

# SUPPLEMENTARY REGULATORY CAPITAL DISCLOSURE



October 31, 2015

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For further information contact: Jake Lawrence - (416) 866-5712, Steven Hung - (416) 933-8774 or Alana Johnston - (416) 866-6168

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>

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

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      |                                |                       |                                |                       |                                |                       |                                |                       |                                |
|--|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|
|  | Q4 2015               |                                | Q3 2015               |                                | Q2 2015               |                                | Q1 2015               |                                | Q4 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>44,811</b>         | <b>36,965</b>                  | 44,263                | 36,077                         | 42,619                | 34,750                         | 42,646                | 34,389                         | 41,712                | 33,742                         |
| <b>Tier 1 capital</b>  | <b>44,811</b>         | <b>41,366</b>                  | 44,263                | 40,474                         | 42,619                | 39,077                         | 42,646                | 38,717                         | 41,712                | 38,073                         |
| <b>Total capital</b>   | <b>51,501</b>         | <b>48,230</b>                  | 50,809                | 47,311                         | 49,162                | 45,863                         | 47,959                | 44,354                         | 47,100                | 43,592                         |
| <b>Risk-weighted Assets<sup>(3)</sup></b>  |                       |                                |                       |                                |                       |                                |                       |                                |                       |                                |
| CET1 Capital Risk-weighted Assets  | <b>364,824</b>        | <b>357,995</b>                 | 355,138               | 348,039                        | 335,233               | 328,688                        | 342,740               | 335,200                        | 319,936               | 312,473                        |
| Tier 1 Capital Risk-weighted Assets  | <b>364,824</b>        | <b>358,780</b>                 | 355,138               | 348,835                        | 335,233               | 329,424                        | 342,740               | 336,092                        | 319,936               | 313,263                        |
| Total Capital Risk-weighted Assets   | <b>364,824</b>        | <b>359,453</b>                 | 355,138               | 349,518                        | 335,233               | 330,055                        | 342,740               | 336,857                        | 319,936               | 314,449                        |
| <b>Capital Ratios (%)</b>  |                       |                                |                       |                                |                       |                                |                       |                                |                       |                                |
| Common Equity Tier 1 (as a percentage of risk-weighted assets)                         | <b>12.3</b>           | <b>10.3</b>                    | 12.5                  | 10.4                           | 12.7                  | 10.6                           | 12.4                  | 10.3                           | 13.0                  | 10.8                           |
| Tier 1 (as a percentage of risk-weighted assets)                                       | <b>12.3</b>           | <b>11.5</b>                    | 12.5                  | 11.6                           | 12.7                  | 11.9                           | 12.4                  | 11.5                           | 13.0                  | 12.2                           |
| Total capital (as a percentage of risk-weighted assets)                                | <b>14.1</b>           | <b>13.4</b>                    | 14.3                  | 13.5                           | 14.7                  | 13.9                           | 14.0                  | 13.2                           | 14.7                  | 13.9                           |
| <b>Leverage: All-in Basis<sup>(4)</sup></b>  |                       |                                |                       |                                |                       |                                |                       |                                |                       |                                |
| Leverage Exposures   | <b>983,318</b>        | <b>980,212</b>                 | 982,967               | 979,510                        | 950,456               | 947,169                        | 957,249.0             | 953,626.0                      | N/A                   | N/A                            |
| Leverage Ratio   | <b>4.6</b>            | <b>4.2</b>                     | 4.5                   | 4.1                            | 4.5                   | 4.1                            | 4.5                   | 4.1                            | 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                            |                       | 3.0                            |                       | 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                             | 70                    | 70                             | 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                             | 70                    | 70                             | 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 Q4 2015 | All-in Q3 2015 |
|---|---|--------------------------------|----------------|----------------|
| <b>Common Equity Tier 1 Capital: Instruments and Reserves</b> |   |                                |                |                |
| 1   | Directly issued qualifying common share capital plus related stock surplus  | u+y                            | 15,314         | 15,361         |
| 2   | Retained Earnings   | v                              | 31,316         | 30,640         |
| 3   | Accumulated Other Comprehensive Income  | w                              | 2,455          | 2,673          |
| 5   | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)  | aa                             | 557            | 547            |
| 6   | Common Equity Tier 1 capital before regulatory adjustments  |                                | 49,642         | 49,221         |
| <b>Common Equity Tier 1 Capital: Regulatory Adjustments</b>   |   |                                |                |                |
| 8   | Goodwill (net of related tax liability)   | g                              | (7,499)        | (7,629)        |
| 9   | Intangibles other than mortgage-servicing rights (net of related tax liability)   | h-q+i-r                        | (3,519)        | (3,362)        |
| 10  | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)   | k                              | (539)          | (584)          |
| 11  | Cash flow hedge reserve   | x                              | (6)            | 106            |
| 12  | Shortfall of allowances to expected losses  | ee                             | (9)            | (40)           |
| 14  | Gains and losses due to changes in own credit risk on fair value liabilities  | p                              | (309)          | (283)          |
| 15  | Defined-benefit pension fund net assets (net of related tax liability)  | l-s                            | (123)          | (126)          |
| 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                              | (461)          | (625)          |
| 22  | Amount exceeding the 15% threshold  |                                | (203)          | (591)          |
| 23  | of which: significant investments in the common stock of financials   | f                              | (133)          | (367)          |
| 25  | of which: deferred tax assets arising from temporary differences  | j                              | (70)           | (224)          |
| 26  | Other deductions from CET1 as determined by OSFI  | o                              | (4)            | (5)            |
| 28  | Total regulatory adjustments to Common Equity Tier 1  |                                | (12,677)       | (13,144)       |
| 29  | <b>Common Equity Tier 1 Capital (CET1)</b>  |                                | <b>36,965</b>  | <b>36,077</b>  |
| <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                             | 79             | 76             |
| 36  | <b>Additional Tier 1 capital before regulatory adjustments</b>  |                                | <b>4,413</b>   | <b>4,410</b>   |
| <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                              | (12)           | (13)           |
| 41  | Other deductions from Tier 1 capital as determined by OSFI  |                                | -              | -              |
| 43  | <b>Total regulatory adjustments to Additional Tier 1 capital</b>  |                                | <b>(12)</b>    | <b>(13)</b>    |
| 44  | <b>Additional Tier 1 Capital (AT1)</b>  |                                | <b>4,401</b>   | <b>4,397</b>   |
| 45  | <b>Tier 1 Capital (T1=CET1 + AT1)</b>   |                                | <b>41,366</b>  | <b>40,474</b>  |
| <b>Tier 2 Capital: Instruments and Provisions</b>             |   |                                |                |                |
| 46  | Directly issued qualifying Tier 2 instruments   |                                | 1,250          | 1,250          |
| 47  | Directly issued capital instruments subject to phase-out from Tier 2  | m                              | 4,932          | 4,934          |
| 48  | Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)  | cc                             | 196            | 182            |
| 50  | Eligible Collective Allowance and Excess of allowance over expected loss  | c+d                            | 486            | 471            |
| 51  | Tier 2 capital before regulatory adjustments  |                                | 6,864          | 6,837          |

|  | Cross-Reference <sup>(1)</sup>  | All-in Q4 2015 | All-in Q3 2015 |
|--|---|----------------|----------------|
| <b>Tier 2 Capital: Regulatory Adjustments</b>  |   |                |                |
| 57   | Total regulatory adjustments to Tier 2 capital  | -              | -              |
| 58   | <b>Tier 2 Capital (T2)</b>  | <b>6,864</b>   | <b>6,837</b>   |
| 59   | <b>Total Capital (TC = T1 + T2)</b>   | <b>48,230</b>  | <b>47,311</b>  |
| 60   | <b>Total Risk-weighted Assets</b>   | <b>362,034</b> | <b>352,135</b> |
| 60a  | <b>Common Equity Tier 1 (CET1) Capital RWA</b>  | <b>357,995</b> | <b>348,039</b> |
| 60b  | <b>Tier 1 Capital RWA</b>   | <b>358,780</b> | <b>348,835</b> |
| 60c  | <b>Total Capital RWA</b>  | <b>359,453</b> | <b>349,518</b> |
| <b>Capital Ratios and Buffers</b>  |   |                |                |
| 61   | <b>Common Equity Tier 1 (as a percentage of risk-weighted assets)</b>   | <b>10.3</b>    | <b>10.4</b>    |
| 62   | <b>Tier 1 (as a percentage of risk-weighted assets)</b>   | <b>11.5</b>    | <b>11.6</b>    |
| 63   | <b>Total capital (as a percentage of risk-weighted assets)</b>  | <b>13.4</b>    | <b>13.5</b>    |
| 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)  | 10.3           | 10.4           |
| <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  | 1,678          | 1,670          |
| 73   | Significant investments in the common stock of financial institutions   | 3,630          | 3,362          |
| 75   | Deferred tax assets arising from temporary differences (net of related tax liability)   | 1,915          | 2,049          |
| <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)  | 485            | 471            |
| 77   | Cap on inclusion of allowances in Tier 2 under standardized approach  | 1,252          | 1,230          |
| 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   | 1,271          | 1,230          |
| <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**


| (\$MM)  | Cross Reference to Page 4 Definition of Capital Components | Consolidated Statement of Financial Position <sup>(1)</sup> |         | Under regulatory scope of consolidation <sup>(2)</sup> | (\$MM)  | Cross Reference to Page 4 Definition of Capital Components | Consolidated Statement of Financial Position <sup>(1)</sup> |         | Under regulatory scope of consolidation <sup>(2)</sup> |
|---|--|---|---------|--|---|--|---|---------|--|
|   |  | Q4 2015   | Q4 2015 |  |   |  | Q4 2015   | Q4 2015 |  |
| <b>Assets</b>   |  |   |         |  | <b>Liabilities</b>  |  |   |         |  |
| Cash and deposits with banks  |  | 73,927  | 73,468  | 73,468   | <b>Deposits</b>   |  |   |         |  |
| Precious Metals   |  | 10,550  | 10,550  | 10,550   | Personal  |  | 190,044   | 190,044 | 190,044  |
| <b>Trading Assets</b>   |  |   |         |  | Business and Government   |  | 375,144   | 375,144 | 375,144  |
| Trading Securities  |  | 78,380  | 78,377  | 78,377   | Banks   |  | 35,731  | 35,731  | 35,731   |
| - Investment in own shares  | a  |   | 5       | 5  |   |  | 600,919   | 600,919 | 600,919  |
| - Other trading securities  |  |   | 78,372  | 78,372   | Financial instruments designated at fair value through profit or loss         |  | 1,486   | 1,486   | 1,486  |
| Trading Loans   |  | 18,341  | 18,341  | 18,341   | <b>Other</b>  |  |   |         |  |
| Other Trading Assets  |  | 2,419   | 2,419   | 2,419  | Acceptances   |  | 10,296  | 10,296  | 10,296   |
|   |  | 99,140  | 99,137  | 99,137   | Obligations Related to Securities Sold Short                                  |  | 20,212  | 20,212  | 20,212   |
| <b>Financial assets designated at fair value through profit or loss</b>   |  | 320   | 320     | 320  | Derivative Instruments  |  | 45,270  | 45,270  | 45,270   |
| Securities Purchased Under Resale Agreements  |  | 87,312  | 87,312  | 87,312   | Obligations Related to Securities Sold Under Repurchase Agreements            |  | 77,015  | 77,015  | 77,015   |
| Derivative Instruments  |  | 41,003  | 41,003  | 41,003   | Subordinated Debentures   |  | 6,182   | 6,182   | 6,182  |
| Investment Securities   |  | 43,216  | 42,424  | 42,424   | - Regulatory capital amortization of maturing debentures                      |  |   |         |  |
| - Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital              | b  |   | 12      | 12   | - Subordinated debentures used for regulatory capital                         |  |   |         |  |
| - Other securities  |  |   | 42,412  | 42,412   | - of which: are included in Tier 2 capital                                    | m  |   |         | 1,250  |
|   |  |   |         |  | - of which: are subject to phase-out included in Tier 2 capital (70%)         |  |   |         | 4,932  |
|   |  |   |         |  | - of which: are subject to phase-out not included in Tier 2 capital           |  |   |         |  |
| <b>Loans</b>  |  |   |         |  | Other Liabilities   |  | 41,638  | 40,594  | 40,594   |
| Residential Mortgages   |  | 217,498   | 217,325 | 217,325  | - Liquidity Reserves  | o  |   |         | 5  |
| Personal and Credit Cards   |  | 91,477  | 91,477  | 91,477   | - Gains/losses due to changes in own credit risk including DVA on derivatives | p  |   |         | 309  |
| Business and Government   |  | 153,850   | 153,832 | 153,832  | - Deferred tax liabilities  |  |   |         |  |
|   |  | 462,825   | 462,634 | 462,634  | - Intangible assets (excl. computer software and mortgage servicing rights)   | q  |   |         | 834  |
| Allowance For Credit Losses   |  | 4,197   | 4,197   | 4,197  | - Intangible assets - computer software                                       | r  |   |         | 81   |
| - Collective Allowance reflected in Tier 2 capital  | c  |   | 485     | 485  | - Defined benefit pension fund assets   | s  |   |         | 61   |
| - Shortfall of allowances to expected loss  | ee   |   | (9)     | (9)  | - Other deferred tax liabilities  |  |   |         | (379)  |
| - Excess of allowances to expected loss   | d  |   |         |  | - Other Liabilities   |  |   |         | 39,683   |
| - Allowances not reflected in regulatory capital  |  |   | 3,721   | 3,721  |   |  | 200,613   | 199,569 | 199,569  |
| <b>Other</b>  |  |   |         |  | <b>Total Liabilities</b>  |  | 803,018   | 801,974 | 801,974  |
| Customers' Liability Under Acceptances  |  | 10,296  | 10,296  | 10,296   | <b>Shareholders' Equity</b>   |  |   |         |  |
| Property and Equipment  |  | 2,286   | 2,283   | 2,283  | Common Equity   |  |   |         |  |
| Investments in Associates   |  | 4,033   | 4,231   | 4,231  | - Common Shares   | u  | 15,141  | 15,141  | 15,141   |
| - Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds | e  |   | 461     | 461  | - Retained Earnings   | v  | 31,316  | 31,316  | 31,316   |
| - Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds | f  |   | 133     | 133  | - Accumulated Other Comprehensive Income (Loss)                               | w  | 2,455   | 2,455   | 2,455  |
| - Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds        |  |   | 3,637   | 3,637  | - Cash flow hedging reserve   | x  |   |         | 6  |
| Goodwill & Other Intangibles  |  | 11,449  | 11,934  | 11,934   | - Other   |  |   |         | 2,449  |
| - Goodwill  | g  |   | 7,499   | 7,499  | - Other Reserves  | y  | 173   | 173     | 173  |
| - Intangibles (excl. computer software)   | h  |   | 3,019   | 3,019  | Total Common Equity   |  | 49,085  | 49,085  | 49,085   |
| - Computer software intangibles   | i  |   | 1,416   | 1,416  | Preferred Shares  |  | 2,934   | 2,934   | 2,934  |
| Deferred tax assets   |  | 2,034   | 2,034   | 2,034  | - of which: are subject to phase-out and included in Tier 1 capital (70%)     | z  |   |         | 2,934  |
| - Deferred tax assets arising from temporary differences exceeding the regulatory threshold   | j  |   | 70      | 70   | - of which: are subject to phase-out and not included into Tier 1 capital     |  |   |         |  |
| - Deferred tax assets that rely on future profitability   | k  |   | 539     | 539  | Total Equity Attributable to Equity Holders                                   |  | 52,019  | 52,019  | 52,019   |
| - Deferred tax assets not deducted from regulatory capital  |  |   | 1,425   | 1,425  | Non-Controlling Interests   |  |   |         |  |
| Other Assets  |  | 12,303  | 12,024  | 12,024   | Non-Controlling Interest in Subsidiaries                                      |  | 1,460   | 1,460   | 1,460  |
| - Defined pension fund assets   | l  |   | 184     | 184  | - portion allowed for inclusion into CET1                                     | aa   |   |         | 557  |
| - Other assets  |  |   | 11,840  | 11,840   | - portion allowed for inclusion into Tier 1 capital                           | bb   |   |         | 79   |
|   |  | 42,401  | 42,802  | 42,802   | - portion allowed for inclusion into Tier 2 capital                           | cc   |   |         | 196  |
| <b>Total Assets</b>   |  | 856,497   | 855,453 | 855,453  | - portion not allowed for regulatory capital                                  |  |   |         | 628  |
|   |  |   |         |  | <b>Total Equity</b>   |  | 53,479  | 53,479  | 53,479   |
|   |  |   |         |  | <b>Total Liabilities &amp; Shareholders' Equity</b>                           |  | 856,497   | 855,453 | 855,453  |

(1) Consolidated Statement of Financial Position as reported in the 2015 Annual Report (page 130).

(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: \$370, equity: \$200), Scotia Life Insurance Company (assets: \$140, equity: \$203), Scotia Jamaica Life Insurance Co. Ltd (assets: \$559, equity: \$118), Scotia Life Trinidad and Tobago Ltd (assets: \$384, equity: \$74) and Scotia Seguros (assets: \$85, equity: \$51).

