SUPPLEMENTARY REGULATORY CAPITAL DISCLOSURE

Scotiabank

July 31, 2016

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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 to common equity over 5 years. Under the transitional rules, all CET1 deductions are multiplied by a factor during the transitional period, beginning with 0% in 2013, 20% in 2014, 40% in 2015, 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									
	Q3 2016		Q2 2016		Q1 2016		Q4 2015		Q3 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	**43,696**	**37,690**	41,801	35,911	43,742	37,645	44,811	36,965	44,263	36,077
Tier 1 capital	**45,041**	**42,264**	43,425	40,759	44,826	41,983	44,811	41,366	44,263	40,474
Total capital	**53,091**	**50,471**	51,327	48,839	53,031	50,413	51,501	48,230	50,809	47,311
Risk-weighted Assets(3)										
CET1 Capital Risk-weighted Assets	**362,358**	**357,657**	361,678	356,866	381,381	374,457	364,824	357,995	355,138	348,039
Tier 1 Capital Risk-weighted Assets	**362,358**	**358,177**	361,678	357,389	381,381	375,365	364,824	358,780	355,138	348,835
Total Capital Risk-weighted Assets	**362,358**	**358,622**	361,678	357,837	381,381	376,143	364,824	359,453	355,138	349,518
Capital Ratios (%)										
Common Equity Tier 1 (as a percentage of risk-weighted assets)	**12.1**	**10.5**	11.6	10.1	11.5	10.1	12.3	10.3	12.5	10.4
Tier 1 (as a percentage of risk-weighted assets)	**12.4**	**11.8**	12.0	11.4	11.8	11.2	12.3	11.5	12.5	11.6
Total capital (as a percentage of risk-weighted assets)	**14.7**	**14.1**	14.2	13.6	13.9	13.4	14.1	13.4	14.3	13.5
Leverage: All-in Basis(4)										
Leverage Exposures	**1,016,572**	**1,014,048**	1,007,540	1,005,103	1,039,339	1,037,881	983,318	980,212	982,967	979,510
Leverage Ratio (%)	**4.4**	**4.2**	4.3	4.1	4.3	4.0	4.6	4.2	4.5	4.1
OSFI Target: All-in Basis (%)										
Common Equity Tier 1 minimum ratio		**8.0**		8.0		8.0		7.0		7.0
Tier 1 capital all-in minimum ratio		**9.5**		9.5		9.5		8.5		8.5
Total capital all-in minimum ratio		**11.5**		11.5		11.5		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	60	60	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	60	60	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

Scotiabank

($MM)

		Cross-Reference[1]	All-in Q3 2016	All-in Q2 2016
	Common Equity Tier 1 Capital: Instruments and Reserves			
1	Directly issued qualifying common share capital plus related stock surplus	*u+y*	**15,480**	15,365
2	Retained Earnings	v	**33,750**	32,757
3	Accumulated Other Comprehensive Income	w	**1,531**	825
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	bb	**588**	579
6	Common Equity Tier 1 capital before regulatory adjustments		**51,349**	49,526
	Common Equity Tier 1 Capital: Regulatory Adjustments			
8	Goodwill (net of related tax liability)	g	**(7,789)**	(7,653)
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	h-q+i-r	**(3,677)**	(3,647)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	**(487)**	(498)
11	Cash flow hedge reserve	x	**(449)**	(370)
12	Shortfall of allowances to expected losses	ee	**-**	-
14	Gains and losses due to changes in own credit risk on fair value liabilities	p	**(316)**	(308)
15	Defined-benefit pension fund net assets (net of related tax liability)	l-s	**(123)**	(119)
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	a	**(6)**	(5)
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	e	**(650)**	(634)
22	Amount exceeding the 15% threshold		**(158)**	(377)
23	of which: significant investments in the common stock of financials	f	**(105)**	(241)
25	of which: deferred tax assets arising from temporary differences	j	**(53)**	(136)
26	Other deductions from CET1 as determined by OSFI	o	**(4)**	(4)
28	Total regulatory adjustments to Common Equity Tier 1		**(13,659)**	(13,615)
29	**Common Equity Tier 1 Capital (CET1)**		**37,690**	35,911
	Additional Tier 1 Capital: Instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	z	**850**	850
31	of which: classified as equity under applicable accounting standards		**850**	850
33	Directly issued capital instruments subject to phase-out from Additional Tier 1	aa + Note (2)	**3,644**	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	**92**	89
36	**Additional Tier 1 capital before regulatory adjustments**		**4,586**	4,859
	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	**(12)**	(11)
41	Other deductions from Tier 1 capital as determined by OSFI		**-**	-
43	**Total regulatory adjustments to Additional Tier 1 capital**		**(12)**	(11)
44	**Additional Tier 1 Capital (AT1)**		**4,574**	4,848
45	**Tier 1 Capital (T1=CET1 + AT1)**		**42,264**	40,759
	Tier 2 Capital: Instruments and Provisions			
46	Directly issued qualifying Tier 2 instruments	m	**3,673**	3,583
47	Directly issued capital instruments subject to phase-out from Tier 2		**3,925**	3,915
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	dd	**86**	66
50	Eligible Collective Allowance and Excess of allowance over expected loss	c+d	**523**	516
51	Tier 2 capital before regulatory adjustments		**8,207**	8,080

		Cross-Reference[1]	All-in Q3 2016	All-in Q2 2016
	Tier 2 Capital: Regulatory Adjustments			
57	Total regulatory adjustments to Tier 2 capital		**-**	-
58	**Tier 2 Capital (T2)**		**8,207**	8,080
59	**Total Capital (TC = T1 + T2)**		**50,471**	48,839
60	**Total Risk-weighted Assets**		**360,328**	359,554
60a	**Common Equity Tier 1 (CET1) Capital RWA**		**357,657**	356,866
60b	**Tier 1 Capital RWA**		**358,177**	357,389
60c	**Total Capital RWA**		**358,622**	357,837
	Capital Ratios and Buffers			
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**		**10.5**	10.1
62	**Tier 1 (as a percentage of risk-weighted assets)**		**11.8**	11.4
63	**Total capital (as a percentage of risk-weighted assets)**		**14.1**	13.6
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)		**10.5**	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		**1,504**	2,003
73	Significant investments in the common stock of financial institutions		**3,745**	3,450
75	Deferred tax assets arising from temporary differences (net of related tax liability)		**1,908**	1,936
	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)		**520**	508
77	Cap on inclusion of allowances in Tier 2 under standardized approach		**1,292**	1,254
78	Allowances eligible for inclusion in Tier 2 in respect to exposures subject to internal ratings-based approach (prior to application of cap)		**3**	8
79	Cap for inclusion of allowances in Tier 2 under internal ratings-based approach		**1,244**	1,247
	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
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

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($MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position (1) Q3 2016	Under regulatory scope of consolidation (2) Q3 2016
Assets			
Cash and deposits with financial institutions		**69,774**	**69,276**
Precious metals		**10,243**	**10,243**
Trading Assets			
Securities		**81,625**	**81,621**
- Investment in own shares	a		**6**
- Other trading securities			**81,615**
Loans		**20,278**	**20,278**
Other		**1,958**	**1,958**
		103,861	**103,857**
Financial assets designated at fair value through profit or loss		**228**	**228**
Securities purchased under resale agreements and securities borrowed		**92,266**	**92,266**
Derivative financial instruments		**43,990**	**43,990**
Investment securities		**69,914**	**69,151**
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital	b		**12**
-Other securities (3)			**69,139**
Loans			
Residential mortgages		**219,460**	**219,312**
Personal and credit cards (3)		**98,062**	**96,852**
Business and government (3)		**159,820**	**159,659**
		477,342	**475,824**
Allowance for credit losses		**4,542**	**4,542**
- Collective Allowance reflected in Tier 2 capital	c		**520**
- Shortfall of allowances to expected loss	ee		**-**
- Excess of allowances to expected loss	d		**3**
- Allowances not reflected in regulatory capital			**4,019**
Other			
Customers' liability under acceptances		**10,409**	**10,409**
Property and equipment		**2,441**	**2,435**
Investments in associates		**4,199**	**4,505**
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		**650**
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		**105**
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			**3,749**
Goodwill & other intangible assets		**11,693**	**12,471**
- Goodwill	g		**7,789**
- Intangibles (excl. computer software)	h		**3,052**
- Computer software intangibles	i		**1,630**
Deferred tax assets		**2,135**	**2,134**
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		**53**
- Deferred tax assets that rely on future profitability	k		**487**
- Deferred tax assets not deducted from regulatory capital			**1,594**
Other assets		**12,891**	**12,452**
- Defined pension fund assets	l		**184**
- Other assets			**12,268**
		43,768	**44,406**
Total assets		**906,844**	**904,699**

($MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position (1) Q3 2016	Under regulatory scope of consolidation (2) Q3 2016
Liabilities			
Deposits			
Personal		**195,840**	**195,840**
Business and government		**387,099**	**387,099**
Financial institutions		**48,405**	**48,405**
		631,344	**631,344**
Financial instruments designated at fair value through profit or loss		**1,643**	**1,643**
Other			
Acceptances		**10,409**	**10,409**
Obligations related to securities sold short		**20,869**	**20,869**
Derivative financial instruments		**46,428**	**46,428**
Obligations related to securities sold under repurchase agreements and securities lent		**93,990**	**93,990**
Subordinated debentures		**7,598**	**7,598**
- Regulatory capital amortization of maturing debentures			
- Subordinated debentures used for regulatory capital			
- of which: are included in Tier 2 capital	m		**3,673**
- of which: are subject to phase-out included in Tier 2 capital (60%)			**3,925**
- of which: are subject to phase-out not included in Tier 2 capital			
Other liabilities		**39,259**	**37,114**
- Liquidity reserves	o		**4**
- Gains/losses due to changes in own credit risk including DVA on derivatives	p		**316**
- Deferred tax liabilities			**645**
- Intangible assets (excl. computer software and mortgage servicing rights)	q		**833**
- Intangible assets - computer software	r		**172**
- Defined benefit pension fund assets	s		**61**
- Other deferred tax liabilities			**(421)**
- Other liabilities			**36,149**
		218,553	**216,408**
Total liabilities		**851,540**	**849,395**
Equity			
Common equity			
- Common shares	u	**15,314**	**15,314**
- Retained earnings	v	**33,750**	**33,750**
- Accumulated other comprehensive income (loss)	w	**1,531**	**1,531**
- Cash flow hedging reserve	x		**449**
- Other			**1,082**
- Other reserves	y	**166**	**166**
Total common equity		**50,761**	**50,761**
Preferred shares		**3,094**	**3,094**
- of which: are qualifying Tier 1 capital	z		**850**
- of which: are subject to phase out and included in Tier 1 capital (60%)	aa		**2,244**
- of which: are subject to phase out and not included into Tier 1 capital			**-**
Total equity attributable to equity holders of the bank		**53,855**	**53,855**
Non-controlling interests			
Non-controlling interest in subsidiaries		**1,449**	**1,449**
- portion allowed for inclusion into CET1	bb		**588**
- portion allowed for inclusion into Tier 1 capital	cc		**92**
- portion allowed for inclusion into Tier 2 capital	dd		**86**
- portion not allowed for regulatory capital			**683**
Total equity		**55,304**	**55,304**
Total liabilities and equity		**906,844**	**904,699**

(1) Consolidated Statement of Financial Position as reported in the 2016 Quarterly Report - Third 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: $493, equity: $333), Scotia Life Insurance Company (assets: $105, equity: $163), Scotia Jamaica Life Insurance Co. Ltd (assets: $581, equity: $128), Scotia Life Trinidad and Tobago Ltd (assets: $398, equity: $76) and Scotia Seguros: (assets: $87, equity: $58).

(3) Effective Q3 2016, securitized credit card exposures are excluded from the regulatory scope of consolidation under OSFI's Securitization Framework.

BALANCE SHEET ASSET CATEGORIES CROSS-REFERENCED TO CREDIT RISK EXPOSURES

	Credit Risk Exposures						Other Exposures			Total
	Drawn		Other Exposures				Market Risk Exposures		All Other(1)	
As at July 31, 2016 ($MM)	Non-retail	Retail	Securitization	Repo-style Transactions	OTC Derivatives	Equity	Also subject to Credit Risk			
Cash and deposits with financial institutions	**66,303**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,471**	**69,774**
Precious metals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,243**	**-**	**10,243**
Trading assets:										
Securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**81,625**	**-**	**81,625**
Loans	**14,420**	**-**	**-**	**-**	**-**	**-**	**14,420**	**5,858**	**-**	**20,278**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,958**	**-**	**1,958**
Financial assets designated at fair value through profit or loss	**228**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**228**
Securities purchased under resale agreements and securities borrowed	**-**	**-**	**-**	**92,266**	**-**	**-**	**-**	**-**	**-**	**92,266**
Derivative financial instruments	**-**	**-**	**-**	**-**	**43,990**	**-**	**38,664**	**-**	**-**	**43,990**
Investment securities	**66,126**	**-**	**-**	**-**	**-**	**2,331**	**-**	**-**	**1,457**	**69,914**
Loans:										
Residential mortgages(2)	**107,492**	**111,820**	**-**	**-**	**-**	**-**	**-**	**-**	**148**	**219,460**
Personal and credit cards	**-**	**94,175**	**2,628**	**-**	**-**	**-**	**-**	**-**	**1,259**	**98,062**
Business & government	**151,938**	**-**	**7,833**	**-**	**-**	**-**	**-**	**-**	**49**	**159,820**
Allowances for credit losses(3)	**(1,293)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,249)**	**(4,542)**
Customers' liability under acceptances	**10,409**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,409**
Property and equipment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,441**	**2,441**
Investments in associates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,199**	**4,199**
Goodwill and other intangible assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,693**	**11,693**
Other (including Deferred tax assets)	**118**	**135**	**-**	**-**	**-**	**-**	**-**	**-**	**14,773**	**15,026**
Total	**415,741**	**206,130**	**10,461**	**92,266**	**43,990**	**2,331**	**53,084**	**99,684**	**36,241**	**906,844**

	Credit Risk Exposures						Other Exposures			Total
	Drawn		Other Exposures				Market Risk Exposures		All Other(1)	
As at April 30, 2016 ($MM)	Non-retail	Retail	Securitization	Repo-style Transactions	OTC Derivatives	Equity	Also subject to Credit Risk			
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**
Investments in associates	-	-	-	-	-	-	-	-	4,006	**4,006**
Goodwill and other intangible 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**

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

(2) Includes $105.7 billion (Q2, 2016 - $107.5 billion) in mortgages guaranteed by Canada Mortgage Housing Corporation (CMHC) and portions 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)]

Scotiabank

	Basel III All-in												
($MM)	Q3 2016	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)]
Common Equity Tier 1 (CET1) capital													
Opening amount	**35,911**	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	**1,897**	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	**(904)**	(899)	(871)	(870)	(851)	(853)	(832)	(833)	(813)	(821)	(798)	(800)	(773)
Shares issued	**114**	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)	**(8)**	143	(142)	(26)	(59)	37	(110)	-	2	20	(21)	(8)	(6)
Movements in other comprehensive income, excluding cash flow hedges[(3)]	**627**	(2,835)	842	(330)	1,376	(1,180)	1,586	211	(246)	(434)	979	435	326
Currency translation differences	**991**	(2,826)	1,455	(276)	1,400	(1,450)	2,259	309	(101)	(385)	1,055	297	(198)
Available-for-sale investments	**33**	13	(177)	(306)	(87)	(33)	(43)	(85)	14	6	18	66	(102)
Employee Benefits[(1)]	**(386)**	(25)	(443)	246	80	303	(643)	(46)	(168)	(50)	(59)	72	626
Other	**(11)**	3	7	6	(17)	-	13	33	9	(5)	(35)	-	-
Goodwill and other intangible assets (deduction, net of related tax liability)	**(166)**	(121)	(161)	(27)	(462)	157	(208)	(378)	(172)	(59)	(97)	(97)	(125)
Other, including regulatory adjustments and transitional arrangements	**219**	448	(723)	647	(335)	456	(1,049)	(215)	3,279	254	47	(313)	(234)
Deferred tax assets that rely on future probability	**11**	41	-	45	18	13	5	(2)	68	42	24	(4)	(5)
Other, IFRS Impact[(3)]	**-**	-	-	-	-	-	-	-	-	-	(83)	-	-
Threshold deductions[(1)]	**203**	308	(655)	552	(288)	421	(1,044)	(113)	3,196	209	33	(182)	154
Other	**5**	99	(68)	50	(65)	22	(10)	(100)	15	3	73	(127)	(383)
Closing Amount	**37,690**	**35,911**	**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	**4,848**	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										
Redeemed capital	**(345)**	(345)	-	-	-	-	-	-	(300)	(600)	(250)	(300)	(750)
Other, capital including regulatory adjustments and transitional arrangements	**71**	355	(413)	4	70	(1)	(3)	(21)	(3)	12	(62)	2	655
Closing Amount	**4,574**	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	**42,264**	**40,759**	**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	**8,080**	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	**(16)**	(19)	(1,000)	-	-	-	-	-	-	(1,000)	-	(1,200)	-
Amortization adjustments	**-**	-	-	-	-	-	-	-	-	-	-	250	-
Other, including regulatory adjustments and transitional adjustments	**143**	(331)	29	27	51	(101)	118	(3)	(516)	(32)	143	(30)	(336)
Closing Amount	**8,207**	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	**50,471**	**48,839**	**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)

Scotiabank

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

Scotiabank

($B)	Basel III - All-in IFRS														
	Q3 2016	**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	**3.9**	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)]	**10.7**	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	**23.2**	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	**49.5**	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	**118.6**	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)]	**27.6**	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
	233.5	**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	**51.0**	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	**12.9**	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
	63.9	**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	**297.4**	**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)]	**10.5**	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	**307.9**	**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	**11.7**	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	**38.1**	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)]	**357.7**	**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)]	**358.2**	**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)]	**358.6**	**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	**10.5**	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	**11.8**	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	**14.1**	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)

Scotiabank

Credit Risk Risk-weighted Assets (RWA) ($MM)	Q3 2016 Credit Risk(1)	Q3 2016 Of which Counterparty Credit Risk	Q2 2016 Credit Risk(1)	Q2 2016 Of which Counterparty Credit Risk
CET1 Credit risk-weighted assets as at beginning of Quarter	**305,465**	**17,086**	323,899	24,426
Book size(2)	**(2,956)**	**(1,337)**	(264)	(2,345)
Book quality(3)	**332**	**(139)**	5,552	738
Model updates(4)	**-**	**-**	(3,214)	(3,214)
Methodology and policy(5)	**-**	**-**	-	-
Acquisitions and disposals	**-**	**-**	241	-
Foreign exchange movements	**5,928**	**622**	(18,804)	(2,519)
Other	**(849)**	**-**	(1,945)	-
CET1 Credit risk-weighted assets as at end of Quarter	**307,920**	**16,232**	305,465	17,086
Tier 1 CVA scalar	**520**	**520**	523	523
Tier 1 Credit risk-weighted assets as at end of Quarter	**308,440**	**16,752**	305,988	17,609
Total CVA scalar	**445**	**445**	448	448
Total Credit risk-weighted assets as at end of Quarter	**308,885**	**17,197**	306,436	18,057

