SUPPLEMENTARY REGULATORY CAPITAL DISCLOSURE

Scotiabank

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Table of Contents

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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 comprised 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 Internal Assessments Approach (IAA) or the Ratings-Based Approach (RBA). 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

OSFI has approved Scotiabank's application to use the Advanced Measurement Approach (AMA) for Operational Risk, subject to a capital floor based on the Standardized Approach, in the first quarter of 2017. The Bank also utilizes the Standardized Approach for operational risk for units not covered under AMA. AMA utilizes risk drivers for capital movements (such as internal loss experience, business environment and internal control factors, external loss experience, and scenarios); while the Standardized Approach is based on a fixed percentage ranging from 12% to 18% of the average of the previous three years’ gross income.

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 II market risk framework (July 2009). Additional measures include stressed Value-at-Risk, incremental risk charge and comprehensive risk measure.

International Financial Reporting Standards (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). **Effective Q1 2018, the Bank adopted IFRS 9 (Financial Instruments) and did not restate comparative periods. The full transitional impact on regulatory capital from IFRS 9 was recognized upon adoption. Prior period results are based on International Accounting Standard (IAS) 39 and therefore these amounts and related ratios are not comparable.**

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, 80% in 2017 and 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, commencing in Q1, 2018, the CVA risk-weighted assets have been calculated using scalars of 0.80, 0.83 and 0.86, to compute the CET1 capital ratio, Tier 1 capital ratio and Total capital ratio, respectively (0.72, 0.77 and 0.81 in Fiscal 2017).

OSFI required Canadian deposit-taking institutions to implement the BCBS' countercyclical buffer requirements, starting Q1, 2017. The countercyclical buffer is only applicable to private sector credit exposures in jurisdictions with published buffer requirements. At present only three jurisdictions apply a countercyclical buffer and the Bank's exposures within these three jurisdictions are not material.

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. 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 the Bank issued subordinated debentures and preferred shares which contain non-viability contingent capital (NVCC) provisions necessary for the preferred shares and debentures to qualify as Tier 1 or Tier 2 regulatory capital. Under the NVCC provisions, the preferred shares and 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. As a member of the BCBS, OSFI has adopted the Basel III Leverage 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 27-29.

OSFI has prescribed a minimum capital floor requirement for institutions that use the AIRB approach for credit risk. The capital floor add-on is determined by comparing a capital requirement calculated by reference to Basel I against the Basel III calculation, as prescribed by OSFI. A shortfall in the Basel III capital requirement compared with the Basel I capital floor is added to RWAs.

REGULATORY CAPITAL HIGHLIGHTS

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($MM)	Basel III								
	IFRS 9 [1]	IAS 39 [1]							
	Q1 2018	Q4 2017		Q3 2017		Q2 2017		Q1 2017	
	All-in Approach [2]	Transitional Approach	All-in Approach [2]	Transitional Approach	All-in Approach [2]	Transitional Approach	All-in Approach [2]	Transitional Approach	All-in Approach [2]
Common Equity Tier 1 capital	**42,990**	46,051	43,352	44,070	41,369	45,431	42,474	43,312	40,540
Tier 1 capital	**48,648**	50,623	49,473	47,076	45,913	48,357	47,048	46,415	45,247
Total capital	**55,637**	57,222	56,113	55,051	53,929	56,554	55,310	54,505	53,400
Risk-weighted Assets[3][4]									
CET1 Capital Risk-weighted Assets	**382,248**	387,292	376,379	376,358	365,411	381,977	374,876	362,326	359,611
Tier 1 Capital Risk-weighted Assets	**382,248**	387,292	376,379	376,358	365,411	381,977	375,148	362,326	359,942
Total Capital Risk-weighted Assets	**382,248**	387,292	376,379	376,358	365,411	381,977	375,366	362,326	360,208
Capital Ratios (%)									
Common Equity Tier 1 (as a percentage of risk-weighted assets)	**11.2**	11.9	11.5	11.7	11.3	11.9	11.3	12.0	11.3
Tier 1 (as a percentage of risk-weighted assets)	**12.7**	13.1	13.1	12.5	12.6	12.7	12.5	12.8	12.6
Total capital (as a percentage of risk-weighted assets)	**14.6**	14.8	14.9	14.6	14.8	14.8	14.7	15.0	14.8
Leverage:									
Leverage Exposures	**1,048,763**	1,053,928	1,052,891	1,033,500	1,032,443	1,063,119	1,061,939	1,006,799	1,005,757
Leverage Ratio (%)	**4.6**	4.8	4.7	4.6	4.4	4.5	4.4	4.6	4.5
OSFI Target: All-in Basis (%)									
Common Equity Tier 1 minimum ratio	**8.0**		8.0		8.0		8.0		8.0
Tier 1 capital all-in minimum ratio	**9.5**		9.5		9.5		9.5		9.5
Total capital all-in minimum ratio	**11.5**		11.5		11.5		11.5		11.5
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 (%)	**40**	50	50	50	50	50	50	50	50
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	**455**	-	-	-	-	-	-	32	32
Current cap on Tier 2 (T2) instruments subject to phase-out arrangements (%)	**40**	50	50	50	50	50	50	50	50
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	**-**	-	-	-	-	-	-	-	-

(1) Effective Q1 2018, the Bank adopted IFRS 9 (Financial Instruments). The full transitional impact on regulatory capital from IFRS 9 was recognized upon adoption. Prior period results and ratios are based on International Accounting Standard (IAS) 39.

(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. The Transitional Approach is no longer applicable effective Q1, 2018.

(3) As per OSFI guideline, effective Q1 2014, Credit Valuation Adjustment (CVA) RWA on derivatives was phased-in using scalars. Commencing in Q1, 2018, the CVA RWA have been calculated using scalars of 0.80, 0.83 and 0.86, to compute the CET1 capital ratio, Tier 1 capital ratio and Total capital ratio, respectively (0.72, 0.77 and 0.81 in Fiscal 2017).

(4) After application of Basel I capital floor adjustments in Q3 2017, Q4 2017 and Q1 2018.

REGULATORY CAPITAL - DEFINITION OF CAPITAL COMPONENTS [(1)]

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	($MM)	Cross-Reference[(2)]	All-in Q1 2018	All-in Q4 2017
	Common Equity Tier 1 Capital: Instruments and Reserves			
1	Directly issued qualifying common share capital plus related stock surplus	*u+y*	**15,789**	15,760
2	Retained Earnings	v	**38,704**	38,117
3	Accumulated Other Comprehensive Income	w	**588**	1,577
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	bb	**599**	636
6	Common Equity Tier 1 capital before regulatory adjustments		**55,680**	56,090
	Common Equity Tier 1 Capital: Regulatory Adjustments			
8	Goodwill (net of related tax liability)	g	**(7,664)**	(7,736)
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	h-q+i-r	**(3,791)**	(3,769)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	**(382)**	(417)
11	Cash flow hedge reserve	x	**(164)**	(235)
12	Shortfall of allowances to expected losses	ee	**-**	-
14	Gains and losses due to changes in own credit risk on fair value liabilities	p	**(91)**	(126)
15	Defined-benefit pension fund net assets (net of related tax liability)	l-s	**(167)**	(171)
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	a	**(9)**	(9)
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	**(380)**	(271)
22	Amount exceeding the 15% threshold		**(39)**	-
23	of which: significant investments in the common stock of financials	f	**(26)**	-
25	of which: deferred tax assets arising from temporary differences	j	**(13)**	-
26	Other deductions from CET1 as determined by OSFI	o	**(3)**	(4)
28	Total regulatory adjustments to Common Equity Tier 1		**(12,690)**	(12,738)
29	**Common Equity Tier 1 Capital (CET1)**		**42,990**	43,352
	Additional Tier 1 Capital: Instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	z	**2,911**	2,910
31	of which: classified as equity under applicable accounting standards		**2,911**	2,910
33	Directly issued capital instruments subject to phase-out from Additional Tier 1	aa [(3)]	**2,613**	3,069
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	**134**	142
36	**Additional Tier 1 capital before regulatory adjustments**		**5,658**	6,121
	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	**-**	-
41	Other deductions from Tier 1 capital as determined by OSFI		**-**	**-**
43	**Total regulatory adjustments to Additional Tier 1 capital**		**-**	-
44	**Additional Tier 1 Capital (AT1)**		**5,658**	6,121
45	**Tier 1 Capital (T1=CET1 + AT1)**		**48,648**	49,473
	Tier 2 Capital: Instruments and Provisions			
46	Directly issued qualifying Tier 2 instruments	m	**3,466**	3,569
47	Directly issued capital instruments subject to phase-out from Tier 2		**2,235**	2,366
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	dd	**104**	103
50	Eligible General Allowance and Excess of allowance over expected loss	c+d	**1,184**	602
51	Tier 2 capital before regulatory adjustments		**6,989**	6,640