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


|  | Credit Risk Exposures |                |                 |                         |                 |              | Other Exposures             |                          | Total         |
|--|-----------------------|----------------|-----------------|-------------------------|-----------------|--------------|-----------------------------|--------------------------|---------------|
|  | Drawn                 |                | Other Exposures |                         |                 |              | Market Risk Exposures       |                          |               |
|  | Non-retail            | Retail         | Securitization  | Repo-style Transactions | OTC Derivatives | Equity       | Also subject to Credit Risk | All Other <sup>(1)</sup> |               |
| As at Oct 31, 2015 (\$MM)  |                       |                |                 |                         |                 |              |                             |                          |               |
| Cash and deposits with financial institutions                        | 71,631                | -              | -               | -                       | -               | -            | -                           | 2,296                    | 73,927        |
| Precious metals  | -                     | -              | -               | -                       | -               | -            | 10,550                      | -                        | 10,550        |
| Trading assets:  |                       |                |                 |                         |                 |              |                             |                          |               |
| Securities   | -                     | -              | -               | -                       | -               | -            | 78,380                      | -                        | 78,380        |
| Loans  | 11,213                | -              | -               | -                       | -               | -            | 11,213                      | 7,128                    | 18,341        |
| Other  | -                     | -              | -               | -                       | -               | -            | 2,419                       | -                        | 2,419         |
| Financial assets designated at fair value through profit or loss     | 295                   | -              | -               | -                       | -               | 25           | -                           | -                        | 320           |
| Securities purchased under resale agreements and securities borrowed | -                     | -              | -               | 87,312                  | -               | -            | -                           | -                        | 87,312        |
| Derivative financial instruments                                     | -                     | -              | -               | -                       | 41,003          | -            | 35,862                      | -                        | 41,003        |
| Investment securities  | 39,187                | -              | -               | -                       | -               | 2,960        | -                           | 1,069                    | 43,216        |
| Loans:   |                       |                |                 |                         |                 |              |                             |                          |               |
| Residential mortgages <sup>(2)</sup>                                 | 88,945                | 128,398        | -               | -                       | -               | -            | -                           | 155                      | 217,498       |
| Personal and credit cards  | -                     | 89,220         | 2,240           | -                       | -               | -            | -                           | 17                       | 91,477        |
| Business & government  | 147,210               | -              | 6,599           | -                       | -               | -            | -                           | 41                       | 153,850       |
| Allowances for credit losses <sup>(3)</sup>                          | (1,045)               | -              | -               | -                       | -               | -            | -                           | (3,152)                  | (4,197)       |
| Customers' liability under acceptances                               | 10,296                | -              | -               | -                       | -               | -            | -                           | -                        | 10,296        |
| Property and equipment   | -                     | -              | -               | -                       | -               | -            | -                           | 2,286                    | 2,286         |
| Investment in associates   | -                     | -              | -               | -                       | -               | -            | -                           | 4,033                    | 4,033         |
| Goodwill and other intangibles assets                                | -                     | -              | -               | -                       | -               | -            | -                           | 11,449                   | 11,449        |
| Other (including Deferred tax assets)                                | 41                    | 168            | -               | -                       | -               | -            | -                           | 14,128                   | 14,337        |
| <b>Total</b>   | <b>367,773</b>        | <b>217,786</b> | <b>8,839</b>    | <b>87,312</b>           | <b>41,003</b>   | <b>2,985</b> | <b>47,075</b>               | <b>98,477</b>            | <b>32,322</b> |

|  | Credit Risk Exposures |                |                 |                         |                 |              | Other Exposures             |                          | Total         |
|--|-----------------------|----------------|-----------------|-------------------------|-----------------|--------------|-----------------------------|--------------------------|---------------|
|  | Drawn                 |                | Other Exposures |                         |                 |              | Market Risk Exposures       |                          |               |
|  | Non-retail            | Retail         | Securitization  | Repo-style Transactions | OTC Derivatives | Equity       | Also subject to Credit Risk | All Other <sup>(1)</sup> |               |
| As at July 31, 2015 (\$MM)   |                       |                |                 |                         |                 |              |                             |                          |               |
| Cash and deposits with financial institutions                        | 80,435                | -              | -               | -                       | -               | -            | -                           | 2,354                    | 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        | -                           | 1,176                    | 41,190        |
| Loans:   |                       |                |                 |                         |                 |              |                             |                          |               |
| Residential mortgages <sup>(2)</sup>                                 | 88,131                | 127,720        | -               | -                       | -               | -            | -                           | 149                      | 216,000       |
| Personal and credit cards  | -                     | 87,756         | 2,124           | -                       | -               | -            | -                           | 17                       | 89,897        |
| Business & government  | 142,348               | -              | 6,899           | -                       | -               | -            | -                           | 29                       | 149,276       |
| Allowances for credit losses <sup>(3)</sup>                          | (1,060)               | -              | -               | -                       | -               | -            | -                           | (3,065)                  | (4,125)       |
| Customers' liability under acceptances                               | 11,025                | -              | -               | -                       | -               | -            | -                           | -                        | 11,025        |
| Property and equipment   | -                     | -              | -               | -                       | -               | -            | -                           | 2,237                    | 2,237         |
| Investment in associates   | -                     | -              | -               | -                       | -               | -            | -                           | 4,082                    | 4,082         |
| Goodwill and other intangibles assets                                | -                     | -              | -               | -                       | -               | -            | -                           | 11,037                   | 11,037        |
| Other (including Deferred tax assets)                                | 143                   | 161            | -               | -                       | -               | -            | -                           | 13,105                   | 13,409        |
| <b>Total</b>   | <b>367,728</b>        | <b>215,637</b> | <b>9,023</b>    | <b>87,512</b>           | <b>47,207</b>   | <b>3,427</b> | <b>52,347</b>               | <b>101,409</b>           | <b>31,121</b> |

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

(2) Includes \$86.8 billion (Q3, 2015 - \$86.1 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 |               |               |               |               |               |               |               |                        |                        |
|--|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------------|------------------------|
|  | Q4 2015          | Q3 2015       | Q2 2015       | Q1 2015       | Q4 2014       | Q3 2014       | Q2 2014       | Q1 2014       | Q4 2013 <sup>(2)</sup> | Q3 2013 <sup>(2)</sup> |
| <b>(\$MM)</b>  |                  |               |               |               |               |               |               |               |                        |                        |
| <b>Common Equity Tier 1 (CET1) capital</b>   |                  |               |               |               |               |               |               |               |                        |                        |
| <b>Opening amount</b>  | <b>36,077</b>    | 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                              | 1,783            | 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                                       | (870)            | (851)         | (853)         | (832)         | (833)         | (813)         | (821)         | (798)         | (800)                  | (773)                  |
| Shares issued  | 22               | 33            | 16            | 26            | 90            | 152           | 110           | 375           | 328                    | 284                    |
| Shared repurchased/redeemed  | (311)            | (170)         | (29)          | (445)         | (176)         | (144)         | -             | -             | -                      | -                      |
| Removal of own credit spread (net of tax)  | (26)             | (59)          | 37            | (110)         | -             | 2             | 20            | (21)          | (8)                    | (6)                    |
| Movements in other comprehensive income, excluding cash flow hedges <sup>(3)</sup> | (330)            | 1,376         | (1,180)       | 1,586         | 211           | (246)         | (434)         | 979           | 435                    | 326                    |
| Currency translation differences   | (276)            | 1,400         | (1,450)       | 2,259         | 309           | (101)         | (385)         | 1,055         | 297                    | (198)                  |
| Available-for-sale investments   | (306)            | (87)          | (33)          | (43)          | (85)          | 14            | 6             | 18            | 66                     | (102)                  |
| Employee Benefits <sup>(1)</sup>   | 246              | 80            | 303           | (643)         | (46)          | (168)         | (50)          | (59)          | 72                     | 626                    |
| Other  | 6                | (17)          | -             | 13            | 33            | 9             | (5)           | (35)          | -                      | -                      |
| Goodwill and other intangible assets (deduction, net of related tax liability)     | (27)             | (462)         | 157           | (208)         | (378)         | (172)         | (59)          | (97)          | (97)                   | (125)                  |
| Other, including regulatory adjustments and transitional arrangements              | 647              | (335)         | 456           | (1,049)       | (215)         | 3,279         | 254           | 47            | (313)                  | (234)                  |
| Deferred tax assets that rely on future probability                                | 45               | 18            | 13            | 5             | (2)           | 68            | 42            | 24            | (4)                    | (5)                    |
| Other, IFRS Impact <sup>(3)</sup>  | -                | -             | -             | -             | -             | -             | -             | (83)          | -                      | -                      |
| Threshold deductions <sup>(1)</sup>  | 552              | (288)         | 421           | (1,044)       | (113)         | 3,196         | 209           | 33            | (182)                  | 154                    |
| Other  | 50               | (65)          | 22            | (10)          | (100)         | 15            | 3             | 73            | (127)                  | (383)                  |
| <b>Closing Amount</b>  | <b>36,965</b>    | <b>36,077</b> | <b>34,750</b> | <b>34,389</b> | <b>33,742</b> | <b>33,670</b> | <b>29,311</b> | <b>28,499</b> | <b>26,359</b>          | <b>25,188</b>          |
| <b>Other Additional Tier 1 capital</b>   |                  |               |               |               |               |               |               |               |                        |                        |
| <b>Opening amount</b>  | <b>4,397</b>     | 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      | 4                | 70            | (1)           | (3)           | (21)          | (3)           | 12            | (62)          | 2                      | 655                    |
| <b>Closing Amount</b>  | <b>4,401</b>     | 4,397         | 4,327         | 4,328         | 4,331         | 4,352         | 4,655         | 5,243         | 5,555                  | 5,853                  |
| <b>Total Tier 1 capital</b>  | <b>41,366</b>    | <b>40,474</b> | <b>39,077</b> | <b>38,717</b> | <b>38,073</b> | <b>38,022</b> | <b>33,966</b> | <b>33,742</b> | <b>31,914</b>          | <b>31,041</b>          |
| <b>Tier 2 capital</b>  |                  |               |               |               |               |               |               |               |                        |                        |
| <b>Opening amount</b>  | <b>6,837</b>     | 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               | 27               | 51            | (101)         | 118           | (3)           | (516)         | (32)          | 143           | (30)                   | (336)                  |
| <b>Closing Amount</b>  | <b>6,864</b>     | 6,837         | 6,786         | 5,637         | 5,519         | 5,522         | 6,038         | 7,070         | 6,927                  | 7,907                  |
| <b>Total regulatory capital</b>  | <b>48,230</b>    | <b>47,311</b> | <b>45,863</b> | <b>44,354</b> | <b>43,592</b> | <b>43,544</b> | <b>40,004</b> | <b>40,811</b> | <b>38,841</b>          | <b>38,948</b>          |

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

(2) Prior period amounts have not been restated for the new IFRS standards as they represent the actual amounts in that period for regulatory purposes. Additional Periods are shown on page 8.

(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:

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

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

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

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

(4) Under Basel II, other capital deductions was comprised of 50% of all investments in certain specified corporations (includes insurance subsidiaries effective November 1, 2011), 100% of investments in insurance subsidiaries prior to November 1, 2011 and other items.

(5) Q1 2012 excludes reclassification of \$4.5 billion from AOCI to Retained Earnings as a result of the adoption of IFRS, which is included in Other.

(6) Includes changes to eligible allowances for credit losses, regulatory capital deductions relating to goodwill, non-qualifying intangibles, investments in associated corporations and insurance entities. Effective Q1 2012, also includes the impact to retained earnings and AOCI Foreign Currency Translation from the adoption of IFRS. For Q1 2013, includes transition amount for conversion from Basel II to Basel III.

# RISK-WEIGHTED ASSETS AND CAPITAL RATIOS



| (\$B)   | Basel III - All-in IFRS |              |              |              |              |              |              |              |              |              |              |              |
|---|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | Q4 2015                 | Q3 2015      | Q2 2015      | Q1 2015      | Q4 2014      | Q3 2014      | Q2 2014      | Q1 2014      | Q4 2013      | Q3 2013      | Q2 2013      | Q1 2013      |
| <b>RISK-WEIGHTED ASSETS:<sup>(1)(2)</sup></b>       |                         |              |              |              |              |              |              |              |              |              |              |              |
| <b>On-Balance Sheet Assets</b>                      |                         |              |              |              |              |              |              |              |              |              |              |              |
| Cash Resources                                      | 3.3                     | 3.3          | 3.0          | 3.2          | 2.2          | 2.2          | 2.7          | 2.5          | 2.9          | 3.1          | 3.0          | 2.6          |
| Securities <sup>(3)</sup>                           | 9.5                     | 10.3         | 11.4         | 12.4         | 12.8         | 13.4         | 13.8         | 16.4         | 15.4         | 15.9         | 16.3         | 17.5         |
| Residential Mortgages                               | 25.0                    | 24.9         | 22.2         | 21.9         | 19.8         | 19.4         | 19.5         | 19.1         | 19.0         | 18.5         | 18.1         | 17.6         |
| Loans   |                         |              |              |              |              |              |              |              |              |              |              |              |
| - Personal Loans                                    | 46.2                    | 45.2         | 43.4         | 43.9         | 42.7         | 39.6         | 37.8         | 37.1         | 36.3         | 34.3         | 33.4         | 32.5         |
| - Non-Personal Loans                                | 117.4                   | 111.7        | 104.8        | 106.9        | 95.6         | 95.7         | 95.9         | 93.2         | 88.2         | 87.6         | 87.1         | 88.0         |
| All Other <sup>(4)</sup>                            | 28.9                    | 28.7         | 26.6         | 27.2         | 25.9         | 26.3         | 24.3         | 25.8         | 24.9         | 23.9         | 22.9         | 23.8         |
|   | <b>230.3</b>            | <b>224.1</b> | <b>211.4</b> | <b>215.5</b> | <b>199.0</b> | <b>196.6</b> | <b>194.0</b> | <b>194.1</b> | <b>186.7</b> | <b>183.3</b> | <b>180.8</b> | <b>182.0</b> |
| <b>Off-Balance Sheet Assets</b>                     |                         |              |              |              |              |              |              |              |              |              |              |              |
| Indirect Credit Instruments                         | 49.2                    | 46.8         | 43.2         | 43.4         | 39.5         | 39.3         | 35.6         | 37.6         | 38.3         | 37.3         | 35.7         | 34.8         |
| Derivative Instruments                              | 17.9                    | 18.2         | 16.8         | 19.7         | 14.6         | 13.5         | 13.3         | 13.0         | 7.6          | 7.6          | 7.6          | 8.0          |
|   | <b>67.1</b>             | <b>65.0</b>  | <b>60.0</b>  | <b>63.1</b>  | <b>54.1</b>  | <b>52.8</b>  | <b>48.9</b>  | <b>50.6</b>  | <b>45.9</b>  | <b>44.9</b>  | <b>43.3</b>  | <b>42.8</b>  |
| <b>Total Credit Risk before AIRB scaling factor</b> | <b>297.4</b>            | <b>289.1</b> | <b>271.4</b> | <b>278.6</b> | <b>253.1</b> | <b>249.4</b> | <b>242.9</b> | <b>244.7</b> | <b>232.6</b> | <b>228.2</b> | <b>224.1</b> | <b>224.8</b> |
| AIRB Scaling factor <sup>(5)</sup>                  | 10.6                    | 10.2         | 9.6          | 9.8          | 8.8          | 8.8          | 8.5          | 8.5          | 8.3          | 8.1          | 8.3          | 8.2          |
| <b>Total Credit Risk after AIRB scaling factor</b>  | <b>308.0</b>            | <b>299.3</b> | <b>281.0</b> | <b>288.4</b> | <b>261.9</b> | <b>258.2</b> | <b>251.4</b> | <b>253.2</b> | <b>240.9</b> | <b>236.3</b> | <b>232.4</b> | <b>233.0</b> |
| Market Risk - Risk Assets Equivalent                | 14.4                    | 13.5         | 13.5         | 13.1         | 17.3         | 16.7         | 16.4         | 16.7         | 15.4         | 14.5         | 17.4         | 16.5         |
| Operational Risk - Risk Assets Equivalent           | 35.6                    | 35.2         | 34.2         | 33.7         | 33.3         | 32.9         | 32.4         | 32.2         | 31.9         | 31.5         | 30.9         | 30.6         |
| <b>CET1 Risk-weighted Assets<sup>(6)</sup></b>      | <b>358.0</b>            | <b>348.0</b> | <b>328.7</b> | <b>335.2</b> | <b>312.5</b> | <b>307.8</b> | <b>300.2</b> | <b>302.1</b> | <b>288.2</b> | <b>282.3</b> | <b>280.7</b> | <b>280.1</b> |
| <b>Tier 1 Risk-weighted Assets<sup>(6)</sup></b>    | <b>358.8</b>            | <b>348.8</b> | <b>329.4</b> | <b>336.1</b> | <b>313.3</b> | <b>308.5</b> | <b>300.2</b> | <b>302.1</b> | <b>288.2</b> | <b>282.3</b> | <b>280.7</b> | <b>280.1</b> |
| <b>Total Risk-weighted Assets<sup>(6)</sup></b>     | <b>359.5</b>            | <b>349.5</b> | <b>330.1</b> | <b>336.9</b> | <b>314.4</b> | <b>309.6</b> | <b>300.2</b> | <b>302.1</b> | <b>288.2</b> | <b>282.3</b> | <b>280.7</b> | <b>280.1</b> |
| <b>REGULATORY CAPITAL RATIOS (%):</b>               |                         |              |              |              |              |              |              |              |              |              |              |              |
| Common Equity Tier 1                                | 10.3                    | 10.4         | 10.6         | 10.3         | 10.8         | 10.9         | 9.8          | 9.4          | 9.1          | 8.9          | 8.6          | 8.2          |
| Tier 1  | 11.5                    | 11.6         | 11.9         | 11.5         | 12.2         | 12.3         | 11.3         | 11.2         | 11.1         | 11.0         | 10.7         | 10.3         |
| Total   | 13.4                    | 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)<br>(\$MM)               | Q4 2015                    |                                   | Q3 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    | 299,315                    | 23,617                            | 281,007                    | 20,692                            |
| Book size <sup>(2)</sup>                                       | 6,593                      | (961)                             | 5,742                      | 1,273                             |
| Book quality <sup>(3)</sup>                                    | 3,413                      | 288                               | 952                        | 74                                |
| Model updates <sup>(4)</sup>                                   | (82)                       | -                                 | (405)                      | -                                 |
| Methodology and policy <sup>(5)</sup>                          | -                          | -                                 | -                          | -                                 |
| Acquisitions and disposals                                     | -                          | -                                 | 1,340                      | -                                 |
| Foreign exchange movements                                     | (1,204)                    | (4)                               | 10,679                     | 1,578                             |
| Other  | -                          | -                                 | -                          | -                                 |
| <b>CET1 Credit risk-weighted assets as at end of Quarter</b>   | <b>308,035</b>             | <b>22,940</b>                     | <b>299,315</b>             | <b>23,617</b>                     |
| Tier 1 CVA scalar  | 785                        | 785                               | 796                        | 796                               |
| <b>Tier 1 Credit risk-weighted assets as at end of Quarter</b> | <b>308,820</b>             | <b>23,725</b>                     | <b>300,111</b>             | <b>24,413</b>                     |
| Total CVA scalar   | 673                        | 673                               | 683                        | 683                               |
| <b>Total Credit risk-weighted assets as at end of Quarter</b>  | <b>309,493</b>             | <b>24,398</b>                     | <b>300,794</b>             | <b>25,096</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<br>(\$MM)                               | Q4 2015       | Q3 2015       |
|---|---------------|---------------|
| Market risk-weighted assets as at beginning of Quarter  | 13,547        | 13,513        |
| Movement in risk levels <sup>(1)</sup>                  | 803           | 245           |
| Model updates <sup>(2)</sup>                            | -             | (211)         |
| Methodology and policy <sup>(3)</sup>                   | -             | -             |
| Acquisitions and disposals                              | -             | -             |
| Other   | -             | -             |
| <b>Market risk-weighted assets as at end of Quarter</b> | <b>14,350</b> | <b>13,547</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<br>(\$MM)                               | Q4 2015       | Q3 2015       |
|--|---------------|---------------|
| Operational risk-weighted assets as at beginning of Quarter  | 35,177        | 34,167        |
| Acquisitions and disposals                                   | -             | 460           |
| Higher Revenue   | 433           | 550           |
| <b>Operational risk-weighted assets as at end of Quarter</b> | <b>35,610</b> | <b>35,177</b> |