(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)	Q3 2016	Q2 2016
Market risk-weighted assets as at beginning of Quarter	**13,885**	14,072
Movement in risk levels(1)	**(2,180)**	(1,397)
Model updates(2)	**(9)**	1,210
Methodology and policy(3)	**-**	-
Acquisitions and disposals	**-**	-
Other	**-**	-
Market risk-weighted assets as at end of Quarter	**11,696**	13,885

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

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

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

Operational Risk RWA ($MM)	Q3 2016	Q2 2016
Operational risk-weighted assets as at beginning of Quarter	**37,516**	36,486
Acquisitions and disposals	**-**	532
Higher Revenue	**525**	498
Operational risk-weighted assets as at end of Quarter	**38,041**	37,516

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

Scotiabank

CET1 Risk-weighted Assets (RWA)	Q3 2016 Canadian Banking	International Banking	Global Banking & Markets	Other	All Bank
CET1 RWA ($B)	**$106.7**	**$126.7**	**$113.6**	**$10.7**	**$357.7**
Proportion of Bank	**30%**	**35%**	**32%**	**3%**	**100%**
Comprised of:					
Credit risk	**84%**	**87%**	**86%**	**96%**	**86%**
Market risk	**- %**	**2%**	**8%**	**4%**	**3%**
Operational risk	**16%**	**11%**	**6%**	**- %**	**11%**

CET1 Risk-weighted Assets (RWA)	Q2 2016 Canadian Banking	International Banking	Global Banking & Markets	Other	All Bank
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%**

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

Scotiabank

($MM)		Basel III - IFRS													
		Q3 2016						Q2 2016		Q1 2016		Q4 2015		Q3 2015	
		AIRB		Standardized		Total		Total		Total		Total		Total	
Exposure Type	Sub-type	**EAD [1]**	**RWA [2][5]**	**EAD [1]**	**RWA [2]**	**EAD [1]**	**RWA [2][5]**	**EAD [1]**	**RWA [2][5]**	**EAD [1]**	**RWA [2]**	**EAD [1]**	**RWA [2]**	**EAD [1]**	**RWA [2]**
Non-Retail															
Corporate	Drawn	127,599	71,230	47,651	46,079	175,250	117,309	173,987	118,625	175,672	122,318	157,514	112,836	151,360	106,697
	Undrawn	65,948	27,600	4,666	4,597	70,614	32,197	67,024	30,648	71,934	32,458	58,915	29,035	56,306	27,606
	Other[3]	37,733	13,350	2,725	2,693	40,458	16,043	42,964	15,968	45,648	16,314	40,425	15,476	43,981	16,093
	Total	231,280	112,180	55,042	53,369	286,322	165,549	283,975	165,241	293,254	171,090	256,854	157,347	251,647	150,396
Bank	Drawn	24,914	5,569	1,695	1,093	26,609	6,662	24,836	6,579	25,881	7,522	27,165	8,344	27,400	7,109
	Undrawn	1,888	268	6	3	1,894	271	1,847	315	1,784	260	11,386	3,726	11,741	3,793
	Other[3]	12,214	1,650	99	99	12,313	1,749	10,497	1,539	12,430	2,069	14,906	3,253	12,351	2,188
	Total	39,016	7,487	1,800	1,195	40,816	8,682	37,180	8,433	40,095	9,851	53,457	15,323	51,492	13,090
Sovereign	Drawn	100,369	3,891	7,795	1,375	108,164	5,266	99,458	5,698	109,153	5,654	96,263	4,203	102,869	5,471
	Undrawn	819	85	22	13	841	98	872	129	816	46	2,133	355	1,802	168
	Other[3]	547	3	-	-	547	3	371	4	508	8	1,016	36	694	46
	Total	101,734	3,979	7,817	1,388	109,552	5,367	100,701	5,831	110,477	5,708	99,412	4,594	105,365	5,685
Total Non-Retail	Drawn	252,882	80,690	57,141	48,547	310,023	129,237	298,281	130,902	310,706	135,494	280,942	125,383	281,629	119,277
	Undrawn	68,655	27,953	4,694	4,613	73,349	32,566	69,743	31,092	74,534	32,764	72,434	33,116	69,849	31,567
	Other[3]	50,494	15,003	2,824	2,792	53,318	17,795	53,832	17,511	58,586	18,391	56,347	18,765	57,026	18,327
	Total	372,031	123,646	64,659	55,952	436,690	179,598	421,856	179,505	443,826	186,649	409,723	177,264	408,504	169,171
Retail															
Residential Mortgages	Drawn	188,413	8,990	29,125	14,217	217,538	23,207	214,633	22,467	217,345	25,942	215,590	24,967	214,183	24,854
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	188,413	8,990	29,125	14,217	217,538	23,207	214,633	22,467	217,345	25,942	215,590	24,967	214,183	24,854
Secured Lines Of Credit	Drawn	19,200	4,412	-	-	19,200	4,412	18,918	4,390	18,550	4,310	18,804	4,197	18,992	4,207
	Undrawn	14,298	1,286	-	-	14,298	1,286	14,045	1,268	13,778	1,225	12,631	1,133	12,553	1,181
	Total	33,498	5,698	-	-	33,498	5,698	32,963	5,658	32,328	5,535	31,435	5,330	31,545	5,388
Qualifying Revolving Retail Exposures (QRRE)	Drawn	16,483	9,316	-	-	16,483	9,316	17,474	9,997	17,244	9,953	16,910	10,031	16,602	9,662
	Undrawn	20,519	2,564	-	-	20,519	2,564	20,100	2,549	19,693	2,481	17,705	2,241	17,123	2,135
	Total	37,002	11,880	-	-	37,002	11,880	37,574	12,546	36,937	12,434	34,615	12,272	33,725	11,797
Other Retail	Drawn	27,980	13,241	30,647	22,501	58,627	35,742	56,615	34,574	56,432	34,436	53,313	32,002	51,959	31,308
	Undrawn	691	165	-	-	691	165	674	159	669	158	712	178	677	164
	Total	28,671	13,406	30,647	22,501	59,318	35,907	57,289	34,733	57,101	34,594	54,025	32,180	52,636	31,472
Total Retail	Drawn	252,076	35,959	59,772	36,718	311,848	72,677	307,640	71,428	309,571	74,641	304,617	71,197	301,736	70,031
	Undrawn	35,508	4,015	-	-	35,508	4,015	34,819	3,976	34,140	3,864	31,048	3,552	30,353	3,480
	Total	287,584	39,974	59,772	36,718	347,356	76,692	342,459	75,404	343,711	78,505	335,665	74,749	332,089	73,511
Securitizations		25,073	2,752	37	41	25,110	2,793	23,763	2,588	23,527	2,719	21,000	2,759	20,926	3,705
Trading Derivatives[5]		23,633	6,758	-	-	23,633	6,758	23,144	6,924	31,216	9,042	28,234	8,232	30,013	8,485
Derivatives - credit valuation adjustment[5]		-	-	-	4,749	-	4,749	-	4,778	-	8,304	-	7,183	-	7,282
Total Credit Risk (Excluding Equities & Other Assets)		708,321	173,130	124,468	97,460	832,789	270,590	811,222	269,199	842,280	285,219	794,622	270,187	791,532	262,154
Equities		2,331	2,331	-	-	2,331	2,331	2,393	2,393	2,703	2,703	2,985	2,985	3,427	3,427
Other Assets		-	-	50,229	24,486	50,229	24,486	53,444	23,297	59,267	24,882	50,873	24,265	52,878	23,551
Total Credit Risk (Before Scaling Factor)		710,652	175,461	174,697	121,946	885,349	297,407	867,059	294,889	904,250	312,804	848,480	297,437	847,837	289,132
Add-on for 6% Scaling Factor[4]			10,513				10,513		10,576		11,095		10,597		10,183
Total Credit Risk		710,652	185,974	174,697	121,946	885,349	307,920	867,059	305,465	904,250	323,899	848,480	308,034	847,837	299,315

(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)

