(444)	(757)	71	
Total Capital Generated / (Used)	386	(4,375)	5,735	1,038	2,128	759	836	
Total Capital, End of Period	38,204	37,818	42,193	36,458	35,420	33,292	32,533	

(1) Effective Q3 2013, this schedule has been replaced with pages 4 and 7 on a prospective basis. Prior period amounts have not been restated for the new IFRS standards as they represent the actual amounts in that period for regulatory purposes.

(2) Under Basel III, Other Capital Deductions in Tier 1 and Tier 2 is comprised of Non-controlling interest of subsidiaries. Under Basel II, Other Capital Deductions is comprised of 50% of all investments in certain specified corporations (includes insurance subsidiaries effective November 1, 2011) and other items.

(3) Under Basel II, eligible general allowances in excess of expected losses under AIRB approach and allocated allowances under Standardized approach can be included in capital, subject to certain limitations.

(4) Under Basel II, other capital deductions was comprised of 50% of all investments in certain specified corporations (includes insurance subsidiaries effective November 1, 2011), 100% of investments in insurance subsidiaries prior to November 1, 2011 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						
	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
RISK-WEIGHTED ASSETS:^(1,2)											
On-Balance Sheet Assets											
Cash Resources	2.2	2.2	2.7	2.5	2.9	3.1	3.0	2.6	2.7	2.9	4.1
Securities ⁽³⁾	12.8	13.4	13.8	16.4	15.4	15.9	16.3	17.5	12.6	12.7	17.1
Residential Mortgages Loans	19.8	19.4	19.5	19.1	19.0	18.5	18.1	17.6	13.0	12.4	12.4
- Personal Loans	42.7	39.6	37.8	37.1	36.3	34.3	33.4	32.5	30.8	29.7	28.6
- Non-Personal Loans	95.6	95.7	95.9	93.2	88.2	87.6	87.1	88.0	85.5	85.4	82.9
All Other ⁽⁴⁾	25.9	26.3	24.3	25.8	24.9	23.9	22.9	23.8	18.2	18.1	18.4
	199.0	196.6	194.0	194.1	186.7	183.3	180.8	182.0	162.8	161.2	163.5
Off-Balance Sheet Assets											
Indirect Credit Instruments	39.5	39.3	35.6	37.6	38.3	37.3	35.7	34.8	34.1	33.7	32.0
Derivative Instruments	14.6	13.5	13.3	13.0	7.6	7.6	7.6	8.0	5.6	5.9	5.8
	54.1	52.8	48.9	50.6	45.9	44.9	43.3	42.8	39.7	39.6	37.8
Total Credit Risk before AIRB scaling factor	253.1	249.4	242.9	244.7	232.6	228.2	224.1	224.8	202.5	200.8	201.3
AIRB Scaling factor ⁽⁵⁾	8.8	8.8	8.5	8.5	8.3	8.1	8.3	8.2	7.5	7.5	7.6
Total Credit Risk after AIRB scaling factor	261.9	258.2	251.4	253.2	240.9	236.3	232.4	233.0	210.0	208.3	208.9
Market Risk - Risk Assets Equivalent	17.3	16.7	16.4	16.7	15.4	14.5	17.4	16.5	13.8	14.8	14.8
Operational Risk - Risk Assets Equivalent	33.3	32.9	32.4	32.2	31.9	31.5	30.9	30.6	29.5	29.3	29.2
	312.5	307.8	300.2	302.1	288.2	282.3	280.7	280.1	253.3	252.4	252.9
CET1 Risk-weighted Assets⁽⁶⁾	313.3	308.5	300.2	302.1	288.2	282.3	280.7	280.1	253.3	252.4	252.9
Tier 1 Risk-weighted Assets⁽⁶⁾	314.4	309.6	300.2	302.1	288.2	282.3	280.7	280.1	253.3	252.4	252.9
Total Risk-weighted Assets⁽⁶⁾	314.4	309.6	300.2	302.1	288.2	282.3	280.7	280.1	253.3	252.4	252.9
REGULATORY CAPITAL RATIOS (%):											
Common Equity Tier 1	10.8	10.9	9.8	9.4	9.1	8.9	8.6	8.2	n/a	n/a	n/a
Tier 1	12.2	12.3	11.3	11.2	11.1	11.0	10.7	10.3	13.6	12.6	12.2
Total	13.9	14.1	13.3	13.5	13.5	13.8	13.6	13.5	16.7	14.4	14.0

- (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%. Effective 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

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


Credit Risk Risk-weighted Assets (RWA) (\$MM)	Q4 2014		Q3 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	258,163	16,562	251,392	15,597
Book size ⁽²⁾	(1,211)	962	7,679	1,034
Book quality ⁽³⁾	600	123	(1,176)	(27)
Model updates ⁽⁴⁾	932	-	1,339	-
Methodology and policy ⁽⁵⁾	-	-	-	-
Acquisitions and disposals	(45)	-	-	-
Foreign exchange movements	3,448	288	(1,071)	(42)
Other	-	-	-	-
CET1 Credit risk-weighted assets as at end of Quarter	261,887	17,935	258,163	16,562
Tier 1 CVA scalar	790	790	707	707
Tier 1 Credit risk-weighted assets as at end of Quarter	262,677	18,725	258,870	17,269
Total CVA scalar	1,186	1,186	1,061	1,061
Total Credit risk-weighted assets as at end of Quarter	263,863	19,911	259,931	18,330

⁽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. Effective 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)	Q4 2014	Q3 2014
Market risk-weighted assets as at beginning of Quarter	16,717	16,386
Movement in risk levels ⁽¹⁾	732	337
Model updates ⁽²⁾	(198)	(6)
Methodology and policy ⁽³⁾	-	-
Acquisitions and disposals	-	-
Other	-	-
Market risk-weighted assets as at end of Quarter	17,251	16,717

⁽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)	Q4 2014	Q3 2014
Operational risk-weighted assets as at beginning of Quarter	32,914	32,377
Revenue Generation	420	537
Operational risk-weighted assets as at end of Quarter	33,334	32,914

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


Risk-weighted Assets (RWA)	Q4 2014					
	Canadian Banking	International Banking	Global Wealth & Insurance	Global Banking & Markets	Other	All Bank
RWA (\$ billions)	\$88.5	\$110.0	\$12.4	\$93.5	\$8.1	\$312.5
Proportion of Bank	28%	35%	4%	30%	3%	100%
Comprised of:						
Credit risk	88%	89%	60%	76%	100%	83%
Market risk	- %	1%	- %	17%	- %	6%
Operational risk	12%	10%	40%	7%	- %	11%

Risk-weighted Assets (RWA)	Q3 2014 ⁽¹⁾					
	Canadian Banking	International Banking	Global Wealth & Insurance	Global Banking & Markets	Other	All Bank
RWA (\$ billions)	\$85.2	\$110.0	\$12.6	\$90.8	\$9.2	\$307.8
Proportion of Bank	28%	36%	4%	29%	3%	100%
Comprised of:						
Credit risk	87%	89%	61%	76%	100%	84%
Market risk	- %	1%	- %	17%	- %	5%
Operational risk	13%	10%	39%	7%	- %	11%

(1) Prior period business line allocation has been adjusted, consistent with current period presentation.