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


|  | Q4 2015          |                       |                          |       |          |
|--|------------------|-----------------------|--------------------------|-------|----------|
|  | Canadian Banking | International Banking | Global Banking & Markets | Other | All Bank |
| <b>CET1 Risk-weighted Assets (RWA)</b> |                  |                       |                          |       |          |
| CET1 RWA (\$B)                         | \$109.3          | \$119.9               | \$120.8                  | \$8.0 | \$358.0  |
| Proportion of Bank                     | 31%              | 33%                   | 34%                      | 2%    | 100%     |
| Comprised of:                          |                  |                       |                          |       |          |
| Credit risk                            | 86%              | 88%                   | 83%                      | 100%  | 86%      |
| Market risk                            | - %              | 1%                    | 11%                      | - %   | 4%       |
| Operational risk                       | 14%              | 11%                   | 6%                       | - %   | 10%      |

|  | Q3 2015 <sup>(1)</sup> |                       |                          |       |          |
|--|------------------------|-----------------------|--------------------------|-------|----------|
|  | Canadian Banking       | International Banking | Global Banking & Markets | Other | All Bank |
| <b>CET1 Risk-weighted Assets (RWA)</b> |                        |                       |                          |       |          |
| CET1 RWA (\$B)                         | \$107.0                | \$115.9               | \$115.2                  | \$9.9 | \$348.0  |
| Proportion of Bank                     | 31%                    | 33%                   | 33%                      | 3%    | 100%     |
| Comprised of:                          |                        |                       |                          |       |          |
| Credit risk                            | 85%                    | 87%                   | 84%                      | 100%  | 86%      |
| Market risk                            | - %                    | 2%                    | 10%                      | - %   | 4%       |
| Operational risk                       | 15%                    | 11%                   | 6%                       | - %   | 10%      |

(1) Reclassifications made for presentation purposes.

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


| (\$MM)   |                      | Basel III - IFRS   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  |                      | Q4 2015            |                    |                    |                    | Q3 2015            |                    | Q2 2015            |                    | Q1 2015            |                    |                    |                    |
|  |                      | 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                | 110,558            | 67,579             | 46,956             | 45,257             | 157,514            | 112,836            | 151,360            | 106,697            | 146,075            | 100,609            | 145,012            | 101,339            |
|  | Undrawn              | 53,939             | 24,130             | 4,976              | 4,905              | 58,915             | 29,035             | 56,306             | 27,606             | 51,361             | 24,589             | 53,974             | 24,963             |
|  | Other <sup>(4)</sup> | 37,531             | 12,605             | 2,894              | 2,871              | 40,425             | 15,476             | 43,981             | 16,093             | 37,643             | 14,254             | 35,068             | 12,327             |
|  | <b>Total</b>         | <b>202,028</b>     | <b>104,314</b>     | <b>54,826</b>      | <b>53,033</b>      | <b>256,854</b>     | <b>157,347</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>     |
| Bank <sup>(3)</sup>  | Drawn                | 24,298             | 6,362              | 2,867              | 1,982              | 27,165             | 8,344              | 27,400             | 7,109              | 25,700             | 6,679              | 32,358             | 8,435              |
|  | Undrawn              | 11,330             | 3,689              | 56                 | 37                 | 11,386             | 3,726              | 11,741             | 3,793              | 11,406             | 3,672              | 12,222             | 3,914              |
|  | Other <sup>(4)</sup> | 14,748             | 3,136              | 158                | 117                | 14,906             | 3,253              | 12,351             | 2,188              | 10,190             | 1,830              | 9,535              | 1,753              |
|  | <b>Total</b>         | <b>50,376</b>      | <b>13,187</b>      | <b>3,081</b>       | <b>2,136</b>       | <b>53,457</b>      | <b>15,323</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>      |
| Sovereign  | Drawn                | 90,759             | 3,398              | 5,504              | 805                | 96,263             | 4,203              | 102,869            | 5,471              | 80,325             | 5,527              | 82,035             | 5,544              |
|  | Undrawn              | 2,129              | 354                | 4                  | 1                  | 2,133              | 355                | 1,802              | 168                | 1,543              | 161                | 1,465              | 139                |
|  | Other <sup>(4)</sup> | 1,016              | 36                 | -                  | -                  | 1,016              | 36                 | 694                | 46                 | 544                | 15                 | 1,137              | 63                 |
|  | <b>Total</b>         | <b>93,904</b>      | <b>3,788</b>       | <b>5,508</b>       | <b>806</b>         | <b>99,412</b>      | <b>4,594</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>Total Non-Retail</b>  | Drawn                | <b>225,615</b>     | <b>77,339</b>      | <b>55,327</b>      | <b>48,044</b>      | <b>280,942</b>     | <b>125,383</b>     | <b>281,629</b>     | <b>119,277</b>     | <b>252,100</b>     | <b>112,815</b>     | <b>259,405</b>     | <b>115,318</b>     |
|  | Undrawn              | <b>67,398</b>      | <b>28,173</b>      | <b>5,036</b>       | <b>4,943</b>       | <b>72,434</b>      | <b>33,116</b>      | <b>69,849</b>      | <b>31,567</b>      | <b>64,310</b>      | <b>28,422</b>      | <b>67,661</b>      | <b>29,016</b>      |
|  | Other <sup>(4)</sup> | <b>53,295</b>      | <b>15,777</b>      | <b>3,052</b>       | <b>2,988</b>       | <b>56,347</b>      | <b>18,765</b>      | <b>57,026</b>      | <b>18,327</b>      | <b>48,377</b>      | <b>16,099</b>      | <b>45,740</b>      | <b>14,143</b>      |
|  | <b>Total</b>         | <b>346,308</b>     | <b>121,289</b>     | <b>63,415</b>      | <b>55,975</b>      | <b>409,723</b>     | <b>177,264</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>Retail</b>  |                      |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Residential Mortgages  | Drawn                | 187,656            | 11,509             | 27,934             | 13,458             | 215,590            | 24,967             | 214,183            | 24,854             | 211,805            | 22,196             | 213,185            | 21,893             |
|  | Undrawn              | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
|  | <b>Total</b>         | <b>187,656</b>     | <b>11,509</b>      | <b>27,934</b>      | <b>13,458</b>      | <b>215,590</b>     | <b>24,967</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>      |
| Secured Lines Of Credit  | Drawn                | 18,804             | 4,197              | -                  | -                  | 18,804             | 4,197              | 18,992             | 4,207              | 19,047             | 4,293              | 18,952             | 4,435              |
|  | Undrawn              | 12,631             | 1,133              | -                  | -                  | 12,631             | 1,133              | 12,553             | 1,181              | 12,354             | 1,158              | 12,312             | 1,243              |
|  | <b>Total</b>         | <b>31,435</b>      | <b>5,330</b>       | <b>-</b>           | <b>-</b>           | <b>31,435</b>      | <b>5,330</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>       |
| Qualifying Revolving Retail Exposures (QRRE)                     | Drawn                | 16,910             | 10,031             | -                  | -                  | 16,910             | 10,031             | 16,602             | 9,662              | 16,426             | 9,556              | 16,257             | 9,564              |
|  | Undrawn              | 17,705             | 2,241              | -                  | -                  | 17,705             | 2,241              | 17,123             | 2,135              | 16,734             | 2,058              | 16,716             | 2,151              |
|  | <b>Total</b>         | <b>34,615</b>      | <b>12,272</b>      | <b>-</b>           | <b>-</b>           | <b>34,615</b>      | <b>12,272</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>      |
| Other Retail   | Drawn                | 26,847             | 12,701             | 26,466             | 19,301             | 53,313             | 32,002             | 51,959             | 31,308             | 48,315             | 29,555             | 48,656             | 29,929             |
|  | Undrawn              | 712                | 178                | -                  | -                  | 712                | 178                | 677                | 164                | 660                | 156                | 667                | 165                |
|  | <b>Total</b>         | <b>27,559</b>      | <b>12,879</b>      | <b>26,466</b>      | <b>19,301</b>      | <b>54,025</b>      | <b>32,180</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>Total Retail</b>  | Drawn                | <b>250,217</b>     | <b>38,438</b>      | <b>54,400</b>      | <b>32,759</b>      | <b>304,617</b>     | <b>71,197</b>      | <b>301,736</b>     | <b>70,031</b>      | <b>295,593</b>     | <b>65,600</b>      | <b>297,050</b>     | <b>65,821</b>      |
|  | Undrawn              | <b>31,048</b>      | <b>3,552</b>       | <b>-</b>           | <b>-</b>           | <b>31,048</b>      | <b>3,552</b>       | <b>30,353</b>      | <b>3,480</b>       | <b>29,748</b>      | <b>3,372</b>       | <b>29,695</b>      | <b>3,559</b>       |
|  | <b>Total</b>         | <b>281,265</b>     | <b>41,990</b>      | <b>54,400</b>      | <b>32,759</b>      | <b>335,665</b>     | <b>74,749</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>      |
| Securitizations  |                      | 20,956             | 2,713              | 44                 | 46                 | 21,000             | 2,759              | 20,926             | 3,705              | 20,083             | 3,711              | 21,166             | 4,086              |
| Trading Derivatives <sup>(3)</sup>                               |                      | 28,234             | 8,232              | -                  | -                  | 28,234             | 8,232              | 30,013             | 8,485              | 28,854             | 7,971              | 36,673             | 10,178             |
| Derivatives - credit valuation adjustment <sup>(5)</sup>         |                      | -                  | -                  | -                  | 7,183              | -                  | 7,183              | -                  | 7,282              | -                  | 6,732              | -                  | 8,154              |
| <b>Total Credit Risk (Excluding Equities &amp; Other Assets)</b> |                      | <b>676,763</b>     | <b>174,224</b>     | <b>117,859</b>     | <b>95,963</b>      | <b>794,622</b>     | <b>270,187</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>     |
| Equities   |                      | 2,985              | 2,985              | -                  | -                  | 2,985              | 2,985              | 3,427              | 3,427              | 3,636              | 3,636              | 4,132              | 4,132              |
| Other Assets <sup>(6)</sup>                                      |                      | -                  | -                  | 50,873             | 24,265             | 50,873             | 24,265             | 52,878             | 23,551             | 54,146             | 23,056             | 59,475             | 24,208             |
| <b>Total Credit Risk (Before Scaling Factor)</b>                 |                      | <b>679,748</b>     | <b>177,209</b>     | <b>168,732</b>     | <b>120,228</b>     | <b>848,480</b>     | <b>297,437</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>     |
| Add-on for 6% Scaling Factor <sup>(7)</sup>                      |                      |                    | 10,597             |                    |                    | 10,597             |                    | 10,183             |                    | 9,593              |                    | 9,801              |                    |
| <b>Total Credit Risk</b>   |                      | <b>679,748</b>     | <b>187,806</b>     | <b>168,732</b>     | <b>120,228</b>     | <b>848,480</b>     | <b>308,034</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>     |

