

# SUPPLEMENTARY REGULATORY CAPITAL DISCLOSURE



July 31, 2015

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

The Basel III Framework is composed of three Pillars:

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

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

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

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

## Credit Risk

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

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

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

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

## Operational Risk

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

## Market Risk

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

## IFRS

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

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

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, 2013, through January 1, 2019. Transitional requirements result in a phase-in of new deductions to common equity over 5 years. Under the transitional rules, all CET1 deductions are multiplied by a factor during the transitional period, beginning with 0% in 2013, 20% in 2014, 40% in 2015, etc.; through to 100% in 2018. The portion of the CET1 regulatory adjustments not deducted during the transitional period will continue to be subject to Basel II treatment. In addition, non-qualifying capital instruments will be phased-out over 10 years and the capital conservation buffer will be phased in over 5 years. As of January 2019, the banks will be required to meet new minimum requirements related to risk-weighted assets of: Common Equity Tier 1 ratio of 4.5% plus a capital conservation buffer of 2.5%, collectively 7%. Including the capital conservation buffer, the minimum Tier 1 ratio will be 8.5%, and the Total capital ratio will be 10.5%.

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

OSFI required Canadian deposit-taking institutions to fully implement the 2019 Basel III reforms in 2013, without the transitional phase-in provisions for capital deductions, and achieve a minimum 7% common equity target, by the first quarter of 2013 along with a minimum Tier 1 ratio of 7% and Total capital ratio of 10%. 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: (i) 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<sup>(1)</sup>



(\$MM)	Basel III - IFRS									
	Q3 2015		Q2 2015		Q1 2015		Q4 2014		Q3 2014	
	Transitional Approach	All-in Approach <sup>(2)</sup>	Transitional Approach	All-in Approach <sup>(2)</sup>	Transitional Approach	All-in Approach <sup>(2)</sup>	Transitional Approach	All-in Approach <sup>(2)</sup>	Transitional Approach	All-in Approach <sup>(2)</sup>
<b>Common Equity Tier 1 capital</b>	<b>44,263</b>	<b>36,077</b>	42,619	34,750	42,646	34,389	41,712	33,742	41,767	33,670
<b>Tier 1 capital</b>	<b>44,263</b>	<b>40,474</b>	42,619	39,077	42,646	38,717	41,712	38,073	41,767	38,022
<b>Total capital</b>	<b>50,809</b>	<b>47,311</b>	49,162	45,863	47,959	44,354	47,100	43,592	47,235	43,544
<b>Risk-weighted Assets <sup>(3)</sup></b>										
CET1 Capital Risk-weighted Assets	<b>355,138</b>	<b>348,039</b>	335,233	328,688	342,740	335,200	319,936	312,473	314,701	307,795
Tier 1 Capital Risk-weighted Assets	<b>355,138</b>	<b>348,835</b>	335,233	329,424	342,740	336,092	319,936	313,263	314,701	308,502
Total Capital Risk-weighted Assets	<b>355,138</b>	<b>349,518</b>	335,233	330,055	342,740	336,857	319,936	314,449	314,701	309,563
<b>Capital Ratios (%)</b>										
Common Equity Tier 1 (as a percentage of risk-weighted assets)	<b>12.5</b>	<b>10.4</b>	12.7	10.6	12.4	10.3	13.0	10.8	13.3	10.9
Tier 1 (as a percentage of risk-weighted assets)	<b>12.5</b>	<b>11.6</b>	12.7	11.9	12.4	11.5	13.0	12.2	13.3	12.3
Total capital (as a percentage of risk-weighted assets)	<b>14.3</b>	<b>13.5</b>	14.7	13.9	14.0	13.2	14.7	13.9	15.0	14.1
<b>Leverage: All-in Basis <sup>(4)</sup></b>										
Leverage Exposures	<b>982,967</b>	<b>979,510</b>	950,456	947,169	957,249	953,626	N/A	N/A	N/A	N/A
Leverage Ratio	<b>4.5</b>	<b>4.1</b>	4.5	4.1	4.5	4.1	N/A	N/A	N/A	N/A
<b>OSFI Target: All-in Basis (%)</b>										
Common Equity Tier 1 minimum ratio		<b>7.0</b>		7.0		7.0		7.0		7.0
Tier 1 capital all-in minimum ratio		<b>8.5</b>		8.5		8.5		8.5		8.5
Total capital all-in minimum ratio		<b>10.5</b>		10.5		10.5		10.5		10.5
Leverage all-in minimum ratio		<b>3.0</b>		3.0		3.0		N/A		N/A
<b>Capital instruments subject to phase-out arrangements (%)</b>										
Current cap on Additional Tier 1 (AT1) instruments subject to phase-out arrangements	<b>70</b>	<b>70</b>	70	70	70	70	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	<b>70</b>	<b>70</b>	70	70	70	70	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 (CVA) 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 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.

(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 <sup>(1)</sup>	All-in Q3 2015	All-in Q2 2015
<b>Common Equity Tier 1 Capital: Instruments and Reserves</b>				
1	Directly issued qualifying common share capital plus related stock surplus	u+y	15,361	15,366
2	Retained Earnings	v	30,640	29,984
3	Accumulated Other Comprehensive Income	w	2,673	1,362
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	aa	547	521
6	Common Equity Tier 1 capital before regulatory adjustments		49,221	47,233
<b>Common Equity Tier 1 Capital: Regulatory Adjustments</b>				
8	Goodwill (net of related tax liability)	g	(7,629)	(7,397)
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	h-q+i-r	(3,362)	(3,132)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	(584)	(602)
11	Cash flow hedge reserve	x	106	42
12	Shortfall of allowances to expected losses	ee	(40)	(96)
14	Gains and losses due to changes in own credit risk on fair value liabilities	p	(283)	(224)
15	Defined-benefit pension fund net assets (net of related tax liability)	l-s	(126)	(136)
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	(625)	(501)
22	Amount exceeding the 15% threshold		(591)	(427)
23	of which: significant investments in the common stock of financials	f	(367)	(270)
25	of which: deferred tax assets arising from temporary differences	j	(224)	(157)
26	Other deductions from CET1 as determined by OSFI	o	(5)	(5)
28	Total regulatory adjustments to Common Equity Tier 1		(13,144)	(12,483)
29	<b>Common Equity Tier 1 Capital (CET1)</b>		36,077	34,750
<b>Additional Tier 1 Capital: Instruments</b>				
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	76	29
36	<b>Additional Tier 1 capital before regulatory adjustments</b>		4,410	4,363
<b>Additional Tier 1 Capital: Regulatory Adjustments</b>				
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)
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>		(13)	(36)
44	<b>Additional Tier 1 Capital (AT1)</b>		4,397	4,327
45	<b>Tier 1 Capital (T1=CET1 + AT1)</b>		40,474	39,077
<b>Tier 2 Capital: Instruments and Provisions</b>				
46	Directly issued qualifying Tier 2 instruments	m	1,250	1,250
47	Directly issued capital instruments subject to phase-out from Tier 2		4,934	4,884
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	cc	182	186
50	Eligible Collective Allowance and Excess of allowance over expected loss	c+d	471	466
51	Tier 2 capital before regulatory adjustments		6,837	6,786

		Cross-Reference <sup>(1)</sup>	All-in Q3 2015	All-in Q2 2015
<b>Tier 2 Capital: Regulatory Adjustments</b>				
57	Total regulatory adjustments to Tier 2 capital		-	-
58	<b>Tier 2 Capital (T2)</b>		6,837	6,786
59	<b>Total Capital (TC = T1 + T2)</b>		47,311	45,863
60	<b>Total Risk-weighted Assets</b>		352,135	332,475
60a	<b>Common Equity Tier 1 (CET1) Capital RWA</b>		348,039	328,688
60b	<b>Tier 1 Capital RWA</b>		348,835	329,424
60c	<b>Total Capital RWA</b>		349,518	330,055
<b>Capital Ratios and Buffers</b>				
61	<b>Common Equity Tier 1 (as a percentage of risk-weighted assets)</b>		10.4	10.6
62	<b>Tier 1 (as a percentage of risk-weighted assets)</b>		11.6	11.9
63	<b>Total capital (as a percentage of risk-weighted assets)</b>		13.5	13.9
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)		10.4	10.6
<b>OSFI all-in target (minimum + capital conservation buffer + DSIB surcharge (if applicable))</b>				
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%
<b>Amounts below the thresholds for the deduction (before risk-weighting)</b>				
72	Non-significant investments in the capital of other financial institutions		1,670	1,765
73	Significant investments in the common stock of financial institutions		3,362	3,298
75	Deferred tax assets arising from temporary differences (net of related tax liability)		2,049	1,915
<b>Applicable caps on the inclusion of allowances in Tier 2</b>				
76	Allowances eligible for inclusion in Tier 2 in respect to exposures subject to standardized approach (prior to application of cap)		471	466
77	Cap on inclusion of allowances in Tier 2 under standardized approach		1,230	1,008
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		1,230	1,024
<b>Capital instruments subject to phase-out arrangements (only applicable between Jan 1 2018 and Jan 1 2022)</b>				
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