Scotiabank

($MM)		Basel III - IFRS											
		Q2 2015		Q1 2015		Q4 2014		Q3 2014		Q2 2014		Q1 2014	
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	146,075	100,609	145,012	101,339	130,621	90,240	128,408	90,365	128,608	90,079	121,562	86,649
	Undrawn	51,361	24,589	53,974	24,963	47,082	22,314	44,855	21,274	41,619	19,554	42,968	20,444
	Other[4]	37,643	14,254	35,068	12,327	31,678	11,496	31,704	11,246	26,552	10,126	30,930	11,540
	Total	**235,079**	**139,452**	**234,054**	**138,629**	**209,381**	**124,050**	**204,967**	**122,885**	**196,779**	**119,759**	**195,460**	**118,633**
Bank[3]	Drawn	25,700	6,679	32,358	8,435	25,883	7,500	26,237	7,882	29,067	9,053	34,833	9,949
	Undrawn	11,406	3,672	12,222	3,914	10,954	3,356	11,552	3,559	10,620	3,279	11,879	3,507
	Other[4]	10,190	1,830	9,535	1,753	8,195	1,486	7,929	1,394	8,228	1,370	7,904	1,304
	Total	**47,296**	**12,181**	**54,115**	**14,102**	**45,032**	**12,342**	**45,718**	**12,835**	**47,915**	**13,702**	**54,616**	**14,760**
Sovereign	Drawn	80,325	5,527	82,035	5,544	76,107	4,858	68,768	4,664	77,072	4,717	71,279	5,145
	Undrawn	1,543	161	1,465	139	1,352	140	1,353	177	1,359	189	1,440	263
	Other[4]	544	15	1,137	63	805	33	775	26	856	31	1,191	28
	Total	**82,412**	**5,703**	**84,637**	**5,746**	**78,264**	**5,031**	**70,896**	**4,867**	**79,287**	**4,937**	**73,910**	**5,436**
Total Non-retail	Drawn	252,100	112,815	259,405	115,318	232,611	102,598	223,413	102,911	234,747	103,849	227,674	101,743
	Undrawn	64,310	28,422	67,661	29,016	59,388	25,810	57,760	25,010	53,598	23,022	56,287	24,214
	Other[4]	48,377	16,099	45,740	14,143	40,678	13,015	40,408	12,666	35,636	11,527	40,025	12,872
	Total	**364,787**	**157,336**	**372,806**	**158,477**	**332,677**	**141,423**	**321,581**	**140,587**	**323,981**	**138,398**	**323,986**	**138,829**
Retail													
Residential Mortgages	Drawn	211,805	22,196	213,185	21,893	211,341	19,766	210,743	19,360	210,451	19,466	210,691	19,085
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**211,805**	**22,196**	**213,185**	**21,893**	**211,341**	**19,766**	**210,743**	**19,360**	**210,451**	**19,466**	**210,691**	**19,085**
Secured Lines Of Credit	Drawn	19,047	4,293	18,952	4,435	19,115	4,487	18,590	4,409	18,459	4,509	18,220	4,552
	Undrawn	12,354	1,158	12,312	1,243	12,209	1,282	17,724	1,857	13,265	1,394	13,052	1,370
	Total	**31,401**	**5,451**	**31,264**	**5,678**	**31,324**	**5,769**	**36,314**	**6,266**	**31,724**	**5,903**	**31,272**	**5,922**
Qualifying Revolving	Drawn	16,426	9,556	16,257	9,564	16,011	9,356	15,953	7,622	15,653	7,153	15,412	7,171
	Undrawn	16,734	2,058	16,716	2,151	16,196	2,105	18,311	2,360	13,638	1,674	13,400	1,678
	Total	**33,160**	**11,614**	**32,973**	**11,715**	**32,207**	**11,461**	**34,264**	**9,982**	**29,291**	**8,827**	**28,812**	**8,849**
Other Retail	Drawn	48,315	29,555	48,656	29,929	47,080	28,848	45,380	27,624	42,989	26,216	41,754	25,405
	Undrawn	660	156	667	165	659	161	999	126	736	91	733	91
	Total	**48,975**	**29,711**	**49,323**	**30,094**	**47,739**	**29,009**	**46,379**	**27,750**	**43,725**	**26,307**	**42,487**	**25,496**
Total Retail	Drawn	295,593	65,600	297,050	65,821	293,547	62,457	290,666	59,015	287,552	57,344	286,077	56,213
	Undrawn	29,748	3,372	29,695	3,559	29,064	3,548	37,034	4,343	27,639	3,159	27,185	3,139
	Total	**325,341**	**68,972**	**326,745**	**69,380**	**322,611**	**66,005**	**327,700**	**63,358**	**315,191**	**60,503**	**313,262**	**59,352**
Securitizations		20,083	3,711	21,166	4,086	19,982	4,621	18,163	4,947	19,406	5,527	19,900	7,273
Trading Derivatives[3]		28,854	7,971	36,673	10,178	25,249	8,041	22,886	7,559	22,139	7,454	23,638	7,284
Derivatives - credit valuation adjustment[5]		-	6,732	-	8,154	-	5,632	-	5,039	-	4,793	-	5,003
Total Credit risk (excl. Equities & Other Assets)		**739,065**	**244,722**	**757,390**	**250,275**	**700,519**	**225,722**	**690,330**	**221,490**	**680,717**	**216,675**	**680,786**	**217,741**
Equities		3,636	3,636	4,132	4,132	4,269	4,269	4,451	4,451	4,002	4,002	4,019	4,019
Other Assets		54,146	23,056	59,475	24,208	52,288	23,065	52,377	23,550	52,771	22,224	57,028	22,930
		796,847	**271,414**	**820,997**	**278,615**	**757,076**	**253,056**	**747,158**	**249,491**	**737,490**	**242,901**	**741,833**	**244,690**
Add-on for 6% scaling factor[6]			9,593		9,801		8,831		8,672		8,491		8,506
Total Credit Risk		**796,847**	**281,007**	**820,997**	**288,416**	**757,076**	**261,887**	**747,158**	**258,163**	**737,490**	**251,392**	**741,833**	**253,196**

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

(2) CET1 Risk-weighted Assets.

(3) 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) 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]

Scotiabank

Exposure at Default

($MM)	Basel III - IFRS									
	Q3 2016					Q2 2016				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
	Drawn	Undrawn	Other [3]			Drawn	Undrawn	Other [3]		
Canada	**91,537**	**32,376**	**39,182**	**299,147**	**462,242**	84,122	31,175	36,910	296,305	**448,512**
USA	**96,575**	**26,526**	**38,405**	**-**	**161,506**	91,131	25,945	38,426	-	**155,502**
Mexico	**14,200**	**626**	**1,538**	**8,067**	**24,431**	14,216	613	1,498	8,140	**24,467**
Peru	**15,048**	**1,636**	**3,040**	**6,614**	**26,338**	15,312	1,399	2,953	6,437	**26,101**
Chile	**10,788**	**598**	**1,315**	**10,294**	**22,995**	10,288	309	1,370	9,304	**21,271**
Colombia	**4,957**	**164**	**415**	**4,782**	**10,318**	5,353	68	627	4,789	**10,837**
Other International					**-**					
Europe	**26,170**	**5,636**	**12,326**	**-**	**44,132**	25,332	5,292	13,172	-	**43,796**
Caribbean	**18,879**	**1,547**	**1,611**	**17,973**	**40,010**	18,786	1,393	1,556	17,059	**38,794**
Latin America (other)	**7,610**	**550**	**512**	**479**	**9,151**	8,215	474	484	425	**9,598**
All Other	**24,259**	**3,690**	**3,717**	**-**	**31,666**	25,526	3,075	3,743	-	**32,344**
Total	**310,023**	**73,349**	**102,061**	**347,356**	**832,789**	**298,281**	**69,743**	**100,739**	**342,459**	**811,222**

	Basel III - IFRS				
	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Canada	449,077	435,953	434,335	420,728	427,607
USA	172,472	153,285	154,180	126,154	128,841
Mexico	25,255	23,808	22,870	20,924	22,085
Peru	28,798	27,007	26,617	24,105	23,950
Chile	22,180	19,777	19,282	18,742	19,292
Colombia	10,044	9,899	10,436	11,591	10,505
Other International					
Europe	44,444	40,048	38,017	34,768	35,740
Caribbean	42,343	39,831	39,939	36,987	38,398
Latin America (other)	10,245	8,962	9,060	8,461	8,328
All Other	37,422	36,052	36,796	36,605	42,644
Total	**842,280**	**794,622**	**791,532**	**739,065**	**757,390**

(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)

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NON-RETAIL AND RETAIL PORTFOLIO EXPOSURE AT DEFAULT

($MM)	Basel III - IFRS							
	Q3 2016				Q2 2016			
	Drawn	Undrawn	Other (3)	Total	Drawn	Undrawn	Other (3)	Total
Non-Retail								
Less than 1 year	**134,489**	**22,807**	**63,792**	**221,088**	124,821	21,918	64,114	**210,853**
1 to 5 years	**107,463**	**44,208**	**27,742**	**179,413**	107,410	40,994	26,751	**175,155**
Over 5 Years	**10,930**	**1,640**	**7,666**	**20,236**	10,017	2,260	7,118	**19,395**
Total Non-Retail	**252,882**	**68,655**	**99,200**	**420,737**	242,248	65,172	97,983	**405,403**
Retail								
Less than 1 year	**29,945**	**14,989**		**44,934**	30,196	14,719		**44,915**
1 to 5 years	**163,994**	**-**		**163,994**	162,707	-		**162,707**
Over 5 Years	**21,247**	**-**		**21,247**	19,639	-		**19,639**
Revolving Credits (4)	**36,889**	**20,519**		**57,408**	37,509	20,100		**57,609**
Total Retail	**252,075**	**35,508**		**287,583**	250,051	34,819		**284,870**
Total	**504,957**	**104,163**	**99,200**	**708,320**	**492,299**	**99,991**	**97,983**	**690,273**

	Basel III - IFRS			
	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Non-Retail				
Less than 1 year	223,167	213,600	224,896	193,579
1 to 5 years	188,042	163,961	154,304	141,822
Over 5 Years	19,199	17,937	18,331	19,198
Total Non-Retail	**430,408**	**395,498**	**397,531**	**354,599**
Retail				
Less than 1 year	46,929	45,368	45,879	49,230
1 to 5 years	162,064	160,660	157,160	153,136
Over 5 Years	18,896	20,682	21,796	21,294
Revolving Credits (4)	56,604	54,555	53,839	53,247
Total Retail	**284,493**	**281,265**	**278,674**	**276,907**
Total	**714,901**	**676,763**	**676,205**	**631,506**

(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

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EXPOSURE AT DEFAULT[(1)]