		Cross-Reference[(2)]	All-in Q1 2018	All-in Q4 2017
	Tier 2 Capital: Regulatory Adjustments			
57	Total regulatory adjustments to Tier 2 capital		**-**	**-**
58	**Tier 2 Capital (T2)**		**6,989**	6,640
59	**Total Capital (TC = T1 + T2)**		**55,637**	56,113
60	**Total Risk-weighted Assets**			
60a	**Common Equity Tier 1 (CET1) Capital RWA**		**382,248**	376,379
60b	**Tier 1 Capital RWA**		**382,248**	376,379
60c	**Total Capital RWA**		**382,248**	376,379
	Capital Ratios and Buffers			
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**		**11.2**	11.5
62	**Tier 1 (as a percentage of risk-weighted assets)**		**12.7**	13.1
63	**Total capital (as a percentage of risk-weighted assets)**		**14.6**	14.9
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	of which: bank specific countercyclical buffer requirement		**0.0%**	0.0%
67	of which: G-SIB buffer requirement		**0.0%**	0.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)		**11.2**	11.5
	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		**669**	872
73	Significant investments in the common stock of financial institutions		**4,315**	4,362
75	Deferred tax assets arising from temporary differences (net of related tax liability)		**2,133**	2,073
	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)		**1,128**	554
77	Cap on inclusion of allowances in Tier 2 under standardized approach		**1,381**	1,401
78	Allowances eligible for inclusion in Tier 2 in respect to exposures subject to internal ratings-based approach (prior to application of cap)		**56**	48
79	Cap for inclusion of allowances in Tier 2 under internal ratings-based approach		**1,230**	1,225
	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*		**40%**	50%
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*		**40%**	50%
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*		**455**	-
84	*Current cap on T2 instruments subject to phase-out arrangements*		**40%**	50%
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*		**-**	**-**

(1) Effective Q1 2018, the Bank adopted IFRS 9 (Financial Instruments). The full transitional impact on regulatory capital from IFRS 9 was recognized upon adoption. Prior period results were not restated and are based on International Accounting Standard (IAS) 39.
(2) Cross-referenced to the Consolidated Balance Sheet: Source of Definition of Capital Components on page 5 (refer to column: Under Regulatory Scope of Consolidation).
(3) 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 [1]

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($MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position [1] Q1 2018	Under regulatory scope of consolidation [2] Q1 2018
Assets			
Cash and deposits with financial institutions		57,365	57,365
Precious metals		5,471	5,471
Trading Assets			
Securities		87,377	87,370
- Investment in own shares	a		9
- Other trading securities			87,361
Loans		16,726	16,726
Other		1,561	1,561
		105,664	105,657
Financial instruments designated at fair value through profit or loss		14	14
Securities purchased under resale agreements and securities borrowed		88,648	88,643
Derivative financial instruments		36,847	36,847
Investment securities		75,148	74,479
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital	b		-
-Other securities [3]			74,479
Loans			
Residential mortgages		239,419	239,260
Personal and credit cards [3]		104,182	102,977
Business and government [3]		164,413	164,192
		508,014	506,429
Allowance for credit losses		4,817	4,817
- General Allowance reflected in Tier 2 capital	c		1,128
- Shortfall of allowances to expected loss	ee		-
- Excess of allowances to expected loss	d		56
- Allowances not reflected in regulatory capital			3,633
Other			
Customers' liability under acceptances		16,380	16,380
Property and equipment		2,314	2,310
Investments in associates		4,518	4,775
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		380
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		26
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			4,369
Goodwill & other intangible assets		12,049	12,543
- Goodwill	g		7,169
- Imputed goodwill for significant investments	g		495
- Intangibles (excl. computer software)	h		2,889
- Computer software intangibles	i		1,990
Deferred tax assets		1,738	1,737
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		13
- Deferred tax assets that rely on future profitability	k		382
- Deferred tax assets not deducted from regulatory capital			1,342
Other assets		13,799	13,658
- Defined pension fund assets	l		252
- Other assets			13,406
		50,798	51,403
Total assets		923,152	921,491

($MM)	Cross Reference to Page 4 Definition of Capital Components	Consolidated Statement of Financial Position [1] Q1 2018	Under regulatory scope of consolidation [2] Q1 2018
Liabilities			
Deposits			
Personal		200,727	200,727
Business and government		390,258	390,258
Financial institutions		44,852	44,852
		635,837	635,837
Financial instruments designated at fair value through profit or loss		5,045	5,045
Other			
Acceptances		16,398	16,398
Obligations related to securities sold short		32,893	32,893
Derivative financial instruments		37,741	37,741
Obligations related to securities sold under repurchase agreements and securities lent		90,931	90,931
Subordinated debentures		5,701	5,701
- Regulatory capital amortization of maturing debentures			
- Subordinated debentures used for regulatory capital			
- of which: are included in Tier 2 capital	m		3,466
- of which: are subject to phase-out included in Tier 2 capital (40%)			2,235
- of which: are subject to phase-out not included in Tier 2 capital			
Other liabilities		37,419	35,758
- Liquidity reserves	o		3
- Gains/losses due to changes in own credit risk including DVA on derivatives	p		91
- Deferred tax liabilities			580
- Intangible assets (excl. computer software and mortgage servicing rights)	q		810
- Intangible assets - computer software	r		278
- Defined benefit pension fund assets	s		85
- Other deferred tax liabilities			(593)
- Other liabilities			35,084
		221,083	219,422
Total liabilities		861,965	860,304
Equity			
Common equity			
- Common shares	u	15,677	15,677
- Retained earnings	v	38,704	38,704
- Accumulated other comprehensive income (loss)	w	588	588
- Cash flow hedging reserve	x		164
- Other			424
- Other reserves	y	112	112
Total common equity		55,081	55,081
Preferred shares and other equity instruments		4,579	4,579
- of which: are qualifying Tier 1 capital	z		2,911
- of which: are subject to phase out and included in Tier 1 capital (40%)	aa		1,213
- of which: are subject to phase out and not included into Tier 1 capital			455
Total equity attributable to equity holders of the Bank		59,660	59,660
Non-controlling interests			
Non-controlling interests in subsidiaries		1,527	1,527
- portion allowed for inclusion into CET1	bb		599
- portion allowed for inclusion into Tier 1 capital	cc		134
- portion allowed for inclusion into Tier 2 capital	dd		104
- portion not allowed for regulatory capital			690
Total equity		61,187	61,187
Total liabilities and equity		923,152	921,491

(1) Consolidated Statement of Financial Position as reported in the 2018 Quarterly Report - First Quarter results (page 36). Effective Q1 2018, the Bank fully adopted IFRS 9 (Financial Instruments).

