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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.

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>

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, 201, 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%. Since 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. For the third and fourth quarters of 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. In 2015 these scalars are 0.64, 0.71 and 0.77, 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 are 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.

On March 30, 2015, the Bank issued \$1.25 billion subordinated debentures due March 30, 2027. The debentures contain non-viability contingent capital (NVCC) provisions necessary for the debentures to qualify as Tier 2 regulatory capital. Under the NVCC provisions, the debentures are convertible into a variable number of common shares upon the public announcement by OSFI that the Bank has ceased, or is about to cease, to be viable; or (ii) by a federal or provincial government of Canada that the Bank accepted or agreed to accept a capital injection.

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 meets OSFI's authorized leverage ratio. Effective Q1 2015, disclosure in accordance with OSFI's September 2014 Public Disclosure Requirements related to Basel III Leverage ratio has been made in the Supplementary Regulatory Capital Disclosure on pages 28-30.

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

REGULATORY CAPITAL HIGHLIGHTS⁽¹⁾



(\$MM)	Basel III - IFRS									
	Q2 2015		Q1 2015		Q4 2014		Q3 2014		Q2 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⁾	Transitional Approach	All-in Approach ⁽²⁾
Common Equity Tier 1 capital	42,619	34,750	42,646	34,389	41,712	33,742	41,767	33,670	39,172	29,311
Tier 1 capital	42,619	39,077	42,646	38,717	41,712	38,073	41,767	38,022	39,172	33,966
Total capital	49,162	45,863	47,959	44,354	47,100	43,592	47,235	43,544	44,067	40,004
Risk-weighted Assets⁽³⁾										
CET1 Capital Risk-weighted Assets	335,233	328,688	342,740	335,200	319,936	312,473	314,701	307,795	304,507	300,155
Tier 1 Capital Risk-weighted Assets	335,233	329,424	342,740	336,092	319,936	313,263	314,701	308,502	304,507	300,155
Total Capital Risk-weighted Assets	335,233	330,055	342,740	336,857	319,936	314,449	314,701	309,563	304,507	300,155
Capital Ratios (%)										
Common Equity Tier 1 (as a percentage of risk-weighted assets)	12.7	10.6	12.4	10.3	13.0	10.8	13.3	10.9	12.9	9.8
Tier 1 (as a percentage of risk-weighted assets)	12.7	11.9	12.4	11.5	13.0	12.2	13.3	12.3	12.9	11.3
Total capital (as a percentage of risk-weighted assets)	14.7	13.9	14.0	13.2	14.7	13.9	15.0	14.1	14.5	13.3
Leverage: All-in Basis⁽⁴⁾										
Leverage Exposures	950,456	947,169	957,249	953,626	N/A	N/A	N/A	N/A	N/A	N/A
Leverage Ratio	4.5	4.1	4.5	4.1	N/A	N/A	N/A	N/A	N/A	N/A
OSFI Target: All-in Basis (%)										
Common Equity Tier 1 minimum ratio		7.0		7.0		7.0		7.0		7.0
Tier 1 capital all-in minimum ratio		8.5		8.5		8.5		8.5		8.5
Total capital all-in minimum ratio		10.5		10.5		10.5		10.5		10.5
Leverage all-in minimum ratio		3.0		3.0		N/A		N/A		N/A
Capital instruments subject to phase-out arrangements (%)										
Current cap on Additional Tier 1 (AT1) instruments subject to phase-out	70	70	70	70	80	80	80	80	80	80
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-	-	-	-	-
Current cap on Tier 2 (T2) instruments subject to phase-out arrangements	70	70	70	70	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 the first two quarters of 2014, Credit Valuation Adjustment RWA on derivatives was phased-in at 57%. For the third and fourth quarters of 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. In 2015, these scalars are 0.64, 0.71 and 0.77, respectively.

⁽⁴⁾ Effective Q1 2015, the Bank implemented the Leverage Requirements Guideline issued by OSFI in October 2014. Prior periods' leverage exposures and leverage ratios are not applicable.

REGULATORY CAPITAL - DEFINITION OF CAPITAL COMPONENTS



(\$MM)

	Cross-Reference ⁽¹⁾	All-in Q2 2015	All-in Q1 2015
Common Equity Tier 1 Capital: Instruments and Reserves			
1 Directly issued qualifying common share capital plus related stock surplus	u+y	15,366	15,354
2 Retained Earnings	v	29,984	29,103
3 Accumulated Other Comprehensive Income	w	1,362	2,436
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	aa	521	486
6 Common Equity Tier 1 capital before regulatory adjustments		47,233	47,379
Common Equity Tier 1 Capital: Regulatory Adjustments			
8 Goodwill (net of related tax liability)	g	(7,397)	(7,567)
9 Intangibles other than mortgage-servicing rights (net of related tax liability)	h-q+i-r	(3,132)	(3,119)
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	(602)	(615)
11 Cash flow hedge reserve	x	42	147
12 Shortfall of allowances to expected losses	ee	(96)	(129)
14 Gains and losses due to changes in own credit risk on fair value liabilities	p	(224)	(261)
15 Defined-benefit pension fund net assets (net of related tax liability)	l-s	(136)	(88)
16 Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	a	(5)	(5)
19 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	e	(501)	(591)
22 Amount exceeding the 15% threshold		(427)	(758)
23 of which: significant investments in the common stock of financials	f	(270)	(458)
25 of which: deferred tax assets arising from temporary differences	j	(157)	(300)
26 Other deductions from CET1 as determined by OSFI	o	(5)	(4)
28 Total regulatory adjustments to Common Equity Tier 1		(12,483)	(12,990)
29 Common Equity Tier 1 Capital (CET1)		34,750	34,389
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 subsidiaries and held by third parties (amount allowed in group AT1)	bb	29	26
36 Additional Tier 1 capital before regulatory adjustments		4,363	4,360
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)	(13)
41 Other deductions from Tier 1 capital as determined by OSFI		(23)	(19)
43 Total regulatory adjustments to Additional Tier 1 capital		(36)	(32)
44 Additional Tier 1 Capital (AT1)		4,327	4,328
45 Tier 1 Capital (T1=CET1 + AT1)		39,077	38,717
Tier 2 Capital: Instruments and Provisions			
46 Directly issued qualifying Tier 2 instruments	m	1,250	0
47 Directly issued capital instruments subject to phase-out from Tier 2		4,884	4,973
48 Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	cc	186	204
50 Eligible Collective Allowance and Excess of allowance over expected loss	c+d	466	460
51 Tier 2 capital before regulatory adjustments		6,786	5,637

	Cross-Reference ⁽¹⁾	All-in Q2 2015	All-in Q1 2015
Tier 2 Capital: Regulatory Adjustments			
57 Total regulatory adjustments to Tier 2 capital		-	-
58 Tier 2 Capital (T2)		6,786	5,637
59 Total Capital (TC = T1 + T2)		45,863	44,354
60 Total Risk-weighted Assets		332,475	339,787
60a Common Equity Tier 1 (CET1) Capital RWA		328,688	335,200
60b Tier 1 Capital RWA		329,424	336,092
60c Total Capital RWA		330,055	336,857
Capital Ratios and Buffers			
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)		10.6	10.3
62 Tier 1 (as a percentage of risk-weighted assets)		11.9	11.5
63 Total capital (as a percentage of risk-weighted assets)		13.9	13.2
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)		10.6	10.3
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		1,765	1,780
73 Significant investments in the common stock of financial institutions		3,298	3,116
75 Deferred tax assets arising from temporary differences (net of related tax liability)		1,915	2,043
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)		466	460
77 Cap on inclusion of allowances in Tier 2 under standardized approach		1,008	1,015
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		1,024	1,049
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		70%	70%
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		70%	70%
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		70%	70%
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⁾	(\$MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position ⁽¹⁾	Under regulatory scope of consolidation ⁽²⁾
		Q2 2015	Q2 2015			Q2 2015	Q2 2015
Assets				Liabilities			
Cash and deposits with banks		60,664	60,222	Deposits			
Precious Metals		8,438	8,438	Personal		180,312	180,312
Trading Assets				Business and Government		358,400	358,400
Trading Securities		92,095	92,093	Banks		36,569	36,569
- Investment in own shares	a		5			575,281	575,281
- Other trading securities			92,088	Financial instruments designated at fair value through profit or loss		1,102	1,102
Trading Loans		17,279	17,279	Other			
Other Trading Assets		3,746	3,746	Acceptances		13,549	13,549
		113,120	113,118	Obligations Related to Securities Sold Short		22,843	22,843
Financial assets designated at fair value through profit or loss		129	129	Derivative Instruments		43,613	43,613
Securities Purchased Under Resale Agreements		98,205	98,205	Obligations Related to Securities Sold Under Repurchase Agreements		89,676	89,676
Derivative Instruments		37,669	37,669	Subordinated Debentures		6,134	6,134
Investment Securities		39,828	39,121	- Regulatory capital amortization of maturing debentures			
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital	b		13	- Subordinated debentures used for regulatory capital	m		1,250
- Other securities			39,108	- of which: are included in Tier 2 capital			4,884
				- of which: are subject to phase-out included in Tier 2 capital (70%)			
				- of which: are subject to phase-out not included in Tier 2 capital			
Loans				Other Liabilities		34,020	33,301
Residential Mortgages		213,522	213,370	- Liquidity Reserves	o		5
Personal and Credit Cards		86,186	86,186	- Gains/losses due to changes in own credit risk including DVA on derivatives	p		224
Business and Government		139,944	139,928	- Deferred tax liabilities			447
		439,652	439,484	- Intangible assets (excl. computer software and mortgage servicing rights)	q		751
Allowance For Credit Losses		3,694	3,694	- Intangible assets - computer software	r		125
- Collective Allowance reflected in Tier 2 capital	c		466	- Defined benefit pension fund assets	s		46
- Shortfall of allowances to expected loss	ee		(96)	- Other deferred tax liabilities			(475)
- Excess of allowances to expected loss	d		-	- Other Liabilities			32,625
- Allowances not reflected in regulatory capital			3,324			209,835	209,116
Other				Total Liabilities		786,218	785,499
Customers' Liability Under Acceptances		13,549	13,549	Shareholders' Equity			
Property and Equipment		2,182	2,179	Common Equity			
Investments in Associates		3,845	4,086	- Common Shares	u	15,186	15,186
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		501	- Retained Earnings	v	29,984	29,984
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		270	- Accumulated Other Comprehensive Income (Loss)	w	1,362	1,362
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			3,315	- Cash flow hedging reserve	x		(42)
Goodwill & Other Intangibles		10,923	11,405	- Other			1,404
- Goodwill	g		7,397	- Other Reserves	y	180	180
- Intangibles (excl computer software)	h		2,789	Total Common Equity		46,712	46,712
- Computer software intangibles	i		1,219	Preferred Shares		2,934	2,934
Deferred tax assets		2,031	2,031	- of which: are subject to phase-out and included in Tier 1 capital (70%)	z		2,934
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		157	- of which: are subject to phase-out and not included into Tier 1 capital			
- Deferred tax assets that rely on future profitability	k		602	Total Equity Attributable to Equity Holders		49,646	49,646
- Deferred tax assets not deducted from regulatory capital			1,272	Non-Controlling Interests			
Other Assets		10,620	10,500	Non-Controlling Interest in Subsidiaries		1,297	1,297
- Defined pension fund assets	l		182	- portion allowed for inclusion into CET1	aa		521
- Other assets			10,318	- portion allowed for inclusion into Tier 1 capital	bb		29
				- portion allowed for inclusion into Tier 2 capital	cc		186
				- portion not allowed for regulatory capital			561
		43,150	43,750	Total Equity		50,943	50,943
Total Assets		837,161	836,442	Total Liabilities & Shareholders' Equity		837,161	836,442

⁽¹⁾ Consolidated Statement of Financial Position as reported in the 2015 Quarterly Report - Second quarter results (page 45)

⁽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 whose principle activities include insurance, reinsurance, property and casualty insurance. Key subsidiaries are Scotia Insurance Barbados Ltd (assets: \$364, equity: \$297), Scotia Life Insurance Company (assets: \$127, equity: \$194), Scotia Jamaica Life Insurance Co. Ltd (assets: \$517, equity: \$95), Scotia Life Trinidad and Tobago Ltd (assets: \$327, equity: \$64) and Scotia Seguros: (assets: \$74, equity: \$42).