($MM)	Basel III - IFRS													
	Q3 2016							Q2 2016						
	Non-Retail				Retail			Non-Retail				Retail		
Risk-weight	Corporate	Bank	Sovereign	Total	Res Mtgs	Other Retail	Total	Corporate	Bank	Sovereign	Total	Res Mtgs	Other Retail	Total
0%	1,881	-	5,236	**7,117**	575	1,503	**2,078**	1,743	-	4,632	**6,375**	668	1,218	**1,886**
20%	156	688	1,193	**2,037**	1,821	-	**1,821**	124	773	1,409	**2,306**	1,782	203	**1,985**
35%	-	-	-	**-**	16,295	-	**16,295**	-	-	-	**-**	15,819	-	**15,819**
50%	46	112	476	**634**	-	419	**419**	185	221	429	**835**	-	203	**203**
75%	-	-	-	**-**	9,139	27,727	**36,866**	-	-	-	**-**	8,638	27,010	**35,648**
100%	52,280	1,000	912	**54,192**	1,295	-	**1,295**	50,623	963	1,523	**53,109**	1,288	-	**1,288**
150%+	716	-	-	**716**	-	998	**998**	735	-	-	**735**	-	760	**760**
Total	**55,079**	**1,800**	**7,817**	**64,696**	**29,125**	**30,647**	**59,772**	**53,410**	**1,957**	**7,993**	**63,360**	**28,195**	**29,394**	**57,589**

	Basel III - IFRS													
	Q1 2016		Q4 2015		Q3 2015		Q2 2015		Q1 2015		Q4 2014		Q3 2014	
Risk-weight	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
0%	6,921	1,895	6,115	1,689	6,123	1,248	5,630	1,080	6,481	1,141	5,417	1,087	5,594	1,160
20%	3,362	2,223	1,695	2,146	1,649	1,779	1,573	1,624	3,087	1,771	2,582	1,354	1,737	1,327
35%	-	16,733	-	16,004	-	16,198	-	17,697	-	18,375	-	17,377	-	16,821
50%	916	186	478	215	382	222	381	204	806	213	372	-	337	-
75%	-	36,021	-	32,321	-	31,942	-	26,166	-	26,944	-	25,366	-	24,666
100%	56,139	1,421	54,632	1,313	53,122	1,336	50,857	1,025	50,225	1,130	46,764	959	46,689	899
150%+	823	739	539	712	636	690	684	638	494	639	381	590	422	595
Total	**68,161**	**59,218**	**63,459**	**54,400**	**61,912**	**53,415**	**59,125**	**48,434**	**61,093**	**50,213**	**55,516**	**46,733**	**54,779**	**45,468**

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

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

($MM)			Basel III - IFRS												
			Q3 2016								Q2 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)
			$	$	$	$	$	%	%	%	$	$	%	%	%
Investment Grade															
Corporate			**68,296**	**49,614**	**37,087**	**154,997**	**45,524**	**0.13**	**42**	**29**	**155,165**	**47,464**	**0.14**	**42**	**31**
	99	0.00% - 0.06%	**29**	**240**	**485**	**754**	**67**	**0.03**	**44**	**9**	987	74	0.03	44	8
AAA to AA+	98	0.00% - 0.06%	**66**	**688**	**146**	**900**	**59**	**0.05**	**22**	**7**	862	59	0.05	22	7
AA to A-	95	0.06% - 0.15%	**7,023**	**4,908**	**5,394**	**17,325**	**3,145**	**0.06**	**41**	**18**	16,029	3,135	0.06	42	20
AA to A-	90	0.06% - 0.17%	**13,669**	**13,086**	**11,551**	**38,306**	**6,704**	**0.07**	**39**	**18**	39,037	6,852	0.07	39	18
BBB+ to BBB	87	0.10% - 0.26%	**13,912**	**11,015**	**6,711**	**31,638**	**8,547**	**0.10**	**41**	**27**	30,673	8,505	0.11	41	28
BBB+ to BBB	85	0.14% - 0.36%	**16,073**	**9,551**	**6,230**	**31,854**	**11,553**	**0.16**	**43**	**36**	31,578	12,182	0.18	44	39
BBB-	83	0.21% - 0.51%	**17,524**	**10,126**	**6,570**	**34,220**	**15,449**	**0.24**	**45**	**45**	35,999	16,657	0.26	45	46
Bank			**22,074**	**1,872**	**20,944**	**44,890**	**7,908**	**0.10**	**36**	**18**	**41,614**	**7,729**	**0.11**	**36**	**19**
	99	0.00% - 0.06%	**155**	**-**	**22**	**177**	**12**	**0.03**	**39**	**7**	231	13	0.02	31	6
AAA to AA+	98	0.00% - 0.06%	**1,979**	**454**	**641**	**3,074**	**379**	**0.05**	**30**	**12**	2,778	353	0.05	30	13
AA to A-	95	0.06% - 0.15%	**9,449**	**548**	**5,890**	**15,887**	**2,446**	**0.06**	**40**	**15**	13,027	2,025	0.06	41	16
AA to A-	90	0.06% - 0.17%	**4,972**	**739**	**7,196**	**12,907**	**1,826**	**0.09**	**33**	**14**	12,729	1,926	0.09	34	15
BBB+ to BBB	87	0.10% - 0.26%	**2,355**	**77**	**3,430**	**5,862**	**1,332**	**0.15**	**35**	**23**	8,133	1,874	0.14	33	23
BBB+ to BBB	85	0.14% - 0.36%	**2,313**	**15**	**2,495**	**4,823**	**1,237**	**0.20**	**32**	**26**	2,458	767	0.30	36	31
BBB-	83	0.21% - 0.51%	**851**	**39**	**1,270**	**2,160**	**676**	**0.29**	**33**	**31**	2,258	771	0.33	34	34
Sovereign			**94,161**	**692**	**5,685**	**100,538**	**2,786**	**0.04**	**16**	**3**	**92,481**	**2,561**	**0.04**	**16**	**3**
	99	0.00% - 0.06%	**72,069**	**299**	**2,152**	**74,520**	**-**	**-**	**15**	**-**	61,096	-	-	15	-
AAA to AA+	98	0.00% - 0.06%	**2,324**	**40**	**641**	**3,005**	**145**	**0.05**	**15**	**5**	11,364	267	0.05	15	2
AA to A-	95	0.06% - 0.15%	**11,298**	**315**	**2,538**	**14,151**	**1,133**	**0.07**	**17**	**8**	11,007	821	0.08	17	7
AA to A-	90	0.06% - 0.17%	**498**	**27**	**243**	**768**	**46**	**0.11**	**19**	**6**	661	36	0.11	18	5
BBB+ to BBB	87	0.10% - 0.26%	**4,981**	**1**	**107**	**5,089**	**488**	**0.24**	**15**	**10**	5,661	633	0.25	16	11
BBB+ to BBB	85	0.14% - 0.36%	**2,302**	**10**	**4**	**2,316**	**721**	**0.34**	**27**	**31**	2,010	561	0.36	27	28
BBB-	83	0.21% - 0.51%	**689**	**-**	**-**	**689**	**253**	**0.47**	**33**	**37**	682	243	0.52	33	36
Sub-Total			**184,531**	**52,178**	**63,716**	**300,425**	**56,218**	**0.10**	**32**	**19**	**289,260**	**57,754**	**0.11**	**33**	**20**
Non-Investment Grade															
Corporate			**55,958**	**15,312**	**9,127**	**80,397**	**54,977**	**0.67**	**46**	**68**	**78,120**	**54,925**	**0.73**	**45**	**70**
BB+	80	0.33% - 0.57%	**21,592**	**7,844**	**3,301**	**32,737**	**18,913**	**0.36**	**46**	**58**	29,750	18,130	0.39	47	61
BB	77	0.51% - 0.63%	**16,223**	**3,917**	**1,899**	**22,039**	**14,526**	**0.51**	**46**	**66**	22,068	15,083	0.54	46	68
BB-	75	0.63% - 0.80%	**10,286**	**2,146**	**2,513**	**14,945**	**11,223**	**0.74**	**46**	**75**	15,969	11,682	0.80	43	73
B+	73	0.80% - 1.54%	**4,980**	**1,010**	**1,187**	**7,177**	**6,451**	**1.42**	**42**	**90**	6,809	6,089	1.52	41	89
B to B-	70	1.54% - 2.97%	**2,877**	**395**	**227**	**3,499**	**3,864**	**2.72**	**43**	**110**	3,524	3,941	2.86	43	112
Bank			**2,796**	**15**	**413**	**3,224**	**1,696**	**0.60**	**38**	**53**	**3,457**	**1,782**	**0.65**	**37**	**52**
BB+	80	0.33% - 0.57%	**1,157**	**8**	**187**	**1,352**	**738**	**0.51**	**42**	**55**	1,562	821	0.55	41	53
BB	77	0.51% - 0.63%	**1,550**	**1**	**172**	**1,723**	**845**	**0.58**	**36**	**49**	1,734	856	0.61	34	49
BB-	75	0.63% - 0.80%	**16**	**3**	**16**	**35**	**19**	**0.74**	**39**	**57**	55	33	0.80	39	61
B+	73	0.80% - 1.54%	**22**	**-**	**35**	**57**	**37**	**1.42**	**34**	**66**	14	14	1.52	38	94
B to B-	70	1.54% - 2.97%	**51**	**3**	**3**	**57**	**57**	**2.72**	**38**	**101**	92	58	2.86	23	64
Sovereign			**4,566**	**129**	**19**	**4,714**	**1,376**	**1.59**	**24**	**29**	**4,588**	**1,509**	**1.72**	**24**	**33**
BB+	80	0.33% - 0.57%	**1,323**	**86**	**9**	**1,418**	**289**	**0.52**	**21**	**20**	1,329	288	0.56	21	22
BB	77	0.51% - 0.63%	**397**	**1**	**1**	**399**	**136**	**0.58**	**24**	**34**	368	132	0.62	24	36
BB-	75	0.63% - 0.80%	**310**	**23**	**6**	**339**	**82**	**0.74**	**33**	**24**	312	44	0.80	32	14
B+	73	0.80% - 1.54%	**520**	**12**	**3**	**535**	**70**	**1.42**	**25**	**13**	546	81	1.52	25	15
B to B-	70	1.54% - 2.97%	**2,016**	**7**	**-**	**2,023**	**799**	**2.72**	**23**	**40**	2,033	964	2.86	24	47
Sub-Total			**63,320**	**15,456**	**9,559**	**88,335**	**58,049**	**0.72**	**44**	**66**	**86,165**	**58,216**	**0.78**	**44**	**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)