(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: $151MM, equity: $266MM), Scotia Life Insurance Company (assets: $86MM, equity: $195MM), Scotia Reinsurance Limited (assets: $27MM, equity $111MM), Scotia Jamaica Life Insurance Co. Ltd (assets: $562MM, equity: $87MM), Scotia Life Trinidad and Tobago Ltd (assets: $352MM, equity: $61MM) and Scotia Seguros (assets: $68MM, equity: $9MM).

(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 (1)

Scotiabank

	Credit Risk Exposures								Other Exposures	Total
	Drawn		Other Exposures				Market Risk Exposures		All Other(2)	
As at January 31, 2018 ($MM)	Non-retail	Retail	Securitization	Repo-style Transactions	OTC Derivatives	Equity	Also subject to Credit Risk			
Cash and deposits with financial institutions	54,759	-	-	-	-	-	-	-	2,606	57,365
Precious metals	-	-	-	-	-	-	-	5,471	-	5,471
Trading assets:										
Securities	-	-	-	-	-	-	-	87,377	-	87,377
Loans	9,175	18	-	-	-	-	8,592	7,533	-	16,726
Other	-	-	-	-	-	-	-	1,561	-	1,561
Financial assets designated at fair value through profit or loss	14	-	-	-	-	-	-	-	-	14
Securities purchased under resale agreements and securities borrowed	-	-	-	88,643	-	-	-	-	5	88,648
Derivative financial instruments	-	-	-	-	36,847	-	32,227	-	-	36,847
Investment securities	73,087	-	-	-	-	1,424	-	-	637	75,148
Loans:										
Residential mortgages(3)	94,516	144,744	-	-	-	-	-	-	159	239,419
Personal and credit cards	-	100,411	2,666	-	-	-	-	-	1,105	104,182
Business & government	155,219	2,972	6,252	-	-	-	-	-	(30)	164,413
Allowances for credit losses(1) (4)	(562)	(702)	-	-	-	-	-	-	(3,553)	(4,817)
Customers' liability under acceptances	16,398	-	-	-	-	-	-	-	(18)	16,380
Property and equipment	-	-	-	-	-	-	-	-	2,314	2,314
Investments in associates	-	-	-	-	-	-	-	-	4,518	4,518
Goodwill and other intangible assets	-	-	-	-	-	-	-	-	12,049	12,049
Other (including Deferred tax assets)	1,326	586	-	-	-	-	-	-	13,625	15,537
Total	403,932	248,029	8,918	88,643	36,847	1,424	40,819	101,942	33,417	923,152

	Credit Risk Exposures								Other Exposures	Total
	Drawn		Other Exposures				Market Risk Exposures		All Other(2)	
As at October 31, 2017 ($MM)	Non-retail	Retail	Securitization	Repo-style Transactions	OTC Derivatives	Equity	Also subject to Credit Risk			
Cash and deposits with financial institutions	57,104	-	-	-	-	-	-	-	2,559	59,663
Precious metals	-	-	-	-	-	-	-	5,717	-	5,717
Trading assets:										
Securities	-	-	-	-	-	-	-	78,652	-	78,652
Loans	9,087	-	-	-	-	-	9,087	8,225	-	17,312
Other	-	-	-	-	-	-	-	2,500	-	2,500
Financial assets designated at fair value through profit or loss	13	-	-	-	-	-	-	-	-	13
Securities purchased under resale agreements and securities borrowed	-	-	-	95,319	-	-	-	-	-	95,319
Derivative financial instruments	-	-	-	-	35,364	-	30,648	-	-	35,364
Investment securities	67,255	-	-	-	-	1,281	-	-	733	69,269
Loans:										
Residential mortgages(3)	95,692	141,066	-	-	-	-	-	-	158	236,916
Personal and credit cards	-	100,181	2,038	-	-	-	-	-	1,112	103,331
Business & government	158,510	2,878	7,032	-	-	-	-	-	29	168,449
Allowances for credit losses(4)	(649)	-	-	-	-	-	-	-	(3,678)	(4,327)
Customers' liability under acceptances	13,560	-	-	-	-	-	-	-	-	13,560
Property and equipment	-	-	-	-	-	-	-	-	2,381	2,381
Investments in associates	-	-	-	-	-	-	-	-	4,586	4,586
Goodwill and other intangible assets	-	-	-	-	-	-	-	-	12,106	12,106
Other (including Deferred tax assets)	1,805	545	-	-	-	-	-	-	12,112	14,462
Total	402,377	244,670	9,070	95,319	35,364	1,281	39,735	95,094	32,098	915,273

(1) Based on the Consolidated Statement of Financial Position as reported in the 2018 Quarterly Report - First Quarter results (page 37). Effective Q1 2018, the Bank fully adopted IFRS 9 (Financial Instruments). Prior period comparatives were not restated.

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

(3) Includes $91.9 billion (Q4, 2017 - $93.1 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.

(4) Amounts for AIRB exposures are reported gross of allowances and amounts for Standardized exposures are reported net of allowances.

FLOW STATEMENT FOR REGULATORY CAPITAL

Scotiabank

	Basel III All-in								
	IFRS 9 (1)	IAS 39 (1)							
	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
($MM)									
Common Equity Tier 1 (CET1) capital									
Opening amount	**43,352**	41,369	42,474	40,540	39,989	37,690	35,911	37,645	36,965
Net income attributable to equity holders of the Bank	**2,279**	2,015	2,045	1,997	1,948	1,939	1,897	1,523	1,758
Dividends paid to equity holders of the Bank	**(979)**	(976)	(940)	(947)	(934)	(924)	(904)	(899)	(871)
Shares issued	**62**	61	21	93	138	185	114	22	42
Shared repurchased/redeemed	**(178)**	-	(299)	(572)	(138)	-	-	(15)	(65)
Removal of own credit spread (net of tax)	**35**	17	132	(4)	40	5	(8)	143	(142)
Movements in other comprehensive income (OCI), excluding cash flow hedges	**(918)**	1,029	(2,740)	1,611	(534)	894	627	(2,835)	842
Currency translation differences	**(1,006)**	1,007	(2,885)	1,835	(1,151)	802	991	(2,826)	1,455
Debt and equity investments fair valued through OCI(2)	**27**	(23)	(92)	103	(49)	(49)	33	13	(177)
Employee Benefits	**58**	29	222	(338)	667	133	(386)	(25)	(443)
Other	**3**	16	15	11	(1)	8	(11)	3	7
Goodwill and other intangible assets (deduction, net of related tax liability)	**50**	(159)	370	(233)	106	(123)	(166)	(121)	(161)
Other, including regulatory adjustments and transitional arrangements	**(713)**	(4)	306	(11)	(75)	323	219	448	(723)
Deferred tax assets that rely on future probability	**35**	18	9	23	17	3	11	41	-
IFRS 9 impact (3)	**(564)**					-	-	-	-
Threshold deductions	**(148)**	29	284	(181)	32	373	203	308	(655)
Other	**(36)**	(51)	13	147	(124)	(53)	5	99	(68)
Closing Amount	**42,990**	**43,352**	**41,369**	**42,474**	**40,540**	**39,989**	**37,690**	**35,911**	**37,645**
Other Additional Tier 1 capital									
Opening amount	**6,121**	4,544	4,574	4,707	5,077	4,574	4,848	4,338	4,401
Capital issuances	**-**	1,560	-	-	-	500	-	500	350
Redeemed capital	**-**	-	-	(230)	(345)	-	(345)	(345)	-
Other, capital including regulatory adjustments and transitional arrangements (NVCC)	**(463)**	17	(30)	97	(25)	3	71	355	(413)
Closing Amount	**5,658**	6,121	4,544	4,574	4,707	5,077	4,574	4,848	4,338
Total Tier 1 capital	**48,648**	**49,473**	**45,913**	**47,048**	**45,247**	**45,066**	**42,264**	**40,759**	**41,983**
Tier 2 capital									
Opening amount	**6,640**	8,016	8,262	8,153	8,264	8,207	8,080	8,430	6,864
Capital issuances	**-**	-	-	-	-	-	-	-	2,537
Redeemed capital	**(113)**	(1,500)	-	-	-	-	(16)	(19)	(1,000)
Amortization adjustments	**-**	-	-	-	-	-	-	-	-
Other, including regulatory adjustments and transitional adjustments (NVCC)	**462**	124	(246)	109	(111)	57	143	(331)	29
Closing Amount	**6,989**	6,640	8,016	8,262	8,153	8,264	8,207	8,080	8,430
Total regulatory capital	**55,637**	**56,113**	**53,929**	**55,310**	**53,400**	**53,330**	**50,471**	**48,839**	**50,413**

(1) Effective Q1 2018, the Bank adopted IFRS 9 (Financial Instruments). The full transitional impact on regulatory capital from IFRS 9 was recognized upon adoption. Prior period results and ratios are based on International Accounting Standard (IAS) 39.

