

SUPPLEMENTARY REGULATORY CAPITAL DISCLOSURE



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BASEL III INTRODUCTION



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

The Basel III Framework is composed of three Pillars:

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

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

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

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

Credit Risk

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

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

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

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

Operational Risk

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

Market Risk

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

IFRS

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

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

This "Supplementary Regulatory Capital Disclosure" has been updated to reflect OSFI's Advisory, "Required Public Disclosure Requirements related to Basel III Pillar 3" (issued July 2, 2013), effective Q3 2013 for all D-SIBs. The main features template that sets out a summary of information on the terms and conditions of the main features of all capital instruments is posted on the Bank's website as follows: <http://www.scotiabank.com/ca/en/0,,3066,00.htm>

BASEL III IMPLEMENTATION



Canadian banks are subject to the revised capital adequacy requirements as published by the Basel Committee on Banking Supervision (BCBS) - commonly referred to as Basel III - effective November 1, 2012. Basel III builds on the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II). The Office of the Superintendent of Financial Institutions (OSFI) has issued guidelines, reporting requirements and disclosure guidance which are consistent with the Basel III reforms (except for implementation dates described below).

As compared to previous standards, Basel III places a greater emphasis on common equity by introducing a new category of capital, Common Equity Tier 1 (CET1), which consists primarily of common shareholders equity net of regulatory adjustments. These regulatory adjustments include goodwill, intangible assets, deferred tax assets, pension assets and investments in financial institutions over certain thresholds. Overall, the Basel III rules increase the level of regulatory deductions relative to Basel II. Basel III also increases the level of risk-weighted assets for significant investments and deferred tax amounts due to temporary timing differences under defined thresholds, exposures to large or unregulated financial institutions meeting specific criteria, exposures to centralized counterparties and exposures that give rise to wrong way risk.

To enable banks to meet the new standards, Basel III contains transitional arrangements commencing January 1, 2013, through January 1, 2019. Transitional requirements result in a phase-in of new deductions for 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, 60% in 2016, 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 4 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%.

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%.

The BCBS 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.

As of January 2016, the Scotiabank and other Canadian D-SIB banks are also required to meet new D-SIB minimum requirements; a minimum Common Equity Tier 1 ratio of 8.0%, Tier 1 ratio of 9.5% and a Total capital ratio of 11.5%.

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 and 2016, 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 did not meet these additional criteria and are subject to phase-out commencing January 2013. Certain innovative Tier 1 capital instruments issued by the Bank contain regulatory event redemption rights. The Bank has no present intention of invoking any regulatory event redemption features in these capital instruments. However, the Bank reserves the right to redeem, call or repurchase any capital instruments within the terms of each offering at any time in the future.

Commencing in 2015 and continuing in 2016, the Bank issued subordinated debentures and preferred shares which contain non-viability contingent capital (NVCC) provisions necessary for the debentures and preferred shares to qualify as Tier 1 or 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.

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 former Assets-to-Capital Multiple (ACM), effective Q1 2015. Institutions are expected to maintain a material operating buffer above the 3% minimum. The Bank meets OSFI's authorized leverage ratio. Commencing Q1 2015, disclosure in accordance with OSFI's September 2014 Public Disclosure Requirements related to Basel III Leverage ratio has been made in the Supplementary Regulatory Capital Disclosure on pages 28-30.

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

REGULATORY CAPITAL HIGHLIGHTS⁽¹⁾



(\$MM)	Basel III - IFRS									
	Q2 2016		Q1 2016		Q4 2015		Q3 2015		Q2 2015	
	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾
Common Equity Tier 1 capital	41,801	35,911	43,742	37,645	44,811	36,965	44,263	36,077	42,619	34,750
Tier 1 capital	43,425	40,759	44,826	41,983	44,811	41,366	44,263	40,474	42,619	39,077
Total capital	51,327	48,839	53,031	50,413	51,501	48,230	50,809	47,311	49,162	45,863
Risk-weighted Assets⁽³⁾										
CET1 Capital Risk-weighted Assets	361,678	356,866	381,381	374,457	364,824	357,995	355,138	348,039	335,233	328,688
Tier 1 Capital Risk-weighted Assets	361,678	357,389	381,381	375,365	364,824	358,780	355,138	348,835	335,233	329,424
Total Capital Risk-weighted Assets	361,678	357,837	381,381	376,143	364,824	359,453	355,138	349,518	335,233	330,055
Capital Ratios (%)										
Common Equity Tier 1 (as a percentage of risk-weighted assets)	11.6	10.1	11.5	10.1	12.3	10.3	12.5	10.4	12.7	10.6
Tier 1 (as a percentage of risk-weighted assets)	12.0	11.4	11.8	11.2	12.3	11.5	12.5	11.6	12.7	11.9
Total capital (as a percentage of risk-weighted assets)	14.2	13.6	13.9	13.4	14.1	13.4	14.3	13.5	14.7	13.9
Leverage: All-in Basis⁽⁴⁾										
Leverage Exposures	1,007,540	1,005,103	1,039,339	1,037,881	983,318	980,212	982,967	979,510	950,456	947,169
Leverage Ratio	4.3	4.1	4.3	4.0	4.6	4.2	4.5	4.1	4.5	4.1
OSFI Target: All-in Basis (%)										
Common Equity Tier 1 minimum ratio		8.0		8.0		7.0		7.0		7.0
Tier 1 capital all-in minimum ratio		9.5		9.5		8.5		8.5		8.5
Total capital all-in minimum ratio		11.5		11.5		10.5		10.5		10.5
Leverage all-in minimum ratio		3.0		3.0		3.0		3.0		3.0
Capital instruments subject to phase-out arrangements										
Current cap on Additional Tier 1 (AT1) instruments subject to phase-out arrangements (%)	60	60	60	60	70	70	70	70	70	70
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	69	69	414	414	-	-	-	-	-	-
Current cap on Tier 2 (T2) instruments subject to phase-out arrangements (%)	60	60	60	60	70	70	70	70	70	70
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-	-	-	-	-

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

(2) 'All-in' approach is defined as capital calculated to include all of the regulatory adjustments that will be required by 2019 but retaining the phase-out rules for non-qualifying capital instruments.

(3) As per OSFI guideline, effective Q1 2014, Credit Valuation Adjustment (CVA) RWA on derivatives was phased-in using Scalars. Since Q1, 2015 the CVA risk-weighted assets have been calculated using the scalars of 0.64, 0.71 and 0.77 to compute the CET1 capital ratio, Tier 1 capital ratio and Total capital ratio, respectively.

(4) Effective Q1 2015, the Bank implemented the Leverage Requirements Guideline issued by OSFI in October 2014.

REGULATORY CAPITAL - DEFINITION OF CAPITAL COMPONENTS



(\$MM)

		Cross-Reference ⁽¹⁾	All-in Q2 2016	All-in Q1 2016
Common Equity Tier 1 Capital: Instruments and Reserves				
1	Directly issued qualifying common share capital plus related stock surplus	u+y	15,365	15,345
2	Retained Earnings	v	32,757	32,150
3	Accumulated Other Comprehensive Income	w	825	3,401
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	bb	579	550
6	Common Equity Tier 1 capital before regulatory adjustments		49,526	51,446
Common Equity Tier 1 Capital: Regulatory Adjustments				
8	Goodwill (net of related tax liability)	g	-7,653	-7,601
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	h-q+i-r	-3,647	-3,578
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	-498	-539
11	Cash flow hedge reserve	x	-370	-110
12	Shortfall of allowances to expected losses	ee	0	-62
14	Gains and losses due to changes in own credit risk on fair value liabilities	p	-308	-451
15	Defined-benefit pension fund net assets (net of related tax liability)	l-s	-119	-134
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	a	-5	-4
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	-634	-775
22	Amount exceeding the 15% threshold		-377	-544
23	of which: significant investments in the common stock of financials	f	-241	-342
25	of which: deferred tax assets arising from temporary differences	j	-136	-202
26	Other deductions from CET1 as determined by OSFI	o	-4	-3
28	Total regulatory adjustments to Common Equity Tier 1		-13,615	-13,801
29	Common Equity Tier 1 Capital (CET1)		35,911	37,645
Additional Tier 1 Capital: Instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	z	850	350
31	of which: classified as equity under applicable accounting standards		850	350
33	Directly issued capital instruments subject to phase-out from Additional Tier 1	aa + Note (2)	3,920	3,920
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)	cc	89	79
36	Additional Tier 1 capital before regulatory adjustments		4,859	4,349
Additional Tier 1 Capital: Regulatory Adjustments				
39	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)		-	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	b	-11	-11
41	Other deductions from Tier 1 capital as determined by OSFI		-	-
43	Total regulatory adjustments to Additional Tier 1 capital		-11	-11
44	Additional Tier 1 Capital (AT1)		4,848	4,338
45	Tier 1 Capital (T1=CET1 + AT1)		40,759	41,983
Tier 2 Capital: Instruments and Provisions				
46	Directly issued qualifying Tier 2 instruments	m	3,583	3,787
47	Directly issued capital instruments subject to phase-out from Tier 2		3,915	3,972
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	dd	66	180
50	Eligible Collective Allowance and Excess of allowance over expected loss	c+d	516	491
51	Tier 2 capital before regulatory adjustments		8,080	8,430

		Cross-Reference ⁽¹⁾	All-in Q2 2016	All-in Q1 2016
Tier 2 Capital: Regulatory Adjustments				
57	Total regulatory adjustments to Tier 2 capital		-	-
58	Tier 2 Capital (T2)		8,080	8,430
59	Total Capital (TC = T1 + T2)		48,839	50,413
60	Total Risk-weighted Assets		359,554	379,128
60a	Common Equity Tier 1 (CET1) Capital RWA		356,866	374,457
60b	Tier 1 Capital RWA		357,389	375,365
60c	Total Capital RWA		357,837	376,143
Capital Ratios and Buffers				
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)		10.1	10.1
62	Tier 1 (as a percentage of risk-weighted assets)		11.4	11.2
63	Total capital (as a percentage of risk-weighted assets)		13.6	13.4
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk-weighted assets)		8.0%	8.0%
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)		10.1	10.1
OSFI all-in target (minimum + capital conservation buffer + DSIB surcharge (if applicable))				
69	Common Equity Tier 1 All-in target ratio		8.0%	8.0%
70	Tier 1 capital all-in target ratio		9.5%	9.5%
71	Total capital all-in target ratio		11.5%	11.5%
Amounts below the thresholds for the deduction (before risk-weighting)				
72	Non-significant investments in the capital of other financial institutions		2,003	1,524
73	Significant investments in the common stock of financial institutions		3,450	3,554
75	Deferred tax assets arising from temporary differences (net of related tax liability)		1,936	2,093
Applicable caps on the inclusion of allowances in Tier 2				
76	Allowances eligible for inclusion in Tier 2 in respect to exposures subject to standardized approach (prior to application of cap)		508	491
77	Cap on inclusion of allowances in Tier 2 under standardized approach		1,254	1,334
78	Allowances eligible for inclusion in Tier 2 in respect to exposures subject to internal ratings-based approach (prior to application of cap)		8	-
79	Cap for inclusion of allowances in Tier 2 under internal ratings-based approach		1,247	1,331
Capital instruments subject to phase-out arrangements (only applicable between Jan 1 2018 and Jan 1 2022)				
80	Current cap on CET1 instruments subject to phase-out arrangements		60%	60%
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		60%	60%
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		69	414
84	Current cap on T2 instruments subject to phase-out arrangements		60%	60%
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		-	-

(1) Cross-referenced to the Consolidated Balance Sheet: Source of Definition of Capital Components on page 5 (refer to column: Under Regulatory Scope of Consolidation).

(2) Line 33 also includes \$1,400 of capital instruments issued by trusts not consolidated under accounting standard IFRS 10, effective Q1 2014.