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 April 30, 2015 (\$MM)										
Cash and deposits with financial institutions	58,304	-	-	-	-	-	-	-	2,360	60,664
Precious metals	-	-	-	-	-	-	-	8,438	-	8,438
Trading assets:										
Securities	-	-	-	-	-	-	-	92,095	-	92,095
Loans	9,929	-	-	-	-	-	9,929	7,350	-	17,279
Other	-	-	-	-	-	-	-	3,746	-	3,746
Financial assets designated at fair value through profit or loss	91	-	-	-	-	38	-	-	-	129
Securities purchased under resale agreements and securities borrowed	-	-	-	98,205	-	-	-	-	-	98,205
Derivative financial instruments	-	-	-	-	37,669	-	34,952	-	-	37,669
Investment securities	35,119	-	-	-	-	3,598	-	-	1,111	39,828
Loans:										
Residential mortgages ⁽²⁾	91,100	122,285	-	-	-	-	-	-	137	213,522
Personal and credit cards	-	83,987	2,184	-	-	-	-	-	15	86,186
Business & government	133,646	-	6,270	-	-	-	-	-	28	139,944
Allowances for credit losses ⁽³⁾	(888)	-	-	-	-	-	-	-	(2,806)	(3,694)
Customers' liability under acceptances	13,549	-	-	-	-	-	-	-	-	13,549
Property and equipment	-	-	-	-	-	-	-	-	2,182	2,182
Investment in associates	-	-	-	-	-	-	-	-	3,845	3,845
Goodwill and other intangibles assets	-	-	-	-	-	-	-	-	10,923	10,923
Other (including Deferred tax assets)	423	149	-	-	-	-	-	-	12,079	12,651
Total	341,273	206,421	8,454	98,205	37,669	3,636	44,881	111,629	29,874	837,161

	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 January 31, 2015 (\$MM)									
Cash and deposits with financial institutions	63,541	-	-	-	-	-	-	2,353	65,894
Precious metals	-	-	-	-	-	-	9,698	-	9,698
Trading assets:									
Securities	-	-	-	-	-	-	86,695	-	86,695
Loans	11,240	-	-	-	-	-	11,240	7,750	18,990
Other	-	-	-	-	-	-	3,934	-	3,934
Financial assets designated at fair value through profit or loss	80	-	-	-	-	39	-	-	119
Securities purchased under resale agreements and securities borrowed	-	-	-	87,217	-	-	-	-	87,217
Derivative financial instruments	-	-	-	-	55,435	-	51,077	-	55,435
Investment securities	35,479	-	-	-	-	4,093	-	-	40,905
Loans:									
Residential mortgages ⁽²⁾	93,714	120,929	-	-	-	-	-	148	214,791
Personal and credit cards	-	84,080	1,833	-	-	-	-	16	85,929
Business & government	135,808	-	7,136	-	-	-	-	40	142,984
Allowances for credit losses ⁽³⁾	(860)	-	-	-	-	-	-	(2,928)	(3,788)
Customers' liability under acceptances	11,898	-	-	-	-	-	-	-	11,898
Property and equipment	-	-	-	-	-	-	-	2,334	2,334
Investment in associates	-	-	-	-	-	-	-	3,907	3,907
Goodwill and other intangibles assets	-	-	-	-	-	-	-	11,068	11,068
Other (including Deferred tax assets)	390	157	-	-	-	-	-	13,316	13,863
Total	351,290	205,166	8,969	87,217	55,435	4,132	62,317	108,077	851,873

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

(2) Includes \$89.2 billion (Q1, 2015 - \$91.9 billion) in mortgages guaranteed by Canada Mortgage Housing Corporation (CMHC) including 90% of privately insured mortgages. CMHC guarantees under the PD substitution are reclassified to sovereign.

(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							
	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013 ⁽²⁾	Q3 2013 ⁽²⁾
(\$MM)								
Common Equity Tier 1 (CET1) capital								
Opening amount	34,389	33,742	33,670	29,311	28,499	26,359	25,188	24,013
Net income attributable to equity holders of the Bank	1,757	1,679	1,373	2,301	1,742	1,655	1,626	1,703
Dividends paid to equity holders of the Bank	(853)	(832)	(833)	(813)	(821)	(798)	(800)	(773)
Shares issued	16	26	90	152	110	375	328	284
Shared repurchased/redeemed	(29)	(445)	(176)	(144)	-	-	-	-
Removal of own credit spread (net of tax)	37	(110)	-	2	20	(21)	(8)	(6)
Movements in other comprehensive income, excluding cash flow hedges ⁽³⁾	(1,180)	1,586	211	(246)	(434)	979	435	326
Currency translation differences	(1,450)	2,259	309	(101)	(385)	1,055	297	(198)
Available-for-sale investments	(33)	(43)	(85)	14	6	18	66	(102)
Employee Benefits ⁽¹⁾	303	(643)	(46)	(168)	(50)	(59)	72	626
Other	-	13	33	9	(5)	(35)	-	-
Goodwill and other intangible assets (deduction, net of related tax liability)	157	(208)	(378)	(172)	(59)	(97)	(97)	(125)
Other, including regulatory adjustments and transitional arrangements	456	(1,049)	(215)	3,279	254	47	(313)	(234)
Deferred tax assets that rely on future probability	13	5	(2)	68	42	24	(4)	(5)
Other, IFRS Impact ⁽³⁾	-	-	-	-	-	(83)	-	-
Threshold deductions ⁽¹⁾	421	(1,044)	(113)	3,196	209	33	(182)	154
Other	22	(10)	(100)	15	3	73	(127)	(383)
Closing Amount	34,750	34,389	33,742	33,670	29,311	28,499	26,359	25,188
Other Additional Tier 1 capital								
Opening amount	4,328	4,331	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	-	-	-	-	-	-	-	-
Other, capital including regulatory adjustments and transitional arrangements	(1)	(3)	(21)	(3)	12	(62)	2	655
Closing Amount	4,327	4,328	4,331	4,352	4,655	5,243	5,555	5,853
Total Tier 1 capital	39,077	38,717	38,073	38,022	33,966	33,742	31,914	31,041
Tier 2 capital								
Opening amount	5,637	5,519	5,522	6,038	7,070	6,927	7,907	8,243
New Tier 2 eligible capital issues	1,250	-	-	-	-	-	-	-
Redeemed capital	-	-	-	-	(1,000)	-	(1,200)	-
Amortization adjustments	-	-	-	-	-	-	250	-
Other, including regulatory adjustments and transitional adjustments	(101)	118	(3)	(516)	(32)	143	(30)	(336)
Closing Amount	6,786	5,637	5,519	5,522	6,038	7,070	6,927	7,907
Total regulatory capital	45,863	44,354	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			
Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
37,661	36,556	35,283	32,555	31,011	28,399
-	-	322	643	964	1,286
351	343				
447	437	(528)	(563)	(848)	(555)
		966	918	887	823
		(5,239)	(5,363)	(5,375)	(4,586)
(14,446)	(14,322)				
24,013	23,014				
3,945	3,945	4,384	4,384	4,384	4,384
1,935	1,935	2,150	2,150	2,900	2,900
68	66	(2,902)	(2,850)	(2,949)	(3,773)
29,961	28,960	34,436	31,874	30,974	28,878
		305	288	296	254
7,087	7,902	9,893	6,699	6,695	6,730
1,048	853	454	444	401	391
108	103				
8,243	8,858	10,652	7,431	7,392	7,375
		(2,895)	(2,847)	(2,946)	(2,961)
38,204	37,818	42,193	36,458	35,420	33,292
37,818	42,193	36,458	35,420	33,292	32,533
1,534	1,559	1,453	2,001	1,391	1,398
(771)	(731)	(728)	(683)	(679)	(622)
763	828	725	1,318	712	776
(1,710)	(1,362)	3,194	4	(35)	7
-	-	-	(750)	-	-
-	-	-	-	-	-
352	413	1,976	199	1,895	733
(1,358)	(949)	5,170	(547)	1,860	740
-	-	34	285	(294)	142
-	-	17	(8)	42	102
-	-	48	31	64	183
981	(4,254)	(259)	(41)	(256)	(1,184)
981	(4,254)	(160)	267	(444)	(757)
386	(4,375)	5,735	1,038	2,128	759
38,204	37,818	42,193	36,458	35,420	33,292

(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										
	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
RISK-WEIGHTED ASSETS:⁽¹⁾⁽²⁾											
On-Balance Sheet Assets											
Cash Resources	3.0	3.2	2.2	2.2	2.7	2.5	2.9	3.1	3.0	2.6	2.7
Securities ⁽³⁾	11.4	12.4	12.8	13.4	13.8	16.4	15.4	15.9	16.3	17.5	12.6
Residential Mortgages	22.2	21.9	19.8	19.4	19.5	19.1	19.0	18.5	18.1	17.6	13.0
Loans											
- Personal Loans	43.4	43.9	42.7	39.6	37.8	37.1	36.3	34.3	33.4	32.5	30.8
- Non-Personal Loans	104.8	106.9	95.6	95.7	95.9	93.2	88.2	87.6	87.1	88.0	85.5
All Other ⁽⁴⁾	26.6	27.2	25.9	26.3	24.3	25.8	24.9	23.9	22.9	23.8	18.2
	211.4	215.5	199.0	196.6	194.0	194.1	186.7	183.3	180.8	182.0	162.8
Off-Balance Sheet Assets											
Indirect Credit Instruments	43.2	43.4	39.5	39.3	35.6	37.6	38.3	37.3	35.7	34.8	34.1
Derivative Instruments	16.8	19.7	14.6	13.5	13.3	13.0	7.6	7.6	7.6	8.0	5.6
	60.0	63.1	54.1	52.8	48.9	50.6	45.9	44.9	43.3	42.8	39.7
Total Credit Risk before AIRB scaling factor	271.4	278.6	253.1	249.4	242.9	244.7	232.6	228.2	224.1	224.8	202.5
AIRB Scaling factor ⁽⁵⁾	9.6	9.8	8.8	8.8	8.5	8.5	8.3	8.1	8.3	8.2	7.5
Total Credit Risk after AIRB scaling factor	281.0	288.4	261.9	258.2	251.4	253.2	240.9	236.3	232.4	233.0	210.0
Market Risk - Risk Assets Equivalent	13.5	13.1	17.3	16.7	16.4	16.7	15.4	14.5	17.4	16.5	13.8
Operational Risk - Risk Assets Equivalent	34.2	33.7	33.3	32.9	32.4	32.2	31.9	31.5	30.9	30.6	29.5
CET1 Risk-weighted Assets⁽⁶⁾	328.7	335.2	312.5	307.8	300.2	302.1	288.2	282.3	280.7	280.1	253.3
Tier 1 Risk-weighted Assets⁽⁶⁾	329.4	336.1	313.3	308.5	300.2	302.1	288.2	282.3	280.7	280.1	253.3
Total Risk-weighted Assets⁽⁶⁾	330.1	336.9	314.4	309.6	300.2	302.1	288.2	282.3	280.7	280.1	253.3
REGULATORY CAPITAL RATIOS (%):											
Common Equity Tier 1	10.6	10.3	10.8	10.9	9.8	9.4	9.1	8.9	8.6	8.2	n/a
Tier 1	11.9	11.5	12.2	12.3	11.3	11.2	11.1	11.0	10.7	10.3	13.6
Total	13.9	13.2	13.9	14.1	13.3	13.5	13.5	13.8	13.6	13.5	16.7

(1) For purposes of this presentation only, Risk-weighted Assets (RWA) are 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.