(2) Referred to as Available-for-Sale under IAS 39 (prior to Fiscal 2018).

(3) Represents the full transitional impact on retained earnings from the Bank's adoption of IFRS 9 (Financial Instruments) on November 1, 2017.

RISK-WEIGHTED ASSETS AND CAPITAL RATIOS

Scotiabank

($B)	Basel III - All-in								
	IFRS 9 [1]	IAS 39 [1]							
	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
RISK-WEIGHTED ASSETS[2]:									
On-Balance Sheet Assets									
Cash Resources	**3.1**	3.1	3.0	4.3	3.5	3.7	3.9	4.1	3.7
Securities	**8.6**	8.8	9.2	10.2	9.4	9.6	10.7	10.3	11.2
Residential Mortgages	**31.6**	30.0	28.8	27.9	25.7	25.0	23.2	22.5	25.9
Loans									
- Personal Loans	**53.7**	53.3	52.1	51.9	50.5	52.0	49.5	49.0	48.7
- Non-Personal Loans	**114.3**	116.0	115.1	121.0	114.6	118.8	118.6	120.4	125.1
All Other	**31.6**	30.0	29.5	29.8	29.2	28.8	27.6	27.0	29.0
	242.9	**241.2**	**237.7**	**245.1**	**232.9**	**237.9**	**233.5**	**233.2**	**243.6**
Off-Balance Sheet Assets									
Indirect Credit Instruments	**51.2**	52.8	51.6	58.1	53.1	54.1	51.0	48.5	49.2
Derivative Instruments	**10.1**	10.7	11.2	12.0	13.4	12.1	12.9	13.2	20.0
	61.3	**63.5**	**62.8**	**70.1**	**66.5**	**66.2**	**63.9**	**61.7**	**69.2**
Total Credit Risk before AIRB scaling factor	**304.2**	**304.7**	**300.5**	**315.2**	**299.4**	**304.1**	**297.4**	**294.9**	**312.8**
AIRB Scaling factor[3]	**10.5**	10.5	10.3	10.9	10.4	10.7	10.5	10.6	11.1
Total Credit Risk after AIRB scaling factor	**314.7**	**315.2**	**310.8**	**326.1**	**309.8**	**314.8**	**307.9**	**305.5**	**323.9**
Market Risk - Risk Assets Equivalent	**9.9**	7.8	8.9	9.2	10.6	10.6	11.7	13.9	14.1
Operational Risk - Risk Assets Equivalent	**41.2**	40.6	40.1	39.6	39.2	38.6	38.1	37.5	36.5
Basel I Capital Floor Adjustment to CET1 RWA	**16.4**	12.8	5.6	-	-	-	-	-	-
CET1 Risk-weighted Assets[4][5]	**382.2**	**376.4**	**365.4**	**374.9**	**359.6**	**364.0**	**357.7**	**356.9**	**374.5**
Tier 1 Risk-weighted Assets[4][5]	**382.2**	**376.4**	**365.4**	**375.1**	**359.9**	**364.5**	**358.2**	**357.4**	**375.4**
Total Risk-weighted Assets[4][5]	**382.2**	**376.4**	**365.4**	**375.4**	**360.2**	**364.9**	**358.6**	**357.8**	**376.1**
REGULATORY CAPITAL RATIOS (%):									
Common Equity Tier 1	**11.2**	11.5	11.3	11.3	11.3	11.0	10.5	10.1	10.1
Tier 1	**12.7**	13.1	12.6	12.5	12.6	12.4	11.8	11.4	11.2
Total	**14.6**	14.9	14.8	14.7	14.8	14.6	14.1	13.6	13.4

(1) Effective Q1 2018, the Bank adopted IFRS 9 (Financial Instruments). The full transitional impact on regulatory capital from IFRS 9 was recognized upon adoption. Prior period results and ratios are based on International Accounting Standard (IAS) 39.

(2) 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 11-12 entitled, "Exposure at Default and Risk-Weighted Assets for Credit Risk Portfolios".

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

(4) In accordance with OSFI's requirements, in 2018 scalars for CVA risk-weighted assets (RWA) of 0.80, 0.83 and 0.86 were used to compute the CET1 capital ratio, Tier 1 capital ratio and Total capital ratio, respectively.

(5) After application of Basel I capital floor adjustments of $16.4 billion, $16.3 billion and $16.2 billion (Q4, 2017 - $12.8 billion, $12.6 billion and $12.4 billion) for CET1 RWA, Tier 1 RWA, and Total RWA, respectively.

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

Scotiabank

Credit Risk Risk-weighted Assets (RWA)	Q1 2018		Q4 2017	
($MM)	Credit Risk[1]	Of which Counterparty Credit Risk	Credit Risk[1]	Of which Counterparty Credit Risk
CET1 Credit risk-weighted assets as at beginning of Quarter	**315,159**	**16,494**	310,837	16,536
Book size[2]	**5,017**	**1,007**	1,503	(103)
Book quality	**544**	**(46)**	(2,677)	(430)
Model updates[3]	**-**	**-**	-	-
Methodology and policy[4]	**332**	**332**	-	-
Acquisitions and disposals	**-**	**-**	-	-
Foreign exchange movements	**(6,146)**	**(578)**	5,496	491
Other	**(167)**	**-**	-	-
CET1 Credit risk-weighted assets as at end of Quarter	**314,739**	**17,209**	315,159	16,494
Tier 1 CVA scalar	**104**	**104**	208	208
Tier 1 Credit risk-weighted assets as at end of Quarter	**314,843**	**17,313**	315,367	16,702
Total CVA scalar	**103**	**103**	166	166
Total Credit risk-weighted assets as at end of Quarter	**314,946**	**17,416**	315,533	16,868

(1) In accordance with OSFI's requirements, in 2018 scalars for CVA RWA of 0.80, 0.83 and 0.86 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) Model updates are defined as model implementation, change in model scope or any change to address model enhancement.