CONSOLIDATED BALANCE SHEET: SOURCE OF DEFINITION OF CAPITAL COMPONENTS



(\$MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position ⁽¹⁾	Under regulatory scope of consolidation ⁽²⁾	(\$MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position ⁽¹⁾	Under regulatory scope of consolidation ⁽²⁾
		Q2 2016	Q2 2016			Q2 2016	Q2 2016
Assets				Liabilities			
Cash and deposits with banks		61,215	60,547	Deposits			
Precious Metals		8,818	8,818	Personal		192,870	192,870
				Business and Government		374,272	374,272
Trading Assets				Banks		42,171	42,171
Trading Securities		80,615	80,611			609,313	609,313
- Investment in own shares	a		5				
- Other trading securities			80,606	Financial instruments designated at fair value through profit or loss		1,629	1,629
Trading Loans		19,060	19,060	Other			
Other Trading Assets		1,692	1,692	Acceptances		10,008	10,008
		101,367	101,363	Obligations Related to Securities Sold Short		22,351	22,351
Financial assets designated at fair value through profit or loss		210	210	Derivative Financial Instruments		47,308	47,308
Securities Purchased Under Resale Agreements		104,022	104,022	Obligations Related to Securities Sold Under Repurchase Agreements		102,392	102,392
Derivative Financial Instruments		42,318	42,318	Subordinated Debentures		7,499	7,499
Investment Securities		66,640	65,811	- Regulatory capital amortization of maturing debentures			
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital			11	- Subordinated debentures used for regulatory capital			
- Other securities	b		65,800	- of which: are included in Tier 2 capital	m		3,583
				- of which: are subject to phase-out included in Tier 2 capital (60%)			3,916
				- of which: are subject to phase-out not included in Tier 2 capital			
Loans				Other Liabilities		40,635	39,742
Residential Mortgages		216,507	216,348	- Liquidity Reserves	o		4
				- Gains/losses due to changes in own credit risk including DVA on derivatives	p		308
Personal and Credit Cards		95,865	95,865	- Deferred tax liabilities			
Business and Government		158,875	158,757	- Intangible assets (excl. computer software and mortgage servicing rights)	q		834
		471,247	470,971	- Intangible assets - computer software	r		129
Allowance For Credit Losses		4,402	4,402	- Defined benefit pension fund assets	s		59
- Collective Allowance reflected in Tier 2 capital	c		508	- Other deferred tax liabilities			(199)
- Shortfall of allowances to expected loss	ee		-	- Other Liabilities			38,607
- Excess of allowances to expected loss	d		8			230,193	229,300
- Allowances not reflected in regulatory capital			3,886	Total Liabilities		841,135	840,242
Other				Shareholders' Equity			
Customers' Liability Under Acceptances		10,008	10,008	Common Equity			
Property and Equipment		2,317	2,313	- Common Shares	u	15,194	15,194
Investments in Associates		4,006	4,341	- Retained Earnings	v	32,757	32,757
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		634	- Accumulated Other Comprehensive Income (Loss)	w	825	825
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		241	- Cash flow hedging reserve	x		370
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			3,466	- Other			455
Goodwill & Other Intangibles		11,541	12,263	- Other Reserves	y	171	171
- Goodwill	g		7,653	Total Common Equity		48,947	48,947
- Intangibles (excl. computer software)	h		3,061	Preferred Shares		3,439	3,439
- Computer software intangibles	i		1,549	- of which: are qualifying Tier 1 capital	z		850
Deferred tax assets		2,273	2,273	- of which: are subject to phase out and included in Tier 1 capital (60%)	aa		2,520
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		136	- of which: are subject to phase out and not included into Tier 1 capital			69
- Deferred tax assets that rely on future profitability	k		498	Total Equity Attributable to Equity Holders		52,386	52,386
- Deferred tax assets not deducted from regulatory capital			1,639	Non-Controlling Interests			
Other Assets		13,381	13,211	Non-Controlling Interest in Subsidiaries		1,440	1,440
- Defined pension fund assets	l		178	- portion allowed for inclusion into CET1	bb		579
- Other assets			13,033	- portion allowed for inclusion into Tier 1 capital	cc		89
				- portion allowed for inclusion into Tier 2 capital	dd		66
				- portion not allowed for regulatory capital			706
		43,526	44,410	Total Equity		53,826	53,826
Total Assets		894,961	894,068	Total Liabilities & Shareholders' Equity		894,961	894,068

(1) Consolidated Statement of Financial Position as reported in the 2016 Quarterly Report - Second Quarter results (page 38).

(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: \$569, equity: \$310), Scotia Life Insurance Company (assets: \$162, equity: \$224), Scotia Jamaica Life Insurance Co. Ltd (assets: \$573, equity: \$121), Scotia Life Trinidad and Tobago Ltd (assets: \$377, equity: \$72) and Scotia Seguros: (assets: \$82, equity: \$53).

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		Equity	Also subject to Credit Risk	All Other ⁽¹⁾		
				Transactions	OTC Derivatives					
As at April 30, 2016 (\$MM)										
Cash and deposits with financial institutions	58,772	-	-	-	-	-	-	-	2,443	61,215
Precious metals	-	-	-	-	-	-	-	8,818	-	8,818
Trading assets:										
Securities	-	-	-	-	-	-	-	80,615	-	80,615
Loans	12,498	-	-	-	-	-	12,498	6,562	-	19,060
Other	-	-	-	-	-	-	-	1,692	-	1,692
Financial assets designated at fair value through profit or loss	210	-	-	-	-	-	-	-	-	210
Securities purchased under resale agreements and securities borrowed	-	-	-	104,022	-	-	-	-	-	104,022
Derivative financial instruments	-	-	-	-	42,318	-	36,958	-	-	42,318
Investment securities	63,070	-	-	-	-	2,393	-	-	1,177	66,640
Loans:										
Residential mortgages ⁽²⁾	111,523	104,840	-	-	-	-	-	-	144	216,507
Personal and credit cards	-	93,117	2,731	-	-	-	-	-	17	95,865
Business & government	152,118	-	6,713	-	-	-	-	-	44	158,875
Allowances for credit losses ⁽³⁾	(1,262)	-	-	-	-	-	-	-	(3,140)	(4,402)
Customers' liability under acceptances	10,008	-	-	-	-	-	-	-	-	10,008
Property and equipment	-	-	-	-	-	-	-	-	2,317	2,317
Investment in associates	-	-	-	-	-	-	-	-	4,006	4,006
Goodwill and other intangibles assets	-	-	-	-	-	-	-	-	11,541	11,541
Other (including Deferred tax assets)	578	450	-	-	-	-	-	-	14,626	15,654
Total	407,515	198,407	9,444	104,022	42,318	2,393	49,456	97,687	33,175	894,961

	Credit Risk Exposures						Other Exposures		Total
	Drawn		Other Exposures				Market Risk Exposures		
	Non-retail	Retail	Securitization	Repo-style		Equity	Also subject to Credit Risk	All Other ⁽¹⁾	
				Transactions	OTC Derivatives				
As at Jan 31, 2016 (\$MM)									
Cash and deposits with financial institutions	72,488	-	-	-	-	-	-	2,765	75,253
Precious metals	-	-	-	-	-	-	9,408	-	9,408
Trading assets:									
Securities	-	-	-	-	-	-	84,322	-	84,322
Loans	11,066	-	-	-	-	-	11,066	6,894	17,960
Other	-	-	-	-	-	-	1,994	-	1,994
Financial assets designated at fair value through profit or loss	295	-	-	-	-	1	-	-	296
Securities purchased under resale agreements and securities borrowed	-	-	-	96,267	-	-	-	-	96,267
Derivative financial instruments	-	-	-	-	51,958	-	45,460	-	51,958
Investment securities	56,490	-	-	-	-	2,702	-	1,235	60,427
Loans:									
Residential mortgages ⁽²⁾	86,994	131,885	-	-	-	-	-	168	219,047
Personal and credit cards	-	92,362	3,001	-	-	-	-	19	95,382
Business & government	158,919	-	7,508	-	-	-	-	51	166,478
Allowances for credit losses ⁽³⁾	(1,147)	-	-	-	-	-	-	(3,207)	(4,354)
Customers' liability under acceptances	10,416	-	-	-	-	-	-	-	10,416
Property and equipment	-	-	-	-	-	-	-	2,339	2,339
Investment in associates	-	-	-	-	-	-	-	4,307	4,307
Goodwill and other intangibles assets	-	-	-	-	-	-	-	11,620	11,620
Other (including Deferred tax assets)	34	473	-	-	-	-	-	15,986	16,493
Total	395,555	224,720	10,509	96,267	51,958	2,703	56,526	102,618	919,613

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

(2) Includes \$107.5 billion (Q1, 2016 - \$84.8 billion) in mortgages guaranteed by Canada Mortgage Housing Corporation (CMHC) including 90% of privately insured mortgages. CMHC guarantees under the PD substitution are reclassified to sovereign.

(3) Gross of allowances against impaired loans for AIRB exposures and net of allowances against impaired loans for standardized exposures.

FLOW STATEMENT FOR REGULATORY CAPITAL ⁽¹⁾



	Basel III All-in											
	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013 ⁽²⁾	Q3 2013 ⁽²⁾
(\$MM)												
Common Equity Tier 1 (CET1) capital												
Opening amount	37,645	36,965	36,077	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	1,523	1,758	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	(899)	(871)	(870)	(851)	(853)	(832)	(833)	(813)	(821)	(798)	(800)	(773)
Shares issued	22	42	22	33	16	26	90	152	110	375	328	284
Shared repurchased/redeemed	(15)	(65)	(311)	(170)	(29)	(445)	(176)	(144)	-	-	-	-
Removal of own credit spread (net of tax)	143	(142)	(26)	(59)	37	(110)	-	2	20	(21)	(8)	(6)
Movements in other comprehensive income, excluding cash flow hedges ⁽³⁾	(2,835)	842	(330)	1,376	(1,180)	1,586	211	(246)	(434)	979	435	326
Currency translation differences	(2,826)	1,455	(276)	1,400	(1,450)	2,259	309	(101)	(385)	1,055	297	(198)
Available-for-sale investments	13	(177)	(306)	(87)	(33)	(43)	(85)	14	6	18	66	(102)
Employee Benefits ⁽¹⁾	(25)	(443)	246	80	303	(643)	(46)	(168)	(50)	(59)	72	626
Other	3	7	6	(17)	-	13	33	9	(5)	(35)	-	-
Goodwill and other intangible assets (deduction, net of related tax liability)	(121)	(161)	(27)	(462)	157	(208)	(378)	(172)	(59)	(97)	(97)	(125)
Other, including regulatory adjustments and transitional arrangements	447	(723)	647	(335)	456	(1,049)	(215)	3,279	254	47	(313)	(234)
Deferred tax assets that rely on future probability	41	-	45	18	13	5	(2)	68	42	24	(4)	(5)
Other, IFRS Impact ⁽³⁾	-	-	-	-	-	-	-	-	-	(83)	-	-
Threshold deductions ⁽¹⁾	308	(655)	552	(288)	421	(1,044)	(113)	3,196	209	33	(182)	154
Other	98	(68)	50	(65)	22	(10)	(100)	15	3	73	(127)	(383)
Closing Amount	35,910	37,645	36,965	36,077	34,750	34,389	33,742	33,670	29,311	28,499	26,359	25,188
Other Additional Tier 1 capital												
Opening amount	4,338	4,401	4,397	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	500	350	-	-	-	-	-	(300)	(600)	(250)	(300)	(750)
Redeemed capital	(345)	-	-	-	-	-	-	(300)	(600)	(250)	(300)	(750)
Other, capital including regulatory adjustments and transitional arrangements	355	(413)	4	70	(1)	(3)	(21)	(3)	12	(62)	2	655
Closing Amount	4,848	4,338	4,401	4,397	4,327	4,328	4,331	4,352	4,655	5,243	5,555	5,853
Total Tier 1 capital	40,758	41,983	41,366	40,474	39,077	38,717	38,073	38,022	33,966	33,742	31,914	31,041
Tier 2 capital												
Opening amount	8,430	6,864	6,837	6,786	5,637	5,519	5,522	6,038	7,070	6,927	7,907	8,243
New Tier 2 eligible capital issues	-	2,537	-	-	1,250	-	-	-	-	-	-	-
Redeemed capital	(19)	(1,000)	-	-	-	-	-	-	(1,000)	-	(1,200)	-
Amortization adjustments	-	-	-	-	-	-	-	-	-	-	250	-
Other, including regulatory adjustments and transitional adjustments	(331)	29	27	51	(101)	118	(3)	(516)	(32)	143	(30)	(336)
Closing Amount	8,080	8,430	6,864	6,837	6,786	5,637	5,519	5,522	6,038	7,070	6,927	7,907
Total regulatory capital	48,838	50,413	48,230	47,311	45,863	44,354	43,592	43,544	40,004	40,811	38,841	38,948

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

(2) Prior 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 ⁽¹⁾



(\$MM)

REGULATORY CAPITAL:

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

Total Regulatory Capital

CHANGES IN REGULATORY CAPITAL:

Total Capital, Beginning of Period

Internally Generated Capital

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

External Financing

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

Other

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

Total Capital Generated / (Used)