(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 respectively. In 2015, these scalars are 0.64, 0.71 and 0.77, respectively.

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


Credit Risk Risk-weighted Assets (RWA) (\$MM)	Q2 2015		Q1 2015	
	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	288,416	22,996	261,887	17,935
Book size ⁽²⁾	890	(1,020)	11,114	2,696
Book quality ⁽³⁾	641	(199)	(1,431)	18
Model updates ⁽⁴⁾	-	-	1,330	-
Methodology and policy ⁽⁵⁾	-	-	892	892
Acquisitions and disposals	-	-	-	-
Foreign exchange movements	(8,940)	(1,085)	14,624	1,455
Other	-	-	-	-
CET1 Credit risk-weighted assets as at end of Quarter	281,007	20,692	288,416	22,996
Tier 1 CVA scalar	736	736	892	892
Tier 1 Credit risk-weighted assets as at end of Quarter	281,743	21,428	289,308	23,888
Total CVA scalar	631	631	765	765
Total Credit risk-weighted assets as at end of Quarter	282,374	22,059	290,073	24,653

⁽¹⁾ In accordance with OSFI's requirements, in 2015, scalars for CVA risk-weighted assets (RWA) of 0.64, 0.71 and 0.77 were used to compute 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)	Q2 2015	Q1 2015
Market risk-weighted assets as at beginning of Quarter	13,133	17,251
Movement in risk levels ⁽¹⁾	606	350
Model updates ⁽²⁾	(226)	(2,286)
Methodology and policy ⁽³⁾	-	(2,182)
Acquisitions and disposals	-	-
Other	-	-
Market risk-weighted assets as at end of Quarter	13,513	13,133

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

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

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

Operational Risk RWA (\$MM)	Q2 2015	Q1 2015
Operational risk-weighted assets as at beginning of Quarter	33,652	33,334
Higher Revenue	515	318
Operational risk-weighted assets as at end of Quarter	34,167	33,652

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


	Q2 2015				
	Canadian Banking	International Banking	Global Banking & Markets	Other	All Bank
CET1 Risk-weighted Assets (RWA)					
CET1 RWA (\$B)	\$100.5	\$111.2	\$108.2	\$8.8	\$328.7
Proportion of Bank	30%	34%	33%	3%	100%
Comprised of:					
Credit risk	84%	89%	82%	100%	86%
Market risk	- %	1%	11%	- %	4%
Operational risk	16%	10%	7%	- %	10%

	Q1 2015				
	Canadian Banking	International Banking	Global Banking & Markets	Other	All Bank
CET1 Risk-weighted Assets (RWA)					
CET1 RWA (\$B)	\$99.1	\$113.3	\$113.7	\$9.1	\$335.2
Proportion of Bank	29%	34%	34%	3%	100%
Comprised of:					
Credit risk	86%	88%	83%	100%	86%
Market risk	- %	1%	10%	- %	4%
Operational risk	14%	11%	7%	- %	10%

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



(\$MM)		Basel III - IFRS											
		Q2 2015				Q1 2015				Q4 2014		Q3 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	102,167	58,069	43,908	42,540	146,075	100,609	145,012	101,339	130,621	90,240	128,408	90,365
	Undrawn	46,847	20,086	4,514	4,503	51,361	24,589	53,974	24,963	47,082	22,314	44,855	21,274
	Other ⁽⁴⁾	34,413	11,041	3,230	3,213	37,643	14,254	35,068	12,327	31,678	11,496	31,704	11,246
	Total	183,427	89,196	51,652	50,256	235,079	139,452	234,054	138,629	209,381	124,050	204,967	122,885
Bank ⁽³⁾	Drawn	23,762	5,332	1,938	1,347	25,700	6,679	32,358	8,435	25,883	7,500	26,237	7,882
	Undrawn	11,328	3,615	78	57	11,406	3,672	12,222	3,914	10,954	3,356	11,552	3,559
	Other ⁽⁴⁾	10,095	1,752	95	78	10,190	1,830	9,535	1,753	8,195	1,486	7,929	1,394
	Total	45,185	10,699	2,111	1,482	47,296	12,181	54,115	14,102	45,032	12,342	45,718	12,835
Sovereign	Drawn	75,022	4,933	5,303	594	80,325	5,527	82,035	5,544	76,107	4,858	68,768	4,664
	Undrawn	1,543	161	-	-	1,543	161	1,465	139	1,352	140	1,353	177
	Other ⁽⁴⁾	544	15	-	-	544	15	1,137	63	805	33	775	26
	Total	77,109	5,109	5,303	594	82,412	5,703	84,637	5,746	78,264	5,031	70,896	4,867
Total Non-Retail	Drawn	200,951	68,334	51,149	44,481	252,100	112,815	259,405	115,318	232,611	102,598	223,413	102,911
	Undrawn	59,718	23,862	4,592	4,560	64,310	28,422	67,661	29,016	59,388	25,810	57,760	25,010
	Other ⁽⁴⁾	45,052	12,808	3,325	3,291	48,377	16,099	45,740	14,143	40,678	13,015	40,408	12,666
	Total	305,721	105,004	59,066	52,332	364,787	157,336	372,806	158,477	332,677	141,423	321,581	140,587
Retail													
Residential Mortgages	Drawn	186,434	10,780	25,371	11,416	211,805	22,196	213,185	21,893	211,341	19,766	210,743	19,360
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-
	Total	186,434	10,780	25,371	11,416	211,805	22,196	213,185	21,893	211,341	19,766	210,743	19,360
Secured Lines Of Credit	Drawn	19,047	4,293	-	-	19,047	4,293	18,952	4,435	19,115	4,487	18,590	4,409
	Undrawn	12,354	1,158	-	-	12,354	1,158	12,312	1,243	12,209	1,282	17,724	1,857
	Total	31,401	5,451	-	-	31,401	5,451	31,264	5,678	31,324	5,769	36,314	6,266
Qualifying Revolving Retail Exposures (QRRE)	Drawn	16,426	9,556	-	-	16,426	9,556	16,257	9,564	16,011	9,356	15,953	7,622
	Undrawn	16,734	2,058	-	-	16,734	2,058	16,716	2,151	16,196	2,105	18,311	2,360
	Total	33,160	11,614	-	-	33,160	11,614	32,973	11,715	32,207	11,461	34,264	9,982
Other Retail	Drawn	25,252	12,744	23,063	16,811	48,315	29,555	48,656	29,929	47,080	28,848	45,380	27,624
	Undrawn	660	156	-	-	660	156	667	165	659	161	999	126
	Total	25,912	12,900	23,063	16,811	48,975	29,711	49,323	30,094	47,739	29,009	46,379	27,750
Total Retail	Drawn	247,159	37,373	48,434	28,227	295,593	65,600	297,050	65,821	293,547	62,457	290,666	59,015
	Undrawn	29,748	3,372	-	-	29,748	3,372	29,695	3,559	29,064	3,548	37,034	4,343
	Total	276,907	40,745	48,434	28,227	325,341	68,972	326,745	69,380	322,611	66,005	327,700	63,358
Securizations		20,024	3,652	59	59	20,083	3,711	21,166	4,086	19,982	4,621	18,163	4,947
Trading Derivatives ⁽³⁾		28,854	7,971	-	-	28,854	7,971	36,673	10,178	25,249	8,041	22,886	7,559
Derivatives - credit valuation adjustment ⁽⁵⁾		-	-	-	6,732	-	6,732	-	8,154	-	5,632	-	5,039
Total Credit Risk (Excluding Equities & Other Assets)		631,506	157,372	107,559	87,350	739,065	244,722	757,390	250,275	700,519	225,722	690,330	221,490
Equities		3,636	3,636	-	-	3,636	3,636	4,132	4,132	4,269	4,269	4,451	4,451
Other Assets ⁽⁶⁾		-	-	54,146	23,056	54,146	23,056	59,475	24,208	52,288	23,065	52,377	23,550
Total Credit Risk (Before Scaling Factor)		635,142	161,008	161,705	110,406	796,847	271,414	820,997	278,615	757,076	253,056	747,158	249,491
Add-on for 6% Scaling Factor ⁽⁷⁾			9,593				9,593		9,801		8,831		8,672
Total Credit Risk		635,142	170,601	161,705	110,406	796,847	281,007	820,997	288,416	757,076	261,887	747,158	258,163

⁽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 the first two quarters of 2014, Credit Valuation Adjustment RWA on derivatives was phased-in at 57%. For the third and fourth quarters of 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. In 2015, these scalars are 0.64, 0.71 and 0.77, respectively.