(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 2014, Credit Valuation Adjustment RWA on derivatives was phased-in using scalars. In 2015, CVA risk-weighted assets were calculated using the scalars of 0.64, 0.71 and 0.77 to compute CET1 capital ratio, Tier 1 capital ratio and Total capital ratio 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    |                    |
|--|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  |                       | Q4 2014            |                    | Q3 2014            |                    | Q2 2014            |                    | Q1 2014            |                    | Q4 2013            |                    | Q3 2013            |                    | Q2 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> |
| <b>Non-Retail</b>  |                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Corporate <sup>(3)</sup>                                     | Drawn                 | 130,621            | 90,240             | 128,408            | 90,365             | 128,608            | 90,079             | 121,562            | 86,649             | 116,209            | 82,203             | 114,567            | 82,109             | 115,934            | 81,854             |
|  | Undrawn               | 47,082             | 22,314             | 44,855             | 21,274             | 41,619             | 19,554             | 42,968             | 20,444             | 45,758             | 21,547             | 45,477             | 21,329             | 42,956             | 20,029             |
|  | Other <sup>(4)</sup>  | 31,678             | 11,496             | 31,704             | 11,246             | 26,552             | 10,126             | 30,930             | 11,540             | 24,902             | 9,520              | 22,156             | 8,532              | 21,444             | 8,604              |
|  | <b>Total</b>          | <b>209,381</b>     | <b>124,050</b>     | <b>204,967</b>     | <b>122,885</b>     | <b>196,779</b>     | <b>119,759</b>     | <b>195,460</b>     | <b>118,633</b>     | <b>186,869</b>     | <b>113,270</b>     | <b>182,200</b>     | <b>111,970</b>     | <b>180,334</b>     | <b>110,487</b>     |
| Bank <sup>(3)</sup>  | Drawn                 | 25,883             | 7,500              | 26,237             | 7,882              | 29,067             | 9,053              | 34,833             | 9,949              | 28,186             | 9,509              | 33,053             | 9,280              | 36,340             | 9,875              |
|  | Undrawn               | 10,954             | 3,356              | 11,552             | 3,559              | 10,620             | 3,279              | 11,879             | 3,507              | 12,463             | 3,968              | 12,374             | 4,114              | 11,930             | 3,810              |
|  | Other <sup>(4)</sup>  | 8,195              | 1,486              | 7,929              | 1,394              | 8,228              | 1,370              | 7,904              | 1,304              | 11,361             | 2,071              | 12,772             | 1,779              | 11,955             | 1,723              |
|  | <b>Total</b>          | <b>45,032</b>      | <b>12,342</b>      | <b>45,718</b>      | <b>12,835</b>      | <b>47,915</b>      | <b>13,702</b>      | <b>54,616</b>      | <b>14,760</b>      | <b>52,010</b>      | <b>15,548</b>      | <b>58,199</b>      | <b>15,173</b>      | <b>60,225</b>      | <b>15,408</b>      |
| Sovereign  | Drawn                 | 76,107             | 4,858              | 68,768             | 4,664              | 77,072             | 4,717              | 71,279             | 5,145              | 69,594             | 5,013              | 63,915             | 5,074              | 63,065             | 4,117              |
|  | Undrawn               | 1,352              | 140                | 1,353              | 177                | 1,359              | 189                | 1,440              | 263                | 1,568              | 234                | 1,276              | 247                | 1,539              | 306                |
|  | Other <sup>(4)</sup>  | 805                | 33                 | 775                | 26                 | 856                | 31                 | 1,191              | 28                 | 4,837              | 84                 | 2,549              | 5                  | 2,278              | 5                  |
|  | <b>Total</b>          | <b>78,264</b>      | <b>5,031</b>       | <b>70,896</b>      | <b>4,867</b>       | <b>79,287</b>      | <b>4,937</b>       | <b>73,910</b>      | <b>5,436</b>       | <b>75,999</b>      | <b>5,331</b>       | <b>67,740</b>      | <b>5,326</b>       | <b>66,882</b>      | <b>4,428</b>       |
| <b>Total Non-retail</b>                                      | Drawn                 | 232,611            | 102,598            | 223,413            | 102,911            | 234,747            | 103,849            | 227,674            | 101,743            | 213,989            | 96,725             | 211,535            | 96,463             | 215,339            | 95,846             |
|  | Undrawn               | 59,388             | 25,810             | 57,760             | 25,010             | 53,598             | 23,022             | 56,287             | 24,214             | 59,789             | 25,749             | 59,127             | 25,690             | 56,425             | 24,145             |
|  | Other <sup>(4)</sup>  | 40,678             | 13,015             | 40,408             | 12,666             | 35,636             | 11,527             | 40,025             | 12,872             | 41,100             | 11,675             | 37,477             | 10,316             | 35,677             | 10,332             |
|  | <b>Total</b>          | <b>332,677</b>     | <b>141,423</b>     | <b>321,581</b>     | <b>140,587</b>     | <b>323,981</b>     | <b>138,398</b>     | <b>323,986</b>     | <b>138,829</b>     | <b>314,878</b>     | <b>134,149</b>     | <b>308,139</b>     | <b>132,469</b>     | <b>307,441</b>     | <b>130,323</b>     |
| <b>Retail</b>  |                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Residential Mortgages  | Drawn                 | 211,341            | 19,766             | 210,743            | 19,360             | 210,451            | 19,466             | 210,691            | 19,085             | 209,581            | 18,956             | 208,604            | 18,464             | 207,641            | 18,139             |
|  | Undrawn               | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
|  | <b>Total</b>          | <b>211,341</b>     | <b>19,766</b>      | <b>210,743</b>     | <b>19,360</b>      | <b>210,451</b>     | <b>19,466</b>      | <b>210,691</b>     | <b>19,085</b>      | <b>209,581</b>     | <b>18,956</b>      | <b>208,604</b>     | <b>18,464</b>      | <b>207,641</b>     | <b>18,139</b>      |
| Secured Lines Of Credit                                      | Drawn                 | 19,115             | 4,487              | 18,590             | 4,409              | 18,459             | 4,509              | 18,220             | 4,552              | 18,241             | 4,802              | 18,346             | 4,512              | 18,475             | 4,540              |
|  | Undrawn               | 12,209             | 1,282              | 17,724             | 1,857              | 13,265             | 1,394              | 13,052             | 1,370              | 12,856             | 1,419              | 12,625             | 1,302              | 12,347             | 1,280              |
|  | <b>Total</b>          | <b>31,324</b>      | <b>5,769</b>       | <b>36,314</b>      | <b>6,266</b>       | <b>31,724</b>      | <b>5,903</b>       | <b>31,272</b>      | <b>5,922</b>       | <b>31,097</b>      | <b>6,221</b>       | <b>30,971</b>      | <b>5,814</b>       | <b>30,822</b>      | <b>5,820</b>       |
| Qualifying Revolving   | Drawn                 | 16,011             | 9,356              | 15,953             | 7,622              | 15,653             | 7,153              | 15,412             | 7,171              | 15,174             | 7,105              | 14,944             | 6,691              | 14,711             | 6,553              |
|  | Undrawn               | 16,196             | 2,105              | 18,311             | 2,360              | 13,638             | 1,674              | 13,400             | 1,678              | 12,900             | 1,672              | 12,500             | 1,473              | 12,159             | 1,426              |
|  | <b>Total</b>          | <b>32,207</b>      | <b>11,461</b>      | <b>34,264</b>      | <b>9,982</b>       | <b>29,291</b>      | <b>8,827</b>       | <b>28,812</b>      | <b>8,849</b>       | <b>28,074</b>      | <b>8,777</b>       | <b>27,444</b>      | <b>8,164</b>       | <b>26,870</b>      | <b>7,979</b>       |
| Other Retail   | Drawn                 | 47,080             | 28,848             | 45,380             | 27,624             | 42,989             | 26,216             | 41,754             | 25,405             | 40,499             | 24,412             | 38,184             | 23,088             | 36,497             | 22,326             |
|  | Undrawn               | 659                | 161                | 999                | 126                | 736                | 91                 | 733                | 91                 | 735                | 90                 | 720                | 87                 | 708                | 86                 |
|  | <b>Total</b>          | <b>47,739</b>      | <b>29,009</b>      | <b>46,379</b>      | <b>27,750</b>      | <b>43,725</b>      | <b>26,307</b>      | <b>42,487</b>      | <b>25,496</b>      | <b>41,234</b>      | <b>24,502</b>      | <b>38,904</b>      | <b>23,175</b>      | <b>37,205</b>      | <b>22,412</b>      |
| <b>Total Retail</b>  | Drawn                 | 293,547            | 62,457             | 290,666            | 59,015             | 287,552            | 57,344             | 286,077            | 56,213             | 283,495            | 55,275             | 280,078            | 52,755             | 277,324            | 51,558             |
|  | Undrawn               | 29,064             | 3,548              | 37,034             | 4,343              | 27,639             | 3,159              | 27,185             | 3,139              | 26,491             | 3,181              | 25,845             | 2,862              | 25,214             | 2,792              |
|  | <b>Total</b>          | <b>322,611</b>     | <b>66,005</b>      | <b>327,700</b>     | <b>63,358</b>      | <b>315,191</b>     | <b>60,503</b>      | <b>313,262</b>     | <b>59,352</b>      | <b>309,986</b>     | <b>58,456</b>      | <b>305,923</b>     | <b>55,617</b>      | <b>302,538</b>     | <b>54,350</b>      |
| Securitized  |                       | 19,982             | 4,621              | 18,163             | 4,947              | 19,406             | 5,527              | 19,900             | 7,273              | 17,975             | 7,049              | 18,145             | 7,606              | 18,183             | 7,857              |
| Trading Derivatives <sup>(3)</sup>                           |                       | 25,249             | 8,041              | 22,886             | 7,559              | 22,139             | 7,454              | 23,638             | 7,284              | 20,623             | 6,977              | 21,848             | 7,309              | 22,211             | 7,189              |
| Derivatives - credit valuation adjustment <sup>(5)</sup>     |                       | -                  | 5,632              | -                  | 5,039              | -                  | 4,793              | -                  | 5,003              | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Total Credit risk (excl. Equities &amp; Other Assets)</b> |                       | <b>700,519</b>     | <b>225,722</b>     | <b>690,330</b>     | <b>221,490</b>     | <b>680,717</b>     | <b>216,675</b>     | <b>680,786</b>     | <b>217,741</b>     | <b>663,462</b>     | <b>206,631</b>     | <b>654,055</b>     | <b>203,001</b>     | <b>650,373</b>     | <b>199,719</b>     |
| <b>Equities<sup>(6)</sup></b>                                |                       | <b>4,269</b>       | <b>4,269</b>       | <b>4,451</b>       | <b>4,451</b>       | <b>4,002</b>       | <b>4,002</b>       | <b>4,019</b>       | <b>4,019</b>       | <b>3,728</b>       | <b>3,728</b>       | <b>3,629</b>       | <b>3,629</b>       | <b>3,678.00</b>    | <b>3,678.00</b>    |
|  | Grandfathered         | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
|  | Simple Method         | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
|  | PD/LGD Approach       | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
|  | Other                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | 0                  | 0                  |
|  | <b>Total Equities</b> | <b>4,269</b>       | <b>4,269</b>       | <b>4,451</b>       | <b>4,451</b>       | <b>4,002</b>       | <b>4,002</b>       | <b>4,019</b>       | <b>4,019</b>       | <b>3,728</b>       | <b>3,728</b>       | <b>3,629</b>       | <b>3,629</b>       | <b>3,678</b>       | <b>3,678</b>       |
| <b>Other Assets<sup>(7)</sup></b>                            |                       | <b>52,288</b>      | <b>23,065</b>      | <b>52,377</b>      | <b>23,550</b>      | <b>52,771</b>      | <b>22,224</b>      | <b>57,028</b>      | <b>22,930</b>      | <b>55,910</b>      | <b>22,250</b>      | <b>53,664</b>      | <b>21,594</b>      | <b>51,101</b>      | <b>20,800</b>      |
|  |                       | <b>757,076</b>     | <b>253,056</b>     | <b>747,158</b>     | <b>249,491</b>     | <b>737,490</b>     | <b>242,901</b>     | <b>741,833</b>     | <b>244,690</b>     | <b>723,100</b>     | <b>232,609</b>     | <b>711,348</b>     | <b>228,224</b>     | <b>705,152</b>     | <b>224,197</b>     |
| Add-on for 6% scaling factor <sup>(8)</sup>                  |                       |                    | 8,831              |                    | 8,672              |                    | 8,491              |                    | 8,506              |                    | 8,331              |                    | 8,119              |                    | 8,262              |
| <b>Total Credit Risk</b>                                     |                       | <b>757,076</b>     | <b>261,887</b>     | <b>747,158</b>     | <b>258,163</b>     | <b>737,490</b>     | <b>251,392</b>     | <b>741,833</b>     | <b>253,196</b>     | <b>723,100</b>     | <b>240,940</b>     | <b>711,348</b>     | <b>236,343</b>     | <b>705,152</b>     | <b>232,459</b>     |

(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%. 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.

(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%).



## Exposure at Default

| (\$MM)                | Basel III - IFRS |                      |                |                |                |                |                      |                |                |                |
|-----------------------|------------------|----------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|                       | Q4 2015          |                      |                |                |                | Q3 2015        |                      |                |                |                |
|                       | Non-Retail       |                      |                | Retail         | Total          | Non-Retail     |                      |                | Retail         | Total          |
| Drawn                 | Undrawn          | Other <sup>(3)</sup> | Drawn          |                |                | Undrawn        | Other <sup>(3)</sup> |                |                |                |
| Canada                | 73,408           | 30,861               | 40,766         | 290,918        | 435,953        | 71,759         | 29,734               | 45,135         | 287,707        | 434,335        |
| USA                   | 89,288           | 25,930               | 38,067         | -              | 153,285        | 94,099         | 24,462               | 35,619         | -              | 154,180        |
| Mexico                | 13,355           | 713                  | 1,503          | 8,237          | 23,808         | 12,654         | 393                  | 1,672          | 8,151          | 22,870         |
| Peru                  | 16,106           | 1,228                | 3,236          | 6,437          | 27,007         | 15,402         | 1,267                | 3,465          | 6,483          | 26,617         |
| Chile                 | 9,312            | 390                  | 1,433          | 8,642          | 19,777         | 8,797          | 407                  | 1,602          | 8,476          | 19,282         |
| Colombia              | 5,245            | 86                   | 480            | 4,088          | 9,899          | 5,666          | 121                  | 606            | 4,043          | 10,436         |
| Other International   |                  |                      |                |                |                |                |                      |                |                |                |
| Europe                | 19,128           | 6,306                | 14,614         | -              | 40,048         | 17,135         | 6,469                | 14,413         | -              | 38,017         |
| Caribbean             | 18,950           | 2,137                | 1,838          | 16,906         | 39,831         | 19,386         | 1,884                | 1,886          | 16,783         | 39,939         |
| Latin America (other) | 7,339            | 672                  | 514            | 437            | 8,962          | 7,524          | 744                  | 346            | 446            | 9,060          |
| All Other             | 28,811           | 4,111                | 3,130          | -              | 36,052         | 29,207         | 4,368                | 3,221          | -              | 36,796         |
| <b>Total</b>          | <b>280,942</b>   | <b>72,434</b>        | <b>105,581</b> | <b>335,665</b> | <b>794,622</b> | <b>281,629</b> | <b>69,849</b>        | <b>107,965</b> | <b>332,089</b> | <b>791,532</b> |

|                       | Basel III - IFRS |                |                |                |                |
|-----------------------|------------------|----------------|----------------|----------------|----------------|
|                       | Q2 2015          | Q1 2015        | Q4 2014        | Q3 2014        | Q2 2014        |
| Canada                | 420,728          | 427,607        | 405,718        | 408,142        | 394,260        |
| USA                   | 126,154          | 128,841        | 116,969        | 106,872        | 110,695        |
| Mexico                | 20,924           | 22,085         | 20,775         | 19,890         | 20,004         |
| Peru                  | 24,105           | 23,950         | 21,391         | 20,516         | 18,880         |
| Chile                 | 18,742           | 19,292         | 16,940         | 16,488         | 16,240         |
| Colombia              | 11,591           | 10,505         | 10,507         | 10,538         | 9,875          |
| Other International   |                  |                |                |                |                |
| Europe                | 34,768           | 35,740         | 29,271         | 27,867         | 28,208         |
| Caribbean             | 36,987           | 38,398         | 34,567         | 34,096         | 34,367         |
| Latin America (other) | 8,461            | 8,328          | 7,111          | 7,159          | 7,173          |
| All Other             | 36,605           | 42,644         | 37,270         | 38,762         | 41,015         |
| <b>Total</b>          | <b>739,065</b>   | <b>757,390</b> | <b>700,519</b> | <b>690,330</b> | <b>680,717</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 |               |                      |                |                |               |                      |                |
|----------------------------------|------------------|---------------|----------------------|----------------|----------------|---------------|----------------------|----------------|
|                                  | Q4 2015          |               |                      |                | Q3 2015        |               |                      |                |
|                                  | Drawn            | Undrawn       | Other <sup>(3)</sup> | Total          | Drawn          | Undrawn       | Other <sup>(3)</sup> | Total          |
| <b>Non-Retail</b>                |                  |               |                      |                |                |               |                      |                |
| Less than 1 year                 | 133,066          | 20,754        | 59,780               | 213,600        | 142,128        | 19,755        | 63,013               | 224,896        |
| 1 to 5 years                     | 84,140           | 44,865        | 34,956               | 163,961        | 77,897         | 42,350        | 34,057               | 154,304        |
| Over 5 Years                     | 8,409            | 1,779         | 7,749                | 17,937         | 7,723          | 2,814         | 7,794                | 18,331         |
| <b>Total Non-Retail</b>          | <b>225,615</b>   | <b>67,398</b> | <b>102,485</b>       | <b>395,498</b> | <b>227,748</b> | <b>64,919</b> | <b>104,864</b>       | <b>397,531</b> |
| <b>Retail</b>                    |                  |               |                      |                |                |               |                      |                |
| Less than 1 year                 | 32,025           | 13,343        |                      | 45,368         | 32,649         | 13,230        |                      | 45,879         |
| 1 to 5 years                     | 160,660          | -             |                      | 160,660        | 157,160        | -             |                      | 157,160        |
| Over 5 Years                     | 20,682           | -             |                      | 20,682         | 21,796         | -             |                      | 21,796         |
| Revolving Credits <sup>(4)</sup> | 36,850           | 17,705        |                      | 54,555         | 36,716         | 17,123        |                      | 53,839         |
| <b>Total Retail</b>              | <b>250,217</b>   | <b>31,048</b> |                      | <b>281,265</b> | <b>248,321</b> | <b>30,353</b> |                      | <b>278,674</b> |
| <b>Total</b>                     | <b>475,832</b>   | <b>98,446</b> | <b>102,485</b>       | <b>676,763</b> | <b>476,069</b> | <b>95,272</b> | <b>104,864</b>       | <b>676,205</b> |

|                                  | Basel III - IFRS |                |                |                |
|----------------------------------|------------------|----------------|----------------|----------------|
|                                  | Q2 2015          | Q1 2015        | Q4 2014        | Q3 2014        |
| <b>Non-Retail</b>                |                  |                |                |                |
| Less than 1 year                 | 193,579          | 209,059        | 179,376        | 172,250        |
| 1 to 5 years                     | 141,822          | 136,947        | 128,307        | 118,313        |
| Over 5 Years                     | 19,198           | 23,546         | 14,709         | 17,288         |
| <b>Total Non-Retail</b>          | <b>354,599</b>   | <b>369,552</b> | <b>322,392</b> | <b>307,851</b> |
| <b>Retail</b>                    |                  |                |                |                |
| Less than 1 year                 | 49,230           | 49,578         | 48,916         | 53,881         |
| 1 to 5 years                     | 153,136          | 154,382        | 154,437        | 158,610        |
| Over 5 Years                     | 21,294           | 19,599         | 20,138         | 15,567         |
| Revolving Credits <sup>(4)</sup> | 53,247           | 52,973         | 52,388         | 54,174         |
| <b>Total Retail</b>              | <b>276,907</b>   | <b>276,532</b> | <b>275,879</b> | <b>282,232</b> |
| <b>Total</b>                     | <b>631,506</b>   | <b>646,084</b> | <b>598,271</b> | <b>590,083</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>