Total Capital, End of Period

Basel III All-in		Basel II			
Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
37,661	36,556	35,283	32,555	31,011	28,399
-	-	322	643	964	1,286
351	343				
		(528)	(563)	(848)	(555)
447	437	966	918	887	823
		-5,239	-5,363	-5,375	-4,586
(14,446)	(14,322)				
24,013	23,014				
3,945	3,945	4,384	4,384	4,384	4,384
1,935	1,935	2,150	2,150	2,900	2,900
68	66	-2,902	-2,850	-2,949	-3,773
29,961	28,960	34,436	31,874	30,974	28,878
		305	288	296	254
7,087	7,902	9,893	6,699	6,695	6,730
1,048	853	454	444	401	391
108	103				
8,243	8,858	10,652	7,431	7,392	7,375
		-2,895	-2,847	-2,946	-2,961
38,204	37,818	42,193	36,458	35,420	33,292
37,818	42,193	36,458	35,420	33,292	32,533
1,534	1,559	1,453	2,001	1,391	1,398
-771	-731	-728	-683	-679	-622
763	828	725	1,318	712	776
-1,710	-1,362	3,194	4	-35	7
-	-	-	(750)	-	-
-	-	-	-	-	-
352	413	1,976	199	1,895	733
(1,358)	(949)	5,170	(547)	1,860	740
-	-	34	285	-294	142
-	-	17	-8	42	102
-	-	48	31	64	183
981	-4,254	-259	-41	-256	-1,184
981	(4,254)	(160)	267	(444)	(757)
386	(4,375)	5,735	1,038	2,128	759
38,204	37,818	42,193	36,458	35,420	33,292

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

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

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

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

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

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

RISK-WEIGHTED ASSETS AND CAPITAL RATIOS



(\$B)	Basel III - All-in IFRS													
	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
RISK-WEIGHTED ASSETS:⁽¹⁾⁽²⁾														
On-Balance Sheet Assets														
Cash Resources	4.1	3.7	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 ⁽³⁾	10.3	11.2	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	22.5	25.9	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	49.0	48.7	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	120.4	125.1	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 ⁽⁴⁾	27.0	29.0	28.9	28.7	26.6	27.2	25.9	26.3	24.3	25.8	24.9	23.9	22.9	23.8
	233.2	243.6	230.3	224.1	211.4	215.5	199.0	196.6	194.0	194.1	186.7	183.3	180.8	182.0
Off-Balance Sheet Assets														
Indirect Credit Instruments	48.5	49.2	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	13.2	20.0	17.9	18.2	16.8	19.7	14.6	13.5	13.3	13.0	7.6	7.6	7.6	8.0
	61.7	69.2	67.1	65.0	60.0	63.1	54.1	52.8	48.9	50.6	45.9	44.9	43.3	42.8
Total Credit Risk before AIRB scaling factor	294.9	312.8	297.4	289.1	271.4	278.6	253.1	249.4	242.9	244.7	232.6	228.2	224.1	224.8
AIRB Scaling factor ⁽⁵⁾	10.6	11.1	10.6	10.2	9.6	9.8	8.8	8.8	8.5	8.5	8.3	8.1	8.3	8.2
Total Credit Risk after AIRB scaling factor	305.5	323.9	308.0	299.3	281.0	288.4	261.9	258.2	251.4	253.2	240.9	236.3	232.4	233.0
Market Risk - Risk Assets Equivalent	13.9	14.1	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	37.5	36.5	35.6	35.2	34.2	33.7	33.3	32.9	32.4	32.2	31.9	31.5	30.9	30.6
CET1 Risk-weighted Assets⁽⁶⁾	356.9	374.5	358.0	348.0	328.7	335.2	312.5	307.8	300.2	302.1	288.2	282.3	280.7	280.1
Tier 1 Risk-weighted Assets⁽⁶⁾	357.4	375.4	358.8	348.8	329.4	336.1	313.3	308.5	300.2	302.1	288.2	282.3	280.7	280.1
Total Risk-weighted Assets⁽⁶⁾	357.8	376.1	359.5	349.5	330.1	336.9	314.4	309.6	300.2	302.1	288.2	282.3	280.7	280.1
REGULATORY CAPITAL RATIOS (%):														
Common Equity Tier 1	10.1	10.1	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	11.4	11.2	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	13.6	13.4	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 and 2016, these scalars are 0.64, 0.71 and 0.77, respectively.

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


Credit Risk Risk-weighted Assets (RWA) (\$MM)	Q2 2016		Q1 2016	
	Credit Risk ⁽¹⁾	Of which Counterparty Credit Risk	Credit Risk ⁽¹⁾	Of which Counterparty Credit Risk
CET1 Credit risk-weighted assets as at beginning of Quarter	323,899	24,426	308,035	22,940
Book size ⁽²⁾	(264)	(2,345)	4,933	2
Book quality ⁽³⁾	5,552	738	1,726	(61)
Model updates ⁽⁴⁾	(3,214)	(3,214)	-	-
Methodology and policy ⁽⁵⁾	-	-	(2,849)	-
Acquisitions and disposals	241	-	1,431	-
Foreign exchange movements	(18,804)	(2,519)	10,623	1,545
Other	(1,945)	-	-	-
CET1 Credit risk-weighted assets as at end of Quarter	305,465	17,086	323,899	24,426
Tier 1 CVA scalar	523	523	908	908
Tier 1 Credit risk-weighted assets as at end of Quarter	305,988	17,609	324,807	25,334
Total CVA scalar	448	448	778	778
Total Credit risk-weighted assets as at end of Quarter	306,436	18,057	325,585	26,112

(1) In accordance with OSFI's requirements, in 2015 and 2016, 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, including those caused by experience such as underlying customer behaviour or demographics, and changes through model calibrations/realignments.

(4) Model updates are defined as model implementation, change in model scope or any change to address model enhancement. As of Q2 2016, the bank implemented the Internal Modelling Method for determination of Counterparty Credit Risk and Credit Valuation Adjustment RWA.

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

Market Risk RWA (\$MM)	Q2 2016	Q1 2016
Market risk-weighted assets as at beginning of Quarter	14,072	14,350
Movement in risk levels ⁽¹⁾	(1,397)	(329)
Model updates ⁽²⁾	1,210	51
Methodology and policy ⁽³⁾	-	-
Acquisitions and disposals	-	-
Other	-	-
Market risk-weighted assets as at end of Quarter	13,885	14,072

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

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

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

Operational Risk RWA (\$MM)	Q2 2016	Q1 2016
Operational risk-weighted assets as at beginning of Quarter	36,486	35,610
Acquisitions and disposals	532	366
Higher Revenue	498	510
Operational risk-weighted assets as at end of Quarter	37,516	36,486

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


	Q2 2016				
	Canadian Banking	International Banking	Global Banking & Markets	Other	All Bank
CET1 Risk-weighted Assets (RWA)					
CET1 RWA (\$B)	\$105.5	\$124.7	\$116.5	\$10.2	\$356.9
Proportion of Bank	30%	35%	33%	2%	100%
Comprised of:					
Credit risk	84%	87%	85%	95%	85%
Market risk	- %	2%	9%	5%	4%
Operational risk	16%	11%	6%	- %	11%

	Q1 2016 ⁽¹⁾				
	Canadian Banking	International Banking	Global Banking & Markets	Other	All Bank
CET1 Risk-weighted Assets (RWA)					
CET1 RWA (\$B)	\$109.0	\$129.4	\$124.4	\$11.7	\$374.5
Proportion of Bank	29%	35%	33%	3%	100%
Comprised of:					
Credit risk	85%	89%	84%	97%	86%
Market risk	- %	1%	10%	3%	4%
Operational risk	15%	10%	6%	- %	10%

(1) Reclassifications made for presentation purposes.

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



(\$MM)		Basel III - IFRS													
		Q2 2016						Q1 2016		Q4 2015		Q3 2015		Q2 2015	
		AIRB		Standardized		Total		Total		Total		Total		Total	
Exposure Type	Sub-type	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾
Non-Retail															
Corporate	Drawn	127,602	73,721	46,385	44,904	173,987	118,625	175,672	122,318	157,514	112,836	151,360	106,697	146,075	100,609
	Undrawn	62,508	26,184	4,516	4,464	67,024	30,648	71,934	32,458	58,915	29,035	56,306	27,606	51,361	24,589
	Other ⁽³⁾	40,492	13,534	2,472	2,434	42,964	15,968	45,648	16,314	40,425	15,476	43,981	16,093	37,643	14,254
	Total	230,602	113,439	53,373	51,802	283,975	165,241	293,254	171,090	256,854	157,347	251,647	150,396	235,079	139,452
Bank	Drawn	23,132	5,480	1,704	1,099	24,836	6,579	25,881	7,522	27,165	8,344	27,400	7,109	25,700	6,679
	Undrawn	1,841	312	6	3	1,847	315	1,784	260	11,386	3,726	11,741	3,793	11,406	3,672
	Other ⁽³⁾	10,250	1,413	247	126	10,497	1,539	12,430	2,069	14,906	3,253	12,351	2,188	10,190	1,830
	Total	35,223	7,205	1,957	1,228	37,180	8,433	40,095	9,851	53,457	15,323	51,492	13,090	47,296	12,181
Sovereign	Drawn	91,514	3,705	7,944	1,993	99,458	5,698	109,153	5,654	96,263	4,203	102,869	5,471	80,325	5,527
	Undrawn	823	102	49	27	872	129	816	46	2,133	355	1,802	168	1,543	161
	Other ⁽³⁾	371	4	-	-	371	4	508	8	1,016	36	694	46	544	15
	Total	92,708	3,811	7,993	2,020	100,701	5,831	110,477	5,708	99,412	4,594	105,365	5,685	82,412	5,703
Total Non-Retail															
	Drawn	242,248	82,906	56,033	47,996	298,281	130,902	310,706	135,494	280,942	125,383	281,629	119,277	252,100	112,815
	Undrawn	65,172	26,598	4,571	4,494	69,743	31,092	74,534	32,764	72,434	33,116	69,849	31,567	64,310	28,422
	Other ⁽³⁾	51,113	14,951	2,719	2,560	53,832	17,511	58,586	18,391	56,347	18,765	57,026	18,327	48,377	16,099
	Total	358,533	124,455	63,323	55,050	421,856	179,505	443,826	186,649	409,723	177,264	408,504	169,171	364,787	157,336
Retail															
Residential Mortgages	Drawn	186,438	8,807	28,195	13,660	214,633	22,467	217,345	25,942	215,590	24,967	214,183	24,854	211,805	22,196
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	186,438	8,807	28,195	13,660	214,633	22,467	217,345	25,942	215,590	24,967	214,183	24,854	211,805	22,196
Secured Lines Of Credit	Drawn	18,918	4,390	-	-	18,918	4,390	18,550	4,310	18,804	4,197	18,992	4,207	19,047	4,293
	Undrawn	14,045	1,268	-	-	14,045	1,268	13,778	1,225	12,631	1,133	12,553	1,181	12,354	1,158
	Total	32,963	5,658	-	-	32,963	5,658	32,328	5,535	31,435	5,330	31,545	5,388	31,401	5,451
Qualifying Revolving Retail Exposures (QRRE)	Drawn	17,474	9,997	-	-	17,474	9,997	17,244	9,953	16,910	10,031	16,602	9,662	16,426	9,556
	Undrawn	20,100	2,549	-	-	20,100	2,549	19,693	2,481	17,705	2,241	17,123	2,135	16,734	2,058
	Total	37,574	12,546	-	-	37,574	12,546	36,937	12,434	34,615	12,272	33,725	11,797	33,160	11,614
Other Retail	Drawn	27,221	13,034	29,394	21,540	56,615	34,574	56,432	34,436	53,313	32,002	51,959	31,308	48,315	29,555
	Undrawn	674	159	-	-	674	159	669	158	712	178	677	164	660	156
	Total	27,895	13,193	29,394	21,540	57,289	34,733	57,101	34,594	54,025	32,180	52,636	31,472	48,975	29,711
Total Retail															
	Drawn	250,051	36,228	57,589	35,200	307,640	71,428	309,571	74,641	304,617	71,197	301,736	70,031	295,593	65,600
	Undrawn	34,819	3,976	-	-	34,819	3,976	34,140	3,864	31,048	3,552	30,353	3,480	29,748	3,372
	Total	284,870	40,204	57,589	35,200	342,459	75,404	343,711	78,505	335,665	74,749	332,089	73,511	325,341	68,972
Securitizations		23,726	2,547	37	41	23,763	2,588	23,527	2,719	21,000	2,759	20,926	3,705	20,083	3,711
Trading Derivatives		23,144	6,924	-	-	23,144	6,924	31,216	9,042	28,234	8,232	30,013	8,485	28,854	7,971
Derivatives - credit valuation adjustment		-	-	-	4,778	-	4,778	-	8,304	-	7,183	-	7,282	-	6,732
Total Credit Risk (Excluding Equities & Other Assets)		690,273	174,130	120,949	95,069	811,222	269,199	842,280	285,219	794,622	270,187	791,532	262,154	739,065	244,722
Equities		2,393	2,393	-	-	2,393	2,393	2,703	2,703	2,985	2,985	3,427	3,427	3,636	3,636
Other Assets		-	-	53,444	23,297	53,444	23,297	59,267	24,882	50,873	24,265	52,878	23,551	54,146	23,056
Total Credit Risk (Before Scaling Factor)		692,666	176,523	174,393	118,366	867,059	294,889	904,250	312,804	848,480	297,437	847,837	289,132	796,847	271,414
Add-on for 6% Scaling Factor ⁽⁴⁾			10,576				10,576		11,095		10,597		10,183		9,593
Total Credit Risk		692,666	187,099	174,393	118,366	867,059	305,465	904,250	323,899	848,480	308,034	847,837	299,315	796,847	281,007

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

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

(5) As of Q2 2016, the bank implemented the Internal Modelling Method for determination of Counterparty Credit Risk and Credit Valuation Adjustment RWA.