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

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

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



(\$MM)		Basel III - IFRS										Basel II - IFRS			
		Q2 2014		Q1 2014		Q4 2013		Q3 2013		Q2 2013		Q1 2013		Q4 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	128,608	90,079	121,562	86,649	116,209	82,203	114,567	82,109	115,934	81,854	114,895	82,943	112,974	82,239
	Undrawn	41,619	19,554	42,968	20,444	45,758	21,547	45,477	21,329	42,956	20,029	42,742	19,656	43,056	20,311
	Other ⁽⁴⁾	26,552	10,126	30,930	11,540	24,902	9,520	22,156	8,532	21,444	8,604	21,602	8,854	16,765	7,095
	Total	196,779	119,759	195,460	118,633	186,869	113,270	182,200	111,970	180,334	110,487	179,239	111,453	172,795	109,645
Bank ⁽³⁾	Drawn	29,067	9,053	34,833	9,949	28,186	9,509	33,053	9,280	36,340	9,875	33,665	9,297	35,211	8,047
	Undrawn	10,620	3,279	11,879	3,507	12,463	3,968	12,374	4,114	11,930	3,810	11,130	3,479	11,060	2,754
	Other ⁽⁴⁾	8,228	1,370	7,904	1,304	11,361	2,071	12,772	1,779	11,955	1,723	9,159	1,694	7,842	1,190
	Total	47,915	13,702	54,616	14,760	52,010	15,548	58,199	15,173	60,225	15,408	53,954	14,470	54,113	11,991
Sovereign	Drawn	77,072	4,717	71,279	5,145	69,594	5,013	63,915	5,074	63,065	4,117	65,407	5,053	53,451	4,079
	Undrawn	1,359	189	1,440	263	1,568	234	1,276	247	1,539	306	1,605	269	1,281	220
	Other ⁽⁴⁾	856	31	1,191	28	4,837	84	2,549	5	2,278	5	281	6	291	27
	Total	79,287	4,937	73,910	5,436	75,999	5,331	67,740	5,326	66,882	4,428	67,293	5,328	55,023	4,326
Total Non-retail															
	Drawn	234,747	103,849	227,674	101,743	213,989	96,725	211,535	96,463	215,339	95,846	213,967	97,293	201,636	94,365
	Undrawn	53,598	23,022	56,287	24,214	59,789	25,749	59,127	25,690	56,425	24,145	55,477	23,404	55,397	23,285
	Other ⁽⁴⁾	35,636	11,527	40,025	12,872	41,100	11,675	37,477	10,316	35,677	10,332	31,042	10,554	24,898	8,312
	Total	323,981	138,398	323,986	138,829	314,878	134,149	308,139	132,469	307,441	130,323	300,486	131,251	281,931	125,962
Retail															
Residential Mortgages	Drawn	210,451	19,466	210,691	19,085	209,581	18,956	208,604	18,464	207,641	18,139	206,648	17,625	175,114	13,005
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	210,451	19,466	210,691	19,085	209,581	18,956	208,604	18,464	207,641	18,139	206,648	17,625	175,114	13,005
Secured Lines Of Credit	Drawn	18,459	4,509	18,220	4,552	18,241	4,802	18,346	4,512	18,475	4,540	18,328	4,530	18,404	4,701
	Undrawn	13,265	1,394	13,052	1,370	12,856	1,419	12,625	1,302	12,347	1,280	12,026	1,247	11,759	1,267
	Total	31,724	5,903	31,272	5,922	31,097	6,221	30,971	5,814	30,822	5,820	30,354	5,777	30,163	5,968
Qualifying Revolving	Drawn	15,653	7,153	15,412	7,171	15,174	7,105	14,944	6,691	14,711	6,553	14,517	6,489	14,414	6,444
	Undrawn	13,638	1,674	13,400	1,678	12,900	1,672	12,500	1,473	12,159	1,426	11,901	1,395	11,613	1,397
	Total	29,291	8,827	28,812	8,849	28,074	8,777	27,444	8,164	26,870	7,979	26,418	7,884	26,027	7,841
Other Retail	Drawn	42,989	26,216	41,754	25,405	40,499	24,412	38,184	23,088	36,497	22,326	35,018	21,501	32,938	19,642
	Undrawn	736	91	733	91	735	90	720	87	708	86	761	93	749	93
	Total	43,725	26,307	42,487	25,496	41,234	24,502	38,904	23,175	37,205	22,412	35,779	21,594	33,687	19,735
Total Retail															
	Drawn	287,552	57,344	286,077	56,213	283,495	55,275	280,078	52,755	277,324	51,558	274,511	50,145	240,870	43,792
	Undrawn	27,639	3,159	27,185	3,139	26,491	3,181	25,845	2,862	25,214	2,792	24,688	2,735	24,121	2,757
	Total	315,191	60,503	313,262	59,352	309,986	58,456	305,923	55,617	302,538	54,350	299,199	52,880	264,991	46,549
Securitizations		19,406	5,527	19,900	7,273	17,975	7,049	18,145	7,606	18,183	7,857	18,046	8,036	17,636	4,170
Trading Derivatives ⁽³⁾		22,139	7,454	23,638	7,284	20,623	6,977	21,848	7,309	22,211	7,189	22,470	7,609	18,845	5,434
Derivatives - credit valuation adjustment ⁽⁶⁾		-	4,793	-	5,003	-	-	-	-	-	-	-	-	-	-
Total Credit risk (excl. Equities & Other Assets)		680,717	216,675	680,786	217,741	663,462	206,631	654,055	203,001	650,373	199,719	640,201	199,776	583,403	182,115
Equities ⁽⁶⁾		4,002	4,002	4,019	4,019	3,728	3,728	3,629	3,629	3,678	3,678	-	-	-	-
	Grandfathered	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Simple Method	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	PD/LGD Approach	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-	-	3,539	3,539	3,155	3,155
Total Equities		4,002	4,002	4,019	4,019	3,728	3,728	3,629	3,629	3,678	3,678	3,539	3,539	3,155	3,155
Other Assets ⁽⁷⁾		52,771	22,224	57,028	22,930	55,910	22,250	53,664	21,594	51,101	20,800	51,040	21,472	41,514	17,197
		737,490	242,901	741,833	244,690	723,100	232,609	711,348	228,224	705,152	224,197	694,780	224,787	628,072	202,467
Add-on for 6% scaling factor ⁽⁸⁾			8,491		8,506		8,331		8,119		8,262		8,245		7,499
Total Credit Risk		737,490	251,392	741,833	253,196	723,100	240,940	711,348	236,343	705,152	232,459	694,780	233,032	628,072	209,966

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

⁽²⁾ Risk-weighted Assets.

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

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

⁽⁵⁾ As per OSFI guideline, effective the first two quarters of 2014, Credit Valuation Adjustment RWA on derivatives was phased-in at 57%.

⁽⁶⁾ 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.

⁽⁷⁾ 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.

⁽⁸⁾ The Basel Framework requires an additional 6% scaling factor to AIRB credit risk portfolios (excluding exposure with risk weight of 1250%).

CREDIT RISK EXPOSURES BY GEOGRAPHY ⁽¹⁾⁽²⁾



Exposure at Default

(\$MM)	Basel III - IFRS									
	Q2 2015					Q1 2015				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
	Drawn	Undrawn	Other ⁽³⁾			Drawn	Undrawn	Other ⁽³⁾		
Canada	69,531	27,301	39,332	284,564	420,728	71,442	27,815	44,299	284,051	427,607
USA	69,846	22,729	33,579	-	126,154	69,525	24,247	35,069	-	128,841
Mexico	11,566	337	1,364	7,657	20,924	12,053	299	1,412	8,321	22,085
Other International										
Europe	16,219	5,828	12,721	-	34,768	15,932	6,861	12,947	-	35,740
Caribbean	18,071	1,695	1,824	15,397	36,987	18,950	1,556	1,683	16,209	38,398
Latin America (excl. Mexico)	37,029	2,344	5,803	17,723	62,899	36,667	2,246	4,998	18,164	62,075
All Other	29,838	4,076	2,691	-	36,605	34,840	4,637	3,167	-	42,644
Total	252,100	64,310	97,314	325,341	739,065	259,409	67,661	103,575	326,745	757,390

	Basel III - IFRS				
	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Canada	405,718	408,142	394,260	392,859	390,613
USA	116,969	106,872	110,695	111,611	104,366
Mexico	20,775	19,890	20,004	19,387	17,859
Other International					
Europe	29,271	27,867	28,208	27,523	30,072
Caribbean	34,567	34,096	34,367	36,014	34,034
Latin America (excl. Mexico)	55,949	54,701	52,168	52,164	49,559
All Other	37,270	38,762	41,015	41,228	36,959
Total	700,519	690,330	680,717	680,786	663,462

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

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

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

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



NON-RETAIL AND RETAIL PORTFOLIO EXPOSURE AT DEFAULT

(\$MM)	Basel III - IFRS							
	Q2 2015				Q1 2015			
	Drawn	Undrawn	Other ⁽³⁾	Total	Drawn	Undrawn	Other ⁽³⁾	Total
Non-Retail								
Less than 1 year	120,823	19,010	53,746	193,579	127,779	19,468	61,812	209,059
1 to 5 years	72,323	36,951	32,548	141,822	69,965	37,271	29,711	136,947
Over 5 Years	7,805	3,757	7,636	19,198	7,437	6,695	9,414	23,546
Total Non-Retail	200,951	59,718	93,930	354,599	205,181	63,434	100,937	369,552
Retail								
Less than 1 year	36,216	13,014		49,230	36,600	12,978		49,578
1 to 5 years	153,136	-		153,136	154,382	-		154,382
Over 5 Years	21,294	-		21,294	19,599	-		19,599
Revolving Credits ⁽⁴⁾	36,513	16,734		53,247	36,256	16,717		52,973
Total Retail	247,159	29,748		276,907	246,837	29,695		276,532
Total	448,110	89,466	93,930	631,506	452,018	93,129	100,937	646,084

	Basel III - IFRS			
	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Non-Retail				
Less than 1 year	179,376	172,250	174,205	176,726
1 to 5 years	128,307	118,313	122,752	121,516
Over 5 Years	14,709	17,288	15,114	15,025
Total Non-Retail	322,392	307,851	312,071	313,267
Retail				
Less than 1 year	48,916	53,881	43,120	39,046
1 to 5 years	154,437	158,610	163,589	166,964
Over 5 Years	20,138	15,567	15,042	15,000
Revolving Credits ⁽⁴⁾	52,388	54,174	49,047	48,312
Total Retail	275,879	282,232	270,798	269,322
Total	598,271	590,083	582,869	582,589

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

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

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

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

STANDARDIZED CREDIT RISK EXPOSURES BY RISK-WEIGHT



EXPOSURE AT DEFAULT⁽¹⁾

(\$MM)	Basel III - IFRS														
	Q2 2015							Q1 2015							
	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%	1,514	5	4,111	5,630	-	1,080	1,080	1,476	5	5,000	6,481	-	1,141	1,141	
20%	200	734	639	1,573	1,420	204	1,624	631	1,308	1,148	3,087	1,526	245	1,771	
35%	-	-	-	-	17,697	204	17,901	-	-	-	-	18,375	213	18,588	
50%	131	77	173	381	-	20,902	20,902	106	168	532	806	-	21,663	21,663	
75%	-	-	-	-	5,264	35	5,299	-	-	-	-	5,281	40	5,321	
100%	49,182	1,295	380	50,857	990	638	1,628	48,482	1,294	449	50,225	1,090	639	1,729	
150%+	684	-	-	684	-	-	-	482	12	-	494	-	-	-	
Total	51,711	2,111	5,303	59,125	25,371	23,063	48,434	51,177	2,787	7,129	61,093	26,272	23,941	50,213	

Risk-weight	Basel III - IFRS													
	Q4 2014		Q3 2014		Q2 2014		Q1 2014		Q4 2013		Q3 2013		Q2 2013	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
0%	5,417	1,087	5,594	1,160	5,632	979	6,260	1,025	6,228	1,093	6,512	1,054	7,196	1,067
20%	2,582	1,354	1,737	1,327	2,087	1,335	2,472	1,358	2,128	1,289	2,925	1,285	3,096	1,280
35%	-	17,377	-	16,821	-	16,694	-	17,461	-	15,737	-	15,390	-	15,219
50%	372	-	337	-	637	-	719	-	413	-	474	-	571	-
75%	-	25,366	-	24,666	-	23,916	-	22,709	-	22,252	-	21,137	-	21,076
100%	46,764	959	46,689	899	44,679	902	44,307	878	42,195	827	42,410	842	41,073	839
150%+	381	590	422	595	420	567	499	509	601	476	565	426	544	468
Total	55,516	46,733	54,779	45,468	53,455	44,393	54,257	43,940	51,565	41,674	52,886	40,134	52,480	39,949