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



(SMM)		Basel III - IFRS												
		Q4 2014				Q3 2014		Q2 2014		Q1 2014				
		AIRB		Standardized		Total		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⁾	EAD ⁽¹⁾	RWA ⁽²⁾	
Non-Retail														
Corporate ⁽³⁾	Drawn	89,287	50,298	41,334	39,942	130,621	90,240	128,408	90,365	128,608	90,079	121,562	86,649	
	Undrawn	43,395	18,682	3,687	3,632	47,082	22,314	44,855	21,274	41,619	19,554	42,968	20,444	
	Other ⁽⁴⁾	29,099	8,951	2,579	2,545	31,678	11,496	31,704	11,246	26,552	10,126	30,930	11,540	
	Total	161,781	77,931	47,600	46,119	209,381	124,050	204,967	122,885	196,779	119,759	195,460	118,633	
Bank ⁽³⁾	Drawn	23,360	6,022	2,523	1,478	25,883	7,500	26,237	7,882	29,067	9,053	34,833	9,949	
	Undrawn	10,895	3,331	59	25	10,954	3,356	11,552	3,559	10,620	3,279	11,879	3,507	
	Other ⁽⁴⁾	8,096	1,398	99	88	8,195	1,486	7,929	1,394	8,228	1,370	7,904	1,304	
	Total	42,351	10,751	2,681	1,591	45,032	12,342	45,718	12,835	47,915	13,702	54,616	14,760	
Sovereign	Drawn	70,935	4,589	5,172	269	76,107	4,858	68,768	4,664	77,072	4,717	71,279	5,145	
	Undrawn	1,349	139	3	1	1,352	140	1,353	177	1,359	189	1,440	263	
	Other ⁽⁴⁾	805	33	-	-	805	33	775	26	856	31	1,191	28	
	Total	73,089	4,761	5,175	270	78,264	5,031	70,896	4,867	79,287	4,937	73,910	5,436	
Total Non-Retail	Drawn	183,582	60,909	49,029	41,689	232,611	102,598	223,413	102,911	234,747	103,849	227,674	101,743	
	Undrawn	55,639	22,152	3,749	3,658	59,388	25,810	57,760	25,010	53,598	23,022	56,287	24,214	
	Other ⁽⁴⁾	38,000	10,382	2,678	2,633	40,678	13,015	40,408	12,666	35,636	11,527	40,025	12,872	
	Total	277,221	93,443	55,456	47,980	332,677	141,423	321,581	140,587	323,981	138,398	323,986	138,829	
Retail														
Residential Mortgages	Drawn	187,364	9,053	23,977	10,713	211,341	19,766	210,743	19,360	210,451	19,466	210,691	19,085	
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	
	Total	187,364	9,053	23,977	10,713	211,341	19,766	210,743	19,360	210,451	19,466	210,691	19,085	
Secured Lines Of Credit	Drawn	19,115	4,487	19,115	4,487	19,115	4,487	18,590	4,409	18,459	4,509	18,220	4,552	
	Undrawn	12,209	1,282	12,209	1,282	12,209	1,282	17,724	1,857	13,265	1,394	13,052	1,370	
	Total	31,324	5,769	31,324	5,769	31,324	5,769	36,314	6,266	31,724	5,903	31,272	5,922	
Qualifying Revolving Retail Exposures (QRRE)	Drawn	16,011	9,356	16,011	9,356	16,011	9,356	15,953	7,622	15,653	7,153	15,412	7,171	
	Undrawn	16,196	2,105	16,196	2,105	16,196	2,105	18,311	2,360	13,638	1,674	13,400	1,678	
	Total	32,207	11,461	32,207	11,461	32,207	11,461	34,264	9,982	29,291	8,827	28,812	8,849	
Other Retail	Drawn	24,325	12,355	22,755	16,493	47,080	28,848	45,380	27,624	42,989	26,216	41,754	25,405	
	Undrawn	659	161	-	-	659	161	999	126	736	91	733	91	
	Total	24,984	12,516	22,755	16,493	47,739	29,009	46,379	27,750	43,725	26,307	42,487	25,496	
Total Retail	Drawn	246,815	35,251	46,732	27,206	293,547	62,457	290,666	59,015	287,552	57,344	286,077	56,213	
	Undrawn	29,064	3,548	-	-	29,064	3,548	37,034	4,343	27,639	3,159	27,185	3,139	
	Total	275,879	38,799	46,732	27,206	322,611	66,005	327,700	63,358	315,191	60,503	313,262	59,352	
Securitized	19,922	4,561	60	60	19,982	4,621	18,163	4,947	19,406	5,527	19,900	7,273		
Trading Derivatives ⁽³⁾	25,249	8,041	-	-	25,249	8,041	22,886	7,559	22,139	7,454	23,638	7,284		
Derivatives - credit valuation adjustment ⁽⁵⁾	-	-	-	5,632	-	5,632	-	5,039	-	4,793	-	5,003		
Total Credit Risk (Excluding Equities & Other Assets)		598,271	144,844	102,248	80,878	700,519	225,722	690,330	221,490	680,717	216,675	680,786	217,741	
Equities	4,269	4,269	-	-	4,269	4,269	4,451	4,451	4,002	4,002	4,019	4,019		
Other Assets ⁽⁶⁾	-	-	52,288	23,065	52,288	23,065	52,377	23,550	52,771	22,224	57,028	22,930		
Total Credit Risk (Before Scaling Factor)		602,540	149,113	154,536	103,943	757,076	253,056	747,158	249,491	737,490	242,901	741,833	244,690	
Add-on for 6% Scaling Factor ⁽⁷⁾	-	8,831	-	-	-	8,831	-	8,672	-	8,491	-	8,506		
Total Credit Risk		602,540	157,944	154,536	103,943	757,076	261,887	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)