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



(M\$M)		Basel III - IFRS											
		Q1 2015		Q4 2014		Q3 2014		Q2 2014		Q1 2014		Q4 2013	
Exposure Type	Sub-type	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾
Non-Retail													
Corporate ⁽³⁾	Drawn	145,012	101,339	130,621	90,240	128,408	90,365	128,608	90,079	121,562	86,649	116,209	82,203
	Undrawn	53,974	24,963	47,082	22,314	44,855	21,274	41,619	19,554	42,968	20,444	45,758	21,547
	Other ⁽⁴⁾	35,068	12,327	31,678	11,496	31,704	11,246	26,552	10,126	30,930	11,540	24,902	9,520
	Total	234,054	138,629	209,381	124,050	204,967	122,885	196,779	119,759	195,460	118,633	186,869	113,270
Bank ⁽³⁾	Drawn	32,358	8,435	25,883	7,500	26,237	7,882	29,067	9,053	34,833	9,949	28,186	9,509
	Undrawn	12,222	3,914	10,954	3,356	11,552	3,559	10,620	3,279	11,879	3,507	12,463	3,968
	Other ⁽⁴⁾	9,535	1,753	8,195	1,486	7,929	1,394	8,228	1,370	7,904	1,304	11,361	2,071
	Total	54,115	14,102	45,032	12,342	45,718	12,835	47,915	13,702	54,616	14,760	52,010	15,548
Sovereign	Drawn	82,035	5,544	76,107	4,858	68,768	4,664	77,072	4,717	71,279	5,145	69,594	5,013
	Undrawn	1,465	139	1,352	140	1,353	177	1,359	189	1,440	263	1,568	234
	Other ⁽⁴⁾	1,137	63	805	33	775	26	856	31	1,191	28	4,837	84
	Total	84,637	5,746	78,264	5,031	70,896	4,867	79,287	4,937	73,910	5,436	75,999	5,331
Total Non-retail													
	Drawn	259,405	115,318	232,611	102,598	223,413	102,911	234,747	103,849	227,674	101,743	213,989	96,725
	Undrawn	67,661	29,016	59,388	25,810	57,760	25,010	53,598	23,022	56,287	24,214	59,789	25,749
	Other ⁽⁴⁾	45,740	14,143	40,678	13,015	40,408	12,666	35,636	11,527	40,025	12,872	41,100	11,675
	Total	372,806	158,477	332,677	141,423	321,581	140,587	323,981	138,398	323,986	138,829	314,878	134,149
Retail													
Residential Mortgages	Drawn	213,185	21,893	211,341	19,766	210,743	19,360	210,451	19,466	210,691	19,085	209,581	18,956
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-
	Total	213,185	21,893	211,341	19,766	210,743	19,360	210,451	19,466	210,691	19,085	209,581	18,956
Secured Lines Of Credit	Drawn	18,952	4,435	19,115	4,487	18,590	4,409	18,459	4,509	18,220	4,552	18,241	4,802
	Undrawn	12,312	1,243	12,209	1,282	17,724	1,857	13,265	1,394	13,052	1,370	12,856	1,419
	Total	31,264	5,678	31,324	5,769	36,314	6,266	31,724	5,903	31,272	5,922	31,097	6,221
Qualifying Revolving	Drawn	16,257	9,564	16,011	9,356	15,953	7,622	15,653	7,153	15,412	7,171	15,174	7,105
	Undrawn	16,716	2,151	16,196	2,105	18,311	2,360	13,638	1,674	13,400	1,678	12,900	1,672
	Total	32,973	11,715	32,207	11,461	34,264	9,982	29,291	8,827	28,812	8,849	28,074	8,777
Other Retail	Drawn	48,656	29,929	47,080	28,848	45,380	27,624	42,989	26,216	41,754	25,405	40,499	24,412
	Undrawn	667	165	659	161	999	126	736	91	733	91	735	90
	Total	49,323	30,094	47,739	29,009	46,379	27,750	43,725	26,307	42,487	25,496	41,234	24,502
Total Retail													
	Drawn	297,050	65,821	293,547	62,457	290,666	59,015	287,552	57,344	286,077	56,213	283,495	55,275
	Undrawn	29,695	3,559	29,064	3,548	37,034	4,343	27,639	3,159	27,185	3,139	26,491	3,181
	Total	326,745	69,380	322,611	66,005	327,700	63,358	315,191	60,503	313,262	59,352	309,986	58,456
Securitizations		21,166	4,086	19,982	4,621	18,163	4,947	19,406	5,527	19,900	7,273	17,975	7,049
Trading Derivatives ⁽³⁾		36,673	10,178	25,249	8,041	22,886	7,559	22,139	7,454	23,638	7,284	20,623	6,977
Derivatives - credit valuation adjustment ⁽⁵⁾		-	8,154	-	5,632	-	5,039	-	4,793	-	5,003	-	-
Total Credit risk (excl. Equities & Other Assets)		757,390	250,275	700,519	225,722	690,330	221,490	680,717	216,675	680,786	217,741	663,462	206,631
Equities ⁽⁶⁾		4,132	4,132	4,269	4,269	4,451	4,451	4,002	4,002	4,019	4,019	3,728	3,728
Other Assets ⁽⁷⁾		59,475	24,208	52,288	23,065	52,377	23,550	52,771	22,224	57,028	22,930	55,910	22,250
		820,997	278,615	757,076	253,056	747,158	249,491	737,490	242,901	741,833	244,690	723,100	232,609
Add-on for 6% scaling factor ⁽⁸⁾			9,801		8,831		8,672		8,491		8,506		8,331
Total Credit Risk		820,997	288,416	757,076	261,887	747,158	258,163	737,490	251,392	741,833	253,196	723,100	240,940

(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 Q1 2014, Credit Valuation Adjustment (CVA) RWA on derivatives was phased-in using Scalars. Since Q1, 2015 the CVA risk-weighted assets have been calculated using the scalars of 0.64, 0.71 and 0.77 to compute the 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 and are now risk-weighted under Basel III.

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

CREDIT RISK EXPOSURES BY GEOGRAPHY ⁽¹⁾⁽²⁾



Exposure at Default

(\$MM)	Basel III - IFRS									
	Q2 2016					Q1 2016				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
	Drawn	Undrawn	Other ⁽³⁾			Drawn	Undrawn	Other ⁽³⁾		
Canada	84,122	31,175	36,910	296,305	448,512	79,791	31,478	41,965	295,843	449,077
USA	91,131	25,945	38,426	-	155,502	101,092	28,739	42,641	-	172,472
Mexico	14,216	613	1,498	8,140	24,467	14,562	824	1,461	8,408	25,255
Peru	15,312	1,399	2,953	6,437	26,101	16,937	1,758	3,311	6,792	28,798
Chile	10,288	309	1,370	9,304	21,271	10,751	374	1,623	9,432	22,180
Colombia	5,353	68	627	4,789	10,837	4,913	130	438	4,563	10,044
Other International										
Europe	25,332	5,292	13,172	-	43,796	23,287	5,568	15,589	-	44,444
Caribbean	18,786	1,393	1,556	17,059	38,794	20,397	1,594	2,164	18,188	42,343
Latin America (other)	8,215	474	484	425	9,598	8,653	528	579	485	10,245
All Other	25,526	3,075	3,743	-	32,344	30,323	3,541	3,558	-	37,422
Total	298,281	69,743	100,739	342,459	811,222	310,706	74,534	113,329	343,711	842,280

	Basel III - IFRS				
	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Canada	435,953	434,335	420,728	427,607	405,718
USA	153,285	154,180	126,154	128,841	116,969
Mexico	23,808	22,870	20,924	22,085	20,775
Peru	27,007	26,617	24,105	23,950	21,391
Chile	19,777	19,282	18,742	19,292	16,940
Colombia	9,899	10,436	11,591	10,505	10,507
Other International					
Europe	40,048	38,017	34,768	35,740	29,271
Caribbean	39,831	39,939	36,987	38,398	34,567
Latin America (other)	8,962	9,060	8,461	8,328	7,111
All Other	36,052	36,796	36,605	42,644	37,270
Total	794,622	791,532	739,065	757,390	700,519

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

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

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

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



NON-RETAIL AND RETAIL PORTFOLIO EXPOSURE AT DEFAULT

(\$MM)	Basel III - IFRS							
	Q2 2016				Q1 2016			
	Drawn	Undrawn	Other ⁽³⁾	Total	Drawn	Undrawn	Other ⁽³⁾	Total
Non-Retail								
Less than 1 year	124,821	21,918	64,114	210,853	134,504	21,846	66,817	223,167
1 to 5 years	107,410	40,994	26,751	175,155	107,373	45,626	35,043	188,042
Over 5 Years	10,017	2,260	7,118	19,395	9,129	1,711	8,359	19,199
Total Non-Retail	242,248	65,172	97,983	405,403	251,006	69,183	110,219	430,408
Retail								
Less than 1 year	30,196	14,719		44,915	32,482	14,447		46,929
1 to 5 years	162,707	-		162,707	162,064	-		162,064
Over 5 Years	19,639	-		19,639	18,896	-		18,896
Revolving Credits ⁽⁴⁾	37,509	20,100		57,609	36,911	19,693		56,604
Total Retail	250,051	34,819		284,870	250,353	34,140		284,493
Total	492,299	99,991	97,983	690,273	501,359	103,323	110,219	714,901

	Basel III - IFRS			
	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Non-Retail				
Less than 1 year	213,600	224,896	193,579	209,059
1 to 5 years	163,961	154,304	141,822	136,947
Over 5 Years	17,937	18,331	19,198	23,546
Total Non-Retail	395,498	397,531	354,599	369,552
Retail				
Less than 1 year	45,368	45,879	49,230	49,578
1 to 5 years	160,660	157,160	153,136	154,382
Over 5 Years	20,682	21,796	21,294	19,599
Revolving Credits ⁽⁴⁾	54,555	53,839	53,247	52,973
Total Retail	281,265	278,674	276,907	276,532
Total	676,763	676,205	631,506	646,084

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

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

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

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

STANDARDIZED CREDIT RISK EXPOSURES BY RISK-WEIGHT



EXPOSURE AT DEFAULT⁽¹⁾

(\$MM)	Basel III - IFRS													
	Q2 2016							Q1 2016						
	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%	1,743	-	4,632	6,375	668	1,218	1,886	1,795	-	5,126	6,921	614	1,281	1,895
20%	124	773	1,409	2,306	1,782	203	1,985	143	1,037	2,182	3,362	2,037	186	2,223
35%	-	-	-	-	15,819	-	15,819	-	-	-	-	16,733	-	16,733
50%	185	221	429	835	-	203	203	282	112	522	916	-	186	186
75%	-	-	-	-	8,638	27,010	35,648	-	-	-	-	8,998	27,023	36,021
100%	50,623	963	1,523	53,109	1,288	-	1,288	54,036	1,068	1,035	56,139	1,421	-	1,421
150%+	735	-	-	735	-	760	760	823	-	-	823	-	739	739
Total	53,410	1,957	7,993	63,360	28,195	29,394	57,589	57,079	2,217	8,865	68,161	29,803	29,415	59,218