	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position (1)	Under regulatory scope of consolidation (2)
(\$MM)		Q3 2015	Q3 2015
<b>Assets</b>			
Cash and deposits with banks		82,789	82,321
Precious Metals		7,697	7,697
<b>Trading Assets</b>			
Trading Securities		83,396	83,393
- Investment in own shares	a		5
- Other trading securities			83,388
Trading Loans		17,306	17,306
Other Trading Assets		3,003	3,003
		103,705	103,702
<b>Financial assets designated at fair value through profit or loss</b>		126	126
Securities Purchased Under Resale Agreements		87,512	87,512
Derivative Instruments		47,207	47,207
Investment Securities		41,190	40,416
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital	b		13
- Other securities			40,403
<b>Loans</b>			
Residential Mortgages		216,000	215,835
Personal and Credit Cards		89,897	89,897
Business and Government		149,276	149,258
		455,173	454,989
Allowance For Credit Losses		4,125	4,125
- Collective Allowance reflected in Tier 2 capital	c		471
- Shortfall of allowances to expected loss	ee		(40)
- Excess of allowances to expected loss	d		-
- Allowances not reflected in regulatory capital			3,694
<b>Other</b>			
Customers' Liability Under Acceptances		11,025	11,025
Property and Equipment		2,237	2,234
Investments in Associates		4,082	4,368
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		625
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		367
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			3,376
Goodwill & Other Intangibles		11,037	11,873
- Goodwill	g		7,629
- Intangibles (excl. computer software)	h		2,927
- Computer software intangibles	i		1,317
Deferred tax assets		2,229	2,229
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		224
- Deferred tax assets that rely on future profitability	k		584
- Deferred tax assets not deducted from regulatory capital			1,421
Other Assets		11,180	10,766
- Defined pension fund assets	l		189
- Other assets			10,577
		41,790	42,497
<b>Total Assets</b>		863,064	862,342
<b>Liabilities</b>			
<b>Deposits</b>			
Personal		186,298	186,298
Business and Government		377,054	377,054
Banks		39,439	39,439
		602,791	602,791
Financial instruments designated at fair value through profit or loss		1,376	1,376
<b>Other</b>			
Acceptances		11,025	11,025
Obligations Related to Securities Sold Short		23,363	23,363
Derivative Instruments		48,866	48,866
Obligations Related to Securities Sold Under Repurchase Agreements		77,764	77,764
Subordinated Debentures		6,184	6,184
- Regulatory capital amortization of maturing debentures			
- Subordinated debentures used for regulatory capital			
- of which: are included in Tier 2 capital			
- of which: are subject to phase-out included in Tier 2 capital (70%)	m		1,250
- of which: are subject to phase-out not included in Tier 2 capital			4,934
Other Liabilities		38,734	38,012
- Liquidity Reserves	o		5
- Gains/losses due to changes in own credit risk including DVA on derivatives	p		283
- Deferred tax liabilities			
- Intangible assets (excl. computer software and mortgage servicing rights)	q		752
- Intangible assets - computer software	r		130
- Defined benefit pension fund assets	s		63
- Other deferred tax liabilities			(423)
- Other Liabilities			37,202
		205,936	205,214
<b>Total Liabilities</b>		810,103	809,381
<b>Shareholders' Equity</b>			
Common Equity			
- Common Shares	u	15,185	15,185
- Retained Earnings	v	30,640	30,640
- Accumulated Other Comprehensive Income (Loss)	w	2,673	2,673
- Cash flow hedging reserve	x		(106)
- Other			2,779
- Other Reserves	y	176	176
Total Common Equity		48,674	48,674
Preferred Shares		2,934	2,934
- of which: are subject to phase-out and included in Tier 1 capital (70%)	z		
- of which: are subject to phase-out and not included into Tier 1 capital			2,934
Total Equity Attributable to Equity Holders		51,608	51,608
Non-Controlling Interests			
Non-Controlling Interest in Subsidiaries		1,353	1,353
- portion allowed for inclusion into CET1	aa		547
- portion allowed for inclusion into Tier 1 capital	bb		76
- portion allowed for inclusion into Tier 2 capital	cc		182
- portion not allowed for regulatory capital			548
<b>Total Equity</b>		52,961	52,961
<b>Total Liabilities &amp; Shareholders' Equity</b>		863,064	862,342

(1) Consolidated Statement of Financial Position as reported in the 2015 Quarterly Report - Third quarter results (page 36).

(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: \$391, equity: \$317), Scotia Life Insurance Company (assets: \$134, equity: \$198), Scotia Jamaica Life Insurance Co. Ltd (assets: \$555, equity: \$104), Scotia Life Trinidad and Tobago Ltd (assets: \$370, equity: \$72) and Scotia Seguros: (assets: \$84, equity: \$48).

## BALANCE SHEET ASSET CATEGORIES CROSS-REFERENCED TO CREDIT RISK EXPOSURES



	Credit Risk Exposures						Other Exposures		Total
	Drawn		Other Exposures				Market Risk Exposures		
				Repo-style				All Other <sup>(1)</sup>	
As at July 31, 2015 (\$MM)	Non-retail	Retail	Securitization	Transactions	OTC Derivatives	Equity	Also subject to Credit Risk		
Cash and deposits with financial institutions	80,435	-	-	-	-	-	-	-	82,789
Precious metals	-	-	-	-	-	-	-	7,697	7,697
Trading assets:									
Securities	-	-	-	-	-	-	-	83,396	83,396
Loans	9,993	-	-	-	-	-	9,993	7,313	17,306
Other	-	-	-	-	-	-	-	3,003	3,003
Financial assets designated at fair value through profit or loss	84	-	-	-	-	42	-	-	126
Securities purchased under resale agreements and securities borrowed	-	-	-	87,512	-	-	-	-	87,512
Derivative financial instruments	-	-	-	-	47,207	-	42,354	-	47,207
Investment securities	36,629	-	-	-	-	3,385	-	-	41,190
Loans:									
Residential mortgages <sup>(2)</sup>	88,131	127,720	-	-	-	-	-	-	216,000
Personal and credit cards	-	87,756	2,124	-	-	-	-	-	89,897
Business & government	142,348	-	6,899	-	-	-	-	-	149,276
Allowances for credit losses <sup>(3)</sup>	(1,060)	-	-	-	-	-	-	-	(4,125)
Customers' liability under acceptances	11,025	-	-	-	-	-	-	-	11,025
Property and equipment	-	-	-	-	-	-	-	-	2,237
Investment in associates	-	-	-	-	-	-	-	-	4,082
Goodwill and other intangibles assets	-	-	-	-	-	-	-	-	11,037
Other (including Deferred tax assets)	143	161	-	-	-	-	-	-	13,409
Total	367,728	215,637	9,023	87,512	47,207	3,427	52,347	101,409	863,064

	Credit Risk Exposures						Other Exposures		Total	
	Drawn		Other Exposures				Market Risk Exposures			
			Repo-style					All Other <sup>(1)</sup>		
As at April 30, 2015 (\$MM)	Non-retail	Retail	Securitization	Transactions	OTC Derivatives	Equity	Also subject to Credit Risk			
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 <sup>(2)</sup>	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 <sup>(3)</sup>	(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

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

(2) Includes \$86.1 billion (Q2, 2015 - \$89.2 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<sup>(1)</sup>



	Basel III All-in								
	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013 <sup>(2)</sup>	Q3 2013 <sup>(2)</sup>
(\$MM)									
Common Equity Tier 1 (CET1) capital									
Opening amount	34,750	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	1,795	1,757	1,679	1,373	2,301	1,742	1,655	1,626	1,703
Dividends paid to equity holders of the Bank	(851)	(853)	(832)	(833)	(813)	(821)	(798)	(800)	(773)
Shares issued	33	16	26	90	152	110	375	328	284
Shared repurchased/redeemed	(170)	(29)	(445)	(176)	(144)	-	-	-	-
Removal of own credit spread (net of tax)	(59)	37	(110)	-	2	20	(21)	(8)	(6)
Movements in other comprehensive income, excluding cash flow hedges <sup>(3)</sup>	1,376	(1,180)	1,586	211	(246)	(434)	979	435	326
Currency translation differences	1,400	(1,450)	2,259	309	(101)	(385)	1,055	297	(198)
Available-for-sale investments	(87)	(33)	(43)	(85)	14	6	18	66	(102)
Employee Benefits <sup>(1)</sup>	80	303	(643)	(46)	(168)	(50)	(59)	72	626
Other	(17)	-	13	33	9	(5)	(35)	-	-
Goodwill and other intangible assets (deduction, net of related tax liability)	(462)	157	(208)	(378)	(172)	(59)	(97)	(97)	(125)
Other, including regulatory adjustments and transitional arrangements	(335)	456	(1,049)	(215)	3,279	254	47	(313)	(234)
Deferred tax assets that rely on future probability	18	13	5	(2)	68	42	24	(4)	(5)
Other, IFRS Impact <sup>(3)</sup>	-	-	-	-	-	-	(83)	-	-
Threshold deductions <sup>(1)</sup>	(288)	421	(1,044)	(113)	3,196	209	33	(182)	154
Other	(65)	22	(10)	(100)	15	3	73	(127)	(383)
Closing Amount	36,077	34,750	34,389	33,742	33,670	29,311	28,499	26,359	25,188
Other Additional Tier 1 capital									
Opening amount	4,327	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	70	(1)	(3)	(21)	(3)	12	(62)	2	655
Closing Amount	4,397	4,327	4,328	4,331	4,352	4,655	5,243	5,555	5,853
Total Tier 1 capital	40,474	39,077	38,717	38,073	38,022	33,966	33,742	31,914	31,041
Tier 2 capital									
Opening amount	6,786	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	51	(101)	118	(3)	(516)	(32)	143	(30)	(336)
Closing Amount	6,837	6,786	5,637	5,519	5,522	6,038	7,070	6,927	7,907
Total regulatory capital	47,311	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 <sup>(1)</sup>



(\$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 <sup>(2)</sup>  
 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 <sup>(3)</sup>  
 Capital issued by consolidated subsidiaries to third parties  
 Tier 2 Capital  
 Other Capital Deductions <sup>(4)</sup>

## 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) <sup>(5)</sup>  
 Net Change in Net Unrealized Gains / Losses (after-tax) on  
     Available-For-Sale Equity Securities  
 Non-Controlling Interest of Subsidiaries  
 Other <sup>(6)</sup>

### 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				
		(528)	(563)	(848)	(555)
447	437	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)

## RISK-WEIGHTED ASSETS:<sup>(1)(2)</sup>

### On-Balance Sheet Assets

Cash Resources

Securities<sup>(3)</sup>

Residential Mortgages

Loans

- Personal Loans

- Non-Personal Loans

All Other<sup>(4)</sup>

### Off-Balance Sheet Assets

Indirect Credit Instruments

Derivative Instruments

### Total Credit Risk before AIRB scaling factor

AIRB Scaling factor<sup>(5)</sup>

### Total Credit Risk after AIRB scaling factor

Market Risk - Risk Assets Equivalent

Operational Risk - Risk Assets Equivalent

### CET1 Risk-weighted Assets<sup>(6)</sup>

### Tier 1 Risk-weighted Assets<sup>(6)</sup>

### Total Risk-weighted Assets<sup>(6)</sup>

### REGULATORY CAPITAL RATIOS (%):

Common Equity Tier 1

Tier 1

Total

Basel III - All-in IFRS										
Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
3.3	3.0	3.2	2.2	2.2	2.7	2.5	2.9	3.1	3.0	2.6
10.3	11.4	12.4	12.8	13.4	13.8	16.4	15.4	15.9	16.3	17.5
24.9	22.2	21.9	19.8	19.4	19.5	19.1	19.0	18.5	18.1	17.6
45.2	43.4	43.9	42.7	39.6	37.8	37.1	36.3	34.3	33.4	32.5
111.7	104.8	106.9	95.6	95.7	95.9	93.2	88.2	87.6	87.1	88.0
28.7	26.6	27.2	25.9	26.3	24.3	25.8	24.9	23.9	22.9	23.8
224.1	211.4	215.5	199.0	196.6	194.0	194.1	186.7	183.3	180.8	182.0
46.8	43.2	43.4	39.5	39.3	35.6	37.6	38.3	37.3	35.7	34.8
18.2	16.8	19.7	14.6	13.5	13.3	13.0	7.6	7.6	7.6	8.0
65.0	60.0	63.1	54.1	52.8	48.9	50.6	45.9	44.9	43.3	42.8
289.1	271.4	278.6	253.1	249.4	242.9	244.7	232.6	228.2	224.1	224.8
10.2	9.6	9.8	8.8	8.8	8.5	8.5	8.3	8.1	8.3	8.2
299.3	281.0	288.4	261.9	258.2	251.4	253.2	240.9	236.3	232.4	233.0
13.5	13.5	13.1	17.3	16.7	16.4	16.7	15.4	14.5	17.4	16.5
35.2	34.2	33.7	33.3	32.9	32.4	32.2	31.9	31.5	30.9	30.6
348.0	328.7	335.2	312.5	307.8	300.2	302.1	288.2	282.3	280.7	280.1
348.8	329.4	336.1	313.3	308.5	300.2	302.1	288.2	282.3	280.7	280.1
349.5	330.1	336.9	314.4	309.6	300.2	302.1	288.2	282.3	280.7	280.1
10.4	10.6	10.3	10.8	10.9	9.8	9.4	9.1	8.9	8.6	8.2
11.6	11.9	11.5	12.2	12.3	11.3	11.2	11.1	11.0	10.7	10.3
13.5	13.9	13.2	13.9	14.1	13.3	13.5	13.5	13.8	13.6	13.5