| (\$MM)       | Basel III - IFRS |              |              |               |               |               |               |               |              |              |               |               |               |               |
|--------------|------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|
|              | Q4 2015          |              |              |               |               |               | Q3 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%           | 1,746            | -            | 4,369        | 6,115         | 461           | 1,228         | 1,689         | 1,640         | -            | 4,483        | 6,123         | 6             | 1,242         | 1,248         |
| 20%          | 227              | 1,146        | 322          | 1,695         | 1,931         | 215           | 2,146         | 208           | 943          | 498          | 1,649         | 1,557         | 222           | 1,779         |
| 35%          | -                | -            | -            | -             | 16,004        | -             | 16,004        | -             | -            | -            | -             | 16,198        | -             | 16,198        |
| 50%          | 271              | 56           | 151          | 478           | -             | 215           | 215           | 156           | 76           | 150          | 382           | -             | 222           | 222           |
| 75%          | -                | -            | -            | -             | 8,270         | 24,051        | 32,321        | -             | -            | -            | -             | 8,035         | 23,907        | 31,942        |
| 100%         | 52,087           | 1,879        | 666          | 54,632        | 1,268         | 45            | 1,313         | 50,858        | 1,795        | 469          | 53,122        | 1,296         | 40            | 1,336         |
| 150%+        | 539              | -            | -            | 539           | -             | 712           | 712           | 636           | -            | -            | 636           | -             | 690           | 690           |
| <b>Total</b> | <b>54,870</b>    | <b>3,081</b> | <b>5,508</b> | <b>63,459</b> | <b>27,934</b> | <b>26,466</b> | <b>54,400</b> | <b>53,498</b> | <b>2,814</b> | <b>5,600</b> | <b>61,912</b> | <b>27,092</b> | <b>26,323</b> | <b>53,415</b> |

| Risk-weight  | Basel III - IFRS |               |               |               |               |               |               |               |               |               |               |               |               |               |
|--------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|              | Q2 2015          |               | Q1 2015       |               | Q4 2014       |               | Q3 2014       |               | Q2 2014       |               | Q1 2014       |               | Q4 2013       |               |
|              | Non-Retail       | Retail        | Non-Retail    | Retail        | Non-Retail    | Retail        | Non-Retail    | Retail        | Non-Retail    | Retail        | Non-Retail    | Retail        | Non-Retail    | Retail        |
| 0%           | 5,630            | 1,080         | 6,481         | 1,141         | 5,417         | 1,087         | 5,594         | 1,160         | 5,632         | 979           | 6,260         | 1,025         | 6,228         | 1,093         |
| 20%          | 1,573            | 1,624         | 3,087         | 1,771         | 2,582         | 1,354         | 1,737         | 1,327         | 2,087         | 1,335         | 2,472         | 1,358         | 2,128         | 1,289         |
| 35%          | -                | 17,697        | -             | 18,375        | -             | 17,377        | -             | 16,821        | -             | 16,694        | -             | 17,461        | -             | 15,737        |
| 50%          | 381              | 204           | 806           | 213           | 372           | -             | 337           | -             | 637           | -             | 719           | -             | 413           | -             |
| 75%          | -                | 26,166        | -             | 26,944        | -             | 25,366        | -             | 24,666        | -             | 23,916        | -             | 22,709        | -             | 22,252        |
| 100%         | 50,857           | 1,025         | 50,225        | 1,130         | 46,764        | 959           | 46,689        | 899           | 44,679        | 902           | 44,307        | 878           | 42,195        | 827           |
| 150%+        | 684              | 638           | 494           | 639           | 381           | 590           | 422           | 595           | 420           | 567           | 499           | 509           | 601           | 476           |
| <b>Total</b> | <b>59,125</b>    | <b>48,434</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> |

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



## NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

| (\$MM)                      | Basel III - IFRS                         |                 |                         |  |  |  |  |                    |                                       |  |                                       |  |                    |                                       |  |                                       |
|-----------------------------|--|-----------------|-------------------------|--|--|--|--|--------------------|---------------------------------------|--|---------------------------------------|--|--------------------|---------------------------------------|--|---------------------------------------|
|                             | Category external ratings <sup>(1)</sup> | Internal grades | PD bands <sup>(2)</sup> | Q4 2015                                  |  |  |  |                    |                                       | Q3 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> |
|                             |  |                 | \$                      | \$                                       | \$   | \$                                       | \$                                       | %                  | %                                     | %                                      | \$                                    | \$                                       | %                  | %                                     | %                                      |                                       |
| <b>Investment Grade</b>     |  |                 |                         |  |  |  |  |                    |                                       |  |                                       |  |                    |                                       |  |                                       |
| <b>Corporate</b>            |  |                 |                         | 56,792                                   | 40,065                                     | 36,316                                   | 133,173                                  | 45,720             | 0.16                                  | 43                                     | 34                                    | 129,769                                  | 44,169             | 0.16                                  | 43                                     | 34                                    |
| AAA to AA+                  | 99                                       | 0.00% - 0.03%   | 71                      | 81                                       | 539  | 691                                      | 43                                       | 0.03               | 45                                    | 6                                      | 771                                   | 42                                       | 0.03               | 45                                    | 5                                      |                                       |
| AA to A-                    | 98                                       | 0.00% - 0.06%   | 33                      | 782                                      | 139  | 954                                      | 62                                       | 0.06               | 20                                    | 6                                      | 943                                   | 56                                       | 0.06               | 20                                    | 6                                      |                                       |
| AA to A-                    | 95                                       | 0.05% - 0.16%   | 4,650                   | 2,985                                    | 4,428                                      | 12,063                                   | 2,930                                    | 0.07               | 47                                    | 24                                     | 12,455                                | 2,760                                    | 0.07               | 47                                    | 22                                     |                                       |
| AA to A-                    | 90                                       | 0.06% - 0.17%   | 9,593                   | 9,253                                    | 10,597                                     | 29,443                                   | 5,668                                    | 0.07               | 40                                    | 19                                     | 29,175                                | 5,680                                    | 0.07               | 39                                    | 19                                     |                                       |
| BBB+ to BBB                 | 87                                       | 0.10% - 0.26%   | 11,211                  | 9,029                                    | 7,037                                      | 27,277                                   | 7,506                                    | 0.11               | 41                                    | 28                                     | 26,391                                | 7,072                                    | 0.11               | 40                                    | 27                                     |                                       |
| BBB+ to BBB                 | 85                                       | 0.14% - 0.38%   | 13,415                  | 8,896                                    | 6,102                                      | 28,413                                   | 11,228                                   | 0.18               | 44                                    | 40                                     | 27,029                                | 11,187                                   | 0.19               | 45                                    | 41                                     |                                       |
| BBB-                        | 83                                       | 0.21% - 0.54%   | 17,819                  | 9,039                                    | 7,474                                      | 34,332                                   | 18,283                                   | 0.29               | 47                                    | 53                                     | 33,005                                | 17,372                                   | 0.29               | 47                                    | 53                                     |                                       |
| <b>Bank</b>                 |  |                 | 20,170                  | 11,202                                   | 25,093                                     | 56,465                                   | 12,464                                   | 0.11               | 34                                    | 22                                     | 58,848                                | 13,398                                   | 0.13               | 35                                    | 23                                     |                                       |
| AAA to AA+                  | 99                                       | 0.00% - 0.03%   | 422                     | -  | 32   | 454                                      | 19                                       | 0.03               | 40                                    | 4                                      | 307                                   | 17                                       | 0.03               | 45                                    | 5                                      |                                       |
| AAA to AA+                  | 98                                       | 0.00% - 0.06%   | 29                      | 127                                      | 208  | 364                                      | 57                                       | 0.06               | 33                                    | 16                                     | 320                                   | 53                                       | 0.06               | 36                                    | 17                                     |                                       |
| AA to A-                    | 95                                       | 0.05% - 0.16%   | 7,786                   | 4,703                                    | 9,960                                      | 22,449                                   | 4,273                                    | 0.06               | 36                                    | 19                                     | 22,751                                | 4,381                                    | 0.06               | 37                                    | 19                                     |                                       |
| AA to A-                    | 90                                       | 0.06% - 0.17%   | 6,362                   | 3,725                                    | 7,400                                      | 17,487                                   | 3,405                                    | 0.09               | 33                                    | 19                                     | 17,211                                | 3,486                                    | 0.09               | 34                                    | 20                                     |                                       |
| BBB+ to BBB                 | 87                                       | 0.10% - 0.26%   | 2,433                   | 1,715                                    | 4,496                                      | 8,644                                    | 2,138                                    | 0.13               | 32                                    | 25                                     | 9,107                                 | 2,273                                    | 0.13               | 31                                    | 25                                     |                                       |
| BBB+ to BBB                 | 85                                       | 0.14% - 0.38%   | 1,422                   | 610                                      | 1,864                                      | 3,896                                    | 1,243                                    | 0.23               | 33                                    | 32                                     | 4,110                                 | 1,285                                    | 0.24               | 35                                    | 31                                     |                                       |
| BBB-                        | 83                                       | 0.21% - 0.54%   | 1,716                   | 322                                      | 1,133                                      | 3,171                                    | 1,329                                    | 0.38               | 36                                    | 42                                     | 5,042                                 | 1,903                                    | 0.44               | 36                                    | 38                                     |                                       |
| <b>Sovereign</b>            |  |                 | 86,187                  | 1,771                                    | 5,798                                      | 93,756                                   | 2,048                                    | 0.04               | 16                                    | 2                                      | 101,713                               | 3,161                                    | 0.04               | 16                                    | 3                                      |                                       |
| AAA to AA+                  | 99                                       | 0.00% - 0.03%   | 70,509                  | 405                                      | 3,063                                      | 73,977                                   | -  | -                  | 15                                    | -                                      | 81,541                                | -  | -                  | 15                                    | -                                      |                                       |
| AAA to AA+                  | 98                                       | 0.00% - 0.06%   | 2,354                   | 379                                      | 1,054                                      | 3,787                                    | 242                                      | 0.06               | 15                                    | 6                                      | 3,850                                 | 238                                      | 0.06               | 15                                    | 6                                      |                                       |
| AA to A-                    | 95                                       | 0.05% - 0.16%   | 4,187                   | 533                                      | 836  | 5,556                                    | 470                                      | 0.09               | 17                                    | 8                                      | 5,400                                 | 513                                      | 0.09               | 18                                    | 10                                     |                                       |
| AA to A-                    | 90                                       | 0.06% - 0.17%   | 284                     | 209                                      | 708  | 1,201                                    | 71                                       | 0.08               | 11                                    | 6                                      | 965                                   | 79                                       | 0.10               | 16                                    | 8                                      |                                       |
| BBB+ to BBB                 | 87                                       | 0.10% - 0.26%   | 7,009                   | 10                                       | 116  | 7,135                                    | 493                                      | 0.26               | 24                                    | 7                                      | 7,130                                 | 1,273                                    | 0.26               | 24                                    | 18                                     |                                       |
| BBB+ to BBB                 | 85                                       | 0.14% - 0.38%   | 971                     | 112                                      | 21   | 1,104                                    | 348                                      | 0.32               | 24                                    | 32                                     | 942                                   | 344                                      | 0.35               | 26                                    | 37                                     |                                       |
| BBB-                        | 83                                       | 0.21% - 0.54%   | 873                     | 123                                      | -  | 996                                      | 424                                      | 0.51               | 32                                    | 43                                     | 1,885                                 | 714                                      | 0.51               | 28                                    | 38                                     |                                       |
| <b>Sub-Total</b>            |  |                 | 163,149                 | 53,038                                   | 67,207                                     | 283,394                                  | 60,232                                   | 0.11               | 33                                    | 21                                     | 290,330                               | 60,728                                   | 0.11               | 32                                    | 21                                     |                                       |
| <b>Non-Investment Grade</b> |  |                 |                         |  |  |  |  |                    |                                       |  |                                       |  |                    |                                       |  |                                       |
| <b>Corporate</b>            |  |                 | 50,145                  | 13,439                                   | 11,023                                     | 74,607                                   | 52,915                                   | 0.72               | 45                                    | 71                                     | 75,866                                | 51,452                                   | 0.73               | 44                                    | 68                                     |                                       |
| BB+                         | 80                                       | 0.33% - 0.60%   | 17,473                  | 7,010                                    | 3,585                                      | 28,068                                   | 16,587                                   | 0.38               | 46                                    | 59                                     | 26,877                                | 16,344                                   | 0.38               | 46                                    | 61                                     |                                       |
| BB                          | 77                                       | 0.52% - 0.66%   | 14,978                  | 2,883                                    | 1,597                                      | 19,458                                   | 13,710                                   | 0.55               | 45                                    | 70                                     | 17,723                                | 11,488                                   | 0.54               | 43                                    | 65                                     |                                       |
| BB-                         | 75                                       | 0.65% - 0.83%   | 10,628                  | 2,251                                    | 4,050                                      | 16,929                                   | 12,861                                   | 0.80               | 44                                    | 76                                     | 21,836                                | 14,621                                   | 0.80               | 43                                    | 67                                     |                                       |
| B+                          | 73                                       | 0.82% - 1.64%   | 5,291                   | 944                                      | 1,530                                      | 7,765                                    | 7,117                                    | 1.54               | 41                                    | 92                                     | 7,132                                 | 6,486                                    | 1.54               | 41                                    | 91                                     |                                       |
| B to B-                     | 70                                       | 1.63% - 3.09%   | 1,775                   | 351                                      | 261  | 2,387                                    | 2,640                                    | 2.97               | 43                                    | 111                                    | 2,298                                 | 2,513                                    | 2.97               | 42                                    | 109                                    |                                       |
| <b>Bank</b>                 |  |                 | 4,067                   | 127                                      | 2,837                                      | 7,031                                    | 3,546                                    | 0.70               | 32                                    | 50                                     | 3,355                                 | 784                                      | 0.70               | 37                                    | 23                                     |                                       |
| BB+                         | 80                                       | 0.33% - 0.60%   | 2,985                   | 109                                      | 219  | 3,313                                    | 1,701                                    | 0.55               | 36                                    | 51                                     | 2,085                                 | 208                                      | 0.54               | 37                                    | 10                                     |                                       |
| BB                          | 77                                       | 0.52% - 0.66%   | 772                     | 14                                       | 85   | 871                                      | 444                                      | 0.62               | 38                                    | 51                                     | 809                                   | 388                                      | 0.62               | 38                                    | 48                                     |                                       |
| BB-                         | 75                                       | 0.65% - 0.83%   | 63                      | 4  | 2,525                                      | 2,592                                    | 1,221                                    | 0.80               | 23                                    | 47                                     | 150                                   | 23                                       | 0.80               | 36                                    | 15                                     |                                       |
| B+                          | 73                                       | 0.82% - 1.64%   | 191                     | -  | 7  | 198                                      | 143                                      | 1.54               | 39                                    | 72                                     | 239                                   | 110                                      | 1.54               | 35                                    | 46                                     |                                       |
| B to B-                     | 70                                       | 1.63% - 3.09%   | 56                      | -  | 1  | 57                                       | 37                                       | 2.97               | 28                                    | 64                                     | 72                                    | 55                                       | 2.97               | 35                                    | 77                                     |                                       |
| <b>Sovereign</b>            |  |                 | 4,465                   | 358                                      | 45   | 4,868                                    | 1,803                                    | 1.89               | 24                                    | 37                                     | 3,519                                 | 1,895                                    | 2.10               | 24                                    | 54                                     |                                       |
| BB+                         | 80                                       | 0.33% - 0.60%   | 1,618                   | 14                                       | 23   | 1,655                                    | 447                                      | 0.57               | 24                                    | 27                                     | 723                                   | 231                                      | 0.57               | 24                                    | 32                                     |                                       |
| BB                          | 77                                       | 0.52% - 0.66%   | 11                      | -  | -  | 11                                       | 4  | 0.63               | 17                                    | 40                                     | 56                                    | 18                                       | 0.63               | 23                                    | 33                                     |                                       |
| BB-                         | 75                                       | 0.65% - 0.83%   | 52                      | 4  | 12   | 68                                       | 20                                       | 0.80               | 16                                    | 29                                     | 61                                    | 18                                       | 0.80               | 16                                    | 30                                     |                                       |
| B+                          | 73                                       | 0.82% - 1.64%   | 774                     | -  | -  | 774                                      | 154                                      | 1.54               | 27                                    | 20                                     | 751                                   | 380                                      | 1.54               | 27                                    | 51                                     |                                       |
| B to B-                     | 70                                       | 1.63% - 3.09%   | 2,010                   | 340                                      | 10   | 2,360                                    | 1,178                                    | 2.97               | 24                                    | 50                                     | 1,928                                 | 1,248                                    | 2.97               | 24                                    | 65                                     |                                       |
| <b>Sub-Total</b>            |  |                 | 58,677                  | 13,924                                   | 13,905                                     | 86,506                                   | 58,264                                   | 0.79               | 42                                    | 67                                     | 82,740                                | 54,131                                   | 0.78               | 43                                    | 65                                     |                                       |

(1) The cross references of the Bank's internal borrower grades (IG) with equivalent rating categories utilized by external rating agencies are outlined on page 202 of the Bank's 2015 Annual Report.