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

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(\$MM)			Basel III - IFRS										Q1 2015				
			Q2 2015														
			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⁾
Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	\$	\$	\$	\$	\$	%	%	%			\$	\$	%	%	%
Investment Grade																	
Corporate			54,358	34,811	33,009	122,178	40,560	0.16	43	33			125,682	41,843	0.16	43	33
AAA to AA+	99	0.00% - 0.03%	1,170	24	643	1,837	55	0.03	44	3			2,133	57	0.03	45	3
AA to A-	98	0.00% - 0.06%	109	666	229	1,004	74	0.06	23	7			925	56	0.06	20	6
AA to A-	95	0.05% - 0.16%	4,208	2,683	4,432	11,323	2,601	0.07	46	23			12,119	2,552	0.07	45	21
AA to A-	90	0.06% - 0.17%	10,230	7,986	9,782	27,998	5,306	0.07	39	19			27,569	5,360	0.07	39	19
BBB+ to BBB	87	0.10% - 0.26%	10,970	7,989	5,843	24,802	6,483	0.11	40	26			26,049	6,955	0.11	41	27
BBB+ to BBB	85	0.14% - 0.38%	12,284	6,936	5,419	24,639	9,746	0.19	44	40			25,582	10,113	0.19	45	40
BBB-	83	0.21% - 0.54%	15,387	8,527	6,661	30,575	16,295	0.29	47	53			31,305	16,750	0.29	47	54
Bank			20,458	11,190	23,796	55,444	12,705	0.13	35	23			63,212	14,316	0.13	35	23
	99	0.00% - 0.03%	258	-	-	258	17	0.03	45	7			290	21	0.03	44	7
AAA to AA+	98	0.00% - 0.06%	-	120	215	335	54	0.06	35	16			294	30	0.06	36	10
AA to A-	95	0.05% - 0.16%	5,468	4,901	10,668	21,037	4,473	0.06	38	21			26,658	5,075	0.06	36	19
AA to A-	90	0.06% - 0.17%	7,226	3,337	7,794	18,357	3,640	0.09	34	20			19,173	4,053	0.10	34	21
BBB+ to BBB	87	0.10% - 0.26%	1,865	1,676	2,929	6,470	1,738	0.14	32	27			6,826	1,938	0.13	32	28
BBB+ to BBB	85	0.14% - 0.38%	1,726	854	1,409	3,989	1,359	0.24	35	34			5,215	1,192	0.27	36	23
BBB-	83	0.21% - 0.54%	3,915	302	781	4,998	1,424	0.45	36	28			4,756	2,007	0.46	37	42
Sovereign			71,493	1,528	5,600	78,621	3,278	0.05	16	4			80,481	3,029	0.05	16	4
	99	0.00% - 0.03%	53,413	239	2,966	56,618	-	-	15	-			59,448	-	-	15	-
AAA to AA+	98	0.00% - 0.06%	2,919	364	1,131	4,414	275	0.06	15	6			4,529	296	0.06	15	7
AA to A-	95	0.05% - 0.16%	5,575	460	931	6,966	573	0.09	17	8			6,163	535	0.09	17	9
AA to A-	90	0.06% - 0.17%	536	200	485	1,221	103	0.10	17	8			1,328	107	0.10	17	8
BBB+ to BBB	87	0.10% - 0.26%	6,385	10	78	6,473	1,223	0.26	24	19			6,013	994	0.26	23	17
BBB+ to BBB	85	0.14% - 0.38%	752	141	4	897	314	0.35	27	35			1,323	464	0.36	26	35
BBB-	83	0.21% - 0.54%	1,913	114	5	2,032	790	0.51	27	39			1,677	633	0.51	28	38
Sub-Total			146,309	47,529	62,405	256,243	56,543	0.12	33	22			269,375	59,188	0.12	33	22
Non-Investment Grade																	
Corporate			45,019	11,878	10,936	67,833	46,193	0.72	44	68			67,708	46,076	0.72	44	68
BB+	80	0.33% - 0.60%	17,036	5,959	3,582	26,577	15,741	0.39	45	59			27,288	15,811	0.39	45	58
BB	77	0.52% - 0.66%	11,094	2,625	1,758	15,477	9,821	0.54	43	63			16,225	10,635	0.54	44	66
BB-	75	0.65% - 0.83%	10,741	2,247	4,364	17,352	12,399	0.80	43	71			15,908	11,277	0.80	42	71
B+	73	0.82% - 1.64%	4,349	835	765	5,949	5,440	1.54	41	91			5,505	4,888	1.54	39	89
B to B-	70	1.63% - 3.09%	1,799	212	467	2,478	2,792	2.97	44	113			2,782	3,405	2.97	48	122
Bank			3,248	139	366	3,753	1,185	0.66	37	32			4,568	1,797	0.66	37	39
BB+	80	0.33% - 0.60%	2,129	120	200	2,449	756	0.55	37	31			3,113	1,236	0.54	37	40
BB	77	0.52% - 0.66%	745	13	124	882	187	0.62	38	21			888	303	0.62	38	34
BB-	75	0.65% - 0.83%	138	2	39	179	94	0.80	38	52			258	136	0.80	34	53
B+	73	0.82% - 1.64%	192	2	2	196	115	1.54	33	58			216	49	1.54	37	23
B to B-	70	1.63% - 3.09%	44	2	1	47	33	2.97	31	70			93	73	2.97	36	79
Sovereign			3,414	15	16	3,445	1,880	2.18	24	55			3,318	1,770	2.08	24	53
BB+	80	0.33% - 0.60%	654	13	5	672	216	0.57	24	32			625	182	0.57	24	29
BB	77	0.52% - 0.66%	50	-	-	50	15	0.63	22	29			52	16	0.63	22	31
BB-	75	0.65% - 0.83%	29	-	-	29	11	0.80	17	39			461	118	0.80	24	26
B+	73	0.82% - 1.64%	657	-	2	659	317	1.54	27	48			226	137	1.54	33	61
B to B-	70	1.63% - 3.09%	2,024	2	9	2,035	1,321	2.97	23	65			1,954	1,317	2.97	24	67
Sub-Total			51,681	12,032	11,318	75,031	49,258	0.79	42	66			75,594	49,643	0.78	43	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												
			Q2 2015								Q1 2015				
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	65 - 30	3.08% - 60.85%	1,613	115	167	1,895	3,738	20.61	43	197	1,968	4,200	22.11	45	213
Bank	65 - 30	3.08% - 60.85%	55	-	1	56	16	10.96	6	27	70	18	10.94	6	25
Sovereign	65 - 30	3.08% - 60.85%	108	-	-	108	149	14.92	32	137	145	208	13.98	34	142
Sub-Total			1,776	115	168	2,059	3,903	20.04	41	189	2,183	4,426	21.21	43	203
Default ⁽⁹⁾															
Corporate	27-21	100%	1,178	42	15	1,235	3,243	100.00	50	263	1,284	3,436	100.00	52	268
Bank	27-21	100%	-	-	-	-	-	100.00	30	375	-	-	100.00	30	375
Sovereign	27-21	100%	7	-	-	7	28	100.00	33	409	9	32	100.00	29	360
Sub-Total			1,185	42	15	1,242	3,271	100.00	50	263	1,293	3,468	100.00	52	268
Total			200,951	59,718	73,906	334,575	112,975	0.76	35	34	348,445	116,725	0.76	35	33

⁽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			
	Q2 2015		Q1 2015	
Exposure Type	Notional Undrawn	Weighted Average EAD	Notional Undrawn	Weighted Average EAD
	\$	%	\$	%
Corporate	93,124	50	98,189	51
Bank	20,703	55	22,187	55
Sovereign	2,783	56	2,594	57
Total	116,610	51	122,970	52

RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY ⁽¹⁾⁽²⁾

(\$MM)		Basel III - IFRS								
Category of PD Grades	PD Range	Q2 2015								
		EAD ⁽³⁾	Notional of undrawn commitments	Exposure weighted-average EAD ⁽⁴⁾	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW	RWA	EL	EL adjusted average risk weight ⁽⁵⁾
		\$	\$	%	%	%	%	\$	\$	%
Residential mortgages and HELOCs										
Insured Drawn and Undrawn ⁽⁶⁾										
Exceptionally Low	0.01% to 0.04%	90,386	0	100.00	0.00	26	0	34	0	0
Very Low	0.05% to 0.19%	1,381	2	99.90	0.17	26	9	126	1	10
Low	0.20% to 0.99%	1,448	1	100.00	0.70	31	29	416	3	31
Medium Low	1.00% to 2.99%	288	0	96.81	2.14	31	60	172	2	67
Medium	3.00% to 9.99%	108	0	100.00	5.66	29	102	111	2	123
High	10.00% to 19.99%	55	0	101.88	12.07	25	122	67	2	160
Extremely High	20.00% to 99.99%	74	0	100.08	34.57	25	138	103	6	245
Default	100%	15	0	100.00	100.00	60	0	0	9	751
Sub-total		93,755	3	99.99	0.08	26	1	1,029	25	1
Uninsured Undrawn ⁽⁷⁾										
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%	9,142	25,079	18.23	0.08	20	4	390	2	4
Low	0.20% to 0.99%	2,312	5,365	21.55	0.27	25	12	285	2	13
Medium Low	1.00% to 2.99%	835	1,080	38.66	1.57	29	48	402	4	54
Medium	3.00% to 9.99%	0	0	0.00	0.00	0	0	0	0	0
High	10.00% to 19.99%	35	35	50.39	11.20	25	118	42	1	153
Extremely High	20.00% to 99.99%	27	14	95.14	37.26	25	140	38	3	259
Default	100%	0	0	100.00	0.00	0	0	0	0	0
Sub-total		12,351	31,573	20.49	0.33	22	9	1,157	12	10
Uninsured Drawn ⁽⁸⁾										
Exceptionally Low	0.00% to 0.04%	40,670	0	100.00	0.04	20	2	963	3	2
Very Low	0.05% to 0.19%	33,917	0	100.00	0.16	20	7	2,222	10	7
Low	0.20% to 0.99%	25,634	0	100.00	0.57	23	18	4,613	31	20
Medium Low	1.00% to 2.99%	8,739	0	100.00	1.80	25	45	3,901	39	50
Medium	3.00% to 9.99%	1,014	0	100.00	5.67	20	70	712	12	84
High	10.00% to 19.99%	741	0	100.00	11.93	21	102	755	18	133
Extremely High	20.00% to 99.99%	770	0	100.00	34.95	21	114	879	55	203
Default	100%	244	0	100.00	100.00	54	0	0	131	668
Sub-total		111,729	0	100.00	0.93	21	13	14,045	299	16
Qualifying Revolving Retail Exposures (QRRE)										
Exceptionally Low	0.00% to 0.04%	6,822	13,697	24.05	0.04	73	2	128	2	2
Very Low	0.05% to 0.19%	5,845	9,020	30.87	0.15	66	5	315	6	7
Low	0.20% to 0.99%	9,121	7,654	45.60	0.49	76	16	1,417	33	20
Medium Low	1.00% to 2.99%	6,828	1,733	74.85	1.73	85	48	3,281	100	66
Medium	3.00% to 9.99%	2,241	194	91.84	5.85	87	117	2,622	114	181
High	10.00% to 19.99%	1,341	54	97.04	10.98	87	170	2,279	127	289
Extremely High	20.00% to 99.99%	741	17	100.55	39.12	80	212	1,572	229	599
Default	100%	221	0	100.00	100.00	88	0	0	194	1,099
Sub-total		33,160	32,369	51.39	2.90	77	35	11,614	805	65
Other Retail										
Exceptionally Low	0.00% to 0.04%	418	777	25.47	0.04	70	8	34	0	8
Very Low	0.05% to 0.19%	1,259	2	99.80	0.15	50	16	207	1	17
Low	0.20% to 0.99%	17,864	303	98.41	0.49	57	40	7,064	52	43
Medium Low	1.00% to 2.99%	3,656	15	99.46	1.93	62	79	2,889	45	94
Medium	3.00% to 9.99%	1,944	1	99.94	6.31	61	94	1,832	77	144
High	10.00% to 19.99%	13	0	99.94	11.18	78	136	18	1	243
Extremely High	20.00% to 99.99%	586	0	100.01	38.13	61	146	856	137	440
Default	100%	172	0	100.00	100.00	90	0	0	155	1,131
Sub-total		25,912	1,098	97.61	2.62	58	50	12,900	468	72
Total Retail										
Exceptionally Low	0.01% to 0.04%	138,296	14,474	96.03	0.01	27	1	1,159	5	1
Very Low	0.05% to 0.19%	51,544	34,103	77.65	0.14	26	6	3,260	20	7
Low	0.20% to 0.99%	56,379	13,323	87.48	0.52	42	24	13,795	121	27
Medium Low	1.00% to 2.99%	20,346	2,828	88.91	1.80	52	52	10,645	190	64
Medium	3.00% to 9.99%	5,307	195	96.53	5.98	64	99	5,277	205	147
High	10.00% to 19.99%	2,185	89	97.48	11.34	62	145	3,161	149	230
Extremely High	20.00% to 99.99%	2,198	31	100.13	37.22	52	157	3,448	430	402
Default	100%	652	0	100.00	100.00	75	0	0	489	938
Total		276,907	65,043	90.41	1.01	33	15	40,745	1,609	22