(4) 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)	Q1 2018	Q4 2017
Market risk-weighted assets as at beginning of Quarter	**7,839**	8,904
Movement in risk levels[1]	**1,685**	(1,025)
Model updates[2]	**381**	(40)
Methodology and policy[3]	**-**	-
Acquisitions and disposals	**-**	-
Other	**-**	-
Market risk-weighted assets as at end of Quarter	**9,905**	7,839

(1) Movement in risk levels are defined as changes in risk due to position changes and market movements. Foreign exchange movements are embedded 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)	Q1 2018	Q4 2017
Operational risk-weighted assets as at beginning of Quarter	**40,564**	40,081
Acquisitions and disposals	**-**	-
Higher Revenue	**641**	483
Operational risk-weighted assets as at end of Quarter	**41,205**	40,564

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

Scotiabank

	Q1 2018				
CET1 Risk-weighted Assets (RWA)	**Canadian Banking**	**International Banking**	**Global Banking & Markets**	**Other(1)**	**All Bank(1)**
CET1 RWA ($B)	**$121.9**	**$135.7**	**$99.4**	**$25.2**	**$382.2**
Proportion of Bank	**32%**	**36%**	**26%**	**6%**	**100%**
Comprised of:					
Credit risk	**85%**	**88%**	**85%**	**32%**	**82%**
Market risk	**- %**	**1%**	**7%**	**5%**	**3%**
Operational risk	**15%**	**11%**	**8%**	**-2%**	**11%**
Other	**- %**	**- %**	**- %**	**65%**	**4%**

	Q4 2017				
CET1 Risk-weighted Assets (RWA)	**Canadian Banking**	**International Banking**	**Global Banking & Markets**	**Other(1)**	**All Bank(1)**
CET1 RWA ($B)	$120.3	$134.0	$100.2	$21.9	**$376.4**
Proportion of Bank	32%	36%	27%	5%	**100%**
Comprised of:					
Credit risk	85%	88%	87%	37%	**84%**
Market risk	- %	1%	5%	7%	**2%**
Operational risk	15%	11%	8%	-2%	**11%**
Other	- %	- %	- %	58%	**3%**

(1) Includes Basel I capital floor adjustments.

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

Scotiabank

($MM)		Q1 2018						Q4 2017		Q3 2017		Q2 2017		Q1 2017	
		AIRB		Standardized		Total		Total		Total		Total		Total	
Exposure Type	Sub-type	**EAD[1]**	**RWA[2]**	**EAD[1]**	**RWA[2]**	**EAD[1]**	**RWA[2]**	**EAD[1]**	**RWA[2]**	**EAD[1]**	**RWA[2]**	**EAD[1]**	**RWA[2]**	**EAD[1]**	**RWA[2]**
Non-Retail															
Corporate	Drawn	132,186	65,054	49,866	47,226	182,052	112,280	183,262	114,622	180,278	113,458	181,498	119,608	171,433	113,535
	Undrawn	74,227	29,102	5,251	5,083	79,478	34,185	81,214	34,473	77,423	34,172	82,966	39,115	74,738	34,789
	Other[3][4]	39,561	12,721	3,072	2,975	42,633	15,696	44,190	15,431	42,369	15,098	43,339	16,227	38,657	16,060
	Total	245,974	106,877	58,189	55,284	304,163	162,161	308,666	164,526	300,070	162,728	307,803	174,950	284,828	164,384
Bank	Drawn	18,071	4,015	2,950	2,444	21,021	6,459	22,223	6,115	18,494	5,974	24,561	7,125	20,462	5,670
	Undrawn	2,588	360	93	92	2,681	452	2,656	477	2,511	430	3,895	732	1,953	345
	Other[3][4]	10,499	1,563	35	35	10,534	1,598	9,132	1,623	9,805	1,341	11,074	1,639	9,118	1,328
	Total	31,158	5,938	3,078	2,571	34,236	8,509	34,011	8,215	30,810	7,745	39,530	9,496	31,533	7,343
Sovereign	Drawn	102,842	3,527	6,160	1,165	109,002	4,692	103,797	4,665	104,750	4,542	93,554	4,976	95,419	4,640
	Undrawn	742	99	10	5	752	104	1,023	299	743	102	963	134	898	103
	Other[3][4]	943	22	-	-	943	22	977	26	911	10	769	10	1,018	13
	Total	104,527	3,648	6,170	1,170	110,697	4,818	105,797	4,990	106,404	4,654	95,286	5,120	97,335	4,756
Total Non-Retail	Drawn	253,099	72,596	58,976	50,835	312,075	123,431	309,282	125,402	303,522	123,974	299,613	131,709	287,314	123,845
	Undrawn	77,557	29,561	5,354	5,180	82,911	34,741	84,893	35,249	80,677	34,704	87,824	39,981	77,589	35,237
	Other[3][4]	51,003	14,306	3,107	3,010	54,110	17,316	54,299	17,080	53,085	16,449	55,182	17,876	48,793	17,401
	Total	381,659	116,463	67,437	59,025	449,096	175,488	448,474	177,731	437,284	175,127	442,619	189,566	413,696	176,483
Retail															
Residential Mortgages	Drawn	202,753	16,421	34,000	15,146	236,753	31,567	234,620	30,024	229,568	28,751	226,173	27,857	221,928	25,739
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	202,753	16,421	34,000	15,146	236,753	31,567	234,620	30,024	229,568	28,751	226,173	27,857	221,928	25,739
Secured Lines Of Credit	Drawn	20,295	3,375	-	-	20,295	3,375	20,281	3,351	20,234	3,193	19,642	3,079	19,099	3,056
	Undrawn	15,795	920	-	-	15,795	920	15,356	917	15,007	857	14,648	827	14,334	793
	Total	36,090	4,295	-	-	36,090	4,295	35,637	4,268	35,241	4,050	34,290	3,906	33,433	3,849
Qualifying Revolving Retail Exposures (QRRE)	Drawn	17,116	9,973	-	-	17,116	9,973	16,939	9,676	16,908	9,580	16,875	9,413	16,753	9,683
	Undrawn	27,886	3,349	-	-	27,886	3,349	27,445	3,291	26,726	3,164	26,309	3,102	25,916	3,085
	Total	45,002	13,322	-	-	45,002	13,322	44,384	12,967	43,634	12,744	43,184	12,515	42,669	12,768
Other Retail	Drawn	30,042	14,154	35,680	26,151	65,722	40,305	65,924	40,318	64,455	39,374	63,900	39,367	61,325	37,777
	Undrawn	1,317	319	-	-	1,317	319	1,300	311	1,183	276	1,042	233	1,009	225
	Total	31,359	14,473	35,680	26,151	67,039	40,624	67,224	40,629	65,638	39,650	64,942	39,600	62,334	38,002
Total Retail	Drawn	270,206	43,923	69,680	41,297	339,886	85,220	337,764	83,369	331,165	80,898	326,590	79,716	319,105	76,255
	Undrawn	44,998	4,588	-	-	44,998	4,588	44,101	4,519	42,916	4,297	41,999	4,162	41,259	4,103
	Total	315,204	48,511	69,680	41,297	384,884	89,808	381,865	87,888	374,081	85,195	368,589	83,878	360,364	80,358
Securitizations		23,327	2,426	-	-	23,327	2,426	23,591	2,529	23,278	2,529	24,785	2,717	23,589	2,561
Trading Derivatives[4]		23,371	6,834	-	-	23,371	6,834	24,483	7,147	21,844	6,942	24,370	7,547	24,842	8,295
Derivatives - credit valuation adjustment[4][5]		-	2,760	-	-	-	2,760	-	2,988	-	3,733	-	3,923	-	4,775
Total Credit Risk (Excluding Equities & Other Assets)		743,561	176,994	137,117	100,322	880,678	277,316	878,413	278,283	856,487	273,526	860,363	287,631	822,491	272,472
Equities		1,424	1,298	-	-	1,424	1,298	1,281	1,188	1,880	1,811	2,333	2,276	2,386	2,426
Other Assets		-	-	53,211	25,593	53,211	25,593	50,631	25,201	49,430	25,172	51,607	25,339	46,171	24,380
Total Credit Risk (Before Scaling Factor)		744,985	178,292	190,328	125,915	935,313	304,207	930,325	304,672	907,797	300,509	914,303	315,246	871,048	299,278
Add-on for 6% Scaling Factor[6]			10,532				10,532		10,487		10,328		10,864		10,441
Total Credit Risk		744,985	188,824	190,328	125,915	935,313	314,739	930,325	315,159	907,797	310,837	914,303	326,110	871,048	309,719

(1) Exposure at default, before credit risk mitigation for AIRB exposures, after related IFRS 9 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) As of Q2 2016, the bank implemented the Internal Modelling Method for determination of Counterparty Credit Risk and Credit Valuation Adjustment (CVA) RWA.
(5) In accordance with OSFI's requirements, in 2018 scalars for CVA RWA of 0.80, 0.83 and 0.86 were used 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 CVA and exposures with a risk-weight of 1250%).