(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)	Q3 2015		Q2 2015	
	Credit Risk <sup>(1)</sup>	Of which Counterparty Credit Risk	Credit Risk <sup>(1)</sup>	Of which Counterparty Credit Risk
CET1 Credit risk-weighted assets as at beginning of Quarter	281,007	20,692	288,416	22,996
Book size <sup>(2)</sup>	5,742	1,273	890	(1,020)
Book quality <sup>(3)</sup>	952	74	641	(199)
Model updates <sup>(4)</sup>	(405)	-	-	-
Methodology and policy <sup>(5)</sup>	-	-	-	-
Acquisitions and disposals	1,340	-	-	-
Foreign exchange movements	10,679	1,578	(8,940)	(1,085)
Other	-	-	-	-
<b>CET1 Credit risk-weighted assets as at end of Quarter</b>	<b>299,315</b>	<b>23,617</b>	<b>281,007</b>	<b>20,692</b>
Tier 1 CVA scalar	796	796	736	736
<b>Tier 1 Credit risk-weighted assets as at end of Quarter</b>	<b>300,111</b>	<b>24,413</b>	<b>281,743</b>	<b>21,428</b>
Total CVA scalar	683	683	631	631
<b>Total Credit risk-weighted assets as at end of Quarter</b>	<b>300,794</b>	<b>25,096</b>	<b>282,374</b>	<b>22,059</b>

(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 the CET1 capital ratio, Tier 1 capital ratio and Total capital ratio, respectively.

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

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

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

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

Market Risk RWA (\$MM)	Q3 2015	Q2 2015
Market risk-weighted assets as at beginning of Quarter	13,513	13,133
Movement in risk levels <sup>(1)</sup>	245	606
Model updates <sup>(2)</sup>	(211)	(226)
Methodology and policy <sup>(3)</sup>	-	-
Acquisitions and disposals	-	-
Other	-	-
<b>Market risk-weighted assets as at end of Quarter</b>	<b>13,547</b>	<b>13,513</b>

(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 (e.g.. Basel III).

Operational Risk RWA (\$MM)	Q3 2015	Q2 2015
Operational risk-weighted assets as at beginning of Quarter	34,167	33,652
Acquisitions and disposals	460	-
Higher Revenue	550	515
<b>Operational risk-weighted assets as at end of Quarter</b>	<b>35,177</b>	<b>34,167</b>



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


	Q3 2015				
	Canadian Banking	International Banking	Global Banking & Markets	Other	All Bank
<b>CET1 Risk-weighted Assets (RWA)</b>					
CET1 RWA (\$B)	<b>\$103.0</b>	<b>\$119.8</b>	<b>\$115.4</b>	<b>\$9.8</b>	<b>\$348.0</b>
Proportion of Bank	<b>30%</b>	<b>34%</b>	<b>33%</b>	<b>3%</b>	<b>100%</b>
Comprised of:					
Credit risk	<b>85%</b>	<b>88%</b>	<b>84%</b>	<b>100%</b>	<b>86%</b>
Market risk	<b>- %</b>	<b>2%</b>	<b>10%</b>	<b>- %</b>	<b>4%</b>
Operational risk	<b>15%</b>	<b>10%</b>	<b>6%</b>	<b>- %</b>	<b>10%</b>

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

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



(\$MM)		Basel III - IFRS											
		Q3 2015				Q2 2015		Q1 2015		Q4 2014			
		AIRB		Standardized		Total		Total		Total		Total	
Exposure Type	Sub-type	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>
<b>Non-Retail</b>													
Corporate <sup>(3)</sup>	Drawn	105,708	62,566	45,652	44,131	151,360	106,697	146,075	100,609	145,012	101,339	130,621	90,240
	Undrawn	51,464	22,786	4,842	4,820	56,306	27,606	51,361	24,589	53,974	24,963	47,082	22,314
	Other <sup>(4)</sup>	41,032	13,166	2,949	2,927	43,981	16,093	37,643	14,254	35,068	12,327	31,678	11,496
	<b>Total</b>	<b>198,204</b>	<b>98,518</b>	<b>53,443</b>	<b>51,878</b>	<b>251,647</b>	<b>150,396</b>	<b>235,079</b>	<b>139,452</b>	<b>234,054</b>	<b>138,629</b>	<b>209,381</b>	<b>124,050</b>
Bank <sup>(3)</sup>	Drawn	24,768	5,241	2,632	1,868	27,400	7,109	25,700	6,679	32,358	8,435	25,883	7,500
	Undrawn	11,656	3,728	85	65	11,741	3,793	11,406	3,672	12,222	3,914	10,954	3,356
	Other <sup>(4)</sup>	12,254	2,099	97	89	12,351	2,188	10,190	1,830	9,535	1,753	8,195	1,486
	<b>Total</b>	<b>48,678</b>	<b>11,068</b>	<b>2,814</b>	<b>2,022</b>	<b>51,492</b>	<b>13,090</b>	<b>47,296</b>	<b>12,181</b>	<b>54,115</b>	<b>14,102</b>	<b>45,032</b>	<b>12,342</b>
Sovereign	Drawn	97,272	4,828	5,597	643	102,869	5,471	80,325	5,527	82,035	5,544	76,107	4,858
	Undrawn	1,799	167	3	1	1,802	168	1,543	161	1,465	139	1,352	140
	Other <sup>(4)</sup>	694	46	-	-	694	46	544	15	1,137	63	805	33
	<b>Total</b>	<b>99,765</b>	<b>5,041</b>	<b>5,600</b>	<b>644</b>	<b>105,365</b>	<b>5,685</b>	<b>82,412</b>	<b>5,703</b>	<b>84,637</b>	<b>5,746</b>	<b>78,264</b>	<b>5,031</b>
<b>Total Non-Retail</b>													
	Drawn	227,748	72,635	53,881	46,642	281,629	119,277	252,100	112,815	259,405	115,318	232,611	102,598
	Undrawn	64,919	26,681	4,930	4,886	69,849	31,567	64,310	28,422	67,661	29,016	59,388	25,810
	Other <sup>(4)</sup>	53,980	15,311	3,046	3,016	57,026	18,327	48,377	16,099	45,740	14,143	40,678	13,015
	<b>Total</b>	<b>346,647</b>	<b>114,627</b>	<b>61,857</b>	<b>54,544</b>	<b>408,504</b>	<b>169,171</b>	<b>364,787</b>	<b>157,336</b>	<b>372,806</b>	<b>158,477</b>	<b>332,677</b>	<b>141,423</b>
<b>Retail</b>													
Residential Mortgages	Drawn	187,091	11,551	27,092	13,303	214,183	24,854	211,805	22,196	213,185	21,893	211,341	19,766
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>187,091</b>	<b>11,551</b>	<b>27,092</b>	<b>13,303</b>	<b>214,183</b>	<b>24,854</b>	<b>211,805</b>	<b>22,196</b>	<b>213,185</b>	<b>21,893</b>	<b>211,341</b>	<b>19,766</b>
Secured Lines Of Credit	Drawn	18,992	4,207	-	-	18,992	4,207	19,047	4,293	18,952	4,435	19,115	4,487
	Undrawn	12,553	1,181	-	-	12,553	1,181	12,354	1,158	12,312	1,243	12,209	1,282
	<b>Total</b>	<b>31,545</b>	<b>5,388</b>	<b>-</b>	<b>-</b>	<b>31,545</b>	<b>5,388</b>	<b>31,401</b>	<b>5,451</b>	<b>31,264</b>	<b>5,678</b>	<b>31,324</b>	<b>5,769</b>
Qualifying Revolving Retail Exposures (QRRE)	Drawn	16,602	9,662	-	-	16,602	9,662	16,426	9,556	16,257	9,564	16,011	9,356
	Undrawn	17,123	2,135	-	-	17,123	2,135	16,734	2,058	16,716	2,151	16,196	2,105
	<b>Total</b>	<b>33,725</b>	<b>11,797</b>	<b>-</b>	<b>-</b>	<b>33,725</b>	<b>11,797</b>	<b>33,160</b>	<b>11,614</b>	<b>32,973</b>	<b>11,715</b>	<b>32,207</b>	<b>11,461</b>
Other Retail	Drawn	25,636	12,148	26,323	19,160	51,959	31,308	48,315	29,555	48,656	29,929	47,080	28,848
	Undrawn	677	164	-	-	677	164	660	156	667	165	659	161
	<b>Total</b>	<b>26,313</b>	<b>12,312</b>	<b>26,323</b>	<b>19,160</b>	<b>52,636</b>	<b>31,472</b>	<b>48,975</b>	<b>29,711</b>	<b>49,323</b>	<b>30,094</b>	<b>47,739</b>	<b>29,009</b>
<b>Total Retail</b>													
	Drawn	248,321	37,568	53,415	32,463	301,736	70,031	295,593	65,600	297,050	65,821	293,547	62,457
	Undrawn	30,353	3,480	-	-	30,353	3,480	29,748	3,372	29,695	3,559	29,064	3,548
	<b>Total</b>	<b>278,674</b>	<b>41,048</b>	<b>53,415</b>	<b>32,463</b>	<b>332,089</b>	<b>73,511</b>	<b>325,341</b>	<b>68,972</b>	<b>326,745</b>	<b>69,380</b>	<b>322,611</b>	<b>66,005</b>
Securitizations		20,871	3,648	55	57	20,926	3,705	20,083	3,711	21,166	4,086	19,982	4,621
Trading Derivatives <sup>(3)</sup>		30,013	8,485	-	-	30,013	8,485	28,854	7,971	36,673	10,178	25,249	8,041
Derivatives - credit valuation adjustment <sup>(5)</sup>		-	-	-	7,282	-	7,282	-	6,732	-	8,154	-	5,632
<b>Total Credit Risk (Excluding Equities &amp; Other Assets)</b>		<b>676,205</b>	<b>167,808</b>	<b>115,327</b>	<b>94,346</b>	<b>791,532</b>	<b>262,154</b>	<b>739,065</b>	<b>244,722</b>	<b>757,390</b>	<b>250,275</b>	<b>700,519</b>	<b>225,722</b>
Equities		3,427	3,427	-	-	3,427	3,427	3,636	3,636	4,132	4,132	4,269	4,269
Other Assets <sup>(6)</sup>		-	-	52,878	23,551	52,878	23,551	54,146	23,056	59,475	24,208	52,288	23,065
<b>Total Credit Risk (Before Scaling Factor)</b>		<b>679,632</b>	<b>171,235</b>	<b>168,205</b>	<b>117,897</b>	<b>847,837</b>	<b>289,132</b>	<b>796,847</b>	<b>271,414</b>	<b>820,997</b>	<b>278,615</b>	<b>757,076</b>	<b>253,056</b>
Add-on for 6% Scaling Factor <sup>(7)</sup>			10,183				10,183		9,593		9,801		8,831
<b>Total Credit Risk</b>		<b>679,632</b>	<b>181,418</b>	<b>168,205</b>	<b>117,897</b>	<b>847,837</b>	<b>299,315</b>	<b>796,847</b>	<b>281,007</b>	<b>820,997</b>	<b>288,416</b>	<b>757,076</b>	<b>261,887</b>