Risk-weight	Basel III - IFRS													
	Q4 2015		Q3 2015		Q2 2015		Q1 2015		Q4 2014		Q3 2014		Q2 2014	
	Non-Retail		Non-Retail		Non-Retail		Non-Retail		Non-Retail		Non-Retail		Non-Retail	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
0%	6,115	1,689	6,123	1,248	5,630	1,080	6,481	1,141	5,417	1,087	5,594	1,160	5,632	979
20%	1,695	2,146	1,649	1,779	1,573	1,624	3,087	1,771	2,582	1,354	1,737	1,327	2,087	1,335
35%	-	16,004	-	16,198	-	17,697	-	18,375	-	17,377	-	16,821	-	16,694
50%	478	215	382	222	381	204	806	213	372	-	337	-	637	-
75%	-	32,321	-	31,942	-	26,166	-	26,944	-	25,366	-	24,666	-	23,916
100%	54,632	1,313	53,122	1,336	50,857	1,025	50,225	1,130	46,764	959	46,689	899	44,679	902
150%+	539	712	636	690	684	638	494	639	381	590	422	595	420	567
Total	63,459	54,400	61,912	53,415	59,125	48,434	61,093	50,213	55,516	46,733	54,779	45,468	53,455	44,393

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

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(SMM)			Basel III - IFRS														
Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	Q2 2016							Q1 2016							
			Drawn Exposure at Default ⁽³⁾	Undrawn Exposure at Default ⁽³⁾	Other Exposure at Default ⁽³⁾	Total Exposure at Default ⁽³⁾	RWA	Weighted Average PD ⁽⁶⁾⁽⁷⁾	Weighted Average LGD ⁽⁶⁾⁽⁷⁾	Weighted Average RW ⁽⁶⁾⁽⁷⁾	Total Exposure at Default ⁽³⁾	RWA	Weighted Average PD ⁽⁶⁾⁽⁷⁾	Weighted Average LGD ⁽⁶⁾⁽⁷⁾	Weighted Average RW ⁽⁶⁾⁽⁷⁾		
			\$	\$	\$	\$	\$	%	%	%	\$	\$	%	%	%		
Investment Grade																	
<u>Corporate</u>			68,097	48,040	39,028	155,165	47,464	0.14	42	31	163,161	52,453	0.15	42	32		
	99	0.00% - 0.06%	29	361	597	987	74	0.03	44	8	982	94	0.03	49	10		
AAA to AA+	98	0.00% - 0.06%	63	661	138	862	59	0.05	22	7	934	55	0.05	21	6		
AA to A-	95	0.06% - 0.15%	5,555	4,969	5,505	16,029	3,135	0.06	42	20	18,773	3,776	0.07	42	20		
AA to A-	90	0.06% - 0.17%	13,416	13,045	12,576	39,037	6,852	0.07	39	18	40,462	7,413	0.07	39	18		
BBB+ to BBB	87	0.10% - 0.26%	14,062	10,564	6,047	30,673	8,505	0.11	41	28	31,057	9,031	0.11	41	29		
BBB+ to BBB	85	0.14% - 0.36%	16,854	8,653	6,071	31,578	12,182	0.18	44	39	35,821	13,732	0.18	43	38		
BBB-	83	0.21% - 0.51%	18,118	9,787	8,094	35,999	16,657	0.26	45	46	35,132	18,352	0.29	47	52		
<u>Bank</u>			19,968	1,820	19,826	41,614	7,729	0.11	36	19	45,695	8,684	0.11	36	19		
	99	0.00% - 0.06%	193	-	38	231	13	0.02	31	6	359	12	0.03	40	4		
AAA to AA+	98	0.00% - 0.06%	1,453	454	871	2,778	353	0.05	30	13	1,982	268	0.05	30	14		
AA to A-	95	0.06% - 0.15%	7,614	525	4,888	13,027	2,025	0.06	41	16	16,214	2,519	0.06	40	16		
AA to A-	90	0.06% - 0.17%	5,252	651	6,826	12,729	1,926	0.09	34	15	12,629	1,988	0.09	34	16		
BBB+ to BBB	87	0.10% - 0.26%	2,986	57	5,090	8,133	1,874	0.14	33	23	7,935	1,725	0.13	33	22		
BBB+ to BBB	85	0.14% - 0.36%	1,531	3	924	2,458	767	0.30	36	31	3,495	985	0.24	34	28		
BBB-	83	0.21% - 0.51%	939	130	1,189	2,258	771	0.33	34	34	3,081	1,187	0.36	36	39		
<u>Sovereign</u>			87,036	681	4,764	92,481	2,561	0.04	16	3	101,563	2,375	0.04	16	2		
	99	0.00% - 0.06%	59,091	301	1,704	61,096	-	-	15	-	78,416	-	-	15	-		
AAA to AA+	98	0.00% - 0.06%	10,663	36	665	11,364	267	0.05	15	2	4,231	248	0.05	15	6		
AA to A-	95	0.06% - 0.15%	8,858	307	1,842	11,007	821	0.08	17	7	7,224	632	0.08	17	9		
AA to A-	90	0.06% - 0.17%	372	26	263	661	36	0.11	18	5	715	41	0.10	18	6		
BBB+ to BBB	87	0.10% - 0.26%	5,371	1	289	5,661	633	0.25	16	11	6,571	621	0.25	24	9		
BBB+ to BBB	85	0.14% - 0.36%	1,999	10	1	2,010	561	0.36	27	28	3,823	632	0.27	22	17		
BBB-	83	0.21% - 0.51%	682	-	-	682	243	0.52	33	36	583	201	0.52	33	35		
Sub-Total			175,101	50,541	63,618	289,260	57,754	0.11	33	20	310,419	63,512	0.11	33	20		
Non-Investment Grade																	
<u>Corporate</u>			54,941	13,542	9,637	78,120	54,925	0.73	45	70	80,559	57,399	0.73	45	71		
BB+	80	0.33% - 0.57%	19,924	6,808	3,018	29,750	18,130	0.39	47	61	30,447	18,493	0.38	46	61		
BB	77	0.51% - 0.63%	16,972	3,463	1,633	22,068	15,083	0.54	46	68	21,772	14,906	0.54	45	68		
BB-	75	0.63% - 0.80%	10,116	2,102	3,751	15,969	11,682	0.80	43	73	16,933	12,913	0.80	45	76		
B+	73	0.80% - 1.54%	4,957	844	1,008	6,809	6,089	1.52	41	89	8,307	7,794	1.52	42	94		
B to B-	70	1.54% - 2.97%	2,972	325	227	3,524	3,941	2.86	43	112	3,100	3,293	2.86	41	106		
<u>Bank</u>			3,105	23	329	3,457	1,782	0.65	37	52	5,793	2,655	0.69	35	46		
BB+	80	0.33% - 0.57%	1,405	2	155	1,562	821	0.55	41	53	3,252	1,656	0.56	37	51		
BB	77	0.51% - 0.63%	1,569	16	149	1,734	856	0.61	34	49	624	316	0.61	39	51		
BB-	75	0.63% - 0.80%	33	2	20	55	33	0.80	39	61	1,764	572	0.80	30	32		
B+	73	0.80% - 1.54%	11	-	3	14	14	1.52	38	94	49	36	1.52	39	73		
B to B-	70	1.54% - 2.97%	87	3	2	92	58	2.86	23	64	104	75	2.86	27	72		
<u>Sovereign</u>			4,417	142	29	4,588	1,509	1.72	24	33	5,090	1,704	1.77	24	33		
BB+	80	0.33% - 0.57%	1,271	40	18	1,329	288	0.56	21	22	1,860	515	0.56	24	28		
BB	77	0.51% - 0.63%	368	-	-	368	132	0.62	24	36	-	-	-	-	-		
BB-	75	0.63% - 0.80%	302	-	10	312	44	0.80	32	14	11	3	0.80	15	23		
B+	73	0.80% - 1.54%	543	3	-	546	81	1.52	25	15	926	204	1.52	28	22		
B to B-	70	1.54% - 2.97%	1,933	99	1	2,033	964	2.86	24	47	2,293	982	2.86	23	43		
Sub-Total			62,463	13,707	9,995	86,165	58,216	0.78	44	68	91,442	61,758	0.78	43	68		

(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.

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

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(\$MM)			Basel III - IFRS												
			Q2 2016								Q1 2016				
Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	Drawn Exposure at Default ⁽³⁾	Undrawn Exposure at Default ⁽³⁾	Other Exposure at Default ⁽³⁾	Total Exposure at Default ⁽³⁾	RWA	Weighted Average PD ⁽⁴⁾⁽⁷⁾	Weighted Average LGD ⁽⁵⁾⁽⁷⁾	Weighted Average RW ⁽⁶⁾⁽⁷⁾	Total Exposure at Default ⁽³⁾	RWA	Weighted Average PD ⁽⁴⁾⁽⁷⁾	Weighted Average LGD ⁽⁵⁾⁽⁷⁾	Weighted Average RW ⁽⁶⁾⁽⁷⁾
			\$	\$	\$	\$	\$	%	%	%	\$	\$	%	%	%
Watch List (CCC+ to CC)															
Corporate	65 - 30	2.97% - 60.11%	2,797	542	252	3,591	6,497	22.23	37	181	3,541	6,913	21.31	41	195
Bank	65 - 30	2.97% - 60.11%	57	-	4	61	140	21.03	47	234	118	247	25.00	43	211
Sovereign	65 - 30	2.97% - 60.11%	57	-	-	57	75	13.73	43	132	80	84	12.98	43	105
Sub-Total			2,911	542	256	3,709	6,712	22.08	37	181	3,739	7,244	21.25	41	194
Default ⁽⁸⁾															
Corporate	27-21	100%	1,765	382	388	2,535	8,674	100.00	44	342	1,311	4,684	100.00	50	357
Bank	27-21	100%	2	-	-	2	-	100.00	39	0	-	-	100.00	30	375
Sovereign	27-21	100%	6	-	-	6	23	100.00	33	412	7	27	100.00	33	412
Sub-Total			1,773	382	388	2,543	8,697	100.00	44	342	1,318	4,711	100.00	50	358
Total			242,248	65,172	74,257	381,677	131,379	1.14	35	34	406,918	137,225	0.78	35	34

(1) The cross references of the Bank's internal borrower grades (IG) with equivalent rating categories utilized by external rating agencies are outlined on page 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) EAD for defaulted exposures before related specific provisions and write-offs.

NON-RETAIL AIRB PORTFOLIO - CREDIT COMMITMENTS

NON-RETAIL AND PORTFOLIO - CREDIT COMMITMENTS				
(\$MM)	Basel III - IFRS			
	Q2 2016		Q1 2016	
Exposure Type	Notional Undrawn	Weighted Average EAD	Notional Undrawn	Weighted Average EAD
	\$	%	\$	%
Corporate	124,308	50	133,710	50
Bank	3,241	57	3,133	57
Sovereign	1,532	55	1,493	55
Total	129,081	50	138,336	50