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

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

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

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

(6) RW - risk-weight.

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

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

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

**NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY**

| (\$MM)                                   |                 |                         | Basel III - IFRS                         |  |  |  |                    |                                       |  |                                       |  |                    |                                       |  |                                       |
|--|-----------------|-------------------------|--|--|--|--|--------------------|---------------------------------------|--|---------------------------------------|--|--------------------|---------------------------------------|--|---------------------------------------|
|  |                 |                         | Q4 2015                                  |  |  |  |                    |                                       |  | Q3 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> |
|  |                 |                         | \$                                       | \$   | \$                                       | \$                                       | \$                 | %                                     | %                                      | %                                     | \$                                       | \$                 | %                                     | %                                      | %                                     |
| <b>Watch List (CCC+ to CC)</b>           |                 |                         |  |  |  |  |                    |                                       |  |                                       |  |                    |                                       |  |                                       |
| Corporate                                | 65 - 30         | 3.08% - 60.85%          | 2,623                                    | 375  | 386                                      | 3,384                                    | 6,979              | 21.43                                 | 42                                     | 206                                   | 2,107                                    | 4,390              | 21.96                                 | 44                                     | 208                                   |
| Bank                                     | 65 - 30         | 3.08% - 60.85%          | 61                                       | 1  | 2  | 64                                       | 149                | 20.40                                 | 48                                     | 231                                   | 25                                       | 16                 | 19.53                                 | 13                                     | 62                                    |
| Sovereign                                | 65 - 30         | 3.08% - 60.85%          | 101                                      | -  | -  | 101                                      | 110                | 20.15                                 | 36                                     | 108                                   | 106                                      | 148                | 22.50                                 | 33                                     | 138                                   |
| <b>Sub-Total</b>                         |                 |                         | <b>2,785</b>                             | <b>376</b>                                 | <b>388</b>                               | <b>3,549</b>                             | <b>7,238</b>       | <b>21.38</b>                          | <b>42</b>                              | <b>204</b>                            | <b>2,238</b>                             | <b>4,554</b>       | <b>21.95</b>                          | <b>43</b>                              | <b>203</b>                            |
| <b>Default<sup>(9)</sup></b>             |                 |                         |  |  |  |  |                    |                                       |  |                                       |  |                    |                                       |  |                                       |
| Corporate                                | 27-21           | 100%                    | 997                                      | 60   | 29                                       | 1,086                                    | 3,759              | 100.00                                | 52                                     | 346                                   | 1,345                                    | 3,670              | 100.00                                | 51                                     | 273                                   |
| Bank                                     | 27-21           | 100%                    | -  | -  | -  | -  | -                  | 100.00                                | 30                                     | 375                                   | -  | -                  | 100.00                                | 30                                     | 375                                   |
| Sovereign                                | 27-21           | 100%                    | 7  | -  | -  | 7  | 27                 | 100.00                                | 33                                     | 413                                   | 7  | 29                 | 100.00                                | 33                                     | 409                                   |
| <b>Sub-Total</b>                         |                 |                         | <b>1,004</b>                             | <b>60</b>                                  | <b>29</b>                                | <b>1,093</b>                             | <b>3,786</b>       | <b>100.00</b>                         | <b>52</b>                              | <b>346</b>                            | <b>1,352</b>                             | <b>3,699</b>       | <b>100.00</b>                         | <b>51</b>                              | <b>274</b>                            |
| <b>Total</b>                             |                 |                         | <b>225,615</b>                           | <b>67,398</b>                              | <b>81,529</b>                            | <b>374,542</b>                           | <b>129,520</b>     | <b>0.76</b>                           | <b>35</b>                              | <b>35</b>                             | <b>376,660</b>                           | <b>123,112</b>     | <b>0.75</b>                           | <b>34</b>                              | <b>33</b>                             |

(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 202 of the Bank's 2015 Annual Report.

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

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

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

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

(6) RW - risk weight.

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

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

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

**NON-RETAIL AIRB PORTFOLIO - CREDIT COMMITMENTS**

| (\$MM)        | Basel III - IFRS |                      |                  |                      |
|---------------|------------------|----------------------|------------------|----------------------|
|               | Q4 2015          |                      | Q3 2015          |                      |
| Exposure Type | Notional Undrawn | Weighted Average EAD | Notional Undrawn | Weighted Average EAD |
|               | \$               | %                    | \$               | %                    |
| Corporate     | 107,480          | 50                   | 102,856          | 50                   |
| Bank          | 20,842           | 54                   | 21,290           | 55                   |
| Sovereign     | 4,167            | 51                   | 3,303            | 55                   |
| <b>Total</b>  | <b>132,489</b>   | <b>51</b>            | <b>127,449</b>   | <b>51</b>            |

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

| Category of PD Grades                               | PD Range         | Basel III - IFRS   |                                 |  |                              |                               |                              |               |              |  |
|---|------------------|--------------------|---------------------------------|--|------------------------------|-------------------------------|------------------------------|---------------|--------------|--|
|   |                  | Q4 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> |
| \$  | \$               | %                  | %                               | %  | %                            | \$                            | \$                           | %             |              |  |
| <b>Residential mortgages and HELOCs</b>             |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| <b>Insured Drawn and Undrawn<sup>(6)</sup></b>      |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| Exceptionally Low                                   | 0.01% to 0.04%   | 88,042             | -                               | 100.00                                       | 0.00                         | 27                            | -                            | 36            | -            | -  |
| Very Low  | 0.05% to 0.19%   | 1,401              | 2                               | 99.88  | 0.17                         | 28                            | 10                           | 140           | 1            | 11   |
| Low   | 0.20% to 0.99%   | 1,350              | -                               | 100.00                                       | 0.70                         | 33                            | 31                           | 415           | 3            | 33   |
| Medium Low  | 1.00% to 2.99%   | 246                | -                               | 100.00                                       | 2.35                         | 35                            | 68                           | 168           | 2            | 77   |
| Medium  | 3.00% to 9.99%   | 98                 | -                               | 100.00                                       | 5.54                         | 30                            | 105                          | 102           | 2            | 125  |
| High  | 10.00% to 19.99% | 47                 | -                               | 100.00                                       | 12.29                        | 27                            | 135                          | 63            | 2            | 177  |
| Extremely High                                      | 20.00% to 99.99% | 64                 | -                               | 100.00                                       | 34.22                        | 27                            | 149                          | 96            | 6            | 264  |
| Default   | 100%             | 16                 | -                               | 100.00                                       | 100.00                       | 58                            | -                            | -             | 9            | 721  |
| <b>Sub-total</b>                                    |                  | <b>91,264</b>      | <b>2.0</b>                      | <b>100.00</b>                                | <b>0.07</b>                  | <b>27</b>                     | <b>1</b>                     | <b>1,020</b>  | <b>25</b>    | <b>1</b>                                       |
| <b>Uninsured Undrawn<sup>(7)</sup></b>              |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| Exceptionally Low                                   | 0.00% to 0.04%   | -                  | -                               | 0.00   | 0.00                         | -                             | -                            | -             | -            | -  |
| Very Low  | 0.05% to 0.19%   | 9,439              | 25,867                          | 18.24  | 0.08                         | 20                            | 4                            | 403           | 2            | 4  |
| Low   | 0.20% to 0.99%   | 2,337              | 5,590                           | 20.90  | 0.27                         | 25                            | 12                           | 290           | 2            | 13   |
| Medium Low  | 1.00% to 2.99%   | 790                | 1,083                           | 36.48  | 1.52                         | 28                            | 45                           | 357           | 3            | 51   |
| Medium  | 3.00% to 9.99%   | -                  | -                               | 0.00   | 0.00                         | -                             | -                            | -             | -            | -  |
| High  | 10.00% to 19.99% | 36                 | 39                              | 46.70  | 11.20                        | 25                            | 118                          | 42            | 1            | 153  |
| Extremely High                                      | 20.00% to 99.99% | 29                 | 14                              | 102.27                                       | 36.37                        | 25                            | 141                          | 41            | 3            | 257  |
| Default   | 100%             | -                  | -                               | 100.00                                       | 0.00                         | -                             | -                            | -             | -            | -  |
| <b>Sub-total</b>                                    |                  | <b>12,631</b>      | <b>32,593</b>                   | <b>20.15</b>                                 | <b>0.32</b>                  | <b>22</b>                     | <b>9</b>                     | <b>1,133</b>  | <b>11</b>    | <b>10</b>                                      |
| <b>Uninsured Drawn<sup>(8)</sup></b>                |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| Exceptionally Low                                   | 0.00% to 0.04%   | 40,813             | -                               | 100.00                                       | 0.04                         | 20                            | 2                            | 954           | 3            | 2  |
| Very Low  | 0.05% to 0.19%   | 36,391             | -                               | 100.00                                       | 0.16                         | 20                            | 7                            | 2,462         | 12           | 7  |
| Low   | 0.20% to 0.99%   | 26,311             | -                               | 100.00                                       | 0.58                         | 23                            | 19                           | 4,904         | 33           | 20   |
| Medium Low  | 1.00% to 2.99%   | 9,009              | -                               | 100.00                                       | 1.82                         | 25                            | 45                           | 4,050         | 40           | 51   |
| Medium  | 3.00% to 9.99%   | 969                | -                               | 100.00                                       | 5.66                         | 20                            | 70                           | 682           | 11           | 85   |
| High  | 10.00% to 19.99% | 717                | -                               | 100.00                                       | 11.92                        | 22                            | 106                          | 757           | 19           | 138  |
| Extremely High                                      | 20.00% to 99.99% | 742                | -                               | 100.00                                       | 34.15                        | 21                            | 118                          | 878           | 54           | 210  |
| Default   | 100%             | 244                | -                               | 100.00                                       | 100.00                       | 57                            | -                            | -             | 138          | 708  |
| <b>Sub-total</b>                                    |                  | <b>115,196</b>     | <b>-</b>                        | <b>100.00</b>                                | <b>0.89</b>                  | <b>21</b>                     | <b>13</b>                    | <b>14,687</b> | <b>310</b>   | <b>16</b>                                      |
| <b>Qualifying Revolving Retail Exposures (QRRE)</b> |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| Exceptionally Low                                   | 0.00% to 0.04%   | 6,982              | 13,940                          | 24.19  | 0.04                         | 73                            | 2                            | 131           | 2            | 2  |
| Very Low  | 0.05% to 0.19%   | 6,231              | 9,565                           | 31.06  | 0.15                         | 66                            | 5                            | 336           | 6            | 7  |
| Low   | 0.20% to 0.99%   | 9,563              | 8,118                           | 45.46  | 0.49                         | 76                            | 16                           | 1,506         | 34           | 20   |
| Medium Low  | 1.00% to 2.99%   | 7,108              | 1,874                           | 74.18  | 1.74                         | 86                            | 48                           | 3,440         | 106          | 67   |
| Medium  | 3.00% to 9.99%   | 2,338              | 219                             | 91.08  | 5.87                         | 87                            | 118                          | 2,748         | 120          | 181  |
| High  | 10.00% to 19.99% | 1,384              | 60                              | 96.68  | 10.98                        | 87                            | 170                          | 2,358         | 132          | 289  |
| Extremely High                                      | 20.00% to 99.99% | 827                | 19                              | 100.00                                       | 39.32                        | 80                            | 212                          | 1,753         | 257          | 601  |
| Default   | 100%             | 182                | -                               | 100.00                                       | 100.00                       | 86                            | -                            | -             | 157          | 1,076  |
| <b>Sub-total</b>                                    |                  | <b>34,615</b>      | <b>33,795</b>                   | <b>51.21</b>                                 | <b>2.83</b>                  | <b>77</b>                     | <b>35</b>                    | <b>12,272</b> | <b>814</b>   | <b>65</b>                                      |
| <b>Other Retail</b>                                 |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| Exceptionally Low                                   | 0.00% to 0.04%   | 410                | 752                             | 25.72  | 0.04                         | 70                            | 8                            | 33            | -            | 8  |
| Very Low  | 0.05% to 0.19%   | 6,022              | 2                               | 99.95  | 0.10                         | 49                            | 12                           | 723           | 3            | 13   |
| Low   | 0.20% to 0.99%   | 13,534             | 363                             | 97.48  | 0.53                         | 56                            | 40                           | 5,392         | 40           | 44   |
| Medium Low  | 1.00% to 2.99%   | 4,390              | 12                              | 99.65  | 1.89                         | 64                            | 81                           | 3,543         | 53           | 96   |
| Medium  | 3.00% to 9.99%   | 2,146              | 1                               | 99.97  | 5.53                         | 62                            | 93                           | 2,001         | 73           | 136  |
| High  | 10.00% to 19.99% | 29                 | 1                               | 99.33  | 14.22                        | 75                            | 144                          | 41            | 3            | 277  |
| Extremely High                                      | 20.00% to 99.99% | 859                | -                               | 100.03                                       | 32.41                        | 55                            | 133                          | 1,146         | 154          | 358  |
| Default   | 100%             | 169                | -                               | 100.00                                       | 100.00                       | 82                            | -                            | -             | 139          | 1,026  |
| <b>Sub-total</b>                                    |                  | <b>27,559</b>      | <b>1,131</b>                    | <b>97.59</b>                                 | <b>2.65</b>                  | <b>56</b>                     | <b>47</b>                    | <b>12,879</b> | <b>465</b>   | <b>68</b>                                      |
| <b>Total Retail</b>                                 |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| Exceptionally Low                                   | 0.01% to 0.04%   | 136,247            | 14,692                          | 95.89  | 0.01                         | 27                            | 1                            | 1,154         | 5            | 1  |
| Very Low  | 0.05% to 0.19%   | 59,484             | 35,436                          | 79.80  | 0.14                         | 28                            | 7                            | 4,064         | 24           | 7  |
| Low   | 0.20% to 0.99%   | 53,095             | 14,071                          | 86.05  | 0.54                         | 41                            | 24                           | 12,507        | 112          | 26   |
| Medium Low  | 1.00% to 2.99%   | 21,543             | 2,969                           | 89.08  | 1.80                         | 53                            | 54                           | 11,558        | 204          | 65   |
| Medium  | 3.00% to 9.99%   | 5,551              | 220                             | 96.23  | 5.69                         | 65                            | 100                          | 5,533         | 206          | 146  |
| High  | 10.00% to 19.99% | 2,213              | 100                             | 97.05  | 11.36                        | 63                            | 147                          | 3,261         | 157          | 236  |
| Extremely High                                      | 20.00% to 99.99% | 2,521              | 33                              | 100.23                                       | 35.28                        | 52                            | 155                          | 3,914         | 474          | 390  |
| Default   | 100%             | 611                | -                               | 100.00                                       | 100.00                       | 72                            | -                            | -             | 443          | 906  |
| <b>Total</b>  |                  | <b>281,265</b>     | <b>67,521</b>                   | <b>90.17</b>                                 | <b>1.01</b>                  | <b>33</b>                     | <b>15</b>                    | <b>41,991</b> | <b>1,625</b> | <b>22</b>                                      |

(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   |                                 |  |                              |                               |                              |               |              |  |
|---|------------------|--------------------|---------------------------------|--|------------------------------|-------------------------------|------------------------------|---------------|--------------|--|
|   |                  | 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> |
|   |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| Category of PD Grades                               | PD Range         | \$                 | \$                              | %  | %                            | %                             | %                            | \$            | \$           | %  |
| <b>Residential mortgages and HELOCs</b>             |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| <b>Insured Drawn and Undrawn<sup>(6)</sup></b>      |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| 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  |
| <b>Sub-total</b>                                    |                  | <b>90,595</b>      | <b>-</b>                        | <b>99.99</b>                                 | <b>0.08</b>                  | <b>28</b>                     | <b>1</b>                     | <b>1,059</b>  | <b>25</b>    | <b>2</b>                                       |
| <b>Uninsured Undrawn<sup>(7)</sup></b>              |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| 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                         | -                             | -                            | -             | -            | -  |
| <b>Sub-total</b>                                    |                  | <b>12,553</b>      | <b>32,161</b>                   | <b>20.43</b>                                 | <b>0.33</b>                  | <b>22</b>                     | <b>9</b>                     | <b>1,182</b>  | <b>11</b>    | <b>10</b>                                      |
| <b>Uninsured Drawn<sup>(8)</sup></b>                |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| 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  |
| <b>Sub-total</b>                                    |                  | <b>115,488</b>     | <b>-</b>                        | <b>100.00</b>                                | <b>0.88</b>                  | <b>22</b>                     | <b>13</b>                    | <b>14,700</b> | <b>304</b>   | <b>16</b>                                      |
| <b>Qualifying Revolving Retail Exposures (QRRE)</b> |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| 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  |
| <b>Sub-total</b>                                    |                  | <b>33,726</b>      | <b>32,979</b>                   | <b>51.16</b>                                 | <b>2.82</b>                  | <b>77</b>                     | <b>35</b>                    | <b>11,797</b> | <b>795</b>   | <b>64</b>                                      |
| <b>Other Retail</b>                                 |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| 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  |
| <b>Sub-total</b>                                    |                  | <b>26,311</b>      | <b>1,113</b>                    | <b>97.58</b>                                 | <b>2.62</b>                  | <b>57</b>                     | <b>47</b>                    | <b>12,310</b> | <b>442</b>   | <b>68</b>                                      |
| <b>Total Retail</b>                                 |                  |                    |                                 |  |                              |                               |                              |               |              |  |
| 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  |
| <b>Total</b>  |                  | <b>278,673</b>     | <b>66,253</b>                   | <b>90.27</b>                                 | <b>0.99</b>                  | <b>34</b>                     | <b>15</b>                    | <b>41,048</b> | <b>1,577</b> | <b>22</b>                                      |