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

Scotiabank

($MM)		Q4 2016		Q3 2016		Q2 2016		Q1 2016		Q4 2015		Q3 2015		Q2 2015		Q1 2015	
Exposure Type	Sub-type	**EAD[1]**	**RWA[2]**	**EAD[1]**	**RWA[2]**	**EAD[1]**	**RWA[2]**	**EAD [1]**	**RWA[2]**	**EAD [1]**	**RWA[2]**	**EAD [1]**	**RWA[2]**	**EAD [1]**	**RWA[2]**	**EAD [1]**	**RWA[2]**
Non-Retail																	
Corporate	Drawn	175,784	117,178	175,250	117,309	173,987	118,625	175,672	122,318	157,514	112,836	151,360	106,697	146,075	100,609	145,012	101,339
	Undrawn	73,711	34,499	70,614	32,197	67,024	30,648	71,934	32,458	58,915	29,035	56,306	27,606	51,361	24,589	53,974	24,963
	Other[3]	39,943	16,356	40,458	16,043	42,964	15,968	45,648	16,314	40,425	15,476	43,981	16,093	37,643	14,254	35,068	12,327
	Total	**289,438**	**168,033**	**286,322**	**165,549**	**283,975**	**165,241**	**293,254**	**171,090**	**256,854**	**157,347**	**251,647**	**150,396**	**235,079**	**139,452**	**234,054**	**138,629**
Bank	Drawn	26,022	6,567	26,609	6,662	24,836	6,579	25,881	7,522	27,165	8,344	27,400	7,109	25,700	6,679	32,358	8,435
	Undrawn	1,982	368	1,894	271	1,847	315	1,784	260	11,386	3,726	11,741	3,793	11,406	3,672	12,222	3,914
	Other[3]	13,175	2,567	12,313	1,749	10,497	1,539	12,430	2,069	14,906	3,253	12,351	2,188	10,190	1,830	9,535	1,753
	Total	**41,179**	**9,502**	**40,816**	**8,682**	**37,180**	**8,433**	**40,095**	**9,851**	**53,457**	**15,323**	**51,492**	**13,090**	**47,296**	**12,181**	**54,115**	**14,102**
Sovereign	Drawn	88,760	5,161	108,164	5,266	99,458	5,698	109,153	5,654	96,263	4,203	102,869	5,471	80,325	5,527	82,035	5,544
	Undrawn	1,052	119	841	98	872	129	816	46	2,133	355	1,802	168	1,543	161	1,465	139
	Other[3]	497	12	547	3	371	4	508	8	1,016	36	694	46	544	15	1,137	63
	Total	**90,309**	**5,292**	**109,552**	**5,367**	**100,701**	**5,831**	**110,477**	**5,708**	**99,412**	**4,594**	**105,365**	**5,685**	**82,412**	**5,703**	**84,637**	**5,746**
Total Non-retail	Drawn	290,566	128,906	310,023	129,237	298,281	130,902	310,706	135,494	280,942	125,383	281,629	119,277	252,100	112,815	259,405	115,318
	Undrawn	76,745	34,986	73,349	32,566	69,743	31,092	74,534	32,764	72,434	33,116	69,849	31,567	64,310	28,422	67,661	29,016
	Other[3]	53,615	18,935	53,318	17,795	53,832	17,511	58,586	18,391	56,347	18,765	57,026	18,327	48,377	16,099	45,740	14,143
	Total	**420,926**	**182,827**	**436,690**	**179,598**	**421,856**	**179,505**	**443,826**	**186,649**	**409,723**	**177,264**	**408,504**	**169,171**	**364,787**	**157,336**	**372,806**	**158,477**
Retail																	
Residential Mortgages	Drawn	220,917	25,028	217,538	23,207	214,633	22,467	217,345	25,942	215,590	24,967	214,183	24,854	211,805	22,196	213,185	21,893
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**220,917**	**25,028**	**217,538**	**23,207**	**214,633**	**22,467**	**217,345**	**25,942**	**215,590**	**24,967**	**214,183**	**24,854**	**211,805**	**22,196**	**213,185**	**21,893**
Secured Lines Of Credit	Drawn	19,233	4,497	19,200	4,412	18,918	4,390	18,550	4,310	18,804	4,197	18,992	4,207	19,047	4,293	18,952	4,435
	Undrawn	14,587	1,359	14,298	1,286	14,045	1,268	13,778	1,225	12,631	1,133	12,553	1,181	12,354	1,158	12,312	1,243
	Total	**33,820**	**5,856**	**33,498**	**5,698**	**32,963**	**5,658**	**32,328**	**5,535**	**31,435**	**5,330**	**31,545**	**5,388**	**31,401**	**5,451**	**31,264**	**5,678**
Qualifying Revolving	Drawn	16,717	9,463	16,483	9,316	17,474	9,997	17,244	9,953	16,910	10,031	16,602	9,662	16,426	9,556	16,257	9,564
	Undrawn	21,108	2,656	20,519	2,564	20,100	2,549	19,693	2,481	17,705	2,241	17,123	2,135	16,734	2,058	16,716	2,151
	Total	**37,825**	**12,119**	**37,002**	**11,880**	**37,574**	**12,546**	**36,937**	**12,434**	**34,615**	**12,272**	**33,725**	**11,797**	**33,160**	**11,614**	**32,973**	**11,715**
Other Retail	Drawn	62,182	38,006	58,627	35,742	56,615	34,574	56,432	34,436	53,313	32,002	51,959	31,308	48,315	29,555	48,656	29,929
	Undrawn	799	203	691	165	674	159	669	158	712	178	677	164	660	156	667	165
	Total	**62,981**	**38,209**	**59,318**	**35,907**	**57,289**	**34,733**	**57,101**	**34,594**	**54,025**	**32,180**	**52,636**	**31,472**	**48,975**	**29,711**	**49,323**	**30,094**
Total Retail	Drawn	319,049	76,994	311,848	72,677	307,640	71,428	309,571	74,641	304,617	71,197	301,736	70,031	295,593	65,600	297,050	65,821
	Undrawn	36,494	4,218	35,508	4,015	34,819	3,976	34,140	3,864	31,048	3,552	30,353	3,480	29,748	3,372	29,695	3,559
	Total	**355,543**	**81,212**	**347,356**	**76,692**	**342,459**	**75,404**	**343,711**	**78,505**	**335,665**	**74,749**	**332,089**	**73,511**	**325,341**	**68,972**	**326,745**	**69,380**
Securitizations		25,025	2,613	25,110	2,793	23,763	2,588	23,527	2,719	21,000	2,759	20,926	3,705	20,083	3,711	21,166	4,086
Trading Derivatives		23,421	6,599	23,633	6,758	23,144	6,924	31,216	9,042	28,234	8,232	30,013	8,485	28,854	7,971	36,673	10,178
Derivatives - credit valuation adjustment[4]		-	4,165	-	4,749	-	4,778	-	8,304	-	7,183	-	7,282	-	6,732	-	8,154
Total Credit risk (excl. Equities & Other Assets)		**824,915**	**277,416**	**832,789**	**270,590**	**811,222**	**269,199**	**842,280**	**285,219**	**794,622**	**270,187**	**791,532**	**262,154**	**739,065**	**244,722**	**757,390**	**250,275**
Equities		2,042	2,042	2,331	2,331	2,393	2,393	2,703	2,703	2,985	2,985	3,427	3,427	3,636	3,636	4,132	4,132
Other Assets		49,829	24,659	50,229	24,486	53,444	23,297	59,267	24,882	50,873	24,265	52,878	23,551	54,146	23,056	59,475	24,208
		876,786	**304,117**	**885,349**	**297,407**	**867,059**	**294,889**	**904,250**	**312,804**	**848,480**	**297,437**	**847,837**	**289,132**	**796,847**	**271,414**	**820,997**	**278,615**
Add-on for 6% scaling factor[5]			10,705		10,513		10,576		11,095		10,597		10,183		9,593		9,801
Total Credit Risk		**876,786**	**314,822**	**885,349**	**307,920**	**867,059**	**305,465**	**904,250**	**323,899**	**848,480**	**308,034**	**847,837**	**299,315**	**796,847**	**281,007**	**820,997**	**288,416**