(SMM)		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
		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									
	Q4 2014					Q3 2014				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
Drawn	Undrawn	Other ⁽³⁾	Drawn			Undrawn	Other ⁽³⁾			
Canada	61,914	26,735	33,969	283,100	405,718	61,249	27,167	30,375	289,351	408,142
USA	64,690	19,436	32,843	-	116,969	55,583	17,696	33,593	-	106,872
Mexico	11,473	307	1,032	7,963	20,775	10,691	320	1,195	7,684	19,890
Other International										
Europe	13,962	5,787	9,522	-	29,271	14,106	5,339	8,422	-	27,867
Caribbean	17,279	1,382	1,519	14,387	34,567	16,945	1,664	1,561	13,926	34,096
Latin America (excl. Mexico)	32,921	1,918	4,031	17,079	55,949	32,281	1,820	3,947	16,653	54,701
All Other	30,372	3,823	2,993	82	37,270	32,558	3,754	2,364	86	38,762
Total	232,611	59,388	85,909	322,611	700,519	223,413	57,760	81,457	327,700	690,330

	Basel III - IFRS				
	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Canada	394,260	392,859	390,613	390,736	384,672
USA	110,695	111,611	104,366	100,794	102,702
Mexico	20,004	19,387	17,859	17,321	17,400
Other International					
Europe	28,208	27,523	30,072	29,727	31,636
Caribbean	34,367	36,014	34,034	33,165	32,718
Latin America (excl. Mexico)	52,168	52,164	49,559	46,676	45,967
All Other	41,015	41,228	36,959	35,636	35,278
Total	680,717	680,786	663,462	654,055	650,373

⁽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							
	Q4 2014				Q3 2014			
	Drawn	Undrawn	Other ⁽³⁾	Total	Drawn	Undrawn	Other ⁽³⁾	Total
Non-Retail								
Less than 1 year	115,182	17,613	46,581	179,376	108,044	16,129	48,077	172,250
1 to 5 years	61,439	36,797	30,071	128,307	59,395	30,398	28,520	118,313
Over 5 Years	6,961	1,229	6,519	14,709	7,664	7,652	1,972	17,288
Total Non-Retail	183,582	55,639	83,171	322,392	175,103	54,179	78,569	307,851
Retail								
Less than 1 year	36,048	12,868		48,916	35,158	18,723		53,881
1 to 5 years	154,437	-		154,437	158,610	-		158,610
Over 5 Years	20,138	-		20,138	15,567	-		15,567
Revolving Credits ⁽⁴⁾	36,192	16,196		52,388	35,863	18,311		54,174
Total Retail	246,815	29,064		275,879	245,198	37,034		282,232
Total	430,397	84,703	83,171	598,271	420,301	91,213	78,569	590,083

	Basel III - IFRS			
	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Non-Retail				
Less than 1 year	174,205	176,726	173,719	165,006
1 to 5 years	122,752	121,516	119,173	114,841
Over 5 Years	15,114	15,025	9,019	15,399
Total Non-Retail	312,071	313,267	301,911	295,246
Retail				
Less than 1 year	43,120	39,046	39,325	38,183
1 to 5 years	163,589	166,964	166,712	167,179
Over 5 Years	15,042	15,000	14,653	13,318
Revolving Credits ⁽⁴⁾	49,047	48,312	47,622	47,109
Total Retail	270,798	269,322	268,312	265,789
Total	582,869	582,589	570,223	561,035

⁽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													
	Q4 2014							Q3 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%	1,180	5	4,232	5,417	-	1,087	1,087	1,212	8	4,374	5,594	2	1,158	1,160
20%	562	1,315	705	2,582	1,354	-	1,354	598	486	653	1,737	1,327	-	1,327
35%	-	-	-	-	16,887	490	17,377	-	-	-	-	16,372	449	16,821
50%	77	76	219	372	-	-	-	77	45	215	337	-	-	-
75%	-	-	-	-	4,816	20,550	25,366	-	-	-	-	4,464	20,202	24,666
100%	45,469	1,276	19	46,764	921	38	959	45,512	1,163	14	46,689	865	34	899
150%	372	9	-	381	-	590	590	413	9	-	422	-	595	595
Total	47,660	2,681	5,175	55,516	23,978	22,755	46,733	47,812	1,711	5,256	54,779	23,030	22,438	45,468

Risk-weight	Basel III - IFRS												Basel II - IFRS	
	Q2 2014		Q1 2014		Q4 2013		Q3 2013		Q2 2013		Q1 2013		Q4 2012	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
0%	5,632	979	6,260	1,025	6,228	1,093	6,512	1,054	7,196	1,067	7,967	923	4,850	911
20%	2,087	1,335	2,472	1,358	2,128	1,289	2,925	1,285	3,096	1,280	3,256	1,469	4,153	1,521
35%	-	16,694	-	17,461	-	15,737	-	15,390	-	15,219	-	11,072	-	14,412
50%	637	-	719	-	413	-	474	-	571	-	605	-	650	-
75%	-	23,916	-	22,709	-	22,252	-	21,137	-	21,076	-	23,945	-	18,433
100%	44,679	902	44,307	878	42,195	827	42,410	842	41,073	839	40,605	788	38,824	425
150%	420	567	499	509	601	476	565	426	544	468	459	490	419	59
Total	53,455	44,393	54,257	43,940	51,565	41,674	52,886	40,134	52,480	39,949	52,892	38,687	48,896	35,761