(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.

| Exposure Type                   | Basel III - IFRS |                    |                  |                    |                  |                    |                  |                    |                  |                    |
|---------------------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                                 | Q4 2015          |                    | Q3 2015          |                    | Q2 2015          |                    | Q1 2015          |                    | Q4 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>0.01</b>      | <b>0.95</b>        | 0.04             | 0.91               | 0.03             | 0.98               | 0.03             | 1.07               | 0.09             | 1.01               |
| Sovereign                       | -                | <b>0.03</b>        | -                | 0.02               | -                | 0.03               | -                | 0.12               | -                | 0.06               |
| Bank                            | -                | <b>0.12</b>        | -                | 0.12               | -                | 0.20               | -                | 0.20               | -                | 0.20               |
| <b>Retail<sup>(2)</sup></b>     |                  |                    |                  |                    |                  |                    |                  |                    |                  |                    |
| Real Estate Secured             | <b>0.01</b>      | <b>0.15</b>        | 0.01             | 0.14               | 0.01             | 0.14               | 0.01             | 0.14               | 0.01             | 0.14               |
| QRRE <sup>(3)</sup>             | <b>2.44</b>      | <b>4.49</b>        | 2.30             | 3.31               | 2.31             | 3.32               | 2.14             | 3.33               | 2.05             | 3.43               |
| Other Retail                    | <b>0.60</b>      | <b>1.78</b>        | 0.59             | 1.75               | 0.51             | 1.72               | 0.48             | 1.70               | 0.48             | 1.72               |

- (1) Non-retail actual loss rates represent the credit losses net of recoveries for the current and prior three quarters divided by the 5-point average of outstanding loan balances for the same four-quarter period beginning 12 months ago. Expected loss rates represent the expected losses that were predicted at the beginning of the four-quarter period divided by outstanding loan balances at the beginning of the four-quarter period. Prior periods have been restated to conform with the current presentation.
- (2) Retail actual loss rates represent write-offs net of recoveries for the current and prior three quarters divided by the 5-point average of outstanding loan balances for the same four-quarter period beginning 12 months ago. Expected loss rates represent the expected losses that were predicted at the beginning of the four-quarter period divided by outstanding loan balances at the beginning of the four-quarter period.
- (3) Increase in reported Expected Losses (under Q4 2015) vs. prior quarters is primarily due to the implementation of new AIRB models for QRRE in Q4 2014.

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


|            | Q4 2015 <sup>(1)</sup> |                |                   |              |                      |                             | Q3 2015           |                |                   |              |                      |                             |
|------------|------------------------|----------------|-------------------|--------------|----------------------|-----------------------------|-------------------|----------------|-------------------|--------------|----------------------|-----------------------------|
|            | Average estimated      | Actual         | Average estimated | Actual       | Average estimated    | Actual                      | Average estimated | Actual         | Average estimated | Actual       | Average estimated    | Actual                      |
|            | PD %                   | default rate % | LGD %             | Actual LGD % | CCF <sup>(2)</sup> % | Actual CCF <sup>(2)</sup> % | PD %              | default rate % | LGD %             | Actual LGD % | CCF <sup>(2)</sup> % | Actual CCF <sup>(2)</sup> % |
| Non-Retail | <b>0.90</b>            | <b>0.34</b>    | <b>41.39</b>      | <b>32.32</b> | <b>50.50</b>         | <b>15.14</b>                | 0.90              | 0.31           | 41.39             | 31.46        | 50.70                | 12.85                       |

<sup>(1)</sup> Reporting is on a one quarter lag basis. For reporting as of Q4/15, estimated parameters are based on portfolio averages at Q3/14 whereas actual parameters are based on averages of realized parameters during the subsequent four quarters (Q4/14 – Q3/15)

<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.

| (\$MM)   | Four-quarter period ending Q4 2015 <sup>(1)(2)</sup> |                          |                         |                         |                          |                          | Four-quarter period ending Q3 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> \$ |
| Residential real estate secured <sup>(9)</sup> |  |                          |                         |                         |                          |                          |   |                          |                         |                         |                          |                          |
| Residential mortgages                          |  |                          |                         |                         |                          |                          |   |                          |                         |                         |                          |                          |
| Insured mortgages <sup>(10)</sup>              | <b>1.01</b>  | <b>0.67</b>              | -                       | -                       | -                        | -                        | 1.00  | 0.66                     | -                       | -                       | -                        | -                        |
| Uninsured mortgages                            | <b>0.50</b>  | <b>0.39</b>              | <b>18.34</b>            | <b>10.60</b>            | -                        | -                        | 0.52  | 0.41                     | 18.24                   | 10.42                   | -                        | -                        |
| Secured lines of credit                        | <b>0.84</b>  | <b>0.33</b>              | <b>28.44</b>            | <b>18.22</b>            | <b>107</b>               | <b>93</b>                | 0.83  | 0.32                     | 28.49                   | 19.27                   | 101                      | 89                       |
| Qualifying revolving retail exposures          | <b>2.09</b>  | <b>1.65</b>              | <b>78.10</b>            | <b>66.45</b>            | <b>544</b>               | <b>486</b>               | 2.10  | 1.66                     | 78.07                   | 66.73                   | 540                      | 484                      |
| Other retail                                   | <b>1.97</b>  | <b>1.42</b>              | <b>59.42</b>            | <b>50.37</b>            | <b>6</b>                 | <b>6</b>                 | 2.02  | 1.43                     | 64.35                   | 52.78                   | 4                        | 4                        |

(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.



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

| (\$MM)                                       | Basel III - IFRS      |                                 |                |                       |                                 |                |                       |                                 |                |                       |                                 |                |
|--|-----------------------|---------------------------------|----------------|-----------------------|---------------------------------|----------------|-----------------------|---------------------------------|----------------|-----------------------|---------------------------------|----------------|
|  | Q4 2015               |                                 |                | Q3 2015               |                                 |                | Q2 2015               |                                 |                | Q1 2015               |                                 |                |
|  | Financial Collateral  | Guarantees / Credit Derivatives |                | Financial Collateral  | Guarantees / Credit Derivatives |                | Financial Collateral  | Guarantees / Credit Derivatives |                | Financial Collateral  | Guarantees / Credit Derivatives |                |
| Exposure type                                | Standardized Approach | Standardized Approach           | AIRB Approach  | Standardized Approach | Standardized Approach           | AIRB Approach  | Standardized Approach | Standardized Approach           | AIRB Approach  | Standardized Approach | Standardized Approach           | AIRB Approach  |
| <b>Non-Retail</b>                            |                       |                                 |                |                       |                                 |                |                       |                                 |                |                       |                                 |                |
| Corporate                                    | 581                   | 1,256                           | 6,148          | 505                   | 1,214                           | 5,940          | 483                   | 1,116                           | 5,622          | 563                   | 1,494                           | 6,091          |
| Bank   | -                     | -                               | 4,767          | -                     | -                               | 4,351          | -                     | 5                               | 3,245          | -                     | 5                               | 3,781          |
| Sovereign                                    | -                     | -                               | 5,014          | -                     | -                               | 4,982          | -                     | -                               | 4,980          | -                     | -                               | 5,000          |
| <b>Total Non-Retail</b>                      | <b>581</b>            | <b>1,256</b>                    | <b>15,929</b>  | <b>505</b>            | <b>1,214</b>                    | <b>15,273</b>  | <b>483</b>            | <b>1,121</b>                    | <b>13,847</b>  | <b>563</b>            | <b>1,499</b>                    | <b>14,872</b>  |
| <b>Retail</b>                                |                       |                                 |                |                       |                                 |                |                       |                                 |                |                       |                                 |                |
| Residential Mortgages <sup>(2)</sup>         | -                     | 2,392                           | 86,832         | -                     | 1,676                           | 86,099         | -                     | 3,900                           | 89,173         | -                     | 4,117                           | 91,883         |
| Secured Lines of Credit                      |                       |                                 |                |                       |                                 |                |                       |                                 |                |                       |                                 |                |
| Qualifying Revolving Retail Exposures (QRRE) |                       |                                 |                |                       |                                 |                |                       |                                 |                |                       |                                 |                |
| Other Retail                                 | 698                   | 962                             | -              | 710                   | 977                             | -              | 647                   | 842                             | -              | 668                   | 931                             | -              |
| <b>Total Retail</b>                          | <b>698</b>            | <b>3,354</b>                    | <b>86,832</b>  | <b>710</b>            | <b>2,653</b>                    | <b>86,099</b>  | <b>647</b>            | <b>4,742</b>                    | <b>89,173</b>  | <b>668</b>            | <b>5,048</b>                    | <b>91,883</b>  |
| <b>Total</b>                                 | <b>1,279</b>          | <b>4,610</b>                    | <b>102,761</b> | <b>1,215</b>          | <b>3,867</b>                    | <b>101,372</b> | <b>1,130</b>          | <b>5,863</b>                    | <b>103,020</b> | <b>1,231</b>          | <b>6,547</b>                    | <b>106,755</b> |

(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 |                    |                               |                      |                  |                    |                               |                      |                  |                    |                               |                      |                  |                    |                               |                      |
|---|------------------|--------------------|-------------------------------|----------------------|------------------|--------------------|-------------------------------|----------------------|------------------|--------------------|-------------------------------|----------------------|------------------|--------------------|-------------------------------|----------------------|
|   | Q4 2015          |                    |                               |                      | Q3 2015          |                    |                               |                      | Q2 2015          |                    |                               |                      | Q1 2015          |                    |                               |                      |
|   | 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                   | 997,269          | 250                | 528                           | 45                   | 1,467,044        | 183                | 974                           | 81                   | 1,358,674        | 155                | 592                           | 47                   | 1,137,994        | 123                | 579                           | -                    |
| Swaps   | 2,815,412        | 2,222              | 10,416                        | 1,871                | 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                |
| Options Purchased                                     | 61,404           | -                  | 149                           | 138                  | 37,430           | 10                 | 149                           | 124                  | 44,066           | 10                 | 140                           | 123                  | 60,809           | 12                 | 314                           | 147                  |
| Options Written                                       | 61,655           | -                  | -                             | -                    | 38,674           | -                  | -                             | -                    | 49,744           | -                  | -                             | -                    | 62,248           | -                  | -                             | -                    |
| <b>Total</b>  | <b>3,935,740</b> | <b>2,472</b>       | <b>11,093</b>                 | <b>2,054</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>Foreign Exchange Contracts:</b>                    |                  |                    |                               |                      |                  |                    |                               |                      |                  |                    |                               |                      |                  |                    |                               |                      |
| Futures and Forwards                                  | 458,256          | 2,328              | 6,991                         | 1,865                | 457,246          | 3,446              | 8,289                         | 2,204                | 428,283          | 2,306              | 7,815                         | 1,858                | 471,539          | 4,723              | 9,634                         | 2,248                |
| Swaps   | 338,328          | 1,759              | 8,592                         | 2,214                | 322,576          | 2,867              | 8,985                         | 1,947                | 290,527          | 2,015              | 7,635                         | 1,630                | 295,627          | 2,948              | 8,976                         | 2,099                |
| Options Purchased                                     | 5,633            | 199                | 328                           | 98                   | 5,353            | 192                | 309                           | 93                   | 4,765            | 133                | 230                           | 59                   | 4,106            | 172                | 251                           | 79                   |
| Options Written                                       | 4,884            | -                  | -                             | -                    | 4,664            | -                  | -                             | -                    | 4,041            | -                  | -                             | -                    | 3,645            | -                  | -                             | -                    |
| <b>Total</b>  | <b>807,101</b>   | <b>4,286</b>       | <b>15,911</b>                 | <b>4,177</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>Other Derivatives Contracts:</b>                   |                  |                    |                               |                      |                  |                    |                               |                      |                  |                    |                               |                      |                  |                    |                               |                      |
| Equity  | 62,549           | 1,228              | 6,534                         | 2,049                | 70,993           | 1,615              | 6,962                         | 2,202                | 66,003           | 1,324              | 6,558                         | 2,154                | 63,865           | 1,668              | 6,799                         | 2,141                |
| Credit  | 63,933           | 261                | 2,643                         | 608                  | 62,297           | 189                | 2,526                         | 806                  | 59,618           | 139                | 2,409                         | 544                  | 60,834           | 224                | 2,776                         | 681                  |
| Other   | 149,806          | 2,288              | 11,347                        | 1,945                | 132,744          | 2,357              | 12,406                        | 1,827                | 126,729          | 1,867              | 12,328                        | 1,733                | 136,722          | 2,948              | 11,919                        | 1,821                |
| <b>Total</b>  | <b>276,288</b>   | <b>3,777</b>       | <b>20,524</b>                 | <b>4,602</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>Credit Valuation Adjustment<sup>(2)</sup></b>      |                  |                    |                               | <b>7,183</b>         |                  |                    |                               | <b>7,282</b>         |                  |                    |                               | <b>6,732</b>         |                  |                    |                               | <b>8,154</b>         |
| <b>Total Derivatives after Netting and Collateral</b> | <b>5,019,129</b> | <b>10,535</b>      | <b>47,528</b>                 | <b>18,016</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>        |