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NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

($MM)			Basel III - IFRS												
			Q3 2016								Q2 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%	**3,183**	**651**	**416**	**4,250**	**7,956**	**22.34**	**39**	**187**	3,591	6,497	22.23	37	181
Bank	65 - 30	2.97% - 60.11%	**42**	**3**	**2**	**47**	**108**	**21.63**	**47**	**230**	61	140	21.03	47	234
Sovereign	65 - 30	2.97% - 60.11%	**65**	**-**	**-**	**65**	**112**	**9.99**	**47**	**173**	57	75	13.73	43	132
Sub-Total			**3,290**	**654**	**418**	**4,362**	**8,176**	**22.15**	**39**	**187**	**3,709**	**6,712**	**22.08**	**37**	**181**
Default[(8)]															
Corporate	27-21	100%	**1,734**	**367**	**434**	**2,535**	**7,939**	**100.00**	**43**	**313**	2,535	8,674	100.00	44	342
Bank	27-21	100%	**2**	**-**	**-**	**2**	**-**	**100.00**	**39**	**0**	2	-	100.00	39	0
Sovereign	27-21	100%	**5**	**-**	**-**	**5**	**22**	**100.00**	**33**	**413**	6	23	100.00	33	412
Sub-Total			**1,741**	**367**	**434**	**2,542**	**7,961**	**100.00**	**43**	**313**	**2,543**	**8,697**	**100.00**	**44**	**342**
Total			**252,882**	**68,655**	**74,127**	**395,664**	**130,404**	**1.12**	**35**	**33**	**381,677**	**131,379**	**1.14**	**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

($MM)	Basel III - IFRS			
	Q3 2016		Q2 2016	
Exposure Type[(1)]	Notional Undrawn	Weighted Average EAD	Notional Undrawn	Weighted Average EAD
	$	%	$	%
Corporate	128,111	50	124,308	50
Bank	3,228	57	3,241	57
Sovereign	1,389	57	1,532	55
Total	**132,728**	**50**	**129,081**	**50**

(1) Excludes unconditionally cancellable commitments.

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

($MM)		Basel III - IFRS								
		Q3 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%	107,712	-	100	0	24	-	48	-	-
Very Low	0.05% to 0.19%	2,683	2	100	0	24	9	254	1	10
Low	0.20% to 0.99%	642	-	130	1	12	17	108	1	18
Medium Low	1.00% to 2.99%	2	-	106	1	35	50	1	-	55
Medium	3.00% to 9.99%	-	-	105	4	24	73	-	-	86
High	10.00% to 19.99%	-	-	108	11	22	105	-	-	136
Extremely High	20.00% to 99.99%	1	-	107	52	52	251	1	-	598
Default	100%	19	-	100	100	69	-	-	13	864
Sub-total		111,059	2	100	0	24	0	412	15	1
Uninsured Undrawn										
Exceptionally Low	0.00% to 0.04%	-	-	-	-	-	-	-	-	-
Very Low	0.05% to 0.19%	10,792	27,612	20	0	23	4	456	2	4
Low	0.20% to 0.99%	2,638	5,925	22	0	26	13	341	2	14
Medium Low	1.00% to 2.99%	654	906	36	1	28	40	260	2	44
Medium	3.00% to 9.99%	149	198	38	4	32	96	144	2	113
High	10.00% to 19.99%	37	42	43	11	26	120	44	1	155
Extremely High	20.00% to 99.99%	27	16	86	33	26	150	41	2	260
Default	100%	-	-	100	-	-	-	-	-	-
Sub-total		14,297	34,699	21	0	24	9	1,286	11	10
Uninsured Drawn										
Exceptionally Low	0.00% to 0.04%	33,911	-	100	0	19	2	675	2	2
Very Low	0.05% to 0.19%	28,776	-	100	0	21	7	2,075	10	8
Low	0.20% to 0.99%	22,397	-	100	1	23	18	4,134	28	20
Medium Low	1.00% to 2.99%	8,629	-	100	2	25	42	3,625	35	47
Medium	3.00% to 9.99%	1,481	-	100	5	24	79	1,175	18	94
High	10.00% to 19.99%	562	-	100	12	22	109	611	15	142
Extremely High	20.00% to 99.99%	558	-	100	33	22	124	695	41	217
Default	100%	241	-	100	100	62	-	-	150	776
Sub-total		96,555	-	100	1	21	13	12,990	299	17
Qualifying Revolving Retail Exposures (QRRE)										
Exceptionally Low	0.00% to 0.04%	7,877	15,504	25	0	73	2	175	3	3
Very Low	0.05% to 0.19%	7,636	10,258	36	0	69	6	476	9	8
Low	0.20% to 0.99%	9,903	8,010	48	0	76	16	1,578	36	20
Medium Low	1.00% to 2.99%	7,036	1,872	75	2	84	48	3,386	102	66
Medium	3.00% to 9.99%	2,226	216	91	5	86	108	2,411	102	165
High	10.00% to 19.99%	1,349	57	97	10	86	162	2,183	118	271
Extremely High	20.00% to 99.99%	795	17	101	39	80	210	1,671	243	593
Default	100%	180	-	100	100	85	-	-	154	1,065
Sub-total		37,002	35,934	51	3	77	32	11,880	767	58
Other Retail										
Exceptionally Low	0.00% to 0.04%	419	764	26	0	71	9	40	-	10
Very Low	0.05% to 0.19%	6,370	2	100	0	49	12	765	3	13
Low	0.20% to 0.99%	13,825	372	97	1	55	39	5,420	40	43
Medium Low	1.00% to 2.99%	4,431	10	100	2	63	80	3,552	53	95
Medium	3.00% to 9.99%	2,377	1	100	6	62	93	2,216	82	136
High	10.00% to 19.99%	24	-	100	14	81	155	37	3	299
Extremely High	20.00% to 99.99%	1,028	-	100	33	55	134	1,376	189	364
Default	100%	197	-	100	100	83	-	-	164	1,042
Sub-total		28,671	1,149	98	3	56	47	13,406	534	70
Total Retail										
Exceptionally Low	0.01% to 0.04%	149,919	16,268	96	0	26	1	938	5	1
Very Low	0.05% to 0.19%	56,257	37,874	76	0	31	7	4,026	25	8
Low	0.20% to 0.99%	49,405	14,307	85	1	43	23	11,581	107	26
Medium Low	1.00% to 2.99%	20,752	2,788	89	2	53	52	10,824	192	64
Medium	3.00% to 9.99%	6,233	415	95	5	61	95	5,946	204	136
High	10.00% to 19.99%	1,972	99	97	11	67	146	2,875	137	233
Extremely High	20.00% to 99.99%	2,409	33	100	35	55	157	3,784	475	404
Default	100%	637	-	100	100	75	-	-	481	943
Total		287,584	71,784	90	1	33	14	39,974	1,626	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								
		Q2 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%	109,436	-	100	0	26	-	50	-	-
Very Low	0.05% to 0.19%	4,501	2	100	0	28	13	568	2	13
Low	0.20% to 0.99%	573	-	131	1	12	17	97	1	18
Medium Low	1.00% to 2.99%	2	-	107	1	39	54	1	-	60
Medium	3.00% to 9.99%	-	-	106	4	26	80	-	-	94
High	10.00% to 19.99%	-	-	108	11	22	105	-	-	136
Extremely High	20.00% to 99.99%	1	-	108	43	35	193	2	-	361
Default	100%	17	-	100	100	68	-	-	12	848
Sub-total		114,530	2	102	0	26	1	718	15	1
Uninsured Undrawn										
Exceptionally Low	0.00% to 0.04%	-	-	-	-	-	-	-	-	-
Very Low	0.05% to 0.19%	10,546	26,950	20	0	23	4	445	2	4
Low	0.20% to 0.99%	2,599	5,766	23	0	26	13	334	2	14
Medium Low	1.00% to 2.99%	695	944	37	1	28	39	272	2	43
Medium	3.00% to 9.99%	146	178	41	4	31	95	139	2	112
High	10.00% to 19.99%	33	35	47	11	26	121	39	1	156
Extremely High	20.00% to 99.99%	25	16	81	33	27	151	39	2	262
Default	100%	-	-	100	-	-	-	-	-	-
Sub-total		14,044	33,889	21	0	24	9	1,268	11	10
Uninsured Drawn										
Exceptionally Low	0.00% to 0.04%	32,803	-	100	0	20	2	679	2	2
Very Low	0.05% to 0.19%	26,298	-	100	0	22	8	2,013	10	8
Low	0.20% to 0.99%	21,112	-	100	1	24	19	4,098	28	21
Medium Low	1.00% to 2.99%	7,655	-	100	2	26	44	3,332	32	49
Medium	3.00% to 9.99%	1,528	-	100	5	25	81	1,233	19	96
High	10.00% to 19.99%	602	-	100	12	23	111	668	17	145
Extremely High	20.00% to 99.99%	588	-	100	33	22	127	747	44	221
Default	100%	241	-	100	100	62	-	-	149	771
Sub-total		90,827	-	100	1	22	14	12,770	301	18
Qualifying Revolving Retail Exposures (QRRE)										
Exceptionally Low	0.00% to 0.04%	7,831	15,388	25	0	73	2	174	3	3
Very Low	0.05% to 0.19%	7,625	10,091	36	0	69	6	475	9	8
Low	0.20% to 0.99%	9,991	7,777	49	0	76	16	1,606	37	21
Medium Low	1.00% to 2.99%	7,207	1,854	75	2	83	49	3,507	106	67
Medium	3.00% to 9.99%	2,427	216	92	5	85	109	2,648	112	167
High	10.00% to 19.99%	1,425	58	97	10	86	162	2,305	125	272
Extremely High	20.00% to 99.99%	873	18	102	38	80	210	1,830	262	585
Default	100%	195	-	100	100	86	-	-	168	1,076
Sub-total		37,574	35,402	52	3	76	33	12,545	822	61
Other Retail										
Exceptionally Low	0.00% to 0.04%	418	773	26	0	71	9	40	-	10
Very Low	0.05% to 0.19%	6,031	2	100	0	49	12	726	3	13
Low	0.20% to 0.99%	13,565	351	97	1	56	40	5,408	41	44
Medium Low	1.00% to 2.99%	4,410	10	100	2	64	81	3,553	53	96
Medium	3.00% to 9.99%	2,296	1	100	6	62	93	2,140	78	136
High	10.00% to 19.99%	24	-	99	14	81	155	37	3	296
Extremely High	20.00% to 99.99%	965	-	100	33	55	134	1,291	176	362
Default	100%	186	-	100	100	83	-	-	153	1,032
Sub-total		27,895	1,137	98	3	56	47	13,195	507	70
Total Retail										
Exceptionally Low	0.01% to 0.04%	150,488	16,161	96	0	27	1	943	5	1
Very Low	0.05% to 0.19%	55,001	37,045	76	0	32	8	4,227	26	8
Low	0.20% to 0.99%	47,840	13,894	85	1	44	24	11,543	109	27
Medium Low	1.00% to 2.99%	19,969	2,808	89	2	55	53	10,665	193	66
Medium	3.00% to 9.99%	6,397	395	96	5	61	96	6,160	211	138
High	10.00% to 19.99%	2,084	93	97	11	66	146	3,049	146	234
Extremely High	20.00% to 99.99%	2,452	34	101	35	56	159	3,909	484	407
Default	100%	639	-	100	100	75	-	-	482	942
Total		284,870	70,430	90	1	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.