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

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(SMM)	Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	Basel III - IFRS												
				Q4 2014						Q3 2014			Q3 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 ⁽³⁾	RWA ⁽⁸⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)
\$	\$	\$	\$	\$	%	%	%	\$	\$	%	%	%				
Investment Grade																
Corporate ⁽⁷⁾																
				45,887	31,218	29,254	106,359	35,154	0.16	43	33	103,897	33,999	0.16	43	33
				1,304	38	673	2,015	83	0.03	46	4	1,655	82	0.03	46	5
AAA to AA+	99	0.00% - 0.03%		49	545	136	730	45	0.06	19	6	761	50	0.06	21	7
AA to A-	95	0.05% - 0.16%		3,470	2,565	4,504	10,539	2,078	0.07	43	20	7,709	1,545	0.07	43	20
AA to A-	90	0.06% - 0.17%		8,256	6,508	6,824	21,588	4,138	0.08	39	19	21,596	4,005	0.08	40	19
BBB+ to BBB	87	0.10% - 0.26%		8,372	7,323	5,995	21,690	6,141	0.12	41	28	24,217	6,510	0.12	42	27
BBB+ to BBB	85	0.14% - 0.38%		11,332	7,122	5,342	23,796	9,348	0.19	44	39	24,420	9,312	0.19	44	38
BBB-	83	0.21% - 0.54%		13,104	7,117	5,780	26,001	13,321	0.30	47	51	23,539	12,495	0.31	48	53
Bank ⁽⁷⁾																
				19,467	10,778	19,219	49,464	11,909	0.14	36	24	49,958	11,930	0.14	36	24
				36	12	-	48	1	0.02	44	2	49	2	0.02	44	3
AAA to AA+	98	0.00% - 0.06%		-	94	135	229	18	0.06	36	8	942	52	0.06	31	6
AA to A-	95	0.05% - 0.16%		4,984	4,924	6,932	16,840	3,830	0.06	41	23	18,128	4,050	0.06	40	22
AA to A-	90	0.06% - 0.17%		7,247	3,160	7,106	17,513	3,070	0.10	34	18	17,000	3,528	0.10	34	21
BBB+ to BBB	87	0.10% - 0.26%		1,417	1,901	2,880	6,198	1,700	0.13	32	27	5,550	949	0.13	31	17
BBB+ to BBB	85	0.14% - 0.38%		2,647	549	1,510	4,706	1,550	0.27	35	33	4,246	1,700	0.27	36	40
BBB-	83	0.21% - 0.54%		3,136	138	656	3,930	1,740	0.49	37	44	4,043	1,649	0.49	37	41
Sovereign																
				67,689	1,347	4,640	73,676	3,014	0.05	16	4	65,396	2,967	0.06	17	5
				51,661	130	2,342	54,133	-	-	15	-	46,953	-	-	15	-
AAA to AA+	98	0.00% - 0.06%		2,351	367	1,172	3,890	252	0.06	15	6	2,654	195	0.06	14	7
AA to A-	95	0.05% - 0.16%		4,629	434	910	5,973	576	0.09	17	10	6,008	542	0.08	16	9
AA to A-	90	0.06% - 0.17%		667	177	169	1,013	107	0.12	19	11	1,168	127	0.14	20	11
BBB+ to BBB	87	0.10% - 0.26%		5,283	9	32	5,324	909	0.26	24	17	5,285	965	0.26	24	18
BBB+ to BBB	85	0.14% - 0.38%		1,600	229	12	1,841	679	0.37	27	37	1,842	649	0.37	26	35
BBB-	83	0.21% - 0.54%		1,498	1	3	1,502	491	0.51	26	33	1,486	489	0.53	26	33
Sub-Total				133,043	43,343	53,113	229,499	50,077	0.12	33	22	219,251	48,896	0.13	34	22
Non-Investment Grade																
Corporate ⁽⁷⁾																
				40,745	12,000	9,550	62,295	41,947	0.75	43	67	59,218	40,285	0.76	44	68
BB+	80	0.33% - 0.60%		14,867	6,094	2,866	23,827	13,662	0.40	45	57	23,843	13,649	0.40	46	57
BB	77	0.52% - 0.66%		10,603	2,757	1,884	15,244	10,024	0.56	44	66	13,989	9,093	0.57	44	65
BB-	75	0.65% - 0.83%		9,943	2,217	3,817	15,977	10,989	0.83	41	69	14,071	10,115	0.83	41	72
B+	73	0.82% - 1.64%		3,423	757	634	4,814	4,222	1.64	38	88	4,765	4,258	1.64	40	89
B to B-	70	1.63% - 3.09%		1,909	175	349	2,433	3,050	3.09	48	125	2,550	3,170	3.09	48	124
Bank ⁽⁷⁾																
				3,855	116	376	4,347	1,611	0.77	36	37	4,799	2,150	0.79	36	45
BB+	80	0.33% - 0.60%		2,393	108	299	2,800	1,084	0.56	37	39	3,145	1,498	0.57	37	48
BB	77	0.52% - 0.66%		927	1	47	975	323	0.66	38	33	944	367	0.66	38	39
BB-	75	0.65% - 0.83%		131	5	23	159	61	0.83	34	38	187	69	0.83	35	37
B+	73	0.82% - 1.64%		197	1	5	203	48	1.64	36	23	246	150	1.64	36	61
B to B-	70	1.63% - 3.09%		207	1	2	210	95	3.09	26	45	277	66	3.09	30	24
Sovereign																
				3,127	2	14	3,143	1,747	2.21	24	56	3,010	1,672	2.28	24	56
BB+	80	0.33% - 0.60%		543	-	5	548	168	0.59	24	31	518	162	0.59	24	31
BB	77	0.52% - 0.66%		34	-	-	34	10	0.66	24	30	33	11	0.66	24	32
BB-	75	0.65% - 0.83%		442	-	-	442	130	0.83	24	29	271	76	0.83	23	28
B+	73	0.82% - 1.64%		206	-	-	206	131	1.64	33	64	307	167	1.64	27	54
B to B-	70	1.63% - 3.09%		1,902	2	9	1,913	1,308	3.09	24	68	1,881	1,256	3.09	24	67
Sub-Total				47,727	12,118	9,940	69,785	45,305	0.82	42	65	67,027	44,107	0.83	42	66

⁽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 194 of the Bank's 2014 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 - Loss Given Default including certain conservative factors as per Basel accord, see glossary for details.

⁽⁶⁾ RW - risk-weight.

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

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

RISK ASSESSMENT OF CREDIT RISK EXPOSURES - NON-RETAIL AIRB PORTFOLIO CONTINUED



NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(\$MM)			Basel III - IFRS												
			Q4 2014				Q3 2014								
Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	Drawn Exposure at Default ⁽³⁾	Undrawn Exposure at Default ⁽³⁾	Other Exposure at Default ⁽³⁾	Total Exposure at Default ⁽³⁾	RWA ⁽⁸⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)	Total Exposure at Default ⁽³⁾	RWA ⁽⁸⁾	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)
			\$	\$	\$	\$		%	%	%	\$		%	%	%
Watch List (CCC+ to CC)															
Corporate ⁽⁷⁾	65 - 30	3.08% - 60.85%	1,683	150	185	2,018	4,433	22.55	46	220	2,035	4,540	19.81	48	223
Bank ⁽⁷⁾	65 - 30	3.08% - 60.85%	36	1	1	38	39	31.77	48	103	31	65	28.93	47	206
Sovereign	65 - 30	3.08% - 60.85%	112	-	-	112	163	14.46	34	145	71	114	10.82	41	161
Sub-Total			1,831	151	186	2,168	4,635	22.29	46	214	2,137	4,719	19.64	47	221
Default⁽⁹⁾															
Corporate	27-21	100%	972	27	9	1,008	1,434	100.00	48	142	1,320	2,614	100.00	48	198
Bank	27-21	100%	2	-	-	2	3	100.00	47	114	8	2	100.00	35	32
Sovereign	27-21	100%	7	-	1	8	30	100.00	31	382	8	30	100.00	31	388
Sub-Total			981	27	10	1,018	1,467	100.00	48	144	1,336	2,646	100.00	48	198
Total			183,582	55,639	63,249	302,470	101,484	0.78	35	34	289,751	100,368	0.89	36	35