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

(\$MM)		PD Range	Basel III - IFRS								
			Q2 2016								
			EAD ⁽³⁾	Notional of undrawn commitments	Exposure weighted-average EAD ⁽⁴⁾	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW	RWA	EL	EL adjusted average risk weight ⁽⁵⁾
			\$	\$	%	%	%	%	\$	\$	%
Residential Real Estate Secured ⁽⁶⁾											
Insured Drawn and Undrawn ⁽⁷⁾											
Exceptionally Low	0.01% to 0.04%	109,436	-	100.00	0.00	26	-	50	-	-	
Very Low	0.05% to 0.19%	4,501	2	100.00	0.15	28	13	568	2	13	
Low	0.20% to 0.99%	573	-	130.83	0.60	12	17	97	1	18	
Medium Low	1.00% to 2.99%	2	-	107.36	1.19	39	54	1	0	60	
Medium	3.00% to 9.99%	0	-	106.06	4.29	26	80	0	0	94	
High	10.00% to 19.99%	0	-	107.64	10.83	22	105	0	0	136	
Extremely High	20.00% to 99.99%	1	-	108.24	42.62	35	193	2	0	361	
Default	100%	17	-	100.00	100.00	68	-	-	12	848	
Sub-total		114,530	2	101.67	0.02	26	1	718	15	1	
Uninsured Undrawn											
Exceptionally Low	0.00% to 0.04%	-	-	0.00	0.00	-	-	-	-	-	
Very Low	0.05% to 0.19%	10,546	26,950	19.57	0.07	23	4	445	2	4	
Low	0.20% to 0.99%	2,599	5,766	22.53	0.26	26	13	334	2	14	
Medium Low	1.00% to 2.99%	695	944	36.77	1.19	28	39	272	2	43	
Medium	3.00% to 9.99%	146	178	41.01	4.29	31	95	139	2	112	
High	10.00% to 19.99%	33	35	47.08	10.83	26	121	39	1	156	
Extremely High	20.00% to 99.99%	25	16	81.36	33.20	27	151	39	2	262	
Default	100%	-	-	100.00	0.00	-	-	-	-	-	
Sub-total		14,044	33,889	21.36	0.29	24	9	1,268	11	10	
Uninsured Drawn											
Exceptionally Low	0.00% to 0.04%	32,803	-	100.00	0.03	20	2	679	2	2	
Very Low	0.05% to 0.19%	26,298	-	100.00	0.17	22	8	2,013	10	8	
Low	0.20% to 0.99%	21,112	-	100.00	0.57	24	19	4,098	28	21	
Medium Low	1.00% to 2.99%	7,655	-	100.00	1.68	26	44	3,332	32	49	
Medium	3.00% to 9.99%	1,528	-	100.00	5.13	25	81	1,233	19	96	
High	10.00% to 19.99%	602	-	100.00	12.15	23	111	668	17	145	
Extremely High	20.00% to 99.99%	588	-	100.00	33.49	22	127	747	44	221	
Default	100%	241	-	100.00	100.00	62	-	-	149	771	
Sub-total		90,827	-	100.00	0.99	22	14	12,770	301	18	
Qualifying Revolving Retail Exposures (QRRE)											
Exceptionally Low	0.00% to 0.04%	7,831	15,388	24.60	0.04	73	2	174	3	3	
Very Low	0.05% to 0.19%	7,625	10,091	36.07	0.16	69	6	475	9	8	
Low	0.20% to 0.99%	9,991	7,777	48.57	0.50	76	16	1,606	37	21	
Medium Low	1.00% to 2.99%	7,207	1,854	75.50	1.76	83	49	3,507	106	67	
Medium	3.00% to 9.99%	2,427	216	92.37	5.44	85	109	2,648	112	167	
High	10.00% to 19.99%	1,425	58	97.15	10.26	86	162	2,305	125	272	
Extremely High	20.00% to 99.99%	873	18	102.10	38.05	80	210	1,830	262	585	
Default	100%	195	-	100.00	100.00	86	-	-	168	1,076	
Sub-total		37,574	35,402	52.39	2.66	76	33	12,545	822	61	
Other Retail											
Exceptionally Low	0.00% to 0.04%	418	773	25.64	0.04	71	9	40	-	10	
Very Low	0.05% to 0.19%	6,031	2	99.95	0.10	49	12	726	3	13	
Low	0.20% to 0.99%	13,565	351	97.32	0.53	56	40	5,408	41	44	
Medium Low	1.00% to 2.99%	4,410	10	99.69	1.89	64	81	3,553	53	96	
Medium	3.00% to 9.99%	2,296	1	99.93	5.54	62	93	2,140	78	136	
High	10.00% to 19.99%	24	-	99.43	14.06	81	155	37	3	296	
Extremely High	20.00% to 99.99%	965	-	100.00	32.84	55	134	1,291	176	362	
Default	100%	186	-	100.00	100.00	83	-	-	153	1,032	
Sub-total		27,895	1,137	97.52	2.85	56	47	13,195	507	70	
Total Retail											
Exceptionally Low	0.01% to 0.04%	150,488	16,161	95.87	0.01	27	1	943	5	1	
Very Low	0.05% to 0.19%	55,001	37,045	75.71	0.14	32	8	4,227	26	8	
Low	0.20% to 0.99%	47,840	13,894	84.66	0.53	44	24	11,543	109	27	
Medium Low	1.00% to 2.99%	19,969	2,808	88.89	1.74	55	53	10,665	193	66	
Medium	3.00% to 9.99%	6,397	395	95.74	5.38	61	96	6,160	211	138	
High	10.00% to 19.99%	2,084	93	97.22	10.86	66	146	3,049	146	234	
Extremely High	20.00% to 99.99%	2,452	34	100.56	34.86	56	159	3,909	484	407	
Default	100%	639	-	100.00	100.00	75	-	-	482	942	
Total		284,870	70,430	90.27	0.97	34	14	40,496	1,656	21	

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

(2) New Revolving and Home Equity lines of credit 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 Canadian residential mortgages and home equity lines of credit.

(7) The Bank uses the PD Substitution approach to reflect default insurance.

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

(\$MM)		Basel III - IFRS								
		Q1 2016								
Category of PD Grades	PD Range	EAD ⁽³⁾	Notional of undrawn commitments	Exposure weighted-average EAD ⁽⁴⁾	Exposure weighted-average PD	Exposure weighted-average LGD	Exposure weighted-average RW	RWA	EL	EL adjusted average risk weight ⁽⁵⁾
		\$	\$	%	%	%	%	\$	\$	%
Residential Real Estate Secured⁽⁶⁾										
Insured Drawn and Undrawn⁽⁷⁾										
Exceptionally Low	0.01% to 0.04%	86,128	-	100.00	0.00	27	-	33	-	-
Very Low	0.05% to 0.19%	1,574	2	99.92	0.19	30	12	183	1	12
Low	0.20% to 0.99%	1,333	-	115.10	0.68	27	30	401	3	33
Medium Low	1.00% to 2.99%	250	-	100.07	2.12	31	62	154	2	70
Medium	3.00% to 9.99%	87	-	100.01	5.91	30	106	92	2	128
High	10.00% to 19.99%	44	-	100.04	13.03	28	139	61	2	185
Extremely High	20.00% to 99.99%	55	-	100.15	34.59	27	149	82	5	264
Default	100%	17	-	100.00	100.00	67	-	-	11	832
Sub-total		89,488	2	100.19	0.07	27	1	1,006	26	1
Uninsured Undrawn										
Exceptionally Low	0.00% to 0.04%	-	-	0.00	0.00	-	-	-	-	-
Very Low	0.05% to 0.19%	10,392	26,525	19.59	0.07	23	4	439	2	4
Low	0.20% to 0.99%	2,558	5,674	22.54	0.26	26	13	329	2	14
Medium Low	1.00% to 2.99%	629	849	37.03	1.19	28	40	249	2	44
Medium	3.00% to 9.99%	137	168	40.71	4.29	31	93	127	2	109
High	10.00% to 19.99%	34	40	42.76	10.83	26	120	41	1	155
Extremely High	20.00% to 99.99%	26	15	89.00	33.46	26	150	39	2	260
Default	100%	-	-	100.00	0.00	-	-	-	-	-
Sub-total		13,776	33,271	21.33	0.29	24	9	1,224	11	10
Uninsured Drawn										
Exceptionally Low	0.00% to 0.04%	42,128	-	100.00	0.03	20	2	869	3	2
Very Low	0.05% to 0.19%	38,042	-	100.00	0.18	21	8	2,863	14	8
Low	0.20% to 0.99%	25,471	-	100.00	0.61	23	20	4,975	34	21
Medium Low	1.00% to 2.99%	7,854	-	100.00	1.70	25	43	3,363	32	48
Medium	3.00% to 9.99%	1,597	-	100.00	5.21	24	79	1,261	19	94
High	10.00% to 19.99%	647	-	100.00	12.19	22	109	703	17	142
Extremely High	20.00% to 99.99%	625	-	100.00	33.60	22	125	779	47	218
Default	100%	242	-	100.00	100.00	60	-	-	146	754
Sub-total		116,606	-	100.00	0.85	21	13	14,813	312	16
Qualifying Revolving Retail Exposures (QRRE)										
Exceptionally Low	0.00% to 0.04%	7,574	14,987	24.47	0.04	73	2	168	2	3
Very Low	0.05% to 0.19%	7,556	10,007	36.08	0.16	69	6	471	9	8
Low	0.20% to 0.99%	9,731	7,586	48.51	0.50	76	16	1,562	36	21
Medium Low	1.00% to 2.99%	7,169	1,806	75.79	1.76	84	49	3,491	106	67
Medium	3.00% to 9.99%	2,435	211	92.58	5.42	86	109	2,657	113	167
High	10.00% to 19.99%	1,420	56	97.36	10.26	86	162	2,299	125	272
Extremely High	20.00% to 99.99%	853	18	102.06	38.00	80	209	1,786	255	584
Default	100%	199	-	100.00	100.00	86	-	-	172	1,079
Sub-total		36,937	34,671	52.63	2.68	77	34	12,434	818	61
Other Retail										
Exceptionally Low	0.00% to 0.04%	420	772	25.79	0.04	71	9	40	-	10
Very Low	0.05% to 0.19%	6,076	2	99.95	0.10	49	12	730	3	13
Low	0.20% to 0.99%	13,269	348	97.29	0.53	56	40	5,258	39	43
Medium Low	1.00% to 2.99%	4,461	11	99.68	1.89	63	80	3,588	54	95
Medium	3.00% to 9.99%	2,287	1	99.97	5.52	62	94	2,139	78	136
High	10.00% to 19.99%	24	-	99.04	13.98	80	153	37	3	293
Extremely High	20.00% to 99.99%	968	-	100.00	32.91	55	134	1,297	177	363
Default	100%	181	-	100.00	100.00	82	-	-	149	1,027
Sub-total		27,686	1,134	97.51	2.85	56	47	13,089	503	70
Total Retail										
Exceptionally Low	0.01% to 0.04%	136,250	15,759	95.57	0.01	27	1	1,110	5	1
Very Low	0.05% to 0.19%	63,640	36,536	79.27	0.15	30	7	4,686	29	8
Low	0.20% to 0.99%	52,362	13,608	86.34	0.55	41	24	12,525	114	27
Medium Low	1.00% to 2.99%	20,363	2,666	89.46	1.75	54	53	10,845	196	65
Medium	3.00% to 9.99%	6,543	380	95.99	5.39	61	96	6,276	214	137
High	10.00% to 19.99%	2,169	96	97.36	10.94	65	145	3,141	148	230
Extremely High	20.00% to 99.99%	2,527	33	100.58	34.84	54	158	3,983	486	398
Default	100%	639	-	100.00	100.00	75	-	-	478	935
Total		284,493	69,078	89.86	1.01	34	15	42,566	1,670	22

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

(2) New Revolving and home equity lines of credit 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 Canadian residential mortgages and home equity lines of credit.

(7) The Bank uses the PD Substitution approach to reflect default insurance.

Exposure Type	Basel III - IFRS									
	Q2 2016		Q1 2016		Q4 2015		Q3 2015		Q2 2015	
	Actual Loss Rate	Expected Loss Rate	Actual Loss Rate	Expected Loss Rate	Actual Loss Rate	Expected Loss Rate	Actual Loss Rate	Expected Loss Rate	Actual Loss Rate	Expected Loss Rate
	%	%	%	%	%	%	%	%	%	%
Non-Retail⁽¹⁾										
Corporate	0.20	0.95	0.10	0.95	0.01	0.95	0.04	0.91	0.03	0.98
Sovereign	-	0.03	-	0.03	-	0.03	-	0.02	-	0.03
Bank	-	0.12	-	0.12	-	0.12	-	0.12	-	0.20
Retail⁽²⁾										
Real Estate Secured	0.01	0.15	0.01	0.15	0.01	0.15	0.01	0.14	0.01	0.14
QRRE	2.46	4.49	2.56	4.49	2.44	4.49	2.30	3.31	2.31	3.32
Other Retail	0.65	1.78	0.65	1.78	0.60	1.78	0.59	1.75	0.51	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.
- (2) Retail actual loss rates represent write-offs net of recoveries for the current and prior three quarters divided by the 5-point average of outstanding loan balances for the same four-quarter period beginning 12 months ago. Expected loss rates represent the expected losses that were predicted at the beginning of the four-quarter period divided by outstanding loan balances at the beginning of the four-quarter period.

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


	Q2 2016 ⁽¹⁾						Q1 2016 ⁽¹⁾					
	Average estimated PD %	Actual default rate %	Average estimated LGD %	Actual LGD %	Average estimated CCF ⁽²⁾ %	Actual CCF ⁽²⁾ %	Average estimated PD %	Actual default rate %	Average estimated LGD %	Actual LGD %	Average estimated CCF ⁽²⁾ %	Actual CCF ⁽²⁾ %
Non-Retail	0.83	0.42	41.32	25.59	50.52	9.99	0.90	0.45	41.54	21.26	50.48	10.68

⁽¹⁾ Reporting is on a one quarter lag basis. For reporting as of Q2/16, estimated parameters are based on portfolio averages at Q1/15 whereas actual parameters are based on averages of realized parameters during the subsequent four quarters (Q2/15 – Q1/16)

⁽²⁾ EAD back-testing is performed through Credit Conversion Factor (CCF) back-testing, as EAD is computed using the sum of the drawn exposure and the committed undrawn exposure multiplied by the estimated CCF.