| Contract Types                                   | Basel III - IFRS |                               |                  |                               |                  |                               |                  |                               |                 |                               |
|--|------------------|-------------------------------|------------------|-------------------------------|------------------|-------------------------------|------------------|-------------------------------|-----------------|-------------------------------|
|  | Q4 2014          |                               | Q3 2014          |                               | Q2 2014          |                               | Q1 2014          |                               |                 |                               |
|  | Notional Amount  | Credit Risk Equivalent Amount | Notional Amount  | Credit Risk Equivalent Amount | Notional Amount  | Credit Risk Equivalent Amount | Notional Amount  | Credit Risk Equivalent Amount | Notional Amount | Credit Risk Equivalent Amount |
| <b>Interest Rate Contracts:</b>                  |                  |                               |                  |                               |                  |                               |                  |                               |                 |                               |
| Futures and Forward Rate Agreements              | 805,769          | 1,489                         | 627,626          | 1,658                         | 458,607          | 1,355                         | 446,895          | 1,035                         |                 |                               |
| Swaps  | 3,093,098        | 9,053                         | 2,583,470        | 8,569                         | 2,614,773        | 8,442                         | 2,441,658        | 8,977                         |                 |                               |
| Options Purchased                                | 47,916           | 106                           | 107,499          | 181                           | 88,589           | 70                            | 78,637           | 52                            |                 |                               |
| Options Written                                  | 50,710           | -                             | 118,810          | -                             | 87,340           | -                             | 71,915           | -                             |                 |                               |
| <b>Total</b>                                     | <b>3,997,493</b> | <b>10,648</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>Foreign Exchange Contracts:</b>               |                  |                               |                  |                               |                  |                               |                  |                               |                 |                               |
| Futures and Forwards                             | 448,977          | 6,535                         | 406,999          | 5,488                         | 398,717          | 4,637                         | 364,273          | 5,275                         |                 |                               |
| Swaps  | 265,986          | 6,190                         | 241,692          | 5,289                         | 240,885          | 5,014                         | 230,766          | 5,097                         |                 |                               |
| Options Purchased                                | 3,147            | 69                            | 2,741            | 48                            | 3,384            | 58                            | 2,839            | 68                            |                 |                               |
| Options Written                                  | 2,642            | -                             | 2,516            | -                             | 3,004            | -                             | 2,554            | -                             |                 |                               |
| <b>Total</b>                                     | <b>720,752</b>   | <b>12,794</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>Other Derivatives Contracts:</b>              |                  |                               |                  |                               |                  |                               |                  |                               |                 |                               |
| Equity   | 66,608           | 5,726                         | 62,707           | 5,465                         | 51,329           | 4,736                         | 51,275           | 4,954                         |                 |                               |
| Credit   | 57,923           | 1,405                         | 65,079           | 1,854                         | 75,999           | 2,841                         | 75,146           | 2,988                         |                 |                               |
| Other  | 127,041          | 11,863                        | 121,593          | 10,474                        | 111,153          | 10,208                        | 96,830           | 8,603                         |                 |                               |
| <b>Total</b>                                     | <b>251,572</b>   | <b>18,994</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>Total Derivatives</b>                         | <b>4,969,817</b> | <b>42,436</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>Credit Valuation Adjustment<sup>(2)</sup></b> |                  | <b>5,632</b>                  |                  | <b>5,039</b>                  |                  | <b>4,793</b>                  |                  | <b>5,003</b>                  |                 |                               |
| <b>Risk-weighted Amount</b>                      |                  | <b>14,627</b>                 |                  | <b>13,516</b>                 |                  | <b>13,088</b>                 |                  | <b>13,272</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                   |                   |               |                      |                                    |                   |               |                      |                                    |                   |               |                      |                                    |                   |               |                      |
|-------------------------|-----------------------|---------------|------------------------------------|-------------------|---------------|----------------------|------------------------------------|-------------------|---------------|----------------------|------------------------------------|-------------------|---------------|----------------------|------------------------------------|-------------------|---------------|----------------------|
|                         |                       |               | Q4 2015 <sup>(2)</sup>             |                   |               |                      | Q3 2015 <sup>(2)</sup>             |                   |               |                      | Q2 2015                            |                   |               |                      | Q1 2015                            |                   |               |                      |
| 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         |                      |
| <b>Securitization</b>   |                       |               |                                    |                   |               |                      |                                    |                   |               |                      |                                    |                   |               |                      |                                    |                   |               |                      |
| Investment Grade        | AAA to A              | 7 - 25        | 8,581                              | 12,110            | 20,691        | 1,807                | 8,658                              | 11,842            | 20,500        | 1,798                | 8,077                              | 11,564            | 19,641        | 1,711                | 8,584                              | 12,125            | 20,709        | 1,836                |
|                         | A- to BBB-            | 35 - 100      | 118                                | 13                | 131           | 124                  | 149                                | 5                 | 154           | 143                  | 94                                 | 8                 | 102           | 91                   | 68                                 | 16                | 84            | 69                   |
| Non-Investment Grade    | BB+ to BB-            | 150 - 650     | 3                                  | -                 | 3             | 8                    | 3                                  | -                 | 3             | 8                    | 57                                 | 1                 | 58            | 146                  | 61                                 | -                 | 61            | 153                  |
|                         | Below BB-             | 1250          | 28                                 | -                 | 28            | 350                  | 101                                | -                 | 101           | 1,266                | 90                                 | -                 | 90            | 1,121                | 119                                | -                 | 119           | 1,484                |
|                         |                       |               | <b>8,730</b>                       | <b>12,123</b>     | <b>20,853</b> | <b>2,289</b>         | <b>8,911</b>                       | <b>11,847</b>     | <b>20,758</b> | <b>3,215</b>         | <b>8,318</b>                       | <b>11,573</b>     | <b>19,891</b> | <b>3,069</b>         | <b>8,832</b>                       | <b>12,141</b>     | <b>20,973</b> | <b>3,542</b>         |
| <b>Resecuritization</b> |                       |               |                                    |                   |               |                      |                                    |                   |               |                      |                                    |                   |               |                      |                                    |                   |               |                      |
| Investment Grade        | AAA to A              | 20 - 65       | -                                  | 38                | 38            | 25                   | -                                  | 56                | 56            | 36                   | -                                  | 56                | 56            | 36                   | -                                  | 56                | 56            | 36                   |
|                         | A- to BBB-            | 100 - 350     | 89                                 | -                 | 89            | 196                  | 92                                 | -                 | 92            | 205                  | 81                                 | -                 | 81            | 138                  | 117                                | -                 | 117           | 265                  |
| Non-Investment Grade    | BB+ to BB-            | 500 - 850     | -                                  | -                 | -             | -                    | -                                  | -                 | -             | -                    | 55                                 | -                 | 55            | 469                  | -                                  | -                 | -             | -                    |
|                         | Below BB-             | 1250          | 20                                 | -                 | 20            | 249                  | 20                                 | -                 | 20            | 249                  | -                                  | -                 | -             | -                    | 19                                 | -                 | 19            | 242                  |
|                         |                       |               | <b>109</b>                         | <b>38</b>         | <b>147</b>    | <b>470</b>           | <b>112</b>                         | <b>56</b>         | <b>168</b>    | <b>490</b>           | <b>136</b>                         | <b>56</b>         | <b>192</b>    | <b>643</b>           | <b>136</b>                         | <b>56</b>         | <b>192</b>    | <b>543</b>           |
| <b>Total</b>            |                       |               | <b>8,839</b>                       | <b>12,161</b>     | <b>21,000</b> | <b>2,759</b>         | <b>9,023</b>                       | <b>11,903</b>     | <b>20,926</b> | <b>3,705</b>         | <b>8,454</b>                       | <b>11,629</b>     | <b>20,083</b> | <b>3,712</b>         | <b>8,968</b>                       | <b>12,197</b>     | <b>21,165</b> | <b>4,085</b>         |

| Basel III - IFRS                    |                  |                                    |               |                  |                                 |                                    |               |                  |                                 |                                    |               |                  |                                 |                                    |               |                  |                                 |
|-------------------------------------|------------------|------------------------------------|---------------|------------------|---------------------------------|------------------------------------|---------------|------------------|---------------------------------|------------------------------------|---------------|------------------|---------------------------------|------------------------------------|---------------|------------------|---------------------------------|
| (\$MM)                              |                  | Q4 2015 <sup>(2)</sup>             |               |                  |                                 | Q3 2015 <sup>(2)</sup>             |               |                  |                                 | Q2 2015                            |               |                  |                                 | Q1 2015                            |               |                  |                                 |
|                                     |                  | 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%) |
| Underlying Asset                    | On-Balance Sheet | Off-Balance Sheet                  | Total         | On-Balance Sheet |                                 | Off-Balance Sheet                  | Total         | On-Balance Sheet |                                 | Off-Balance Sheet                  | Total         | On-Balance Sheet |                                 | Off-Balance Sheet                  | Total         | On-Balance Sheet |                                 |
| Residential Mortgages               | 187              | 1,275                              | 1,462         | -                | 266                             | 1,275                              | 1,541         | 66               | 139                             | 1,275                              | 1,414         | 16               | 105                             | 1,275                              | 1,380         | -                |                                 |
| Commercial Mortgages                | 9                | -                                  | 9             | -                | 3                               | -                                  | 3             | -                | 11                              | -                                  | 11            | -                | 12                              | -                                  | 12            | -                |                                 |
| Credit cards/Consumer receivables   | 576              | 2,658                              | 3,234         | -                | 798                             | 2,436                              | 3,234         | -                | 346                             | 2,639                              | 2,985         | -                | 533                             | 2,504                              | 3,037         | -                |                                 |
| Auto loans/Leases                   | 3,914            | 2,940                              | 6,854         | 28               | 4,271                           | 2,782                              | 7,053         | 49               | 3,861                           | 2,785                              | 6,646         | 74               | 3,688                           | 3,294                              | 6,982         | 119              |                                 |
| Diversified asset-backed securities | 211              | 43                                 | 254           | 20               | 202                             | 22                                 | 224           | 20               | 232                             | 65                                 | 297           | -                | 203                             | 60                                 | 263           | 19               |                                 |
| Business Loans                      | -                | 80                                 | 80            | -                | 18                              | 100                                | 118           | -                | 82                              | 122                                | 204           | -                | 95                              | 147                                | 242           | -                |                                 |
| Trade receivables                   | 3,083            | 5,116                              | 8,199         | -                | 2,614                           | 5,229                              | 7,843         | -                | 2,980                           | 4,698                              | 7,678         | -                | 2,890                           | 4,870                              | 7,760         | -                |                                 |
| Other                               | 859              | 49                                 | 908           | -                | 851                             | 59                                 | 910           | -                | 803                             | 45                                 | 848           | -                | 1,442                           | 47                                 | 1,489         | -                |                                 |
| <b>Total</b>                        | <b>8,839</b>     | <b>12,161</b>                      | <b>21,000</b> | <b>48</b>        | <b>9,023</b>                    | <b>11,903</b>                      | <b>20,926</b> | <b>135</b>       | <b>8,454</b>                    | <b>11,629</b>                      | <b>20,083</b> | <b>90</b>        | <b>8,968</b>                    | <b>12,197</b>                      | <b>21,165</b> | <b>138</b>       |                                 |

(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

(2) Q4 2015 amounts include securitization under standardized approach: externally rated A+: \$5MM (Q3 2015: \$6MM), and Resecuritization A-: \$36MM (Q3 2015: \$46mm) and BBB: \$3MM (Q3 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                   |                   |               |                      |                                    |                     |               |                      |                                    |                     |               |                      |                                    |                     |               |                      |
|-------------------------|-----------------------|---------------|------------------------------------|-------------------|---------------|----------------------|------------------------------------|---------------------|---------------|----------------------|------------------------------------|---------------------|---------------|----------------------|------------------------------------|---------------------|---------------|----------------------|
|                         |                       |               | Q4 2014                            |                   |               |                      | Q3 2014                            |                     |               |                      | Q2 2014                            |                     |               |                      | Q1 2014                            |                     |               |                      |
| 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        | 7,558                              | 11,863            | 19,421        | 1,719                | 7,584                              | 9,607               | 17,191        | 1,548                | 8,593                              | 9,683               | 18,276        | 1,641                | 8,695                              | 9,670               | 18,365        | 1,664                |
|                         | A- to BBB-            | 35 - 100      | 162                                | 10                | 172           | 154                  | 259                                | 117                 | 376           | 232                  | 354                                | 117                 | 471           | 309                  | 526                                | 126                 | 652           | 324                  |
| Non-Investment Grade    | BB+ to BB-            | 150 - 650     | 10                                 | -                 | 10            | 68                   | 21                                 | -                   | 21            | 126                  | 31                                 | -                   | 31            | 98                   | 49                                 | -                   | 49            | 217                  |
|                         | Below BB-             | 1250          | 137                                | -                 | 137           | 1,707                | 151                                | -                   | 151           | 1,883                | 159                                | -                   | 159           | 1,993                | 164                                | -                   | 164           | 2,262                |
|                         |                       |               | <b>7,867</b>                       | <b>11,873</b>     | <b>19,740</b> | <b>3,648</b>         | <b>8,015</b>                       | <b>9,724</b>        | <b>17,739</b> | <b>3,789</b>         | <b>9,137</b>                       | <b>9,800</b>        | <b>18,937</b> | <b>4,041</b>         | <b>9,434</b>                       | <b>9,796</b>        | <b>19,230</b> | <b>4,467</b>         |
| <u>Resecuritization</u> |                       |               |                                    |                   |               |                      |                                    |                     |               |                      |                                    |                     |               |                      |                                    |                     |               |                      |
| Investment Grade        | AAA to A              | 20 - 65       | -                                  | 56                | 56            | 36                   | 49                                 | 155                 | 204           | 125                  | 57                                 | 155                 | 212           | 132                  | 125                                | 155                 | 280           | 168                  |
|                         | A- to BBB-            | 100 - 350     | 115                                | -                 | 115           | 260                  | 135                                | -                   | 135           | 293                  | 138                                | -                   | 138           | 248                  | 164                                | -                   | 164           | 336                  |
| Non-Investment Grade    | BB+ to BB-            | 500 - 850     | 54                                 | -                 | 54            | 462                  | 69                                 | -                   | 69            | 531                  | 76                                 | -                   | 76            | 566                  | 67                                 | -                   | 67            | 525                  |
|                         | Below BB-             | 1250          | 17                                 | -                 | 17            | 215                  | 17                                 | -                   | 17            | 208                  | 43                                 | -                   | 43            | 540                  | 159                                | -                   | 159           | 1,777                |
|                         |                       |               | <b>186</b>                         | <b>56</b>         | <b>242</b>    | <b>973</b>           | <b>270</b>                         | <b>155</b>          | <b>425</b>    | <b>1,157</b>         | <b>314</b>                         | <b>155</b>          | <b>469</b>    | <b>1,486</b>         | <b>515</b>                         | <b>155</b>          | <b>670</b>    | <b>2,806</b>         |
| <b>Total</b>            |                       |               | <b>8,053</b>                       | <b>11,929</b>     | <b>19,982</b> | <b>4,621</b>         | <b>8,285</b>                       | <b>9,879</b>        | <b>18,164</b> | <b>4,946</b>         | <b>9,451</b>                       | <b>9,955</b>        | <b>19,406</b> | <b>5,527</b>         | <b>9,949</b>                       | <b>9,951</b>        | <b>19,900</b> | <b>7,273</b>         |

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

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

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

## TOTAL MARKET RISK-WEIGHTED ASSETS



| (\$MM)  | Q4 2015       | Q3 2015       | Q2 2015       | Q1 2015       | Q4 2014       |
|---|---------------|---------------|---------------|---------------|---------------|
| All Bank VaR  | 1,758         | 1,355         | 1,385         | 1,369         | 3,015         |
| All Bank stressed VaR                                   | 3,078         | 2,785         | 2,999         | 3,243         | 5,347         |
| Incremental risk charge                                 | 6,101         | 6,109         | 6,139         | 4,776         | 4,952         |
| Comprehensive risk measure <sup>(1)</sup>               | 2,517         | 2,192         | 2,132         | 2,707         | 1,621         |
| CRM surcharge <sup>(1)</sup>                            | -             | -             | -             | -             | 1,738         |
| Standardized approach                                   | 896           | 1,106         | 858           | 1,038         | 578           |
| <b>Market risk-weighted assets as at end of Quarter</b> | <b>14,350</b> | <b>13,547</b> | <b>13,513</b> | <b>13,133</b> | <b>17,251</b> |

(1) The Q4 2015 related capital charge for total comprehensive risk measure including securitization exposures is \$201MM (Q3 2015: \$175MM) broken down as follows: Market Simulation \$35MM (Q3 2015: \$24MM), Default & Migration Risk \$166MM (Q3 2015: \$151MM).

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


| (\$MM) | Item   | Q4 2015        | Q3 2015        |
|--------|--|----------------|----------------|
| 1      | Total consolidated assets as per published financial statements  | <b>856,497</b> | 863,064        |
| 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>(887)</b>   | (793)          |
| 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>13,345</b>  | 9,754          |
| 5      | Adjustment for securities financing transactions (i.e., repo assets and similar secured lending)   | <b>9,024</b>   | 9,434          |
| 6      | Adjustment for off balance-sheet items (i.e., credit equivalent amounts of off-balance sheet exposures)  | <b>114,612</b> | 110,925        |
| 7      | Other adjustments  | <b>(9,273)</b> | (9,417)        |
| 8      | Leverage Ratio Exposure (transitional basis)   | <b>983,318</b> | <b>982,967</b> |



# LEVERAGE RATIO FRAMEWORK



| (\$MM) | Item <sup>(1)</sup>  | Q4 2015   | Q3 2015   |
|--------|--|-----------|-----------|
|        | <b>On-balance sheet exposures</b>  |           |           |
| 1      | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)                 | 727,294   | 727,552   |
| 2      | (Asset amounts deducted in determining Basel III transitional Tier 1 capital)  | (9,273)   | (9,417)   |
| 3      | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)   | 718,021   | 718,135   |
|        | <b>Derivative exposures</b>  |           |           |
| 4      | Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)                                | 11,513    | 14,971    |
| 5      | Add-on amounts for PFE associated with all derivative transactions   | 36,993    | 37,692    |
| 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)   | (2,462)   | (1,039)   |
| 8      | (Exempted CCP-leg of client cleared trade exposures)   | -         | -         |
| 9      | Adjusted effective notional amount of written credit derivatives   | 21,868    | 20,667    |
| 10     | (Adjusted effective notional offsets and add-on deductions for written credit derivatives)   | (13,563)  | (15,329)  |
| 11     | Total derivative exposures (sum of lines 4 to 10)  | 54,349    | 56,962    |
|        | <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   | 95,757    | 96,605    |
| 13     | (Netted amounts of cash payables and cash receivables of gross SFT assets)   | (8,445)   | (9,093)   |
| 14     | Counterparty credit risk (CCR) exposure for SFT assets   | 9,024     | 9,434     |
| 15     | Agent transaction exposures  | -         | -         |
| 16     | Total securities financing transaction exposures (sum of lines 12 to 15)   | 96,336    | 96,946    |
|        | <b>Other off-balance sheet exposures</b>   |           |           |
| 17     | Off-balance sheet exposure at gross notional amount  | 374,003   | 363,594   |
| 18     | (Adjustments for conversion to credit equivalent amounts)  | (259,391) | (252,670) |
| 19     | Off-balance sheet items (sum of lines 17 and 18)   | 114,612   | 110,924   |
|        | <b>Capital and Total Exposures - Transitional Basis</b>  |           |           |
| 20     | Tier 1 capital   | 44,811    | 44,263    |
| 21     | Total Exposures (sum of lines 3, 11, 16 and 19)  | 983,318   | 982,967   |
|        | <b>Leverage Ratios - Transitional Basis</b>  |           |           |
| 22     | Basel III leverage ratio   | 4.6%      | 4.5%      |
|        | <b>All-in basis (Required by OSFI)</b>   |           |           |
| 23     | Tier 1 capital – All-in basis  | 41,366    | 40,474    |
| 24     | (Regulatory adjustments)   | (12,379)  | (12,874)  |
| 25     | Total Exposures (sum of lines 21 and 24, less the amount reported in line 2) – All-in basis  | 980,212   | 979,510   |
| 26     | Leverage ratio – All-in basis  | 4.2%      | 4.1%      |

(1) On-balance sheet items excludes securities purchased under resale agreements and securities borrowed (\$87,312), derivative financial instruments (\$41,003), assets outside the regulatory scope of consolidation (\$887).

# 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.  |