⁽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 194 of the Bank's 2014 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 - Loss Given Default including certain conservative factors 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			
	Q4 2014		Q3 2014	
	Notional Undrawn	Weighted Average EAD	Notional Undrawn	Weighted Average EAD
	\$	%	\$	%
Corporate	86,261	50	81,977	50
Bank	19,760	55	20,494	56
Sovereign	2,390	57	2,435	56
Total	108,411	51	104,906	52

RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY⁽¹⁾

Category of PD Grades	PD Range	Basel III - IFRS								
		Q4 2014								
		EAD ⁽²⁾	Notional of undrawn commitments	Exposure weighted-average EAD	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW	RWA	EL	EL adjusted average risk weight ⁽³⁾
		\$	\$	%	%	%	%	\$	\$	%
Residential mortgages and HELOCs										
Insured Drawn and Undrawn⁽⁴⁾										
Exceptionally Low	0.01% to 0.04%	83,932	0	100.00	0.00	0	0	0	0	0
Very Low	0.05% to 0.19%	4,386	3	29.65	0.12	23	4	195	1	5
Low	0.20% to 0.99%	7,337	1	27.65	0.47	25	13	918	6	14
Medium Low	1.00% to 2.99%	680	0	34.55	1.23	24	29	198	2	32
Medium	3.00% to 9.99%	706	0	45.77	3.71	29	65	456	6	75
High	10.00% to 19.99%	153	0	28.04	18.53	24	93	142	5	132
Extremely High	20.00% to 99.99%	132	0	23.63	50.48	22	74	98	10	168
Default	100%	47	0	32.79	100.00	56	0	0	14	386
Sub-total		97,373	4	90.28	0.22	4	2	2,007	44	3
Uninsured Undrawn⁽⁵⁾										
Exceptionally Low	0.00% to 0.04%	0	0	0.00	0.00	0	0	0	0	0
Very Low	0.05% to 0.19%	8,620	23,524	45.29	0.08	21	4	382	2	5
Low	0.20% to 0.99%	2,383	5,368	77.83	0.27	25	12	294	2	13
Medium Low	1.00% to 2.99%	1,124	1,462	87.42	1.57	27	45	502	5	50
Medium	3.00% to 9.99%	0	0	0.00	0.00	0	0	0	0	0
High	10.00% to 19.99%	48	48	94.80	11.20	25	117	56	1	151
Extremely High	20.00% to 99.99%	34	19	101.40	36.37	25	140	48	3	256
Default	100%	0	307	0.00	0.00	0	0	0	0	0
Sub-total		12,209	30,728	55.87	0.40	22	11	1,282	13	12
Uninsured Drawn⁽⁶⁾										
Exceptionally Low	0.00% to 0.04%	18,963	0	100.00	0.04	11	1	235	1	1
Very Low	0.05% to 0.19%	49,024	0	87.05	0.11	16	4	1,976	8	4
Low	0.20% to 0.99%	29,053	0	83.71	0.40	20	13	3,676	22	14
Medium Low	1.00% to 2.99%	7,503	0	100.23	1.49	25	40	2,983	28	44
Medium	3.00% to 9.99%	3,060	0	95.18	3.74	15	43	1,320	18	50
High	10.00% to 19.99%	721	0	95.80	15.86	20	102	735	21	138
Extremely High	20.00% to 99.99%	566	0	99.63	44.59	20	107	607	49	216
Default	100%	216	0	98.42	100.00	51	0	0	110	637
Sub-total		109,106	0	89.69	0.91	17	11	11,532	257	14
Qualifying Revolving Retail Exposures(QRRE)										
Exceptionally Low	0.00% to 0.04%	6,429	13,035	52.27	0.04	71	2	120	2	2
Very Low	0.05% to 0.19%	5,501	8,437	61.70	0.15	65	5	300	5	7
Low	0.20% to 0.99%	8,910	7,505	81.95	0.49	75	16	1,384	32	20
Medium Low	1.00% to 2.99%	6,880	1,815	95.06	1.73	84	48	3,304	101	66
Medium	3.00% to 9.99%	2,227	196	100.67	5.82	85	116	2,578	112	179
High	10.00% to 19.99%	1,347	55	101.12	10.97	86	171	2,302	129	290
Extremely High	20.00% to 99.99%	688	6	103.06	38.30	79	214	1,473	208	592
Default	100%	225	2,894	100.00	100.00	87	0	0	197	1,098
Sub-total		32,207	33,943	78.04	2.91	76	36	11,461	786	66
Other Retail										
Exceptionally Low	0.00% to 0.04%	414	779	55.49	0.04	68	8	33	0	8
Very Low	0.05% to 0.19%	1,268	1	99.97	0.15	50	16	209	1	17
Low	0.20% to 0.99%	15,691	300	100.19	0.43	56	36	5,722	38	40
Medium Low	1.00% to 2.99%	4,997	19	99.96	1.75	64	79	3,942	57	93
Medium	3.00% to 9.99%	1,733	1	100.00	5.83	61	93	1,618	63	139
High	10.00% to 19.99%	198	1	100.22	11.14	63	110	218	14	198
Extremely High	20.00% to 99.99%	527	0	100.03	37.98	61	147	774	123	438
Default	100%	156	84	100.00	100.00	89	0	0	139	1,114
Sub-total		24,984	1,185	99.38	2.55	58	50	12,516	435	72
Total Retail										
Exceptionally Low	0.01% to 0.04%	109,738	13,814	97.03	0.01	7	0	388	3	0
Very Low	0.05% to 0.19%	68,799	31,965	76.37	0.11	21	4	3,062	17	5
Low	0.20% to 0.99%	63,373	13,174	80.83	0.42	37	19	11,993	100	21
Medium Low	1.00% to 2.99%	21,183	3,296	95.70	1.62	53	52	10,930	192	63
Medium	3.00% to 9.99%	7,727	197	93.33	4.81	47	77	5,973	199	109
High	10.00% to 19.99%	2,467	104	94.83	12.89	60	140	3,454	170	226
Extremely High	20.00% to 99.99%	1,947	24	95.84	40.83	52	154	2,999	393	406
Default	100%	644	3,285	94.57	100.00	73	0	0	461	895
Total		275,878	65,859	87.92	1.03	23	14	38,799	1,535	21