(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	
		Q3 2014		Q2 2014		Q1 2014		Q4 2013		Q3 2013		Q2 2013		Q1 2013	
Exposure Type	Sub-type	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>	EAD <sup>(1)</sup>	RWA <sup>(2)</sup>
Non-Retail															
Corporate <sup>(3)</sup>	Drawn	128,408	90,365	128,608	90,079	121,562	86,649	116,209	82,203	114,567	82,109	115,934	81,854	114,895	82,943
	Undrawn	44,855	21,274	41,619	19,554	42,968	20,444	45,758	21,547	45,477	21,329	42,956	20,029	42,742	19,656
	Other <sup>(4)</sup>	31,704	11,246	26,552	10,126	30,930	11,540	24,902	9,520	22,156	8,532	21,444	8,604	21,602	8,854
	Total	204,967	122,885	196,779	119,759	195,460	118,633	186,869	113,270	182,200	111,970	180,334	110,487	179,239	111,453
Bank <sup>(3)</sup>	Drawn	26,237	7,882	29,067	9,053	34,833	9,949	28,186	9,509	33,053	9,280	36,340	9,875	33,665	9,297
	Undrawn	11,552	3,559	10,620	3,279	11,879	3,507	12,463	3,968	12,374	4,114	11,930	3,810	11,130	3,479
	Other <sup>(4)</sup>	7,929	1,394	8,228	1,370	7,904	1,304	11,361	2,071	12,772	1,779	11,955	1,723	9,159	1,694
	Total	45,718	12,835	47,915	13,702	54,616	14,760	52,010	15,548	58,199	15,173	60,225	15,408	53,954	14,470
Sovereign	Drawn	68,768	4,664	77,072	4,717	71,279	5,145	69,594	5,013	63,915	5,074	63,065	4,117	65,407	5,053
	Undrawn	1,353	177	1,359	189	1,440	263	1,568	234	1,276	247	1,539	306	1,605	269
	Other <sup>(4)</sup>	775	26	856	31	1,191	28	4,837	84	2,549	5	2,278	5	281	6
	Total	70,896	4,867	79,287	4,937	73,910	5,436	75,999	5,331	67,740	5,326	66,882	4,428	67,293	5,328
Total Non-retail	Drawn	223,413	102,911	234,747	103,849	227,674	101,743	213,989	96,725	211,535	96,463	215,339	95,846	213,967	97,293
	Undrawn	57,760	25,010	53,598	23,022	56,287	24,214	59,789	25,749	59,127	25,690	56,425	24,145	55,477	23,404
	Other <sup>(4)</sup>	40,408	12,666	35,636	11,527	40,025	12,872	41,100	11,675	37,477	10,316	35,677	10,332	31,042	10,554
	Total	321,581	140,587	323,981	138,398	323,986	138,829	314,878	134,149	308,139	132,469	307,441	130,323	300,486	131,251
Retail															
Residential Mortgages	Drawn	210,743	19,360	210,451	19,466	210,691	19,085	209,581	18,956	208,604	18,464	207,641	18,139	206,648	17,625
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	210,743	19,360	210,451	19,466	210,691	19,085	209,581	18,956	208,604	18,464	207,641	18,139	206,648	17,625
Secured Lines Of Credit	Drawn	18,590	4,409	18,459	4,509	18,220	4,552	18,241	4,802	18,346	4,512	18,475	4,540	18,328	4,530
	Undrawn	17,724	1,857	13,265	1,394	13,052	1,370	12,856	1,419	12,625	1,302	12,347	1,280	12,026	1,247
	Total	36,314	6,266	31,724	5,903	31,272	5,922	31,097	6,221	30,971	5,814	30,822	5,820	30,354	5,777
Qualifying Revolving	Drawn	15,953	7,622	15,653	7,153	15,412	7,171	15,174	7,105	14,944	6,691	14,711	6,553	14,517	6,489
	Undrawn	18,311	2,360	13,638	1,674	13,400	1,678	12,900	1,672	12,500	1,473	12,159	1,426	11,901	1,395
	Total	34,264	9,982	29,291	8,827	28,812	8,849	28,074	8,777	27,444	8,164	26,870	7,979	26,418	7,884
Other Retail	Drawn	45,380	27,624	42,989	26,216	41,754	25,405	40,499	24,412	38,184	23,088	36,497	22,326	35,018	21,501
	Undrawn	999	126	736	91	733	91	735	90	720	87	708	86	761	93
	Total	46,379	27,750	43,725	26,307	42,487	25,496	41,234	24,502	38,904	23,175	37,205	22,412	35,779	21,594
Total Retail	Drawn	290,666	59,015	287,552	57,344	286,077	56,213	283,495	55,275	280,078	52,755	277,324	51,558	274,511	50,145
	Undrawn	37,034	4,343	27,639	3,159	27,185	3,139	26,491	3,181	25,845	2,862	25,214	2,792	24,688	2,735
	Total	327,700	63,358	315,191	60,503	313,262	59,352	309,986	58,456	305,923	55,617	302,538	54,350	299,199	52,880
Securitizations		18,163	4,947	19,406	5,527	19,900	7,273	17,975	7,049	18,145	7,606	18,183	7,857	18,046	8,036
Trading Derivatives <sup>(3)</sup>		22,886	7,559	22,139	7,454	23,638	7,284	20,623	6,977	21,848	7,309	22,211	7,189	22,470	7,609
Derivatives - credit valuation adjustment <sup>(5)</sup>		-	5,039	-	4,793	-	5,003	-	-	-	-	-	-	-	-
Total Credit risk (excl. Equities & Other Assets)		690,330	221,490	680,717	216,675	680,786	217,741	663,462	206,631	654,055	203,001	650,373	199,719	640,201	199,776
Equities <sup>(6)</sup>		4,451	4,451	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
Total Equities		4,451	4,451	4,002	4,002	4,019	4,019	3,728	3,728	3,629	3,629	3,678	3,678	3,539	3,539
Other Assets <sup>(7)</sup>		52,377	23,550	52,771	22,224	57,028	22,930	55,910	22,250	53,664	21,594	51,101	20,800	51,040	21,472
		747,158	249,491	737,490	242,901	741,833	244,690	723,100	232,609	711,348	228,224	705,152	224,197	694,780	224,787
Add-on for 6% scaling factor <sup>(8)</sup>			8,672		8,491		8,506		8,331		8,119		8,262		8,245
Total Credit Risk		747,158	258,163	737,490	251,392	741,833	253,196	723,100	240,940	711,348	236,343	705,152	232,459	694,780	233,032

(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 <sup>(1)(2)</sup>



## Exposure at Default

(\$MM)	Basel III - IFRS									
	Q3 2015					Q2 2015				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
	Drawn	Undrawn	Other <sup>(3)</sup>			Drawn	Undrawn	Other <sup>(3)</sup>		
Canada	71,759	29,734	45,135	287,707	434,335	69,531	27,301	39,332	284,564	420,728
USA	94,099	24,462	35,619	-	154,180	69,846	22,729	33,579	-	126,154
Mexico	12,654	393	1,672	8,151	22,870	11,566	337	1,364	7,657	20,924
Other International										
Europe	17,135	6,469	14,413	-	38,017	16,219	5,828	12,721	-	34,768
Caribbean	19,386	1,884	1,886	16,783	39,939	18,071	1,695	1,824	15,397	36,987
Latin America (excl. Mexico)	37,389	2,539	6,019	19,448	65,395	37,029	2,344	5,803	17,723	62,899
All Other	29,207	4,368	3,221	-	36,796	29,838	4,076	2,691	-	36,605
<b>Total</b>	<b>281,629</b>	<b>69,849</b>	<b>107,965</b>	<b>332,089</b>	<b>791,532</b>	<b>252,100</b>	<b>64,310</b>	<b>97,314</b>	<b>325,341</b>	<b>739,065</b>

	Basel III - IFRS				
	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Canada	427,607	405,718	408,142	394,260	392,859
USA	128,841	116,969	106,872	110,695	111,611
Mexico	22,085	20,775	19,890	20,004	19,387
Other International					
Europe	35,740	29,271	27,867	28,208	27,523
Caribbean	38,398	34,567	34,096	34,367	36,014
Latin America (excl. Mexico)	62,075	55,949	54,701	52,168	52,164
All Other	42,644	37,270	38,762	41,015	41,228
<b>Total</b>	<b>757,390</b>	<b>700,519</b>	<b>690,330</b>	<b>680,717</b>	<b>680,786</b>

(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 <sup>(1)(2)</sup>



## NON-RETAIL AND RETAIL PORTFOLIO EXPOSURE AT DEFAULT

(\$MM)	Basel III - IFRS							
	Q3 2015				Q2 2015			
	Drawn	Undrawn	Other <sup>(3)</sup>	Total	Drawn	Undrawn	Other <sup>(3)</sup>	Total
<b>Non-Retail</b>								
Less than 1 year	142,128	19,755	63,013	224,896	120,823	19,010	53,746	193,579
1 to 5 years	77,897	42,350	34,057	154,304	72,323	36,951	32,548	141,822
Over 5 Years	7,723	2,814	7,794	18,331	7,805	3,757	7,636	19,198
<b>Total Non-Retail</b>	<b>227,748</b>	<b>64,919</b>	<b>104,864</b>	<b>397,531</b>	<b>200,951</b>	<b>59,718</b>	<b>93,930</b>	<b>354,599</b>
<b>Retail</b>								
Less than 1 year	32,649	13,230		45,879	36,216	13,014		49,230
1 to 5 years	157,160	-		157,160	153,136	-		153,136
Over 5 Years	21,796	-		21,796	21,294	-		21,294
Revolving Credits <sup>(4)</sup>	36,716	17,123		53,839	36,513	16,734		53,247
<b>Total Retail</b>	<b>248,321</b>	<b>30,353</b>		<b>278,674</b>	<b>247,159</b>	<b>29,748</b>		<b>276,907</b>
<b>Total</b>	<b>476,069</b>	<b>95,272</b>	<b>104,864</b>	<b>676,205</b>	<b>448,110</b>	<b>89,466</b>	<b>93,930</b>	<b>631,506</b>