⁽¹⁾ Represents retail exposures under the AIRB Approach which are domiciled in Canada.⁽²⁾ New Revolving and HELOC models were implemented in Q4 2014 and new Residential Mortgage models were implemented in Q1 2015.⁽³⁾ Amounts are before allowance for credit losses and before credit risk mitigation.⁽⁴⁾ EAD rate represents combined drawn and undrawn exposure for a facility.⁽⁵⁾ EL adjusted average risk-weight is calculated as (RWA + 12.5 X EL) / EAD.⁽⁶⁾ Includes insured drawn and undrawn Canadian residential mortgages and home equity lines of credit (e.g. CMHC insured mortgages). The Bank uses the PD Substitution approach to reflect default insurance. For Tangerine (formerly ING Direct Canada), a wholly owned subsidiary, the Bank implemented new mortgage models in Q1 2015 which apply the PD Substitution approach.⁽⁷⁾ Includes only uninsured undrawn Canadian residential mortgages and home equity lines of credit.⁽⁸⁾ Includes only uninsured drawn Canadian residential mortgages and home equity lines of credit.

RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY⁽¹⁾

(SMM)		Basel III - IFRS										
		Category of PD Grades	PD Range	Q1 2015							EL adjusted average risk weight ⁽⁵⁾	
				EAD ⁽³⁾	Notional of undrawn commitments	Exposure weighted-average EAD ⁽⁴⁾	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW	RWA		EL
				\$	\$	%	%	%	%	\$		\$
Residential mortgages and HELOCs												
Insured Drawn and Undrawn ⁽⁶⁾												
Exceptionally Low	0.01% to 0.04%	93,103	0	100.00	0.00	25	0	33	0	0		
Very Low	0.05% to 0.19%	1,376	3	99.87	0.17	25	9	120	1	9		
Low	0.20% to 0.99%	1,490	1	100.01	0.69	30	28	412	3	30		
Medium Low	1.00% to 2.99%	292	0	96.77	2.14	30	58	168	2	65		
Medium	3.00% to 9.99%	112	0	100.00	5.66	29	100	112	2	120		
High	10.00% to 19.99%	52	0	100.12	12.28	24	119	62	2	156		
Extremely High	20.00% to 99.99%	77	0	100.03	34.49	24	134	104	6	238		
Default	100%	18	0	100.00	100.00	58	0	0	10	721		
Sub-total		96,520	4	99.99	0.08	25	1	1,011	26	1		
Uninsured Undrawn ⁽⁷⁾												
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%	8,848	24,286	18.22	0.08	20	4	377	2	4		
Low	0.20% to 0.99%	2,245	5,145	21.82	0.27	25	12	276	1	13		
Medium Low	1.00% to 2.99%	1,140	1,503	37.93	1.54	26	43	491	5	48		
Medium	3.00% to 9.99%	0	0	0.00	0.00	0	0	0	0	0		
High	10.00% to 19.99%	44	43	51.25	11.20	24	116	51	1	151		
Extremely High	20.00% to 99.99%	33	19	87.40	36.12	25	140	47	3	256		
Default	100%	0	0	100.00	0.00	0	0	0	0	0		
Sub-total		12,310	30,996	21.00	0.39	22	10	1,242	12	11		
Uninsured Drawn ⁽⁸⁾												
Exceptionally Low	0.00% to 0.04%	39,657	0	100.00	0.04	20	2	920	3	2		
Very Low	0.05% to 0.19%	32,805	0	100.00	0.16	19	6	2,056	10	7		
Low	0.20% to 0.99%	25,209	0	100.00	0.57	22	17	4,354	29	19		
Medium Low	1.00% to 2.99%	8,853	0	100.00	1.82	25	44	3,879	38	49		
Medium	3.00% to 9.99%	1,015	0	100.00	5.68	19	67	677	11	80		
High	10.00% to 19.99%	760	0	100.00	11.89	21	101	765	19	131		
Extremely High	20.00% to 99.99%	788	0	100.00	34.42	20	112	881	55	200		
Default	100%	259	0	100.00	100.00	52	0	0	134	647		
Sub-total		109,346	0	100.00	0.96	20	12	13,532	299	16		
Qualifying Revolving Retail Exposures (QRRE)												
Exceptionally Low	0.00% to 0.04%	6,576	13,218	24.03	0.04	73	2	124	2	2		
Very Low	0.05% to 0.19%	5,570	8,577	30.98	0.15	65	5	300	5	7		
Low	0.20% to 0.99%	9,185	7,759	45.81	0.49	76	15	1,423	33	20		
Medium Low	1.00% to 2.99%	7,005	1,859	74.55	1.73	85	48	3,363	103	66		
Medium	3.00% to 9.99%	2,316	197	92.35	5.84	86	116	2,674	116	178		
High	10.00% to 19.99%	1,386	55	97.11	10.97	87	171	2,369	132	290		
Extremely High	20.00% to 99.99%	693	15	100.85	38.99	80	211	1,462	213	595		
Default	100%	242	0	100.00	100.00	87	0	0	210	1,086		
Sub-total		32,973	31,680	52.04	2.96	77	36	11,715	814	66		
Other Retail												
Exceptionally Low	0.00% to 0.04%	410	773	25.20	0.04	69	8	33	0	8		
Very Low	0.05% to 0.19%	1,298	2	99.80	0.15	50	16	213	1	17		
Low	0.20% to 0.99%	17,454	305	98.34	0.49	57	40	6,948	51	43		
Medium Low	1.00% to 2.99%	3,508	23	99.24	1.95	63	80	2,807	44	96		
Medium	3.00% to 9.99%	1,942	1	99.96	6.33	61	94	1,835	77	144		
High	10.00% to 19.99%	14	0	98.09	11.07	79	137	19	1	246		
Extremely High	20.00% to 99.99%	573	0	100.03	37.54	61	146	838	132	435		
Default	100%	183	0	100.00	100.00	89	0	0	164	1,116		
Sub-total		25,382	1,104	97.53	2.68	58	50	12,693	470	73		
Total Retail												
Exceptionally Low	0.01% to 0.04%	139,747	13,992	96.21	0.01	26	1	1,110	5	1		
Very Low	0.05% to 0.19%	49,896	32,867	77.78	0.14	25	6	3,066	19	7		
Low	0.20% to 0.99%	55,584	13,209	87.37	0.52	42	24	13,413	117	27		
Medium Low	1.00% to 2.99%	20,798	3,385	87.85	1.80	52	51	10,708	192	63		
Medium	3.00% to 9.99%	5,385	198	96.70	5.98	63	98	5,298	206	146		
High	10.00% to 19.99%	2,255	98	97.27	11.32	62	145	3,266	155	231		
Extremely High	20.00% to 99.99%	2,165	34	100.09	36.74	50	154	3,332	409	391		
Default	100%	702	0	100.00	100.00	74	0	0	518	923		
Total		276,532	63,783	90.53	1.02	32	15	40,193	1,621	22		

⁽¹⁾ Represents retail exposures under the AIRB Approach which are domiciled in Canada.⁽²⁾ New Revolving and HELOC models were implemented in Q4 2014 and new Residential Mortgage models were implemented in Q1 2015.⁽³⁾ Amounts are before allowance for credit losses and before credit risk mitigation.⁽⁴⁾ EAD rate represents combined drawn and undrawn exposure for a facility.⁽⁵⁾ EL adjusted average risk-weight is calculated as (RWA + 12.5 X EL) / EAD.⁽⁶⁾ Includes insured drawn and undrawn Canadian residential mortgages and home equity lines of credit (e.g. CMHC insured mortgages). The Bank uses the PD Substitution approach to reflect default insurance. For Tangerine (formerly ING Direct Canada), a wholly owned subsidiary, the Bank implemented new mortgage models in Q1 2015 which apply the PD Substitution approach.⁽⁷⁾ Includes only uninsured undrawn Canadian residential mortgages and home equity lines of credit.⁽⁸⁾ Includes only uninsured drawn Canadian residential mortgages and home equity lines of credit.