⁽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⁽⁷⁾ EAD rate represents combined drawn and undrawn exposure for a facility⁽⁸⁾ New Revolving models implemented Q4 2014

RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY⁽¹⁾

Category of PD Grades	PD Range	Basel III - IFRS								
		Q3 2014								
		EAD ⁽²⁾	Notional of undrawn commitments	Exposure weighted-average EAD	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW	RWA	EL	EL adjusted average risk weight ⁽³⁾
		\$	\$	%	%	%	%	\$	\$	%
Residential mortgages and HELOCs										
Insured Drawn and Undrawn⁽⁴⁾										
Exceptionally Low	0.01% to 0.04%	83,613	0	100.00	0.00	15	0	22	0	0
Very Low	0.05% to 0.19%	4,634	4	28.12	0.12	22	4	201	1	5
Low	0.20% to 0.99%	7,900	0	25.81	0.46	24	12	973	6	13
Medium Low	1.00% to 2.99%	726	0	32.60	1.22	23	28	206	2	31
Medium	3.00% to 9.99%	732	0	43.90	3.72	29	64	468	6	74
High	10.00% to 19.99%	179	0	27.38	18.35	23	91	164	5	129
Extremely High	20.00% to 99.99%	151	0	21.71	49.56	21	73	110	11	161
Default	100%	51	0	30.31	100.00	53	0	0	15	364
Sub-total		97,985	4	89.41	0.24	16	2	2,144	46	3
Uninsured Undrawn⁽⁵⁾										
Exceptionally Low	0.00% to 0.04%	3	6	60.72	0.03	27	2	0	0	3
Very Low	0.05% to 0.19%	15,743	26,180	64.77	0.10	27	6	965	4	6
Low	0.20% to 0.99%	1,276	2,133	67.92	0.57	27	23	293	2	25
Medium Low	1.00% to 2.99%	165	237	88.07	1.58	27	45	75	1	50
Medium	3.00% to 9.99%	639	1,020	69.64	4.41	27	82	527	8	97
High	10.00% to 19.99%	17	24	74.00	13.96	27	137	23	1	184
Extremely High	20.00% to 99.99%	26	36	77.24	42.36	27	147	39	3	288
Default	100%	0	0	0.00	0.00	0	0	0	0	0
Sub-total		17,870	29,635	65.41	0.37	27	11	1,921	18	12
Uninsured Drawn⁽⁶⁾										
Exceptionally Low	0.00% to 0.04%	18,603	0	99.99	0.04	11	1	231	1	1
Very Low	0.05% to 0.19%	56,335	0	89.07	0.11	18	4	2,361	12	4
Low	0.20% to 0.99%	22,348	0	78.61	0.47	18	14	3,056	19	15
Medium Low	1.00% to 2.99%	4,471	0	94.35	1.44	21	34	1,507	19	39
Medium	3.00% to 9.99%	5,223	0	95.66	4.12	20	61	3,170	35	69
High	10.00% to 19.99%	517	0	90.33	17.92	18	99	512	17	139
Extremely High	20.00% to 99.99%	471	0	94.70	44.95	20	109	515	43	223
Default	100%	203	0	97.88	100.00	44	0	0	88	539
Sub-total		108,172	0	89.37	0.89	17	10	11,352	233	13
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	66.89	0.10	87	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	4,045	155	140
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	152	696	121	481
Default	100%	193	0	100.00	100.00	85	0	0	165	1,068
Sub-total		34,264	30,323	78.22	2.24	84	29	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%	13,633	182	99.73	0.42	56	35	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	59	124
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	98.21	2.53	56	48	11,525	403	69
Total Retail										
Exceptionally Low	0.01% to 0.04%	102,244	55	99.99	0.01	14	0	254	1	0
Very Low	0.05% to 0.19%	94,648	48,459	78.40	0.11	31	5	4,610	31	5
Low	0.20% to 0.99%	54,254	9,730	75.94	0.46	39	20	10,719	94	22
Medium Low	1.00% to 2.99%	14,769	1,026	93.41	1.59	53	52	7,645	135	63
Medium	3.00% to 9.99%	12,681	2,216	91.49	4.51	47	77	9,713	262	102
High	10.00% to 19.99%	1,425	75	86.90	15.53	47	126	1,802	92	207
Extremely High	20.00% to 99.99%	1,624	87	90.72	41.29	47	134	2,181	294	361
Default	100%	586	0	93.25	100.00	69	0	0	392	836
Total		282,232	61,647	87.26	0.94	29	13	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

AIRB CREDIT LOSSES



Exposure Type	Basel III - IFRS									
	Q4 2014		Q3 2014		Q2 2014		Q1 2014		Q4 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	0.09	1.01	0.04	1.00	0.09	1.06	0.11	1.10	0.12	1.13
Sovereign	-	0.06	-	0.13	-	0.41	-	0.62	-	0.41
Bank	-	0.20	-	0.23	-	0.16	-	0.06	-	0.40
Retail⁽²⁾										
Real Estate Secured	0.01	0.14	0.01	0.14	0.01	0.13	0.01	0.13	0.01	0.14
QRRE	2.05	3.43	1.95	3.20	1.80	3.26	1.78	3.31	1.84	3.27
Other Retail	0.48	1.72	0.50	1.71	0.51	1.77	0.49	1.82	0.47	1.72

(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 Q4 2014						Four-quarter period ending Q3 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⁾	1.02	0.24	38.03	27.87	61.31	8.80	0.97	0.21	37.93	26.12	61.26	21.38

⁽¹⁾ Estimated parameters are based on portfolio averages at Q3 2013, 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 Q4 2014						Four-quarter period ending Q3 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	0.63	-	-	-	-	0.89	0.62	-	-	-	-
Uninsured mortgages	0.53	0.43	15.87	12.44	-	-	0.53	0.42	15.97	11.75	-	-
Secured lines of credit	0.91	0.24	26.69	17.19	79	72	0.89	0.23	26.74	17.14	78	71
Qualifying revolving retail exposures	1.59	1.47	72.04	68.68	464	456	1.57	1.39	71.25	67.69	439	431
Other retail	1.93	1.29	64.86	52.51	9	8	1.95	1.27	64.95	52.90	8	7