	Four-quarter period ending Q2 2016 ⁽¹⁾⁽²⁾						Four-quarter period ending Q1 2016 ⁽¹⁾⁽²⁾					
	Average estimated PD ⁽³⁾⁽⁸⁾ %	Actual default rate ⁽³⁾⁽⁶⁾ %	Average estimated LGD ⁽⁴⁾⁽⁸⁾ %	Actual LGD ⁽⁴⁾⁽⁷⁾ %	Estimated EAD ⁽⁵⁾⁽⁸⁾ \$	Actual EAD ⁽⁵⁾⁽⁶⁾ \$	Average estimated PD ⁽²⁾⁽⁷⁾ %	Actual default rate ⁽²⁾⁽⁵⁾ %	Average estimated LGD ⁽³⁾⁽⁷⁾ %	Actual LGD ⁽³⁾⁽⁶⁾ %	Estimated EAD ⁽⁴⁾⁽⁷⁾ \$	Actual EAD ⁽⁴⁾⁽⁵⁾ \$
(\$MM)	%	%	%	%	\$	\$	%	%	%	%	\$	\$
Residential real estate secured												
Residential mortgages												
Insured mortgages ⁽⁹⁾	0.99	0.63	-	-	-	-	0.98	0.64	-	-	-	-
Uninsured mortgages	0.53	0.39	19.13	11.83	-	-	0.51	0.40	18.43	10.32	-	-
Secured lines of credit	0.82	0.28	29.50	18.14	92	81	0.84	0.33	29.26	18.11	103	89
Qualifying revolving retail exposures	2.03	1.66	78.19	66.27	577	508	2.09	1.64	78.22	65.97	550	491
Other retail	1.99	1.32	58.82	50.46	3	3	1.89	1.36	58.95	50.60	5	5

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

(2) New BNS Retail Term Loan Models were implemented in Q3 2015. All Estimates and Actual Values for Retail Term Loans were restated historically to reflect new models.

(3) Account weighted aggregation.

(4) Default weighted aggregation.

(5) EAD is estimated for revolving products only.

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

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

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

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

CREDIT RISK MITIGATION



EXPOSURE AT DEFAULT ⁽¹⁾

	Basel III - IFRS														
	Q2 2016			Q1 2016			Q4 2015			Q3 2015			Q2 2015		
	Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives	
	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach
Exposure type															
Non-Retail															
Corporate	577	1,259	14,790	632	1,249	14,655	581	1,256	6,148	505	1,214	5,940	483	1,116	5,622
Bank	-	-	8,496	-	-	3,776	-	-	4,767	-	-	4,351	-	5	3,245
Sovereign	-	89	7,660	-	106	5,923	-	-	5,014	-	-	4,982	-	-	4,980
Total Non-Retail	577	1,348	30,946	632	1,355	24,354	581	1,256	15,929	505	1,214	15,273	483	1,121	13,847
Retail															
Residential Mortgages ⁽²⁾	-	2,450	109,234	-	2,651	84,850	-	2,392	86,832	-	1,676	86,099	-	3,900	89,173
Secured Lines of Credit															
Qualifying Revolving Retail Exposures (QRRE)															
Other Retail	692	933	-	668	986	-	698	962	-	710	977	-	647	842	-
Total Retail	692	3,383	109,234	668	3,637	84,850	698	3,354	86,832	710	2,653	86,099	647	4,742	89,173
Total	1,269	4,731	140,180	1,300	4,992	109,204	1,279	4,610	102,761	1,215	3,867	101,372	1,130	5,863	103,020

(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).

DERIVATIVES - COUNTERPARTY CREDIT RISK ⁽¹⁾


(\$MM)	Basel III - IFRS															
	Q2 2016				Q1 2016				Q4 2015				Q3 2015			
Contract Types	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount
Interest Rate Contracts:																
Futures and Forward Rate Agreements	707,435	148	35	12	936,412	257	602	52	997,269	250	528	45	1,467,044	183	974	81
Swaps	2,442,636	2,549	6,083	1,913	2,850,581	3,244	11,607	2,083	2,815,412	2,222	10,416	1,871	3,195,869	2,076	10,028	1,606
Options Purchased	67,398	-	128	62	69,257	6	159	150	61,404	-	149	138	37,430	10	149	124
Options Written	59,001	-	-	-	62,841	-	-	-	61,655	-	-	-	38,674	-	-	-
Total	3,276,470	2,697	6,246	1,987	3,919,091	3,507	12,368	2,285	3,935,740	2,472	11,093	2,054	4,739,017	2,269	11,151	1,811
Foreign Exchange Contracts:																
Futures and Forwards	477,938	3,185	8,494	1,949	543,686	2,725	9,580	2,055	458,256	2,328	6,991	1,865	457,246	3,446	8,289	2,204
Swaps	334,784	2,228	4,370	1,434	364,107	2,376	9,576	2,545	338,328	1,759	8,592	2,214	322,576	2,867	8,985	1,947
Options Purchased	9,244	229	407	129	5,766	243	380	126	5,633	199	328	98	5,353	192	309	93
Options Written	8,850	-	23	3	4,920	-	-	-	4,884	-	-	-	4,664	-	-	-
Total	830,816	5,642	13,294	3,515	918,479	5,344	19,536	4,726	807,101	4,286	15,911	4,177	789,839	6,505	17,583	4,244
Other Derivatives Contracts:																
Equity	63,384	889	4,258	1,618	64,934	2,191	7,609	2,201	62,549	1,228	6,534	2,049	70,993	1,615	6,962	2,202
Credit	49,220	30	2,232	505	60,447	454	2,537	611	63,933	261	2,643	608	62,297	189	2,526	806
Other	80,213	1,608	6,313	809	86,902	2,249	9,066	1,930	149,806	2,288	11,347	1,945	132,744	2,357	12,406	1,827
Total	192,817	2,527	12,803	2,932	212,283	4,894	19,212	4,742	276,288	3,777	20,524	4,602	266,034	4,161	21,894	4,835
Credit Valuation Adjustment⁽²⁾				4,778				8,305				7,183				7,282
Total Derivatives after Netting and Collateral	4,300,103	10,866	32,343	13,212	5,049,853	13,745	51,116	20,058	5,019,129	10,535	47,528	18,016	5,794,890	12,935	50,628	18,172

	Basel III - IFRS							
	Q2 2015		Q1 2015		Q4 2014		Q3 2014	
Contract Types	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount	Notional Amount	Credit Risk Equivalent Amount
Interest Rate Contracts:								
Futures and Forward Rate Agreements	1,358,674	592	1,137,994	579	805,769	1,489	627,626	1,658
Swaps	3,241,105	10,227	3,474,793	11,523	3,093,098	9,053	2,583,470	8,569
Options Purchased	44,066	140	60,809	314	47,916	106	107,499	181
Options Written	49,744	-	62,248	-	50,710	-	118,810	-
Total	4,693,589	10,959	4,735,844	12,416	3,997,493	10,648	3,437,405	10,408
Foreign Exchange Contracts:								
Futures and Forwards	428,283	7,815	471,539	9,634	448,977	6,535	406,999	5,488
Swaps	290,527	7,635	295,627	8,976	265,986	6,190	241,692	5,289
Options Purchased	4,765	230	4,106	251	3,147	69	2,741	48
Options Written	4,041	-	3,645	-	2,642	-	2,516	-
Total	727,616	15,680	774,917	18,861	720,752	12,794	653,948	10,825
Other Derivatives Contracts:								
Equity	66,003	6,558	63,865	6,799	66,608	5,726	62,707	5,465
Credit	59,618	2,409	60,834	2,776	57,923	1,405	65,079	1,854
Other	126,729	12,328	136,722	11,919	127,041	11,863	121,593	10,474
Total	252,350	21,295	261,421	21,494	251,572	18,994	249,379	17,793
Total Derivatives	5,673,555	47,934	5,772,182	52,771	4,969,817	42,436	4,340,732	39,026
Credit Valuation Adjustment⁽²⁾		6,732		8,154		5,632		5,039
Risk-weighted Amount		16,768		19,693		14,627		13,516

(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, 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 and 2016, these scalars are 0.64, 0.71 and 0.77, respectively.

(3) As of Q2 2016, the bank implemented the Internal Modelling Method for determination of Counterparty Credit Risk and Credit Valuation Adjustment RWA.

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


(\$MM)			Basel III - IFRS																			
			Q2 2016				Q1 2016				Q4 2015				Q3 2015				Q2 2015			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets
			On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total	
<u>Securitization</u>																						
Investment Grade	AAA to A	7 - 25	9,268	14,271	23,539	1,980	10,231	12,965	23,196	1,961	8,581	12,110	20,691	1,807	8,658	11,842	20,500	1,798	8,077	11,564	19,641	1,711
	A- to BBB-	35 - 100	69	9	78	75	160	15	175	170	118	13	131	124	149	5	154	143	94	8	102	91
Non-Investment Grade	BB+ to BB	150 - 650	3	-	3	8	3	-	3	8	3	-	3	8	3	-	3	8	57	1	58	146
	Below BB-	1250	-	-	-	-	-	-	-	-	28	-	28	350	101	-	101	1,266	90	-	90	1,121
			9,340	14,280	23,620	2,063	10,394	12,980	23,374	2,139	8,730	12,123	20,853	2,289	8,911	11,847	20,758	3,215	8,318	11,573	19,891	3,069
<u>Resecuritization</u>																						
Investment Grade	AAA to A	20 - 65	-	38	38	25	-	38	38	25	-	38	38	25	-	56	56	36	-	56	56	36
	A- to BBB-	100 - 350	67	-	67	147	74	0	74	160	89	-	89	196	92	-	92	205	81	-	81	138
Non-Investment Grade	BB+ to BB	500 - 850	18	-	18	115	20	-	20	128	-	-	-	-	-	-	-	-	55	-	55	469
	Below BB-	1250	19	-	19	238	21	-	21	267	20	-	20	249	20	-	20	249	-	-	-	-
			104	38	142	525	115	38	153	580	109	38	147	470	112	56	168	490	136	56	192	643
Total			9,444	14,318	23,762	2,588	10,509	13,018	23,527	2,719	8,839	12,161	21,000	2,759	9,023	11,903	20,926	3,705	8,454	11,629	20,083	3,712

(\$MM)	Basel III - IFRS																			
	Q2 2016				Q1 2016				Q4 2015				Q3 2015				Q2 2015			
	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)
On-Balance Sheet	Off-Balance Sheet	Total	On-Balance Sheet		Off-Balance Sheet	Total	On-Balance Sheet		Off-Balance Sheet	Total	On-Balance Sheet		Off-Balance Sheet	Total	On-Balance Sheet		Off-Balance Sheet	Total		
Underlying Asset																				
Residential Mortgages	415	1,275	1,690	-	487	1,275	1,762	-	187	1,275	1,462	-	266	1,275	1,541	66	139	1,275	1,414	16
Commercial Mortgages	3	-	3	-	3	-	3	-	9	-	9	-	3	-	3	-	11	-	11	-
Credit cards/Consumer receivables	757	2,835	3,592	-	992	2,631	3,623	-	576	2,658	3,234	-	798	2,436	3,234	-	346	2,639	2,985	-
Auto loans/Leases	3,472	5,931	9,403	-	4,395	3,967	8,362	-	3,914	2,940	6,854	28	4,271	2,782	7,053	49	3,861	2,785	6,646	74
Diversified asset-backed securities	165	59	224	19	267	71	338	21	211	43	254	20	202	22	224	20	232	65	297	-
Business Loans	-	46	46	-	-	62	62	-	-	80	80	-	18	100	118	-	82	122	204	-
Trade receivables	3,633	4,101	7,734	-	3,604	4,934	8,538	-	3,083	5,116	8,199	-	2,614	5,229	7,843	-	2,980	4,698	7,678	-
Other	999	71	1,070	-	761	78	839	-	859	49	908	-	851	59	910	-	803	45	848	-
Total	9,444	14,318	23,762	19	10,509	13,018	23,527	21	8,839	12,161	21,000	48	9,023	11,903	20,926	135	8,454	11,629	20,083	90

(1) Capital charges related to trading book securitization exposures are based upon the Bank's internal market risk models including its comprehensive risk measure. Prior periods have been restated to conform with current presentation.