AIRB CREDIT LOSSES



Exposure Type	Basel III - IFRS									
	Q2 2015		Q1 2015		Q4 2014		Q3 2014		Q2 2014	
	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	0.03	0.98	0.03	1.07	0.09	1.01	0.04	1.00	0.09	1.06
Sovereign	-	0.03	-	0.12	-	0.06	-	0.13	-	0.41
Bank	-	0.20	-	0.20	-	0.20	-	0.23	-	0.16
Retail⁽²⁾										
Real Estate Secured	0.01	0.14	0.01	0.14	0.01	0.14	0.01	0.14	0.01	0.13
QRRE	2.31	3.32	2.14	3.33	2.05	3.43	1.95	3.20	1.80	3.26
Other Retail	0.51	1.72	0.48	1.70	0.48	1.72	0.50	1.71	0.51	1.77

⁽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 Q2 2015						Four-quarter period ending Q1 2015					
	Average estimated	Actual	Average estimated	Actual	Average estimated	Actual	Average estimated	Actual	Average estimated	Actual	Average estimated	Actual
	PD %	default rate %	LGD %	LGD %	CCF ⁽²⁾ %	CCF ⁽²⁾ %	PD %	default rate %	LGD %	LGD %	CCF ⁽²⁾ %	CCF ⁽²⁾ %
Non-Retail ⁽¹⁾	0.95	0.26	41.28	34.45	61.28	9.55	1.03	0.22	38.43	37.90	61.32	4.88

⁽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 Q2 2015 ⁽¹⁾⁽²⁾						Four-quarter period ending Q1 2015 ⁽¹⁾					
	Average estimated	Actual	Average estimated	Actual	Estimated	Actual	Average estimated	Actual	Average estimated	Actual	Estimated	Actual
	PD ⁽³⁾⁽⁸⁾ %	rate ⁽³⁾⁽⁶⁾ %	LGD ⁽⁴⁾⁽⁸⁾ %	LGD ⁽⁴⁾⁽⁷⁾ %	EAD ⁽⁵⁾⁽⁸⁾ \$	EAD ⁽⁵⁾⁽⁶⁾ \$	PD ⁽²⁾⁽⁷⁾ %	rate ⁽²⁾⁽⁵⁾ %	LGD ⁽³⁾⁽⁷⁾ %	LGD ⁽³⁾⁽⁶⁾ %	EAD ⁽⁴⁾⁽⁷⁾ \$	EAD ⁽⁴⁾⁽⁵⁾ \$
Residential real estate secured ⁽⁹⁾												
Residential mortgages												
Insured mortgages ⁽¹⁰⁾	1.02	0.67	-	-	-	-	0.90	0.67	-	-	-	-
Uninsured mortgages	0.52	0.41	18.21	10.96	-	-	0.53	0.43	15.64	12.13	-	-
Secured lines of credit	0.84	0.29	28.26	17.75	98	87	0.86	0.24	28.04	18.31	88	78
Qualifying revolving retail exposures	2.09	1.63	78.43	68.60	518	464	2.11	1.59	78.14	68.43	493	443
Other retail	1.98	1.41	64.94	53.11	5	5	1.99	1.35	65.37	52.71	5	5

⁽¹⁾ New Revolving Models implemented in Q4 2014. All Estimates and Actual Values for Secured lines of credit, Qualifying revolving retail exposures and Other retail are restated historically to reflect new models.

⁽²⁾ New BNS and Tangerine Mortgage Models implemented in Q1 2015. All Estimates and Actual Values for Residential mortgages, Insured and Uninsured are restated historically to reflect new models.

⁽³⁾ Account weighted aggregation.

⁽⁴⁾ Default weighted aggregation.

⁽⁵⁾ EAD is estimated for revolving products only.

⁽⁶⁾ Actual based on accounts not at default as at four quarters prior to reporting date.

⁽⁷⁾ Actual LGD calculated based on 24 month recovery period after default and therefore excludes any recoveries received after the 24 month period.

⁽⁸⁾ Estimates are based on the four quarters prior to the reporting date.

⁽⁹⁾ Excludes the acquisition of Tangerine Bank ("Tangerine") prior to January 31, 2015.

⁽¹⁰⁾ Actual and estimated LGD for insured mortgages are not shown. Actual LGD includes the insurance benefit, whereas estimated LGD may not.

EXPOSURE AT DEFAULT ⁽¹⁾

(\$MM)	Basel III - IFRS											
	Q2 2015			Q1 2015			Q4 2014			Q3 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
Exposure type												
Non-Retail												
Corporate	483	1,116	5,622	563	1,494	6,091	492	1,223	5,123	486	1,258	5,158
Bank	-	5	3,245	-	5	3,781	-	5	2,193	-	8	2,275
Sovereign	-	-	4,980	-	-	5,000	-	-	5,198	-	-	5,125
Total Non-Retail	483	1,121	13,847	563	1,499	14,872	492	1,228	12,514	486	1,266	12,558
Retail												
Residential Mortgages ⁽²⁾	-	3,900	89,173	-	4,117	91,883	-	3,633	92,950	-	3,507	93,632
Secured Lines of Credit												
Qualifying Revolving Retail Exposures (QRRE)												
Other Retail	647	842	-	668	931	-	602	975	-	583	1,026	-
Total Retail	647	4,742	89,173	668	5,048	91,883	602	4,608	92,950	583	4,533	93,632
Total	1,130	5,863	103,020	1,231	6,547	106,755	1,094	5,836	105,464	1,069	5,799	106,190

⁽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 insured drawn Canadian residential mortgages (e.g. CMHC insured mortgages). The Bank uses the PD Substitution approach to reflect default insurance. For Tangerine (formerly ING Direct Canada), a wholly owned subsidiary, the Bank implemented new mortgage models in Q1 2015 which apply the PD Substitution approach. Prior to Q1 2015, Tangerine used the LGD Substitution approach.

DERIVATIVES - COUNTERPARTY CREDIT RISK ⁽¹⁾⁽²⁾


(SMM)	Basel III - IFRS															
	Q2 2015				Q1 2015				Q4 2014				Q3 2014			
	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾
Contract Types																
Interest Rate Contracts:																
Futures and Forward Rate Agreements	1,358,674	155	592	47	1,137,994	123	579	-	805,769	106	1,489	44	627,626	61	1,658	58
Swaps	3,241,105	2,247	10,227	1,888	3,474,793	2,818	11,523	2,323	3,093,098	1,858	9,053	1,475	2,583,470	1,668	8,569	1,354
Options Purchased	44,066	10	140	123	60,809	12	314	147	47,916	18	106	125	107,499	11	181	44
Options Written	49,744	-	-	-	62,248	-	-	-	50,710	-	-	-	118,810	-	-	-
Total	4,693,589	2,412	10,959	2,058	4,735,844	2,953	12,416	2,470	3,997,493	1,982	10,648	1,644	3,437,405	1,740	10,408	1,456
Foreign Exchange Contracts:																
Futures and Forwards	428,283	2,306	7,815	1,858	471,539	4,723	9,634	2,248	448,977	2,451	6,535	1,570	406,999	1,082	5,488	1,255
Swaps	290,527	2,015	7,635	1,630	295,627	2,948	8,976	2,099	265,986	1,495	6,190	1,426	241,692	1,124	5,289	1,206
Options Purchased	4,765	133	230	59	4,106	172	251	79	3,147	19	69	19	2,741	12	48	14
Options Written	4,041	-	-	-	3,645	-	-	-	2,642	-	-	-	2,516	-	-	-
Total	727,616	4,454	15,680	3,547	774,917	7,843	18,861	4,426	720,752	3,965	12,794	3,015	653,948	2,218	10,825	2,475
Other Derivatives Contracts:																
Equity	66,003	1,324	6,558	2,154	63,865	1,668	6,799	2,141	66,608	860	5,726	2,260	62,707	644	5,465	2,258
Credit	59,618	139	2,409	544	60,834	224	2,776	681	57,923	548	1,405	374	65,079	501	1,854	392
Other	126,729	1,867	12,328	1,733	136,722	2,948	11,919	1,821	127,041	1,582	11,863	1,702	121,593	1,314	10,474	1,896
Total	252,350	3,330	21,295	4,431	261,421	4,840	21,494	4,643	251,572	2,990	18,994	4,336	249,379	2,459	17,793	4,546
Credit Valuation Adjustment⁽³⁾				6,732				8,154				5,632				5,039
Total Derivatives after Netting and Collateral	5,673,555	10,196	47,934	16,768	5,772,182	15,636	52,771	19,693	4,969,817	8,937	42,436	14,627	4,340,732	6,417	39,026	13,516

	Basel III - IFRS					
	Q2 2014		Q1 2014		Q4 2013	
	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	458,607	1,355	446,895	1,035	379,882	883
Swaps	2,614,773	8,442	2,441,658	8,977	2,085,682	8,639
Options Purchased	88,589	70	78,637	52	60,127	54
Options Written	87,340	-	71,915	-	55,410	-
Total	3,249,309	9,867	3,039,105	10,064	2,581,101	9,576
Foreign Exchange Contracts:						
Futures and Forwards	398,717	4,637	364,273	5,275	293,658	3,946
Swaps	240,885	5,014	230,766	5,097	206,298	4,171
Options Purchased	3,384	58	2,839	68	2,484	47
Options Written	3,004	-	2,554	-	2,050	-
Total	645,990	9,709	600,432	10,440	504,490	8,164
Other Derivatives Contracts:						
Equity	51,329	4,736	51,275	4,954	42,791	4,017
Credit	75,999	2,841	75,146	2,988	77,497	3,273
Other	111,153	10,208	96,830	8,603	88,929	7,409
Total	238,481	17,785	223,251	16,545	209,217	14,699
Total Derivatives	4,133,780	37,361	3,862,788	37,049	3,294,808	32,439
Credit Valuation Adjustment⁽³⁾		4,793		5,003		N/A
Risk-weighted Amount⁽²⁾		13,088		13,272		7,846

⁽¹⁾ The impact of Master Netting Agreements and Collateral has 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. In 2015, these scalars are 0.64, 0.71 and 0.77, respectively.

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


(\$MM)			Basel III - IFRS															
			Q2 2015 ⁽²⁾				Q1 2015 ⁽²⁾				Q4 2014				Q3 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	
<u>Securitization</u>																		
Investment Grade	AAA to A	7 - 25	8,077	11,564	19,641	1,711	8,584	12,125	20,709	1,836	7,558	11,863	19,421	1,719	7,584	9,607	17,191	1,548
	A- to BBB	35 - 100	94	8	102	91	68	16	84	69	162	10	172	154	259	117	376	232
Non-Investment Grade	BB+ to BE	150 - 650	57	1	58	146	61	-	61	153	10	-	10	68	21	-	21	126
	Below BB-	1250	90	-	90	1,121	119	-	119	1,484	137	-	137	1,707	151	-	151	1,883
			8,318	11,573	19,891	3,069	8,832	12,141	20,973	3,542	7,867	11,873	19,740	3,648	8,015	9,724	17,739	3,789
<u>Resecuritization</u>																		
Investment Grade	AAA to A	20 - 65	-	56	56	36	-	56	56	36	-	56	56	36	49	155	204	125
	A- to BBB	100 - 350	81	-	81	138	117	-	117	265	115	-	115	260	135	-	135	293
Non-Investment Grade	BB+ to BE	500 - 850	55	-	55	469	-	-	-	-	54	-	54	462	69	-	69	531
	Below BB-	1250	-	-	-	-	19	-	19	242	17	-	17	215	17	-	17	208
			136	56	192	643	136	56	192	543	186	56	242	973	270	155	425	1,157
Total			8,454	11,629	20,083	3,712	8,968	12,197	21,165	4,085	8,053	11,929	19,982	4,621	8,285	9,879	18,164	4,946

			Basel III - IFRS													
(SMM)	Q2 2015 ⁽²⁾				Q1 2015 ⁽²⁾				Q4 2014				Q3 2014			
	Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾				Exposure at Default ⁽³⁾			
Underlying Asset	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)
Residential Mortgages	139	1,275	1,414	16	105	1,275	1,380	-	134	1,275	1,409	-	125	1,275	1,400	-
Commercial Mortgages	11	-	11	-	12	-	12	-	12	-	12	-	12	-	12	-
Credit cards/Consumer receivables	346	2,639	2,985	-	533	2,504	3,037	-	476	2,445	2,921	-	446	443	889	-
Auto loans/Leases	3,861	2,785	6,646	74	3,688	3,294	6,982	119	3,133	3,553	6,686	137	3,251	3,466	6,717	151
Diversified asset-backed securities	232	65	297	-	203	60	263	19	191	58	249	17	159	155	314	17
Business Loans	82	122	204	-	95	147	242	-	152	173	325	-	358	200	558	-
Trade receivables	2,980	4,698	7,678	-	2,890	4,870	7,760	-	2,579	4,373	6,952	-	2,592	4,300	6,892	-
Other	803	45	848	-	1,442	47	1,489	-	1,376	52	1,428	-	1,342	40	1,382	-
Total	8,454	11,629	20,083	90	8,968	12,197	21,165	138	8,053	11,929	19,982	154	8,285	9,879	18,164	168