AIRB CREDIT LOSSES

Scotiabank

Exposure Type	Basel III - IFRS									
	Q3 2016		Q2 2016		Q1 2016		Q4 2015		Q3 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	**0.24**	**0.80**	0.20	0.95	0.10	0.95	0.01	0.95	0.04	0.91
Sovereign	**-**	**0.02**	-	0.03	-	0.03	-	0.03	-	0.02
Bank	**-**	**0.09**	-	0.12	-	0.12	-	0.12	-	0.12
Retail(2)										
Real Estate Secured	**0.01**	**0.12**	0.01	0.15	0.01	0.15	0.01	0.15	0.01	0.14
QRRE	**2.55**	**4.37**	2.46	4.49	2.56	4.49	2.44	4.49	2.30	3.31
Other Retail	**0.59**	**1.72**	0.65	1.78	0.65	1.78	0.60	1.78	0.59	1.75

(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

	Q3 2016 (1)						Q2 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	**0.82**	**0.65**	**41.19**	**24.35**	**49.95**	**15.57**	0.83	0.42	41.32	25.59	50.52	9.99

(1) Reporting is on a one quarter lag basis. For reporting as of Q3/16, estimated parameters are based on portfolio averages at Q2/15 whereas actual parameters are based on averages of realized parameters during the subsequent four quarters (Q3/15 – Q2/16).

(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 Q3 2016(1)(2)						Four-quarter period ending Q2 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)	**1.00**	**0.59**	**-**	**-**	**-**	**-**	0.99	0.63	-	-	-	-
Uninsured mortgages	**0.53**	**0.35**	**19.45**	**11.98**	**-**	**-**	0.53	0.39	19.13	11.83	-	-
Secured lines of credit	**0.79**	**0.26**	**29.95**	**20.03**	**92**	**80**	0.82	0.28	29.50	18.14	92	81
Qualifying revolving retail exposures	**2.03**	**1.69**	**78.02**	**66.19**	**609**	**534**	2.03	1.66	78.19	66.27	577	508
Other retail	**2.00**	**1.36**	**58.89**	**50.43**	**3**	**3**	1.99	1.32	58.82	50.46	3	3

(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

Scotiabank

EXPOSURE AT DEFAULT [1]

($MM)	Basel III - IFRS														
	Q3 2016			Q2 2016			Q1 2016			Q4 2015			Q3 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	
Exposure type	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach
Non-Retail															
Corporate	643	1,362	15,298	577	1,259	14,790	632	1,249	14,655	581	1,256	6,148	505	1,214	5,940
Bank	-	-	9,563	-	-	8,496	-	-	3,776	-	-	4,767	-	-	4,351
Sovereign	-	92	6,904	-	89	7,660	-	106	5,923	-	-	5,014	-	-	4,982
Total Non-Retail	**643**	**1,454**	**31,765**	**577**	**1,348**	**30,946**	**632**	**1,355**	**24,354**	**581**	**1,256**	**15,929**	**505**	**1,214**	**15,273**
Retail															
Residential Mortgages [2]	-	2,396	105,718	-	2,450	109,234	-	2,651	84,850	-	2,392	86,832	-	1,676	86,099
Secured Lines of Credit															
Qualifying Revolving Retail Exposures (QRRE)															
Other Retail	717	1,206	-	692	933	-	668	986	-	698	962	-	710	977	-
Total Retail	**717**	**3,602**	**105,718**	**692**	**3,383**	**109,234**	**668**	**3,637**	**84,850**	**698**	**3,354**	**86,832**	**710**	**2,653**	**86,099**
Total	**1,360**	**5,056**	**137,483**	**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) 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															
	Q3 2016				Q2 2016				Q1 2016				Q4 2015			
Contract Types	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount[3]	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount[3]	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	**517,818**	**7**	**93**	**19**	707,435	148	35	12	936,412	257	602	52	997,269	250	528	45
Swaps	**2,404,362**	**3,539**	**7,933**	**2,321**	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
Options Purchased	**58,697**	**-**	**106**	**59**	67,398	-	128	62	69,257	6	159	150	61,404	-	149	138
Options Written	**50,236**	**-**	**-**	**-**	59,001	-	-	-	62,841	-	-	-	61,655	-	-	-
Total	**3,031,113**	**3,546**	**8,132**	**2,399**	**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**
Foreign Exchange Contracts:																
Futures and Forwards	**484,425**	**2,177**	**6,917**	**1,564**	477,938	3,185	8,494	1,949	543,686	2,725	9,580	2,055	458,256	2,328	6,991	1,865
Swaps	**341,829**	**2,448**	**4,967**	**1,359**	334,784	2,228	4,370	1,434	364,107	2,376	9,576	2,545	338,328	1,759	8,592	2,214
Options Purchased	**20,451**	**18**	**560**	**134**	9,244	229	407	129	5,766	243	380	126	5,633	199	328	98
Options Written	**20,173**	**-**	**114**	**16**	8,850	-	23	3	4,920	-	-	-	4,884	-	-	-
Total	**866,878**	**4,643**	**12,558**	**3,073**	**830,816**	**5,642**	**13,294**	**3,515**	**918,479**	**5,344**	**19,536**	**4,726**	**807,101**	**4,286**	**15,911**	**4,177**
Other Derivatives Contracts:																
Equity	**77,185**	**792**	**4,539**	**1,556**	63,384	889	4,258	1,618	64,934	2,191	7,609	2,201	62,549	1,228	6,534	2,049
Credit	**46,779**	**6**	**2,080**	**388**	49,220	30	2,232	505	60,447	454	2,537	611	63,933	261	2,643	608
Other	**76,838**	**1,292**	**5,790**	**739**	80,213	1,608	6,313	809	86,902	2,249	9,066	1,930	149,806	2,288	11,347	1,945
Total	**200,802**	**2,090**	**12,409**	**2,683**	**192,817**	**2,527**	**12,803**	**2,932**	**212,283**	**4,894**	**19,212**	**4,742**	**276,288**	**3,777**	**20,524**	**4,602**
Credit Valuation Adjustment[2][3]				**4,749**				**4,778**				**8,305**				**7,183**
Total Derivatives after Netting and Collateral	**4,098,793**	**10,279**	**33,099**	**12,904**	**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**