	Basel III - IFRS			
	Q1 2015	Q4 2014	Q3 2014	Q2 2014
<b>Non-Retail</b>				
Less than 1 year	209,059	179,376	172,250	174,205
1 to 5 years	136,947	128,307	118,313	122,752
Over 5 Years	23,546	14,709	17,288	15,114
<b>Total Non-Retail</b>	<b>369,552</b>	<b>322,392</b>	<b>307,851</b>	<b>312,071</b>
<b>Retail</b>				
Less than 1 year	49,578	48,916	53,881	43,120
1 to 5 years	154,382	154,437	158,610	163,589
Over 5 Years	19,599	20,138	15,567	15,042
Revolving Credits <sup>(4)</sup>	52,973	52,388	54,174	49,047
<b>Total Retail</b>	<b>276,532</b>	<b>275,879</b>	<b>282,232</b>	<b>270,798</b>
<b>Total</b>	<b>646,084</b>	<b>598,271</b>	<b>590,083</b>	<b>582,869</b>

(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<sup>(1)</sup>

Risk-weight  (\$MM)	Basel III - IFRS													
	Q3 2015							Q2 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%	1,640	-	4,483	6,123	6	1,242	1,248	1,514	5	4,111	5,630	-	1,080	1,080
20%	208	943	498	1,649	1,557	222	1,779	200	734	639	1,573	1,420	204	1,624
35%	-	-	-	-	16,198	-	16,198	-	-	-	-	17,697	-	17,697
50%	156	76	150	382	-	222	222	131	77	173	381	-	204	204
75%	-	-	-	-	8,035	23,907	31,942	-	-	-	-	5,264	20,902	26,166
100%	50,858	1,795	469	53,122	1,296	40	1,336	49,182	1,295	380	50,857	990	35	1,025
150%+	636	-	-	636	-	690	690	684	-	-	684	-	638	638
Total	53,498	2,814	5,600	61,912	27,092	26,323	53,415	51,711	2,111	5,303	59,125	25,371	23,063	48,434

Risk-weight	Basel III - IFRS													
	Q1 2015		Q4 2014		Q3 2014		Q2 2014		Q1 2014		Q4 2013		Q3 2013	
	Non-Retail		Retail		Non-Retail		Retail		Non-Retail		Retail		Non-Retail	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
0%	6,481	1,141	5,417	1,087	5,594	1,160	5,632	979	6,260	1,025	6,228	1,093	6,512	1,054
20%	3,087	1,771	2,582	1,354	1,737	1,327	2,087	1,335	2,472	1,358	2,128	1,289	2,925	1,285
35%	-	18,375	-	17,377	-	16,821	-	16,694	-	17,461	-	15,737	-	15,390
50%	806	213	372	-	337	-	637	-	719	-	413	-	474	-
75%	-	26,944	-	25,366	-	24,666	-	23,916	-	22,709	-	22,252	-	21,137
100%	50,225	1,130	46,764	959	46,689	899	44,679	902	44,307	878	42,195	827	42,410	842
150%+	494	639	381	590	422	595	420	567	499	509	601	476	565	426
<b>Total</b>	<b>61,093</b>	<b>50,213</b>	<b>55,516</b>	<b>46,733</b>	<b>54,779</b>	<b>45,468</b>	<b>53,455</b>	<b>44,393</b>	<b>54,257</b>	<b>43,940</b>	<b>51,565</b>	<b>41,674</b>	<b>52,886</b>	<b>40,134</b>

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



NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(\$MM)			Basel III - IFRS												
			Q3 2015								Q2 2015				
			Drawn Exposure at Default <sup>(3)</sup>	Undrawn Exposure at Default <sup>(3)</sup>	Other Exposure at Default <sup>(3)</sup>	Total Exposure at Default <sup>(3)</sup>	RWA <sup>(8)</sup>	Weighted Average PD <sup>(4)(7)</sup>	Weighted Average LGD <sup>(5)(7)</sup>	Weighted Average RW <sup>(6)(7)</sup>	Total Exposure at Default <sup>(3)</sup>	RWA <sup>(8)</sup>	Weighted Average PD <sup>(4)(7)</sup>	Weighted Average LGD <sup>(5)(7)</sup>	Weighted Average RW <sup>(6)(7)</sup>
Category external ratings <sup>(1)</sup>	Internal grades	PD bands <sup>(2)</sup>	\$	\$	\$	\$	\$	%	%	%	\$	\$	%	%	%
<b>Investment Grade</b>															
<u>Corporate</u>			55,207	38,148	36,414	129,769	44,169	0.16	43	34	122,178	40,560	0.16	43	33
	99	0.00% - 0.03%	76	35	660	771	42	0.03	45	5	1,837	55	0.03	44	3
AAA to AA+	98	0.00% - 0.06%	57	707	179	943	56	0.06	20	6	1,004	74	0.06	23	7
AA to A-	95	0.05% - 0.16%	4,278	2,576	5,601	12,455	2,760	0.07	47	22	11,323	2,601	0.07	46	23
AA to A-	90	0.06% - 0.17%	10,348	8,851	9,976	29,175	5,680	0.07	39	19	27,998	5,306	0.07	39	19
BBB+ to BBB	87	0.10% - 0.26%	11,231	8,890	6,270	26,391	7,072	0.11	40	27	24,802	6,483	0.11	40	26
BBB+ to BBB	85	0.14% - 0.38%	12,361	8,004	6,664	27,029	11,187	0.19	45	41	24,639	9,746	0.19	44	40
BBB-	83	0.21% - 0.54%	16,856	9,085	7,064	33,005	17,372	0.29	47	53	30,575	16,295	0.29	47	53
<u>Bank</u>			21,851	11,549	25,448	58,848	13,398	0.13	35	23	55,444	12,705	0.13	35	23
	99	0.00% - 0.03%	307	-	-	307	17	0.03	45	5	258	17	0.03	45	7
AAA to AA+	98	0.00% - 0.06%	-	121	199	320	53	0.06	36	17	335	54	0.06	35	16
AA to A-	95	0.05% - 0.16%	7,680	5,022	10,049	22,751	4,381	0.06	37	19	21,037	4,473	0.06	38	21
AA to A-	90	0.06% - 0.17%	6,102	3,412	7,697	17,211	3,486	0.09	34	20	18,357	3,640	0.09	34	20
BBB+ to BBB	87	0.10% - 0.26%	2,430	1,919	4,758	9,107	2,273	0.13	31	25	6,470	1,738	0.14	32	27
BBB+ to BBB	85	0.14% - 0.38%	1,553	820	1,737	4,110	1,285	0.24	35	31	3,989	1,359	0.24	35	34
BBB-	83	0.21% - 0.54%	3,779	255	1,008	5,042	1,903	0.44	36	38	4,998	1,424	0.45	36	28
<u>Sovereign</u>			93,691	1,774	6,248	101,713	3,161	0.04	16	3	78,621	3,278	0.05	16	4
	99	0.00% - 0.03%	77,453	401	3,687	81,541	-	-	15	-	56,618	-	-	15	-
AAA to AA+	98	0.00% - 0.06%	2,190	368	1,292	3,850	238	0.06	15	6	4,414	275	0.06	15	6
AA to A-	95	0.05% - 0.16%	4,120	530	750	5,400	513	0.09	18	10	6,966	573	0.09	17	8
AA to A-	90	0.06% - 0.17%	422	208	335	965	79	0.10	16	8	1,221	103	0.10	17	8
BBB+ to BBB	87	0.10% - 0.26%	6,960	11	159	7,130	1,273	0.26	24	18	6,473	1,223	0.26	24	19
BBB+ to BBB	85	0.14% - 0.38%	788	132	22	942	344	0.35	26	37	897	314	0.35	27	35
BBB-	83	0.21% - 0.54%	1,758	124	3	1,885	714	0.51	28	38	2,032	790	0.51	27	39
<b>Sub-Total</b>			170,749	51,471	68,110	290,330	60,728	0.11	32	21	256,243	56,543	0.12	33	22
<b>Non-Investment Grade</b>															
<u>Corporate</u>			47,470	13,072	15,324	75,866	51,452	0.73	44	68	67,833	46,193	0.72	44	68
BB+	80	0.33% - 0.60%	16,756	6,494	3,627	26,877	16,344	0.38	46	61	26,577	15,741	0.39	45	59
BB	77	0.52% - 0.66%	12,989	2,921	1,813	17,723	11,488	0.54	43	65	15,477	9,821	0.54	43	63
BB-	75	0.65% - 0.83%	11,050	2,226	8,560	21,836	14,621	0.80	43	67	17,352	12,399	0.80	43	71
B+	73	0.82% - 1.64%	4,955	1,151	1,026	7,132	6,486	1.54	41	91	5,949	5,440	1.54	41	91
B to B-	70	1.63% - 3.09%	1,720	280	298	2,298	2,513	2.97	42	109	2,478	2,792	2.97	44	113
<u>Bank</u>			2,894	106	355	3,355	784	0.70	37	23	3,753	1,185	0.66	37	32
BB+	80	0.33% - 0.60%	1,778	87	220	2,085	208	0.54	37	10	2,449	756	0.55	37	31
BB	77	0.52% - 0.66%	701	14	94	809	388	0.62	38	48	882	187	0.62	38	21
BB-	75	0.65% - 0.83%	114	2	34	150	23	0.80	36	15	179	94	0.80	38	52
B+	73	0.82% - 1.64%	234	1	4	239	110	1.54	35	46	196	115	1.54	33	58
B to B-	70	1.63% - 3.09%	67	2	3	72	55	2.97	35	77	47	33	2.97	31	70
<u>Sovereign</u>			3,468	24	27	3,519	1,895	2.10	24	54	3,445	1,880	2.18	24	55
BB+	80	0.33% - 0.60%	690	16	17	723	231	0.57	24	32	672	216	0.57	24	32
BB	77	0.52% - 0.66%	56	-	-	56	18	0.63	23	33	50	15	0.63	22	29
BB-	75	0.65% - 0.83%	57	4	-	61	18	0.80	16	30	29	11	0.80	17	39
B+	73	0.82% - 1.64%	751	-	-	751	380	1.54	27	51	659	317	1.54	27	48
B to B-	70	1.63% - 3.09%	1,914	4	10	1,928	1,248	2.97	24	65	2,035	1,321	2.97	23	65
<b>Sub-Total</b>			53,832	13,202	15,706	82,740	54,131	0.78	43	65	75,031	49,258	0.79	42	66

(1) The cross references of the Bank's internal borrower grades (IG) with equivalent rating categories utilized by external rating agencies are outlined on page 194 of the Bank's 2014 Annual Report.

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

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

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

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

(6) RW - risk-weight.