⁽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											
	Q4 2014			Q3 2014			Q2 2014			Q1 2014		
	Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives	
	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach
Non-Retail												
Corporate	492	1,223	5,123	486	1,258	5,158	503	1,111	5,228	450	1,180	4,970
Bank	-	5	2,193	-	8	2,275	-	8	2,347	-	8	1,410
Sovereign	-	-	5,198	-	-	5,125	-	-	5,089	-	-	6,018
Total Non-Retail	492	1,228	12,514	486	1,266	12,558	503	1,119	12,664	450	1,188	12,398
Retail												
Residential Mortgages ⁽²⁾	-	3,633	92,950	-	3,507	93,632	-	3,497	96,704	-	3,509	98,865
Secured Lines of Credit	-	-	-	-	-	-	-	-	-	-	-	-
Qualifying Revolving Retail Exposures (QRRE)	-	-	-	-	-	-	-	-	-	-	-	-
Other Retail	602	975	-	583	1,026	-	574	891	-	595	927	-
Total Retail	602	4,608	92,950	583	4,533	93,632	574	4,388	96,704	595	4,436	98,865
Total	1,094	5,836	105,464	1,069	5,799	106,190	1,077	5,507	109,368	1,045	5,624	111,263

⁽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															
	Q4 2014				Q3 2014				Q2 2014				Q1 2014			
	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount ⁽⁴⁾	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount ⁽⁴⁾	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount ⁽⁴⁾	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾
Contract Types																
Interest Rate Contracts:																
Futures and Forward Rate Agreements	805,769	106	1,489	44	627,626	61	1,658	58	458,607	39	1,355	42	446,895	5	1,035	30
Swaps	3,093,098	1,858	9,053	1,475	2,583,470	1,668	8,569	1,354	2,614,773	1,449	8,442	1,363	2,441,658	1,695	8,977	1,564
Options Purchased	47,916	18	106	125	107,499	11	181	44	88,589	9	70	37	78,637	7	52	31
Options Written	50,710	-	-	-	118,810	-	-	-	87,340	-	-	-	71,915	-	-	-
Total	3,997,493	1,982	10,648	1,644	3,437,405	1,740	10,408	1,456	3,249,309	1,497	9,867	1,442	3,039,105	1,707	10,064	1,625
Foreign Exchange Contracts:																
Futures, Spots and Forwards	448,977	2,451	6,535	1,570	406,999	1,082	5,488	1,255	398,717	1,046	4,637	1,105	364,273	2,232	5,275	1,342
Swaps	265,986	1,495	6,190	1,426	241,692	1,124	5,289	1,206	240,885	1,190	5,014	1,187	230,766	1,304	5,097	1,163
Options Purchased	3,147	19	69	19	2,741	12	48	14	3,384	15	58	17	2,839	32	68	22
Options Written	2,642	-	-	-	2,516	-	-	-	3,004	-	-	-	2,554	-	-	-
Total	720,752	3,965	12,794	3,015	653,948	2,218	10,825	2,475	645,990	2,251	9,709	2,309	600,432	3,568	10,440	2,527
Other Derivatives Contracts:																
Equity	66,608	860	5,726	2,260	62,707	644	5,465	2,258	51,329	425	4,736	1,915	51,275	532	4,954	1,889
Credit	57,923	548	1,405	374	65,079	501	1,854	392	75,999	572	2,841	528	75,146	621	2,988	502
Other	127,041	1,582	11,863	1,702	121,593	1,314	10,474	1,896	111,153	1,691	10,208	2,101	96,830	1,473	8,603	1,731
Total	251,572	2,990	18,994	4,336	249,379	2,459	17,793	4,546	238,481	2,688	17,785	4,544	223,251	2,626	16,545	4,122
Credit Valuation Adjustment ⁽³⁾				5,632				5,039				4,793				5,003
Total Derivatives after Netting and Collateral	4,969,817	8,937	42,436	14,627	4,340,732	6,417	39,026	13,516	4,133,780	6,436	37,361	13,088	3,862,788	7,901	37,049	13,277

	Basel III - IFRS							
	Q4 2013		Q3 2013		Q2 2013		Q1 2013	
	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount
Contract Types								
Interest Rate Contracts:								
Futures and Forward Rate Agreements	379,882	883	376,466	488	275,858	576	363,919	1,111
Swaps	2,085,682	8,639	1,905,681	7,832	1,719,603	8,255	1,776,882	7,451
Options Purchased	60,127	54	67,047	345	40,230	187	39,741	187
Options Written	55,410	-	69,429	-	49,176	-	47,937	-
Total	2,581,101	9,576	2,418,623	8,665	2,084,867	9,018	2,228,479	8,749
Foreign Exchange Contracts:								
Futures, Spots and Forwards	293,658	3,946	284,562	4,510	319,153	4,316	294,077	4,619
Swaps	206,298	4,171	188,888	4,123	190,757	4,525	187,633	4,672
Options Purchased	2,484	47	2,312	67	2,379	61	2,386	76
Options Written	2,050	-	1,813	-	1,766	-	1,788	-
Total	504,490	8,164	477,575	8,700	514,055	8,902	485,884	9,367
Other Derivatives Contracts:								
Equity	42,791	4,017	46,631	4,353	45,715	3,814	52,136	4,088
Credit	77,497	3,273	74,264	3,113	70,079	2,623	71,882	2,915
Other	88,929	7,409	80,456	6,388	77,167	5,753	72,682	5,872
Total	209,217	14,699	201,351	13,854	192,961	12,190	196,700	12,875
Total Derivatives	3,294,808	32,439	3,097,549	31,219	2,791,883	30,110	2,911,063	30,991
Risk-weighted Amount		7,846		7,849		7,769		8,152

⁽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%. Effective 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.

⁽⁴⁾ Prior period amounts have been restated to conform with current period presentation.