	Basel III - IFRS							
	Q3 2015		Q2 2015		Q1 2015		Q4 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	1,467,044	974	1,358,674	592	1,137,994	579	805,769	1,489
Swaps	3,195,869	10,028	3,241,105	10,227	3,474,793	11,523	3,093,098	9,053
Options Purchased	37,430	149	44,066	140	60,809	314	47,916	106
Options Written	38,674	-	49,744	-	62,248	-	50,710	-
Total	**4,739,017**	**11,151**	**4,693,589**	**10,959**	**4,735,844**	**12,416**	**3,997,493**	**10,648**
Foreign Exchange Contracts:								
Futures and Forwards	457,246	8,289	428,283	7,815	471,539	9,634	448,977	6,535
Swaps	322,576	8,985	290,527	7,635	295,627	8,976	265,986	6,190
Options Purchased	5,353	309	4,765	230	4,106	251	3,147	69
Options Written	4,664	-	4,041	-	3,645	-	2,642	-
Total	**789,839**	**17,583**	**727,616**	**15,680**	**774,917**	**18,861**	**720,752**	**12,794**
Other Derivatives Contracts:								
Equity	70,993	6,962	66,003	6,558	63,865	6,799	66,608	5,726
Credit	62,297	2,526	59,618	2,409	60,834	2,776	57,923	1,405
Other	132,744	12,406	126,729	12,328	136,722	11,919	127,041	11,863
Total	**266,034**	**21,894**	**252,350**	**21,295**	**261,421**	**21,494**	**251,572**	**18,994**
Total Derivatives	**5,794,890**	**50,628**	**5,673,555**	**47,934**	**5,772,182**	**52,771**	**4,969,817**	**42,436**
Credit Valuation Adjustment[2]		**7,282**		**6,732**		**8,154**		**5,632**
Risk-weighted Amount		**18,172**		**16,768**		**19,693**		**14,627**

(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]

Scotiabank

($MM)			Basel III - IFRS																			
			Q3 2016				Q2 2016				Q1 2016				Q4 2015				Q3 2015			
			Exposure at Default[2]				Exposure at Default[2]				Exposure at Default[2]				Exposure at Default[2]				Exposure at Default[2]			
Risk Category	External Rating (S&P)	Risk-Weight %	On-Balance Sheet	Off-Balance Sheet	Total	Risk-Weighted Assets	On-Balance Sheet	Off-Balance Sheet	Total	Risk-Weighted Assets	On-Balance Sheet	Off-Balance Sheet	Total	Risk-Weighted Assets	On-Balance Sheet	Off-Balance Sheet	Total	Risk-Weighted Assets	On-Balance Sheet	Off-Balance Sheet	Total	Risk-Weighted Assets
Securitization																						
Investment Grade	AAA to A	7 - 25	**10,183**	**14,600**	**24,783**	**2,090**	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
	A- to BBB- [3]	35 - 100	**169**	**10**	**179**	**151**	69	9	**78**	75	160	15	**175**	170	118	13	**131**	124	149	5	**154**	143
Non-Investment Grade	BB+ to BB-	150 - 650	**3**	**-**	**3**	**8**	3	-	**3**	8	3	-	**3**	8	3	-	**3**	8	3	-	**3**	8
	Below BB-	1250	**-**	**-**	**-**	**-**	-	-	**-**	-	-	-	**-**	-	28	-	**28**	350	101	-	**101**	1,266
			10,355	**14,610**	**24,965**	**2,249**	**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**
Resecuritization																						
Investment Grade	AAA to A	20 - 65	**-**	**38**	**38**	**25**	-	38	**38**	25	-	38	**38**	25	-	38	**38**	25	-	56	**56**	36
	A- to BBB-	100 - 350	**69**	**-**	**69**	**151**	67	-	**67**	147	74	-	**74**	160	89	-	**89**	196	92	-	**92**	205
					-																	
Non-Investment Grade	BB+ to BB-	500 - 850	**18**	**-**	**18**	**119**	18	-	18	115	20	-	20	128	-	-	**-**	-	-	-	**-**	-
	Below BB-	1250	**20**	**-**	**20**	**249**	19	-	**19**	238	21	-	**21**	267	20	-	**20**	249	20	-	**20**	249
			107	**38**	**145**	**544**	**104**	**38**	**142**	**525**	**115**	**38**	**153**	**580**	**109**	**38**	**147**	**470**	**112**	**56**	**168**	**490**
Total			**10,462**	**14,648**	**25,110**	**2,793**	**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**

($MM)	Basel III - IFRS																			
	Q3 2016				Q2 2016				Q1 2016				Q4 2015				Q3 2015			
	Exposure at Default[2]				Exposure at Default[2]				Exposure at Default[2]				Exposure at Default[2]				Exposure at Default[2]			
Underlying Asset	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)	On-Balance Sheet	Off-Balance Sheet	Total	Exposures at Default (RW=1250%)
Residential Mortgages	**461**	**1,275**	**1,736**	**-**	415	1,275	**1,690**	-	487	1,275	**1,762**	-	187	1,275	**1,462**	-	266	1,275	**1,541**	66
Commercial Mortgages	**3**	**-**	**3**	**-**	3	-	**3**	-	3	-	**3**	-	9	-	**9**	-	3	-	**3**	-
Credit cards/Consumer receivables	**765**	**2,491**	**3,256**	**-**	757	2,835	**3,592**	-	992	2,631	**3,623**	-	576	2,658	**3,234**	-	798	2,436	**3,234**	-
Auto loans/Leases	**4,242**	**6,824**	**11,066**	**-**	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
Diversified asset-backed securities	**169**	**14**	**183**	**20**	165	59	**224**	19	267	71	**338**	21	211	43	**254**	20	202	22	**224**	20
Business Loans	**-**	**32**	**32**	**-**	-	46	**46**	-	-	62	**62**	-	-	80	**80**	-	18	100	**118**	-
Trade receivables	**4,093**	**3,850**	**7,943**	**-**	3,633	4,101	**7,734**	-	3,604	4,934	**8,538**	-	3,083	5,116	**8,199**	-	2,614	5,229	**7,843**	-
Other	**729**	**162**	**891**	**-**	999	71	**1,070**	-	761	78	**839**	-	859	49	**908**	-	851	59	**910**	-
Total	**10,462**	**14,648**	**25,110**	**20**	**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**

(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.

(3) Included in on-balance sheet exposures effective Q3 2016 are investment grade subordinated notes retained by the Bank, issued by Trillium Credit Card Trust II, and backed by bank originated credit card receivables. OSFI's Securitization Framework is applied.

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

Scotiabank

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

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

(1) 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

Scotiabank

($MM)	Q3 2016	Q2 2016	Q1 2016	Q4 2015
All Bank VaR	**1,439**	1,792	2,070	1,758
All Bank stressed VaR	**3,542**	3,676	3,647	3,078
Incremental risk charge	**5,301**	6,714	5,128	6,101
Comprehensive risk measure[1]	**838**	1,017	2,540	2,517
Standardized approach	**576**	686	687	896
Market risk-weighted assets as at end of Quarter	**11,696**	**13,885**	**14,072**	**14,350**

(1) The Q3 2016 related capital charge for total comprehensive risk measure including securitization exposures is $67MM (Q2 2016: $81MM) broken down as follows: Market Simulation $27MM (Q2 2016: $34MM), Default & Migration Risk $40MM (Q2 2016: $47MM).

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

Scotiabank

($MM)	Item	Q3 2016	Q2 2016
1	Total consolidated assets as per published financial statements	**906,844**	894,961
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(1,002)**	(1,084)
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	**(3,572)**	2,910
5	Adjustment for securities financing transactions (i.e., repo assets and similar secured lending)	**7,409**	7,332
6	Adjustment for off balance-sheet items (i.e., credit equivalent amounts of off-balance sheet exposures)	**117,725**	114,302
7	Other adjustments	**(10,830)**	(10,881)
8	Leverage Ratio Exposure (transitional basis)	**1,016,572**	**1,007,540**

LEVERAGE RATIO FRAMEWORK

Scotiabank

($MM)	Item [1]	Q3 2016	Q2 2016
	On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	**769,586**	747,536
2	(Asset amounts deducted in determining Basel III transitional Tier 1 capital)	**(10,830)**	(10,881)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	**758,755**	736,655
	Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	**11,929**	11,568
5	Add-on amounts for PFE associated with all derivative transactions	**26,220**	29,746
6	Gross up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	**-**	-
7	(Deductions of receivables assets for cash variation margin provided in derivative transactions)	**(2,574)**	(1,877)
8	(Exempted CCP-leg of client cleared trade exposures)	**-**	-
9	Adjusted effective notional amount of written credit derivatives	**13,835**	15,121
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(8,992)**	(9,330)
11	Total derivative exposures (sum of lines 4 to 10)	**40,417**	45,228
	Securities financing transaction exposures		
12	Gross SFT assets recognized for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	**97,506**	110,095
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(5,240)**	(6,072)
14	Counterparty credit risk (CCR) exposure for SFT assets	**7,409**	7,332
15	Agent transaction exposures	**-**	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	**99,675**	111,355
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	**374,301**	369,428
18	(Adjustments for conversion to credit equivalent amounts)	**(256,577)**	(255,126)
19	Off-balance sheet items (sum of lines 17 and 18)	**117,724**	114,302
	Capital and Total Exposures - Transitional Basis		
20	Tier 1 capital	**45,041**	43,425
21	Total Exposures (sum of lines 3, 11, 16 and 19)	**1,016,572**	1,007,540
	Leverage Ratios - Transitional Basis		
22	Basel III leverage ratio	**4.4%**	4.3%
	All-in basis (Required by OSFI)		
23	Tier 1 capital – All-in basis	**42,264**	40,759
24	(Regulatory adjustments)	**(13,354)**	(13,319)
25	Total Exposures (sum of lines 21 and 24, less the amount reported in line 2) – All-in basis	**1,014,048**	1,005,102
26	Leverage ratio – All-in basis	**4.2%**	4.1%

(1) On-balance sheet items excludes securities purchased under resale agreements and securities borrowed ($92,266), derivative financial instruments ($43,990), assets outside the regulatory scope of consolidation ($1,002).

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.

GLOSSARY

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.