(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) As per OSFI guideline, effective Q1 2014, Credit Valuation Adjustment (CVA) RWA on derivatives was phased-in using scalars.
(5) 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)	Q1 2018					Q4 2017				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
	Drawn	Undrawn	Other [(3)]			Drawn	Undrawn	Other [(3)]		
Canada	**96,090**	**37,889**	**39,229**	**330,813**	**504,021**	95,801	37,900	40,926	327,597	**502,224**
USA	**89,709**	**29,296**	**38,370**	**-**	**157,375**	88,623	31,008	37,755	-	**157,386**
Mexico	**17,963**	**1,038**	**2,983**	**9,669**	**31,653**	17,389	1,152	2,535	9,452	**30,528**
Peru	**14,910**	**1,486**	**2,873**	**7,565**	**26,834**	15,873	1,551	3,415	7,894	**28,733**
Chile	**12,787**	**678**	**1,765**	**13,307**	**28,537**	12,004	754	1,756	12,676	**27,190**
Colombia	**5,526**	**405**	**489**	**5,874**	**12,294**	4,782	150	337	5,590	**10,859**
Other International										
Europe	**26,366**	**6,955**	**10,619**	**-**	**43,940**	25,216	6,586	11,228	-	**43,030**
Caribbean	**17,483**	**1,625**	**1,275**	**16,972**	**37,355**	18,554	1,554	1,299	17,951	**39,358**
Latin America (other)	**7,724**	**465**	**458**	**684**	**9,331**	7,489	542	299	705	**9,035**
All Other	**23,517**	**3,074**	**2,747**	**-**	**29,338**	23,551	3,696	2,823	-	**30,070**
Total	**312,075**	**82,911**	**100,808**	**384,884**	**880,678**	**309,282**	**84,893**	**102,373**	**381,865**	**878,413**

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Canada	482,840	481,291	472,304	468,923	462,242
USA	156,672	151,257	141,195	143,808	161,506
Mexico	33,202	30,094	24,561	26,873	24,431
Peru	27,474	29,973	27,368	28,328	26,338
Chile	26,306	26,701	24,367	23,510	22,995
Colombia	10,586	11,399	10,597	10,943	10,318
Other International					
Europe	43,344	47,129	41,444	41,525	44,132
Caribbean	38,484	42,217	40,009	41,168	40,010
Latin America (other)	8,225	9,433	8,995	8,908	9,151
All Other	29,354	30,869	31,651	30,929	31,666
Total	**856,487**	**860,363**	**822,491**	**824,915**	**832,789**

(1) Before credit risk mitigation, excluding equity investment 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)

Scotiabank

NON-RETAIL AND RETAIL PORTFOLIO EXPOSURE AT DEFAULT

($MM)	Q1 2018				Q4 2017			
	Drawn	Undrawn	Other (3)	Total	Drawn	Undrawn	Other (3)	Total
Non-Retail								
Less than 1 year	**134,997**	**23,619**	**63,476**	**222,092**	134,454	23,128	55,542	**213,124**
1 to 5 years	**107,880**	**52,135**	**27,454**	**187,469**	105,995	54,653	31,439	**192,087**
Over 5 Years	**10,222**	**1,803**	**6,771**	**18,796**	9,596	1,561	12,060	**23,217**
Total Non-Retail	**253,099**	**77,557**	**97,701**	**428,357**	**250,045**	**79,342**	**99,041**	**428,428**
Retail								
Less than 1 year	**33,071**	**17,111**		**50,182**	34,389	16,656		**51,045**
1 to 5 years	**182,504**	**-**		**182,504**	178,940	-		**178,940**
Over 5 Years	**15,860**	**-**		**15,860**	16,299	-		**16,299**
Revolving Credits(4)	**38,771**	**27,886**		**66,657**	38,582	27,445		**66,027**
Total Retail	**270,206**	**44,997**		**315,203**	**268,210**	**44,101**		**312,311**
Total	**523,305**	**122,554**	**97,701**	**743,560**	**518,255**	**123,443**	**99,041**	**740,739**

	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Non-Retail				
Less than 1 year	215,852	211,844	197,585	195,369
1 to 5 years	180,521	187,145	182,036	188,751
Over 5 Years	18,309	20,113	17,458	18,880
Total Non-Retail	**414,682**	**419,102**	**397,079**	**403,000**
Retail				
Less than 1 year	47,810	39,967	41,006	44,215
1 to 5 years	177,145	176,341	173,686	167,999
Over 5 Years	17,009	19,388	18,908	20,243
Revolving Credits(4)	65,215	64,051	62,991	58,285
Total Retail	**307,179**	**299,747**	**296,591**	**290,742**
Total	**721,861**	**718,849**	**693,670**	**693,742**

(1) Before credit risk mitigation, excluding equity investment 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

Scotiabank

EXPOSURE AT DEFAULT [(1)]

($MM)	Q1 2018							Q4 2017						
Risk-weight	Non-Retail				Retail			Non-Retail				Retail		
	Corporate	Bank	Sovereign	Total	Res Mtgs	Other Retail	Total	Corporate	Bank	Sovereign	Total	Res Mtgs	Other Retail	Total
0%	2,170	-	4,094	**6,264**	2,961	1,307	**4,268**	2,139	-	3,983	**6,122**	2,650	1,348	**3,998**
20%	771	597	-	**1,368**	1,320	-	**1,320**	614	540	-	**1,154**	1,593	-	**1,593**
35%	-	-	-	**-**	19,140	-	**19,140**	-	-	-	**-**	19,771	-	**19,771**
50%	924	60	1,811	**2,795**	4	127	**131**	80	40	2,031	**2,151**	4	129	**133**
75%	-	-	-	**-**	9,570	33,709	**43,279**	-	-	-	**-**	8,842	33,164	**42,006**
100%	53,638	2,420	265	**56,323**	1,005	-	**1,005**	55,557	2,039	323	**57,919**	1,142	-	**1,142**
150%+	686	1	-	**687**	-	537	**537**	774	-	-	**774**	-	911	**911**
Total	**58,189**	**3,078**	**6,170**	**67,437**	**34,000**	**35,680**	**69,680**	**59,164**	**2,619**	**6,337**	**68,120**	**34,002**	**35,552**	**69,554**

	Q3 2017		Q2 2017		Q1 2017		Q4 2016		Q3 2016		Q2 2016		Q1 2016	
Risk-weight	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
0%	6,378	3,629	7,981	3,107	6,892	2,779	7,801	2,507	7,117	2,078	6,375	1,886	6,921	1,895
20%	1,367	1,587	1,400	1,780	1,259	1,737	2,326	1,823	2,037	1,821	2,306	1,985	3,362	2,223
35%	-	19,069	-	19,343	-	17,715	-	17,025	-	16,295	-	15,819	-	16,733
50%	2,032	277	1,808	339	282	331	462	345	634	419	835	203	916	186
75%	-	40,421	-	42,226	-	39,257	-	41,048	-	36,866	-	35,648	-	36,021
100%	57,084	1,048	60,318	1,135	55,967	1,117	55,022	1,221	54,192	1,295	53,109	1,288	56,139	1,421
150%+	863	871	1,165	912	648	837	761	832	716	998	735	760	823	739
Total	**67,724**	**66,902**	**72,672**	**68,842**	**65,048**	**63,773**	**66,372**	**64,801**	**64,696**	**59,772**	**63,360**	**57,589**	**68,161**	**59,218**

(1) For Q1 2018, net of specific IFRS 9 allowances for credit losses, after credit risk mitigation. Prior period specific allowances are based on IAS 39.