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

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

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



NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(\$MM)			Basel III - IFRS												
			Q3 2015								Q2 2015				
Category external ratings <sup>(1)</sup>	Internal grades	PD bands <sup>(2)</sup>	Drawn Exposure at Default <sup>(3)</sup>	Undrawn Exposure at Default <sup>(3)</sup>	Other Exposure at Default <sup>(3)</sup>	Total Exposure at Default <sup>(3)</sup>	RWA <sup>(8)</sup>	Weighted Average PD <sup>(4)(7)</sup>	Weighted Average LGD <sup>(5)(7)</sup>	Weighted Average RW <sup>(6)(7)</sup>	Total Exposure at Default <sup>(3)</sup>	RWA <sup>(8)</sup>	Weighted Average PD <sup>(4)(7)</sup>	Weighted Average LGD <sup>(5)(7)</sup>	Weighted Average RW <sup>(6)(7)</sup>
			\$	\$	\$	\$	\$	%	%	%	\$	\$	%	%	%
Watch List (CCC+ to CC)															
Corporate	65 - 30	3.08% - 60.85%	1,782	182	143	2,107	4,390	21.96	44	208	1,895	3,738	20.61	43	197
Bank	65 - 30	3.08% - 60.85%	23	-	2	25	16	19.53	13	62	56	16	10.96	6	27
Sovereign	65 - 30	3.08% - 60.85%	106	-	-	106	148	22.50	33	138	108	149	14.92	32	137
Sub-Total			1,911	182	145	2,238	4,554	21.95	43	203	2,059	3,903	20.04	41	189
Default <sup>(9)</sup>															
Corporate	27-21	100%	1,249	64	32	1,345	3,670	100.00	51	273	1,235	3,243	100.00	50	263
Bank	27-21	100%	-	-	-	-	-	100.00	30	375	-	-	100.00	30	375
Sovereign	27-21	100%	7	-	-	7	29	100.00	33	409	7	28	100.00	33	409
Sub-Total			1,256	64	32	1,352	3,699	100.00	51	274	1,242	3,271	100.00	50	263
Total			227,748	64,919	83,993	376,660	123,112	0.75	34	33	334,575	112,975	0.76	35	34

(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			
	Q3 2015		Q2 2015	
Exposure Type	Notional Undrawn	Weighted Average EAD	Notional Undrawn	Weighted Average EAD
	\$	%	\$	%
Corporate	102,856	50	93,124	50
Bank	21,290	55	20,703	55
Sovereign	3,303	55	2,783	56
<b>Total</b>	<b>127,449</b>	<b>51</b>	<b>116,610</b>	<b>51</b>

RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY <sup>(1)(2)</sup>

(\$MM)		Basel III - IFRS								
Category of PD Grades	PD Range	Q3 2015								
		EAD <sup>(3)</sup>	Notional of undrawn commitments	Exposure weighted-average EAD <sup>(4)</sup>	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW	RWA	EL	EL adjusted average risk weight <sup>(5)</sup>
		\$	\$	%	%	%	%	\$	\$	%
Residential mortgages and HELOCs										
Insured Drawn and Undrawn <sup>(6)</sup>										
Exceptionally Low	0.01% to 0.04%	87,310	-	100.00	0.00	27	-	36	-	-
Very Low	0.05% to 0.19%	1,385	-	100.00	0.17	28	10	139	1	11
Low	0.20% to 0.99%	1,394	-	100.00	0.70	33	31	437	3	34
Medium Low	1.00% to 2.99%	272	-	95.94	2.19	33	65	176	2	73
Medium	3.00% to 9.99%	99	-	100.00	5.66	31	108	107	2	129
High	10.00% to 19.99%	48	-	100.00	12.29	27	131	62	2	172
Extremely High	20.00% to 99.99%	71	-	100.00	34.26	26	144	102	6	253
Default	100%	16	-	100.00	100.00	58	-	-	9	727
Sub-total		90,595	-	99.99	0.08	28	1	1,059	25	2
Uninsured Undrawn <sup>(7)</sup>										
Exceptionally Low	0.00% to 0.04%	-	-	0.00	0.00	-	-	-	-	-
Very Low	0.05% to 0.19%	9,270	25,460	18.21	0.08	20	4	396	2	4
Low	0.20% to 0.99%	2,367	5,512	21.47	0.27	25	12	291	2	13
Medium Low	1.00% to 2.99%	855	1,144	37.40	1.58	29	49	417	4	55
Medium	3.00% to 9.99%	-	-	0.00	0.00	-	-	-	-	-
High	10.00% to 19.99%	34	34	49.55	11.20	25	120	41	1	156
Extremely High	20.00% to 99.99%	27	11	118.28	36.35	25	138	37	2	253
Default	100%	-	-	100.00	0.00	-	-	-	-	-
Sub-total		12,553	32,161	20.43	0.33	22	9	1,182	11	10
Uninsured Drawn <sup>(8)</sup>										
Exceptionally Low	0.00% to 0.04%	42,113	-	100.00	0.04	20	2	1,021	4	3
Very Low	0.05% to 0.19%	35,831	-	100.00	0.16	21	7	2,470	12	7
Low	0.20% to 0.99%	26,063	-	100.00	0.58	23	19	4,888	33	20
Medium Low	1.00% to 2.99%	8,805	-	100.00	1.82	26	45	3,996	40	51
Medium	3.00% to 9.99%	992	-	100.00	5.69	21	72	717	12	87
High	10.00% to 19.99%	702	-	100.00	11.94	22	106	743	18	138
Extremely High	20.00% to 99.99%	748	-	100.00	34.47	21	116	865	54	206
Default	100%	234	-	100.00	100.00	56	-	-	131	702
Sub-total		115,488	-	100.00	0.88	22	13	14,700	304	16
Qualifying Revolving Retail Exposures (QRRE)										
Exceptionally Low	0.00% to 0.04%	6,881	13,769	24.12	0.04	73	2	129	2	2
Very Low	0.05% to 0.19%	5,998	9,199	31.04	0.15	66	5	323	6	7
Low	0.20% to 0.99%	9,305	7,910	45.28	0.49	76	16	1,454	33	20
Medium Low	1.00% to 2.99%	6,977	1,825	74.32	1.73	85	48	3,360	103	67
Medium	3.00% to 9.99%	2,274	204	91.47	5.86	87	117	2,665	116	181
High	10.00% to 19.99%	1,336	56	96.90	10.98	87	170	2,272	127	289
Extremely High	20.00% to 99.99%	753	16	100.82	38.87	80	212	1,594	231	595
Default	100%	202	-	100.00	100.00	88	-	-	177	1,096
Sub-total		33,726	32,979	51.16	2.82	77	35	11,797	795	64
Other Retail										
Exceptionally Low	0.00% to 0.04%	412	769	25.38	0.04	70	8	33	-	8
Very Low	0.05% to 0.19%	5,664	2	99.96	0.10	49	12	679	3	13
Low	0.20% to 0.99%	12,958	326	97.63	0.53	56	40	5,178	39	44
Medium Low	1.00% to 2.99%	4,226	14	99.60	1.89	64	81	3,408	51	96
Medium	3.00% to 9.99%	2,083	1	99.97	5.54	62	93	1,939	71	136
High	10.00% to 19.99%	28	1.00	98.30	14.02	73	140	39	3	268
Extremely High	20.00% to 99.99%	775	-	100.01	32.23	55	133	1,034	139	357
Default	100%	165	-	100.00	100.00	83	-	-	136	1,031
Sub-total		26,311	1,113	97.58	2.62	57	47	12,310	442	68
Total Retail										
Exceptionally Low	0.01% to 0.04%	136,716	14,538	95.96	0.02	28	1	1,219	6	1
Very Low	0.05% to 0.19%	58,148	34,661	79.84	0.14	28	7	4,007	24	7
Low	0.20% to 0.99%	52,087	13,748	86.07	0.54	41	24	12,248	110	26
Medium Low	1.00% to 2.99%	21,135	2,983	88.86	1.80	53	54	11,357	200	66
Medium	3.00% to 9.99%	5,448	205	96.43	5.70	64	100	5,428	201	146
High	10.00% to 19.99%	2,148	91	97.26	11.37	63	147	3,157	151	235
Extremely High	20.00% to 99.99%	2,374	27	100.47	35.15	51	153	3,632	432	380
Default	100%	617	-	100.00	100.00	74	-	-	453	920
Total		278,673	66,253	90.27	0.99	34	15	41,048	1,577	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, new Residential Mortgage models were implemented in Q1 2015, and new Term Loan models were implemented in Q3, 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<sup>(1)</sup>

(\$MM)		Basel III - IFRS								
Category of PD Grades	PD Range	Q2 2015								
		EAD <sup>(3)</sup>	Notional of undrawn commitments	Exposure weighted-average EAD <sup>(4)</sup>	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW	RWA	EL	EL adjusted average risk weight <sup>(5)</sup>
		\$	\$	%	%	%	%	\$	\$	%
Residential mortgages and HELOCs										
Insured Drawn and Undrawn <sup>(6)</sup>										
Exceptionally Low	0.01% to 0.04%	90,386	-	100.00	0.00	26	-	34	-	-
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	-	96.81	2.14	31	60	172	2	67
Medium	3.00% to 9.99%	108	-	100.00	5.66	29	102	111	2	123
High	10.00% to 19.99%	55	-	101.88	12.07	25	122	67	2	160
Extremely High	20.00% to 99.99%	74	-	100.08	34.57	25	138	103	6	245
Default	100%	15	-	100.00	100.00	60	-	-	9	751
Sub-total		93,755	3	99.99	0.08	26	1	1,029	25	1
Uninsured Undrawn <sup>(7)</sup>										
Exceptionally Low	0.00% to 0.04%	-	-	0.00	0.00	-	-	-	-	-
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%	-	-	0.00	0.00	-	-	-	-	-
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%	-	-	100.00	0.00	-	-	-	-	-
Sub-total		12,351	31,573	20.49	0.33	22	9	1,157	12	10
Uninsured Drawn <sup>(8)</sup>										
Exceptionally Low	0.00% to 0.04%	40,670	-	100.00	0.04	20	2	963	3	2
Very Low	0.05% to 0.19%	33,917	-	100.00	0.16	20	7	2,222	10	7
Low	0.20% to 0.99%	25,634	-	100.00	0.57	23	18	4,613	31	20
Medium Low	1.00% to 2.99%	8,739	-	100.00	1.80	25	45	3,901	39	50
Medium	3.00% to 9.99%	1,014	-	100.00	5.67	20	70	712	12	84
High	10.00% to 19.99%	741	-	100.00	11.93	21	102	755	18	133
Extremely High	20.00% to 99.99%	770	-	100.00	34.95	21	114	879	55	203
Default	100%	244	-	100.00	100.00	54	-	-	131	668
Sub-total		111,729	-	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	-	100.00	100.00	88	-	-	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	-	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	-	99.94	11.18	78	136	18	1	243
Extremely High	20.00% to 99.99%	586	-	100.01	38.13	61	146	856	137	440
Default	100%	172	-	100.00	100.00	90	-	-	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	-	100.00	100.00	75	-	-	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.