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

⁽²⁾ Q2 2015 amounts include securitization under standardized approach: externally rated A+: \$8MM (Q1 2015: \$8MM), and Resecuritization A-: \$48MM (Q1 2015: \$48MM) and BBB: \$3MM (Q1 2015: \$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															
			Q2 2014				Q1 2014				Q4 2013				Q3 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	
<u>Securitization</u>																		
Investment Grade	AAA to A	7 - 25	8,593	9,683	18,276	1,641	8,695	9,670	18,365	1,664	6,537	9,696	16,233	1,418	6,424	9,887	16,311	1,452
	A- to BBB-	35 - 100	354	117	471	309	526	126	652	324	712	113	825	560	769	110	879	600
Non-Investment Grade	BB+ to BB-	150 - 650	31	-	31	98	49	-	49	217	50	-	50	234	56	-	56	267
	Below BB-	1250	159	-	159	1,993	164	-	164	2,262	158	-	158	1,981	189	-	189	2,364
			9,137	9,800	18,937	4,041	9,434	9,796	19,230	4,467	7,457	9,809	17,266	4,193	7,438	9,997	17,435	4,683
<u>Resecuritization</u>																		
Investment Grade	AAA to A	20 - 65	57	155	212	132	125	155	280	168	140	197	337	209	127	197	324	200
	A- to BBB-	100 - 350	138	-	138	248	164	-	164	336	164	-	164	334	172	-	172	338
Non-Investment Grade	BB+ to BB-	500 - 850	76	-	76	566	67	-	67	525	63	-	63	495	62	-	62	490
	Below BB-	1250	43	-	43	540	159	-	159	1,777	145	-	145	1,818	152	-	152	1,895
			314	155	469	1,486	515	155	670	2,806	512	197	709	2,856	513	197	710	2,923
Total			9,451	9,955	19,406	5,527	9,949	9,951	19,900	7,273	7,969	10,006	17,975	7,049	7,951	10,194	18,145	7,606

Basel III - IFRS																	
(\$MM)		Q2 2014				Q1 2014				Q4 2013				Q3 2013			
		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%)
Underlying Asset	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	On-Balance Sheet	
Residential Mortgages	145	1,275	1,420	-	166	1,275	1,441	-	169	1,275	1,444	-	169	1,020	1,189	-	
Commercial Mortgages	12	-	12	-	12	-	12	-	13	-	13	-	14	-	14	-	
Credit cards/Consumer receivables	565	330	895	-	584	41	625	-	547	37	584	-	525	51	576	-	
Auto loans/Leases	4,152	3,800	7,952	155	4,402	4,159	8,561	159	3,167	4,234	7,401	152	3,131	4,717	7,848	183	
Diversified asset-backed securities	187	155	342	43	294	155	449	159	287	197	484	147	305	197	502	153	
Business Loans	480	230	710	4	598	-	598	5	637	-	637	5	640	-	640	4	
Trade receivables	2,567	4,113	6,680	-	2,516	4,280	6,796	-	2,034	4,227	6,261	-	2,039	4,172	6,211	-	
Other	1,343	52	1,395	-	1,377	41	1,418	-	1,115	36	1,151	-	1,128	37	1,165	-	
Total	9,451	9,955	19,406	202	9,949	9,951	19,900	323	7,969	10,006	17,975	304	7,951	10,194	18,145	340	

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

⁽²⁾ 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)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
All Bank VaR	1,385	1,369	3,015	2,810	2,319
All Bank stressed VaR	2,999	3,243	5,347	4,685	4,547
Incremental risk charge	6,139	4,776	4,952	4,936	4,370
Comprehensive risk measure ⁽¹⁾	2,132	2,707	1,621	2,060	2,665
CRM surcharge ⁽¹⁾	-	-	1,738	1,825	1,963
Standardized approach	858	1,038	578	401	522
Market risk-weighted assets as at end of Quarter	13,513	13,133	17,251	16,717	16,386

⁽¹⁾ The Q2 2015 related capital charge for total comprehensive risk measure including securitization exposures is \$171MM (Q1 2015: \$217MM) broken down as follows: Market Simulation \$52MM (Q1 2015: \$52MM) and Default & Migration Risk \$119MM (Q1 2015: \$165MM).

SUMMARY COMPARISON OF ACCOUNTING BASIS vs LEVERAGE RATIO EXPOSURE MEASURE - TRANSITIONAL BASIS


(\$MM)	Item	Q2 2015	Q1 2015
1	Total consolidated assets as per published financial statements	837,161	851,873
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(717)	(245)
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4	Adjustments for derivative financial instruments	14,077	3,251
5	Adjustment for securities financing transactions (i.e., repo assets and similar secured lending)	6,192	6,258
6	Adjustment for off balance-sheet items (i.e., credit equivalent amounts of off-balance sheet exposures)	102,751	105,253
7	Other adjustments	(9,008)	(9,141)
8	Leverage Ratio Exposure (transitional basis)	950,456	957,249

LEVERAGE RATIO FRAMEWORK



(\$MM)	Item ⁽¹⁾	Q2 2015	Q1 2015
	On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) ⁽²⁾	700,569	708,973
2	(Asset amounts deducted in determining Basel III transitional Tier 1 capital)	(9,008)	(9,138)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	691,561	699,835
	Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	10,470	17,513
5	Add-on amounts for PFE associated with all derivative transactions	37,739	37,135
6	Gross up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivative transactions)	(1,538)	(1,427)
8	(Exempted CCP-leg of client cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	19,101	18,742
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(14,025)	(13,277)
11	Total derivative exposures (sum of lines 4 to 10)	51,747	58,686
	Securities financing transaction exposures		
12	Gross SFT assets recognized for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	104,191	95,520
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(5,986)	(8,303)
14	Counterparty credit risk (CCR) exposure for SFT assets	6,192	6,258
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	104,397	93,475
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	339,102	342,030
18	(Adjustments for conversion to credit equivalent amounts)	(236,351)	(236,777)
19	Off-balance sheet items (sum of lines 17 and 18)	102,751	105,253
	Capital and Total Exposures - Transitional Basis		
20	Tier 1 capital	42,619	42,646
21	Total Exposures (sum of lines 3, 11, 16 and 19)	950,456	957,249
	Leverage Ratios - Transitional Basis		
22	Basel III leverage ratio	4.5%	4.5%
	All-in basis (Required by OSFI)		
23	Tier 1 capital – All-in basis	39,077	38,717
24	(Regulatory adjustments)	(12,295)	(12,761)
25	Total Exposures (sum of lines 21 and 24, less the amount reported in line 2) – All-in basis	947,169	953,626
26	Leverage ratio – All-in basis	4.1%	4.1%

(1) Refer to Page 30 for Basel Leverage Ratio Framework - Description of line items.

(2) Based on the regulatory scope of consolidation.

LEVERAGE RATIO FRAMEWORK - DESCRIPTION OF LINE ITEMS



Row Number	Explanation
1	On-balance sheet assets (excluding derivatives, Securities Financing Transactions (SFTs) and grandfathered securitization exposures but including collateral) according to paragraphs 14 and 17 to 20 of the Leverage Requirements Guideline.
2	Deductions from Basel III Tier 1 capital determined by paragraphs 4, 15 and 16 of the Leverage Requirements Guideline and excluded from the leverage ratio exposure measure, reported as negative amounts. ⁽¹⁾
3	Sum of lines 1 and 2.
4	Replacement cost (RC) associated with all derivative transactions, (including exposure resulting from transactions described in paragraph 42 of the Leverage Requirements Guideline), net of cash variation margin received and with, where applicable, bilateral netting according to paragraphs 22 to 35 and 40 of the Leverage Requirements Guideline.
5	Add-on amount for all derivatives exposure according to paragraphs 22 to 35 of the Leverage Requirements Guideline.
6	Grossed-up amount for collateral provided according to paragraph 38 of the Leverage Requirements Guideline.
7	Deductions of receivables assets from cash variation margin provided in derivative transactions according to paragraph 40 of the Leverage Requirements Guideline, reported as negative amounts.
8	Exempted trade exposures associated with the CCP-leg of derivative transactions resulting from client cleared transactions according to paragraph 41 of the Leverage Requirements Guideline, reported as negative amounts.
9	Adjusted effective notional amount (i.e. the effective notional amount reduced by any negative change in fair value) for written credit derivatives according to paragraphs 45 to 47 of the Leverage Requirements Guideline.
10	Adjusted effective notional offsets of written credit derivatives according to paragraphs 45 to 47 of the Leverage Requirements Guideline and deducted add-on amounts relating to written credit derivatives according to paragraph 48 of the Leverage Requirements Guideline, reported as negative amounts.
11	Sum of lines 4 to 10.
12	Gross SFT assets recognised for accounting purposes with no recognition of any netting other than novation with QCCPs as set out in footnote 30 of the Leverage Requirements Guideline, removing certain securities received as determined by paragraph 50 (i) of the Leverage Requirements Guideline and adjusting for any sales accounting transactions as determined by paragraph 53 of the Leverage Requirements Guideline.
13	Cash payables and cash receivables of Gross SFT assets netted according to paragraph 50 (i) of the Leverage Requirements Guideline, reported as negative amounts.
14	Measure of counterparty credit risk for SFTs as determined by paragraph 50 (ii) of the Leverage Requirements Guideline.
15	Agent transaction exposure amount determined according to paragraphs 54 to 56 of the Leverage Requirements Guideline.
16	Sum of lines 12 to 15.
17	Total off-balance sheet exposure amounts on a gross notional basis, before any adjustment for credit conversion factors according to paragraphs 57 to 65 of the Leverage Requirements Guideline.
18	Reduction in gross amount of off-balance sheet exposures due to the application of credit conversion factors in paragraphs 57 to 65 of the Leverage Requirements Guideline.
19	Sum of lines 17 and 18.
20	Tier 1 capital as determined by paragraph 10 of the Leverage Requirements Guideline. ⁽¹⁾
21	Sum of lines 3, 11, 16 and 19.
22	Basel III leverage ratio according to paragraph 5 of the Leverage Requirements Guideline. ⁽¹⁾ (Line 20/21)
23	Tier 1 capital measured on an all-in basis as specified in Chapter 2 of OSFI's Capital Adequacy Requirements Guideline.
24	Regulatory adjustments to Tier 1 capital measured on an all-in basis as specified in Chapter 2 of OSFI's Capital Adequacy Requirements Guideline, reported as negative amounts.
25	Sum of lines 21 and 24, less the amount reported in line 2.
26	Leverage ratio measured on all-in basis; the ratio of the Tier 1 capital amount reported in line 23 to the Total Exposure amount reported in line 25.

⁽¹⁾ Measured on transitional basis.

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.