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

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



(\$MM)			Basel III - IFRS															
			Q1 2015				Q4 2014				Q3 2014				Q2 2014			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets	Exposure at Default ⁽²⁾			Risk-Weighted Assets
			On-Balance Sheet	Off-Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total	
<u>Securitization</u>																		
Investment Grade	AAA to A	7 - 25	8,584	12,125	20,709	1,836	7,558	11,863	19,421	1,719	7,584	9,607	17,191	1,548	8,593	9,683	18,276	1,641
	A- to BBB-	35 - 100	68	16	84	69	162	10	172	154	259	117	376	232	354	117	471	309
Non-Investment Grade	BB+ to BB-	150 - 650	61	-	61	153	10	-	10	68	21	-	21	126	31	-	31	98
	Below BB-	1250	119	-	119	1,484	137	-	137	1,707	151	-	151	1,883	159	-	159	1,993
			8,832	12,141	20,973	3,542	7,867	11,873	19,740	3,648	8,015	9,724	17,739	3,789	9,137	9,800	18,937	4,041
<u>Resecuritization</u>																		
Investment Grade	AAA to A	20 - 65	-	56	56	36	-	56	56	36	49	155	204	125	57	155	212	132
	A- to BBB-	100 - 350	117	-	117	265	115	-	115	260	135	-	135	293	138	-	138	248
Non-Investment Grade	BB+ to BB-	500 - 850	-	-	-	-	54	-	54	462	69	-	69	531	76	-	76	566
	Below BB-	1250	19	-	19	242	17	-	17	215	17	-	17	208	43	-	43	540
			136	56	192	543	186	56	242	973	270	155	425	1,157	314	155	469	1,486
Total			8,968	12,197	21,165	4,085	8,053	11,929	19,982	4,621	8,285	9,879	18,164	4,946	9,451	9,955	19,406	5,527

(\$MM)	Basel III - IFRS															
	Q1 2015				Q4 2014				Q3 2014				Q2 2014			
Underlying Asset	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)	Exposure at Default ⁽²⁾			Exposures at Default (RW=1250%)
	On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total		On-Balance Sheet	Off-Balance Sheet	Total	
Residential Mortgages	105	1,275	1,380	-	134	1,275	1,409	-	125	1,275	1,400	-	145	1,275	1,420	-
Commercial Mortgages	12	-	12	-	12	-	12	-	12	-	12	-	12	-	12	-
Credit cards/Consumer receivables	533	2,504	3,037	-	476	2,445	2,921	-	446	443	889	-	565	330	895	-
Auto loans/Leases	3,688	3,294	6,982	119	3,133	3,553	6,686	137	3,251	3,466	6,717	151	4,152	3,800	7,952	155
Diversified asset-backed securities	203	60	263	19	191	58	249	17	159	155	314	17	187	155	342	43
Business Loans	95	147	242	-	152	173	325	-	358	200	558	-	480	230	710	4
Trade receivables	2,890	4,870	7,760	-	2,579	4,373	6,952	-	2,592	4,300	6,892	-	2,567	4,113	6,680	-
Other	1,442	47	1,489	-	1,376	52	1,428	-	1,342	40	1,382	-	1,343	52	1,395	-
Total	8,968	12,197	21,165	138	8,053	11,929	19,982	154	8,285	9,879	18,164	168	9,451	9,955	19,406	202

(1) Capital charges related to trading book securitization exposures are based upon the Bank's internal market risk models including its comprehensive risk measure.

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

TOTAL MARKET RISK-WEIGHTED ASSETS



(\$MM)	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
All Bank VaR	1,792	2,070	1,758	1,355	1,385
All Bank stressed VaR	3,676	3,647	3,078	2,785	2,999
Incremental risk charge	6,714	5,128	6,101	6,109	6,139
Comprehensive risk measure ⁽¹⁾	1,017	2,540	2,517	2,192	2,132
Standardized approach	686	687	896	1,106	858
Market risk-weighted assets as at end of Quarter	13,885	14,072	14,350	13,547	13,513

(1) The Q2 2016 related capital charge for total comprehensive risk measure including securitization exposures is \$81MM (Q1 2016: \$203MM) broken down as follows: Market Simulation \$35MM (Q1 2016: \$40MM), Default & Migration Risk \$46MM (Q1 2016: \$163MM).

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


(\$MM)	Item	Q2 2016	Q1 2016
1	Total consolidated assets as per published financial statements	894,961	919,613
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(1,084)	(990)
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	2,910	4,060
5	Adjustment for securities financing transactions (i.e., repo assets and similar secured lending)	7,332	7,183
6	Adjustment for off balance-sheet items (i.e., credit equivalent amounts of off-balance sheet exposures)	114,302	121,375
7	Other adjustments	(10,881)	(11,902)
8	Leverage Ratio Exposure (transitional basis)	1,007,540	1,039,339

LEVERAGE RATIO FRAMEWORK



(\$MM)	Item ⁽¹⁾	Q2 2016	Q1 2016
	On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	747,536	770,397
2	(Asset amounts deducted in determining Basel III transitional Tier 1 capital)	(10,881)	(11,902)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	736,655	758,495
	Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	11,568	14,159
5	Add-on amounts for PFE associated with all derivative transactions	29,746	37,371
6	Gross up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivative transactions)	(1,877)	(2,849)
8	(Exempted CCP-leg of client cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	15,121	19,046
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(9,330)	(11,708)
11	Total derivative exposures (sum of lines 4 to 10)	45,228	56,019
	Securities financing transaction exposures		
12	Gross SFT assets recognized for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	110,095	103,320
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(6,072)	(7,052)
14	Counterparty credit risk (CCR) exposure for SFT assets	7,332	7,182
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	111,355	103,450
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	369,428	392,780
18	(Adjustments for conversion to credit equivalent amounts)	(255,126)	(271,405)
19	Off-balance sheet items (sum of lines 17 and 18)	114,302	121,375
	Capital and Total Exposures - Transitional Basis		
20	Tier 1 capital	43,425	44,826
21	Total Exposures (sum of lines 3, 11, 16 and 19)	1,007,540	1,039,339
	Leverage Ratios - Transitional Basis		
22	Basel III leverage ratio	4.3%	4.3%
	All-in basis (Required by OSFI)		
23	Tier 1 capital – All-in basis	40,759	41,983
24	(Regulatory adjustments)	(13,319)	(13,361)
25	Total Exposures (sum of lines 21 and 24, less the amount reported in line 2) – All-in basis	1,005,102	1,037,880
26	Leverage ratio – All-in basis	4.1%	4.0%

(1) On-balance sheet items excludes securities purchased under resale agreements and securities borrowed (\$104,022), derivative financial instruments (\$42,318), and assets outside the regulatory scope of consolidation (\$1,085).

LEVERAGE RATIO FRAMEWORK - DESCRIPTION OF LINE ITEMS



Row Number	Explanation
1	On-balance sheet assets (excluding derivatives, Securities Financing Transactions (SFTs) and grandfathered securitization exposures but including collateral) according to paragraphs 14 and 17 to 20 of the Leverage Requirements Guideline.
2	Deductions from Basel III Tier 1 capital determined by paragraphs 4, 15 and 16 of the Leverage Requirements Guideline and excluded from the leverage ratio exposure measure, reported as negative amounts. ⁽¹⁾
3	Sum of lines 1 and 2.
4	Replacement cost (RC) associated with all derivative transactions, (including exposure resulting from transactions described in paragraph 42 of the Leverage Requirements Guideline), net of cash variation margin received and with, where applicable, bilateral netting according to paragraphs 22 to 35 and 40 of the Leverage Requirements Guideline.
5	Add-on amount for all derivatives exposure according to paragraphs 22 to 35 of the Leverage Requirements Guideline.
6	Grossed-up amount for collateral provided according to paragraph 38 of the Leverage Requirements Guideline.
7	Deductions of receivables assets from cash variation margin provided in derivative transactions according to paragraph 40 of the Leverage Requirements Guideline, reported as negative amounts.
8	Exempted trade exposures associated with the CCP-leg of derivative transactions resulting from client cleared transactions according to paragraph 41 of the Leverage Requirements Guideline, reported as negative amounts.
9	Adjusted effective notional amount (i.e. the effective notional amount reduced by any negative change in fair value) for written credit derivatives according to paragraphs 45 to 47 of the Leverage Requirements Guideline.
10	Adjusted effective notional offsets of written credit derivatives according to paragraphs 45 to 47 of the Leverage Requirements Guideline and deducted add-on amounts relating to written credit derivatives according to paragraph 48 of the Leverage Requirements Guideline, reported as negative amounts.
11	Sum of lines 4 to 10.
12	Gross SFT assets 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. ⁽¹⁾
21	Sum of lines 3, 11, 16 and 19.
22	Basel III leverage ratio according to paragraph 5 of the Leverage Requirements Guideline. ⁽¹⁾ (Line 20/21)
23	Tier 1 capital measured on an all-in basis as specified in Chapter 2 of OSFI's Capital Adequacy Requirements Guideline.
24	Regulatory adjustments to Tier 1 capital measured on an all-in basis as specified in Chapter 2 of OSFI's Capital Adequacy Requirements Guideline, reported as negative amounts.
25	Sum of lines 21 and 24, less the amount reported in line 2.
26	Leverage ratio measured on all-in basis; the ratio of the Tier 1 capital amount reported in line 23 to the Total Exposure amount reported in line 25.

(1) Measured on transitional basis.

Credit Risk Parameters	
Exposure at Default (EAD)	Generally represents the expected gross exposures at default and includes outstanding amounts for on-balance sheet exposures and loan equivalent amounts for off-balance sheet exposures.
Probability of Default (PD)	Measures the likelihood that a borrower will default within a 1-year time horizon, expressed as a percentage.
Loss Given Default (LGD)	Measures the severity of loss on a facility in the event of a borrower's default, expressed as a percentage of exposure at default.
Exposure Types	
Non-retail	
Corporate	Defined as a debt obligation of a corporation, partnership, or proprietorship.
Bank	Defined as a debt obligation of a bank or bank equivalent (including certain public sector entities (PSEs) treated as Bank equivalent exposures).
Sovereign	Defined as a debt obligation of a sovereign, central bank, certain Multi Development Banks (MDBs) and certain PSEs treated as Sovereign.
Securitization	On-balance sheet investments in asset backed securities (ABS), mortgage backed securities (MBS), collateralized loan obligations (CLOs) and collateralized debt obligations (CDOs). Off-balance sheet liquidity lines including credit enhancements to Bank's sponsored ABCP conduits and liquidity lines to non-bank sponsored ABCP conduits.
Retail	
Real Estate Secured	
Residential Mortgages	Loans to individuals against residential property (four units or less).
Secured Lines Of Credit	Revolving personal lines of credit secured by first charge on residential real estate.
Qualifying Revolving Retail Exposures (QRRE)	Credit cards and unsecured line of credit for individuals.
Other Retail	All other personal loans.
Exposure Sub-types	
Drawn	Outstanding amounts for loans, leases, acceptances, deposits with banks and available-for-sale debt securities.
Undrawn	Unutilized portion of an authorized credit line.
Repo-Style Transactions	Reverse repurchase agreements (reverse repos) and repurchase agreements (repos), securities lending and borrowing.
Over-the Counter (OTC) Derivatives	Over-the-counter derivatives contracts.
Exchange-traded derivatives (ETD)	Derivative contracts (e.g. futures contracts and options) that are transacted on an organized futures exchange. These include Futures contracts (both Long and Short positions), Purchased Options and Written Options.
Other Off- Balance Sheet	Direct credit substitutes such as standby letters of credits and guarantees, trade letters of credits, and performance letters of credits and guarantees.
Qualifying central counterparty (QCCP)	A qualifying central counterparty (QCCP) is licensed as a central counterparty and is also considered as "qualifying" when it is compliant with CPSS-IOSCO standards and is able to assist clearing member banks in properly capitalizing for CCP exposures by either undertaking the calculations and/or making available sufficient information to its clearing members, or others, to enable the completion of capital calculations.
Non-qualifying central counterparties (NQCCP)	Defined as those which are not compliant with CPSS-IOSCO standards as outlined under qualifying CCP's. The exposures to NQCCP will follow standardized treatment under the Basel accord.
Other	
Asset Value Correlation Multiplier (AVC)	Basel III has increased the risk-weights on exposures to certain Financial Institutions (FIs) relative to the non-financial corporate sector by introducing an Asset Value Correlation multiplier (AVC). The correlation factor in the risk-weight formula is multiplied by this AVC factor of 1.25 for all exposures to regulated FIs whose total assets are greater than or equal to US \$100 billion and all exposures to unregulated FIs.
Specific Wrong-Way Risk (WWR)	Specific Wrong-Way Risk arises when the exposure to a particular counterpart is positively correlated with the probability of default of the counterparty due to the nature of the transactions with the counterparty.
Credit Valuation Adjustment (CVA)	Credit Valuation Adjustment (CVA) is the difference between the 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 Counterparty Risk.