# AIRB CREDIT LOSSES



Exposure Type	Basel III - IFRS									
	Q3 2015		Q2 2015		Q1 2015		Q4 2014		Q3 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
	%	%	%	%	%	%	%	%	%	%
<b>Non-Retail<sup>(1)</sup></b>										
Corporate	<b>0.04</b>	<b>0.91</b>	0.03	0.98	0.03	1.07	0.09	1.01	0.04	1.00
Sovereign	-	<b>0.02</b>	-	0.03	-	0.12	-	0.06	-	0.13
Bank	-	<b>0.12</b>	-	0.20	-	0.20	-	0.20	-	0.23
<b>Retail<sup>(2)</sup></b>										
Real Estate Secured	<b>0.01</b>	<b>0.14</b>	0.01	0.14	0.01	0.14	0.01	0.14	0.01	0.14
QRRE	<b>2.30</b>	<b>3.31</b>	2.31	3.32	2.14	3.33	2.05	3.43	1.95	3.20
Other Retail	<b>0.59</b>	<b>1.75</b>	0.51	1.72	0.48	1.70	0.48	1.72	0.50	1.71

(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



	Q3 2015 <sup>(1)</sup>						Q2 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 <sup>(2)</sup> %	CCF <sup>(2)</sup> %	PD %	default rate %	LGD %	LGD %	CCF <sup>(2)</sup> %	CCF <sup>(2)</sup> %
Non-Retail	0.90	0.31	41.39	31.46	50.70	12.85	0.95	0.26	41.28	34.45	61.28	9.55

<sup>(1)</sup> Reporting is on a one quarter lag basis. For reporting as of Q3/15, estimated parameters are based on portfolio averages at Q2/14 whereas actual parameters are based on averages of realized parameters during the subsequent four quarters (Q3/14 – Q2/15)

<sup>(2)</sup> 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.

	Four-quarter period ending Q3 2015 <sup>(1)(2)</sup>						Four-quarter period ending Q2 2015 <sup>(1)</sup>					
	Average estimated	Actual	Average estimated	Actual	Estimated	Actual	Average estimated	Actual	Average estimated	Actual	Estimated	Actual
	PD <sup>(3)(8)</sup> %	rate <sup>(3)(6)</sup> %	LGD <sup>(4)(8)</sup> %	LGD <sup>(4)(7)</sup> %	EAD <sup>(5)(8)</sup> \$	EAD <sup>(5)(6)</sup> \$	PD <sup>(2)(7)</sup> %	rate <sup>(2)(5)</sup> %	LGD <sup>(3)(7)</sup> %	LGD <sup>(3)(6)</sup> %	EAD <sup>(4)(7)</sup> \$	EAD <sup>(4)(5)</sup> \$
(\$MM)												
Residential real estate secured <sup>(9)</sup>												
Residential mortgages												
Insured mortgages <sup>(10)</sup>	1.00	0.66	-	-	-	-	1.02	0.67	-	-	-	-
Uninsured mortgages	0.52	0.41	18.24	10.42	-	-	0.52	0.41	18.21	10.96	-	-
Secured lines of credit	0.83	0.32	28.49	19.27	101	89	0.84	0.29	28.26	17.75	98	87
Qualifying revolving retail exposures	2.10	1.66	78.07	66.73	540	484	2.09	1.63	78.43	68.60	518	464
Other retail	2.02	1.43	64.35	52.78	4	4	1.98	1.41	64.94	53.11	5	5

(1) New Revolving Models implemented in Q4 2014 and New BNS and Tangerine Mortgage Models implemented in Q1 2015. All related Estimates and Actual Values are restated historically to reflect new models.

(2) New BNS Retail Term Loan Models were implemented in Q3 2015. All Estimates and Actual Values for Retail Term Loans were 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.



# CREDIT RISK MITIGATION



## EXPOSURE AT DEFAULT <sup>(1)</sup>

(\$MM)	Basel III - IFRS											
	Q3 2015			Q2 2015			Q1 2015			Q4 2014		
	Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives	
	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach
Non-Retail												
Corporate	505	1,214	5,940	483	1,116	5,622	563	1,494	6,091	492	1,223	5,123
Bank	-	-	4,351	-	5	3,245	-	5	3,781	-	5	2,193
Sovereign	-	-	4,982	-	-	4,980	-	-	5,000	-	-	5,198
Total Non-Retail	505	1,214	15,273	483	1,121	13,847	563	1,499	14,872	492	1,228	12,514
Retail												
Residential Mortgages <sup>(2)</sup>	-	1,676	86,099	-	3,900	89,173	-	4,117	91,883	-	3,633	92,950
Secured Lines of Credit												
Qualifying Revolving Retail Exposures (QRRE)												
Other Retail	710	977	-	647	842	-	668	931	-	602	975	-
Total Retail	710	2,653	86,099	647	4,742	89,173	668	5,048	91,883	602	4,608	92,950
Total	1,215	3,867	101,372	1,130	5,863	103,020	1,231	6,547	106,755	1,094	5,836	105,464

(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 <sup>(1)</sup>**


(\$MM)	Basel III - IFRS															
	Q3 2015				Q2 2015				Q1 2015				Q4 2014			
	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount
<b>Contract Types</b>																
<b>Interest Rate Contracts:</b>																
Futures and Forward Rate Agreements	1,467,044	183	974	81	1,358,674	155	592	47	1,137,994	123	579	-	805,769	106	1,489	44
Swaps	3,195,869	2,076	10,028	1,606	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
Options Purchased	37,430	10	149	124	44,066	10	140	123	60,809	12	314	147	47,916	18	106	125
Options Written	38,674	-	-	-	49,744	-	-	-	62,248	-	-	-	50,710	-	-	-
<b>Total</b>	<b>4,739,017</b>	<b>2,269</b>	<b>11,151</b>	<b>1,811</b>	<b>4,693,589</b>	<b>2,412</b>	<b>10,959</b>	<b>2,058</b>	<b>4,735,844</b>	<b>2,953</b>	<b>12,416</b>	<b>2,470</b>	<b>3,997,493</b>	<b>1,982</b>	<b>10,648</b>	<b>1,644</b>
<b>Foreign Exchange Contracts:</b>																
Futures and Forwards	457,246	3,446	8,289	2,204	428,283	2,306	7,815	1,858	471,539	4,723	9,634	2,248	448,977	2,451	6,535	1,570
Swaps	322,576	2,867	8,985	1,947	290,527	2,015	7,635	1,630	295,627	2,948	8,976	2,099	265,986	1,495	6,190	1,426
Options Purchased	5,353	192	309	93	4,765	133	230	59	4,106	172	251	79	3,147	19	69	19
Options Written	4,664	-	-	-	4,041	-	-	-	3,645	-	-	-	2,642	-	-	-
<b>Total</b>	<b>789,839</b>	<b>6,505</b>	<b>17,583</b>	<b>4,244</b>	<b>727,616</b>	<b>4,454</b>	<b>15,680</b>	<b>3,547</b>	<b>774,917</b>	<b>7,843</b>	<b>18,861</b>	<b>4,426</b>	<b>720,752</b>	<b>3,965</b>	<b>12,794</b>	<b>3,015</b>
<b>Other Derivatives Contracts:</b>																
Equity	70,993	1,615	6,962	2,202	66,003	1,324	6,558	2,154	63,865	1,668	6,799	2,141	66,608	860	5,726	2,260
Credit	62,297	189	2,526	806	59,618	139	2,409	544	60,834	224	2,776	681	57,923	548	1,405	374
Other	132,744	2,357	12,406	1,827	126,729	1,867	12,328	1,733	136,722	2,948	11,919	1,821	127,041	1,582	11,863	1,702
<b>Total</b>	<b>266,034</b>	<b>4,161</b>	<b>21,894</b>	<b>4,835</b>	<b>252,350</b>	<b>3,330</b>	<b>21,295</b>	<b>4,431</b>	<b>261,421</b>	<b>4,840</b>	<b>21,494</b>	<b>4,643</b>	<b>251,572</b>	<b>2,990</b>	<b>18,994</b>	<b>4,336</b>
<b>Credit Valuation Adjustment<sup>(2)</sup></b>				<b>7,282</b>				<b>6,732</b>				<b>8,154</b>				<b>5,632</b>
<b>Total Derivatives after Netting and Collateral</b>	<b>5,794,890</b>	<b>12,935</b>	<b>50,628</b>	<b>18,172</b>	<b>5,673,555</b>	<b>10,196</b>	<b>47,934</b>	<b>16,768</b>	<b>5,772,182</b>	<b>15,636</b>	<b>52,771</b>	<b>19,693</b>	<b>4,969,817</b>	<b>8,937</b>	<b>42,436</b>	<b>14,627</b>

	Basel III - IFRS							
	Q3 2014		Q2 2014		Q1 2014		Q4 2013	
	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount
<b>Contract Types</b>								
<b>Interest Rate Contracts:</b>								
Futures and Forward Rate Agreements	627,626	1,658	458,607	1,355	446,895	1,035	379,882	883
Swaps	2,583,470	8,569	2,614,773	8,442	2,441,658	8,977	2,085,682	8,639
Options Purchased	107,499	181	88,589	70	78,637	52	60,127	54
Options Written	118,810	-	87,340	-	71,915	-	55,410	-
<b>Total</b>	<b>3,437,405</b>	<b>10,408</b>	<b>3,249,309</b>	<b>9,867</b>	<b>3,039,105</b>	<b>10,064</b>	<b>2,581,101</b>	<b>9,576</b>
<b>Foreign Exchange Contracts:</b>								
Futures and Forwards	406,999	5,488	398,717	4,637	364,273	5,275	293,658	3,946
Swaps	241,692	5,289	240,885	5,014	230,766	5,097	206,298	4,171
Options Purchased	2,741	48	3,384	58	2,839	68	2,484	47
Options Written	2,516	-	3,004	-	2,554	-	2,050	-
<b>Total</b>	<b>653,948</b>	<b>10,825</b>	<b>645,990</b>	<b>9,709</b>	<b>600,432</b>	<b>10,440</b>	<b>504,490</b>	<b>8,164</b>
<b>Other Derivatives Contracts:</b>								
Equity	62,707	5,465	51,329	4,736	51,275	4,954	42,791	4,017
Credit	65,079	1,854	75,999	2,841	75,146	2,988	77,497	3,273
Other	121,593	10,474	111,153	10,208	96,830	8,603	88,929	7,409
<b>Total</b>	<b>249,379</b>	<b>17,793</b>	<b>238,481</b>	<b>17,785</b>	<b>223,251</b>	<b>16,545</b>	<b>209,217</b>	<b>14,699</b>
<b>Total Derivatives</b>	<b>4,340,732</b>	<b>39,026</b>	<b>4,133,780</b>	<b>37,361</b>	<b>3,862,788</b>	<b>37,049</b>	<b>3,294,808</b>	<b>32,439</b>
<b>Credit Valuation Adjustment<sup>(2)</sup></b>		<b>5,039</b>		<b>4,793</b>		<b>5,003</b>		<b>N/A</b>
<b>Risk-weighted Amount</b>		<b>13,516</b>		<b>13,088</b>		<b>13,272</b>		<b>7,846</b>

(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) 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<sup>(1)</sup>**