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


(\$MM)			Basel III - IFRS															
			Q4 2014 ⁽²⁾				Q3 2014 ⁽²⁾				Q2 2014				Q1 2014			
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	7,558 162	11,863 10	19,421 172	1,719 154	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
Non-Investment Grade	BB+ to BB- Below BB-	150 - 650 1250	10 137	- -	10 137	68 1,707	21 151	- -	21 151	126 1,883	31 159	- -	31 159	98 1,993	49 164	- -	49 164	217 2,262
			7,867	11,873	19,740	3,648	8,015	9,724	17,739	3,789	9,137	9,800	18,937	4,041	9,434	9,796	19,230	4,467
Resecuritization																		
Investment Grade	AAA to A A- to BBB-	20 - 65 100 - 350	- 115	56 115	56 115	36 260	49 135	155 135	204 135	125 293	57 138	155 138	212 138	132 248	125 164	155 155	280 164	168 336
Non-Investment Grade	BB+ to BB- Below BB-	500 - 850 1250	54 17	- -	54 17	462 215	69 17	- -	69 17	531 208	76 43	- -	76 43	566 540	67 159	- -	67 159	525 1,777
			186	56	242	973	270	155	425	1,157	314	155	469	1,486	515	155	670	2,806
Total			8,053	11,929	19,982	4,621	8,285	9,879	18,164	4,946	9,451	9,955	19,406	5,527	9,949	9,951	19,900	7,273

(\$MM)	Basel III - IFRS															
	Q4 2014 ⁽²⁾				Q3 2014 ⁽²⁾				Q2 2014				Q1 2014			
Underlying Asset	Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%)
	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	134	1,275	1,409	-	125	1,275	1,400	-	145	1,275	1,420	-	166	1,275	1,441	-
Commercial Mortgages	12	-	12	-	12	-	12	-	12	-	12	-	12	-	12	-
Credit cards/Consumer receivables	476	2,445	2,921	-	446	443	889	-	565	330	895	-	584	41	625	-
Auto loans/Leases	3,133	3,553	6,686	137	3,251	3,466	6,717	151	4,152	3,800	7,952	155	4,402	4,159	8,561	159
Diversified asset-backed securities	191	58	249	17	159	155	314	17	187	155	342	43	294	155	449	159
Business Loans	152	173	325	-	358	200	558	-	480	230	710	4	598	-	598	5
Trade receivables	2,579	4,373	6,952	-	2,592	4,300	6,892	-	2,567	4,113	6,680	-	2,516	4,280	6,796	-
Other	1,376	52	1,428	-	1,342	40	1,382	-	1,343	52	1,395	-	1,377	41	1,418	-
Total	8,053	11,929	19,982	154	8,285	9,879	18,164	168	9,451	9,955	19,406	202	9,949	9,951	19,900	323

⁽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⁾ Q4 2014 amounts include securitization under the standardized approach: externally rated A+: \$9MM (Q3 2014: \$11MM), Resecuritization A-: \$48MM (Q3 2014: \$49MM) and BBB: \$3MM (Q3 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.

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



(\$MM)			Basel III - IFRS															
			Q4 2013				Q3 2013				Q2 2013				Q1 2013			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			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	7 - 25	6,537	9,696	16,233	1,418	6,424	9,887	16,311	1,452	6,732	9,504	16,236	1,448	6,536	9,112	15,648	1,375
	A- to BBB-	35 - 100	712	113	825	560	769	110	879	600	842	115	957	624	1,365	19	1,384	730
Non-Investment Grade	BB+ to BB-	150 - 650	50	-	50	234	56	-	56	267	67	-	67	311	79	-	79	367
	Below BB-	1250	158	-	158	1,981	189	-	189	2,364	187	-	187	2,339	190	-	190	2,374
			7,457	9,809	17,266	4,193	7,438	9,997	17,435	4,683	7,828	9,619	17,447	4,722	8,170	9,131	17,301	4,846
Resecuritization																		
Investment Grade	AAA to A	20 - 65	140	197	337	209	127	197	324	200	113	197	310	192	107	197	304	186
	A- to BBB-	100 - 350	164	-	164	334	172	-	172	338	167	-	167	253	176	-	176	242
Non-Investment Grade	BB+ to BB-	500 - 850	63	-	63	495	62	-	62	490	97	-	97	668	99	-	99	692
	Below BB-	1250	145	-	145	1,818	152	-	152	1,895	162	-	162	2,022	166	-	166	2,070
			512	197	709	2,856	513	197	710	2,923	539	197	736	3,135	548	197	745	3,190
Total			7,969	10,006	17,975	7,049	7,951	10,194	18,145	7,606	8,367	9,816	18,183	7,857	8,718	9,328	18,046	8,036

(\$MM)		Basel III - IFRS															
		Q4 2013				Q3 2013				Q2 2013				Q1 2013			
Underlying Asset		Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)
		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		169	1,275	1,444	-	169	1,020	1,189	-	108	1,020	1,128	-	122	510	632	-
Commercial Mortgages		13	-	13	-	14	-	14	-	15	-	15	-	59	-	59	-
Credit cards/Consumer receivables		547	37	584	-	525	51	576	-	517	49	566	-	517	42	559	-
Auto loans/Leases		3,167	4,234	7,401	152	3,131	4,717	7,848	183	3,317	4,153	7,470	181	3,666	4,563	8,229	184
Diversified asset-backed securities		287	197	484	147	305	197	502	153	318	197	515	164	325	197	522	168
Business Loans		637	-	637	5	640	-	640	4	940	-	940	4	931	-	931	4
Trade receivables		2,034	4,227	6,261	-	2,039	4,172	6,211	-	1,994	4,367	6,361	-	1,958	3,980	5,938	-
Other		1,115	36	1,151	-	1,128	37	1,165	-	1,158	30	1,188	-	1,140	36	1,176	-
Total		7,969	10,006	17,975	304	7,951	10,194	18,145	340	8,367	9,816	18,183	349	8,718	9,328	18,046	356

⁽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⁾ 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.

TOTAL MARKET RISK-WEIGHTED ASSETS



(\$MM)	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
All Bank VaR	3,015	2,810	2,319	2,582	2,403
All Bank stressed VaR	5,347	4,685	4,547	5,250	4,969
Incremental Risk Charge	4,952	4,936	4,370	4,740	4,226
Comprehensive risk measure ⁽¹⁾	1,621	2,060	2,665	2,203	2,074
CRM surcharge ⁽¹⁾	1,738	1,825	1,963	1,363	1,400
Standardized approach	578	401	522	576	384
Market risk-weighted assets as at end of Quarter	17,251	16,717	16,386	16,714	15,455

⁽¹⁾ The Q4 2014 related capital charge for total comprehensive risk measure including securitization exposures is \$269MM (Q3 2014: \$311MM) broken down as follows: Market Simulation \$43MM (Q3 2014: \$31MM), Default & Migration Risk \$87MM (Q3 2014: \$134MM), and Surcharge \$139MM (Q3 2014: \$146MM).

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.