(\$MM)			Basel III - IFRS															
			Q3 2015 <sup>(2)</sup>				Q2 2015 <sup>(2)</sup>				Q1 2015				Q4 2014			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default <sup>(3)</sup>			Risk-Weighted Assets	Exposure at Default <sup>(3)</sup>			Risk-Weighted Assets	Exposure at Default <sup>(3)</sup>			Risk-Weighted Assets	Exposure at Default <sup>(3)</sup>			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	8,658	11,842	20,500	1,798	8,077	11,564	19,641	1,711	8,584	12,125	20,709	1,836	7,558	11,863	19,421	1,719
	A- to BBB-	35 - 100	149	5	154	143	94	8	102	91	68	16	84	69	162	10	172	154
Non-Investment Grade	BB+ to BB-	150 - 650	3	-	3	8	57	1	58	146	61	-	61	153	10	-	10	68
	Below BB-	1250	101	-	101	1,266	90	-	90	1,121	119	-	119	1,484	137	-	137	1,707
			8,911	11,847	20,758	3,215	8,318	11,573	19,891	3,069	8,832	12,141	20,973	3,542	7,867	11,873	19,740	3,648
<u>Resecuritization</u>																		
Investment Grade	AAA to A	20 - 65	-	56	56	36	-	56	56	36	-	56	56	36	-	56	56	36
	A- to BBB-	100 - 350	92	-	92	205	81	-	81	138	117	-	117	265	115	-	115	260
Non-Investment Grade	BB+ to BB-	500 - 850	-	-	-	-	55	-	55	469	-	-	-	-	54	-	54	462
	Below BB-	1250	20	-	20	249	-	-	-	-	19	-	19	242	17	-	17	215
			112	56	168	490	136	56	192	643	136	56	192	543	186	56	242	973
Total			9,023	11,903	20,926	3,705	8,454	11,629	20,083	3,712	8,968	12,197	21,165	4,085	8,053	11,929	19,982	4,621

(\$MM)	Basel III - IFRS															
	Q3 2015 <sup>(2)</sup>				Q2 2015 <sup>(2)</sup>				Q1 2015				Q4 2014			
Underlying Asset	Exposure at Default <sup>(3)</sup>			Exposures at Default (RW=1250%)	Exposure at Default <sup>(3)</sup>			Exposures at Default (RW=1250%)	Exposure at Default <sup>(3)</sup>			Exposures at Default (RW=1250%)	Exposure at Default <sup>(3)</sup>			Exposures at Default (RW=1250%)
	On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total	
Residential Mortgages	266	1,275	1,541	66	139	1,275	1,414	16	105	1,275	1,380	-	134	1,275	1,409	-
Commercial Mortgages	3	-	3	-	11	-	11	-	12	-	12	-	12	-	12	-
Credit cards/Consumer receivables	798	2,436	3,234	-	346	2,639	2,985	-	533	2,504	3,037	-	476	2,445	2,921	-
Auto loans/Leases	4,271	2,782	7,053	49	3,861	2,785	6,646	74	3,688	3,294	6,982	119	3,133	3,553	6,686	137
Diversified asset-backed securities	202	22	224	20	232	65	297	-	203	60	263	19	191	58	249	17
Business Loans	18	100	118	-	82	122	204	-	95	147	242	-	152	173	325	-
Trade receivables	2,614	5,229	7,843	-	2,980	4,698	7,678	-	2,890	4,870	7,760	-	2,579	4,373	6,952	-
Other	851	59	910	-	803	45	848	-	1,442	47	1,489	-	1,376	52	1,428	-
Total	9,023	11,903	20,926	135	8,454	11,629	20,083	90	8,968	12,197	21,165	138	8,053	11,929	19,982	154

(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) Q3 2015 amounts include securitization under standardized approach: externally rated A+: \$6MM (Q2 2015: \$8MM), and Resecuritization A-: \$46MM (Q2 2015: \$48MM) and BBB: \$3MM (Q2 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 <sup>(1)</sup> (CONTINUED)



(\$MM)			Basel III - IFRS															
			Q3 2014				Q2 2014				Q1 2014				Q4 2013			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default <sup>(2)</sup>			Risk-Weighted Assets	Exposure at Default <sup>(2)</sup>			Risk-Weighted Assets	Exposure at Default <sup>(2)</sup>			Risk-Weighted Assets	Exposure at Default <sup>(2)</sup>			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	7,584	9,607	17,191	1,548	8,593	9,683	18,276	1,641	8,695	9,670	18,365	1,664	6,537	9,696	16,233	1,418
	A- to BBB-	35 - 100	259	117	376	232	354	117	471	309	526	126	652	324	712	113	825	560
Non-Investment Grade	BB+ to BB-	150 - 650	21	-	21	126	31	-	31	98	49	-	49	217	50	-	50	234
	Below BB-	1250	151	-	151	1,883	159	-	159	1,993	164	-	164	2,262	158	-	158	1,981
			8,015	9,724	17,739	3,789	9,137	9,800	18,937	4,041	9,434	9,796	19,230	4,467	7,457	9,809	17,266	4,193
<u>Resecuritization</u>																		
Investment Grade	AAA to A	20 - 65	49	155	204	125	57	155	212	132	125	155	280	168	140	197	337	209
	A- to BBB-	100 - 350	135	-	135	293	138	-	138	248	164	-	164	336	164	-	164	334
Non-Investment Grade	BB+ to BB-	500 - 850	69	-	69	531	76	-	76	566	67	-	67	525	63	-	63	495
	Below BB-	1250	17	-	17	208	43	-	43	540	159	-	159	1,777	145	-	145	1,818
			270	155	425	1,157	314	155	469	1,486	515	155	670	2,806	512	197	709	2,856
Total			8,285	9,879	18,164	4,946	9,451	9,955	19,406	5,527	9,949	9,951	19,900	7,273	7,969	10,006	17,975	7,049
(\$MM)			Basel III - IFRS															
			Q3 2014				Q2 2014				Q1 2014				Q4 2013			
Underlying Asset			Exposure at Default <sup>(2)</sup>			Exposures at Default (RW=1250%)	Exposure at Default <sup>(2)</sup>			Exposures at Default (RW=1250%)	Exposure at Default <sup>(2)</sup>			Exposures at Default (RW=1250%)	Exposure at Default <sup>(2)</sup>			Exposures at Default (RW=1250%)
			On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total	
Residential Mortgages			125	1,275	1,400	-	145	1,275	1,420	-	166	1,275	1,441	-	169	1,275	1,444	-
Commercial Mortgages			12	-	12	-	12	-	12	-	12	-	12	-	13	-	13	-
Credit cards/Consumer receivables			446	443	889	-	565	330	895	-	584	41	625	-	547	37	584	-
Auto loans/Leases			3,251	3,466	6,717	151	4,152	3,800	7,952	155	4,402	4,159	8,561	159	3,167	4,234	7,401	152
Diversified asset-backed securities			159	155	314	17	187	155	342	43	294	155	449	159	287	197	484	147
Business Loans			358	200	558	-	480	230	710	4	598	-	598	5	637	-	637	5
Trade receivables			2,592	4,300	6,892	-	2,567	4,113	6,680	-	2,516	4,280	6,796	-	2,034	4,227	6,261	-
Other			1,342	40	1,382	-	1,343	52	1,395	-	1,377	41	1,418	-	1,115	36	1,151	-
Total			8,285	9,879	18,164	168	9,451	9,955	19,406	202	9,949	9,951	19,900	323	7,969	10,006	17,975	304

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

(2) 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)	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
All Bank VaR	1,355	1,385	1,369	3,015	2,810
All Bank stressed VaR	2,785	2,999	3,243	5,347	4,685
Incremental risk charge	6,109	6,139	4,776	4,952	4,936
Comprehensive risk measure <sup>(1)</sup>	2,192	2,132	2,707	1,621	2,060
CRM surcharge <sup>(1)</sup>	-	-	-	1,738	1,825
Standardized approach	1,106	858	1,038	578	401
<b>Market risk-weighted assets as at end of Quarter</b>	<b>13,547</b>	<b>13,513</b>	<b>13,133</b>	<b>17,251</b>	<b>16,717</b>

(1) The Q3 2015 related capital charge for total comprehensive risk measure including securitization exposures is \$175MM (Q2 2015: \$171MM) broken down as follows: Market Simulation \$24MM (Q2 2015: \$52MM), Default & Migration Risk \$151MM (Q2 2015: \$119MM).

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


(\$MM)	Item	Q3 2015	Q2 2015
1	Total consolidated assets as per published financial statements	<b>863,064</b>	837,161
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	<b>(793)</b>	(717)
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	<b>9,754</b>	14,077
5	Adjustment for securities financing transactions (i.e., repo assets and similar secured lending)	<b>9,434</b>	6,192
6	Adjustment for off balance-sheet items (i.e., credit equivalent amounts of off-balance sheet exposures)	<b>110,925</b>	102,751
7	Other adjustments	<b>(9,417)</b>	(9,008)
8	Leverage Ratio Exposure (transitional basis)	<b>982,967</b>	<b>950,456</b>



# LEVERAGE RATIO FRAMEWORK



(\$MM)	Item <sup>(1)</sup>	Q3 2015	Q2 2015
	<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral) <sup>(2)</sup>	727,552	700,569
2	(Asset amounts deducted in determining Basel III transitional Tier 1 capital)	(9,417)	(9,008)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	718,135	691,561
	<b>Derivative exposures</b>		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	14,971	10,470
5	Add-on amounts for PFE associated with all derivative transactions	37,692	37,739
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)	(1,039)	(1,538)
8	(Exempted CCP-leg of client cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	20,667	19,101
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(15,329)	(14,025)
11	Total derivative exposures (sum of lines 4 to 10)	56,962	51,747
	<b>Securities financing transaction exposures</b>		
12	Gross SFT assets recognized for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	96,605	104,191
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(9,093)	(5,986)
14	Counterparty credit risk (CCR) exposure for SFT assets	9,434	6,192
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	96,946	104,397
	<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	363,594	339,102
18	(Adjustments for conversion to credit equivalent amounts)	(252,670)	(236,351)
19	Off-balance sheet items (sum of lines 17 and 18)	110,924	102,751
	<b>Capital and Total Exposures - Transitional Basis</b>		
20	Tier 1 capital	44,263	42,619
21	Total Exposures (sum of lines 3, 11, 16 and 19)	982,967	950,456
	<b>Leverage Ratios - Transitional Basis</b>		
22	Basel III leverage ratio	4.5%	4.5%
	<b>All-in basis (Required by OSFI)</b>		
23	Tier 1 capital – All-in basis	40,474	39,077
24	(Regulatory adjustments)	(12,874)	(12,295)
25	Total Exposures (sum of lines 21 and 24, less the amount reported in line 2) – All-in basis	979,510	947,169
26	Leverage ratio – All-in basis	4.1%	4.1%

(1) On-balance sheet items excludes securities purchased under resale agreements and securities borrowed (\$87,512), derivative financial instruments (\$47,207), assets outside the regulatory scope of consolidation (793).

# 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. <sup>(1)</sup>
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 recognized 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. <sup>(1)</sup>
21	Sum of lines 3, 11, 16 and 19.
22	Basel III leverage ratio according to paragraph 5 of the Leverage Requirements Guideline. <sup>(1)</sup> (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.

<b>Credit Risk Parameters</b>	
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.
<b>Exposure Types</b>	
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.
<b>Exposure Sub-types</b>	
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.
<b>Other</b>	
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 counterparty 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 risk free 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.