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

($MM)			Q1 2018								Q4 2017				
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			**73,339**	**56,489**	**38,888**	**168,716**	**47,845**	**0.12**	**42**	**28**	**171,819**	**47,327**	**0.12**	**42**	**28**
	99	0.00% - 0.05%	**270**	**225**	**263**	**758**	**85**	**0.03**	**46**	**11**	1,094	108	0.03	45	10
AAA to AA+	98	0.00% - 0.05%	**312**	**1,907**	**90**	**2,309**	**215**	**0.04**	**29**	**9**	2,382	250	0.04	33	10
AA to A-	95	0.05% - 0.13%	**6,471**	**6,445**	**7,023**	**19,939**	**3,281**	**0.05**	**40**	**16**	19,761	2,943	0.05	40	15
AA to A-	90	0.06% - 0.14%	**14,469**	**13,710**	**8,524**	**36,703**	**6,378**	**0.06**	**37**	**17**	39,367	6,450	0.06	37	16
BBB+ to BBB	87	0.09% - 0.22%	**16,107**	**11,261**	**11,280**	**38,648**	**10,531**	**0.09**	**41**	**27**	36,095	8,986	0.09	41	25
BBB+ to BBB	85	0.13% - 0.32%	**16,953**	**12,502**	**6,745**	**36,200**	**12,007**	**0.15**	**44**	**33**	36,231	12,156	0.15	44	34
BBB-	83	0.19% - 0.46%	**18,757**	**10,439**	**4,963**	**34,159**	**15,348**	**0.24**	**45**	**45**	36,889	16,434	0.24	46	45
Bank			**16,118**	**2,508**	**17,396**	**36,022**	**6,536**	**0.11**	**35**	**18**	**38,654**	**7,103**	**0.10**	**36**	**18**
	99	0.00% - 0.05%	**16**	**210**	**-**	**226**	**10**	**0.03**	**31**	**5**	226	12	0.03	31	5
AAA to AA+	98	0.00% - 0.05%	**1,289**	**687**	**248**	**2,224**	**274**	**0.04**	**30**	**12**	2,773	322	0.04	30	12
AA to A-	95	0.05% - 0.13%	**5,445**	**411**	**4,172**	**10,028**	**1,456**	**0.05**	**41**	**15**	12,270	1,852	0.05	41	15
AA to A-	90	0.06% - 0.14%	**5,376**	**1,077**	**7,542**	**13,995**	**1,839**	**0.08**	**33**	**13**	13,509	2,330	0.08	33	17
BBB+ to BBB	87	0.09% - 0.22%	**830**	**61**	**1,240**	**2,131**	**463**	**0.13**	**35**	**22**	3,500	670	0.12	34	19
BBB+ to BBB	85	0.13% - 0.32%	**1,929**	**41**	**2,422**	**4,392**	**1,518**	**0.22**	**35**	**35**	2,978	878	0.24	36	29
BBB-	83	0.19% - 0.46%	**1,233**	**21**	**1,772**	**3,026**	**976**	**0.28**	**33**	**32**	3,398	1,039	0.24	32	31
Sovereign			**98,517**	**733**	**5,221**	**104,471**	**2,432**	**0.03**	**11**	**2**	**97,820**	**2,461**	**0.03**	**11**	**3**
	99	0.00% - 0.05%	**69,780**	**119**	**2,738**	**72,637**	**-**	**-**	**10**	**-**	69,688	-	-	9	-
AAA to AA+	98	0.00% - 0.05%	**2,778**	**9**	**541**	**3,328**	**185**	**0.04**	**14**	**6**	3,745	238	0.04	15	6
AA to A-	95	0.05% - 0.13%	**17,564**	**340**	**584**	**18,488**	**1,013**	**0.05**	**15**	**5**	14,840	1,021	0.05	18	7
AA to A-	90	0.06% - 0.14%	**2,484**	**20**	**1,270**	**3,774**	**257**	**0.10**	**17**	**7**	2,512	186	0.11	18	7
BBB+ to BBB	87	0.09% - 0.22%	**4,012**	**45**	**11**	**4,068**	**502**	**0.22**	**15**	**12**	4,664	498	0.22	14	11
BBB+ to BBB	85	0.13% - 0.32%	**834**	**161**	**-**	**995**	**157**	**0.32**	**14**	**16**	1,170	195	0.32	15	17
BBB-	83	0.19% - 0.46%	**1,065**	**39**	**77**	**1,181**	**318**	**0.46**	**24**	**27**	1,201	323	0.46	24	27
Sub-Total			**187,974**	**59,730**	**61,505**	**309,209**	**56,813**	**0.09**	**31**	**18**	**308,293**	**56,891**	**0.09**	**31**	**18**
Non-Investment Grade															
Corporate			**55,479**	**16,904**	**11,871**	**84,254**	**51,700**	**0.62**	**43**	**61**	**84,750**	**52,766**	**0.65**	**43**	**62**
BB+	80	0.29% - 0.51%	**22,875**	**9,055**	**2,822**	**34,752**	**18,722**	**0.34**	**45**	**54**	34,993	18,266	0.34	44	52
BB	77	0.47% - 0.57%	**16,289**	**3,608**	**1,974**	**21,871**	**13,463**	**0.49**	**43**	**62**	20,696	12,257	0.49	43	59
BB-	75	0.57% - 0.75%	**10,717**	**2,699**	**5,872**	**19,288**	**12,248**	**0.75**	**42**	**63**	19,772	13,624	0.75	43	69
B+	73	0.75% - 1.44%	**4,040**	**982**	**995**	**6,017**	**4,997**	**1.44**	**38**	**83**	5,845	5,076	1.44	39	87
B to B-	70	1.44% - 2.77%	**1,558**	**560**	**208**	**2,326**	**2,270**	**2.77**	**39**	**98**	3,444	3,543	2.77	39	103
Bank			**1,880**	**78**	**308**	**2,266**	**1,107**	**0.64**	**36**	**49**	**2,161**	**1,052**	**0.63**	**36**	**49**
BB+	80	0.29% - 0.51%	**380**	**8**	**220**	**608**	**264**	**0.47**	**37**	**43**	640	298	0.47	38	47
BB	77	0.47% - 0.57%	**1,335**	**61**	**50**	**1,446**	**712**	**0.57**	**35**	**49**	1,340	629	0.57	35	47
BB-	75	0.57% - 0.75%	**106**	**2**	**17**	**125**	**69**	**0.75**	**38**	**55**	95	54	0.75	38	57
B+	73	0.75% - 1.44%	**3**	**2**	**1**	**6**	**5**	**1.44**	**40**	**74**	6	5	1.44	36	83
B to B-	70	1.44% - 2.77%	**56**	**5**	**20**	**81**	**57**	**2.77**	**29**	**69**	80	66	2.77	35	83
Sovereign			**3,381**	**8**	**76**	**3,465**	**1,037**	**1.08**	**17**	**30**	**3,483**	**1,027**	**1.08**	**17**	**29**
BB+	80	0.29% - 0.51%	**545**	**-**	**21**	**566**	**156**	**0.51**	**21**	**28**	602	137	0.51	17	23
BB	77	0.47% - 0.57%	**902**	**7**	**32**	**941**	**250**	**0.57**	**21**	**27**	1,009	281	0.57	22	28
BB-	75	0.57% - 0.75%	**302**	**-**	**23**	**325**	**71**	**0.75**	**14**	**22**	218	25	0.75	8	11
B+	73	0.75% - 1.44%	**1,400**	**-**	**-**	**1,400**	**503**	**1.44**	**15**	**36**	1,420	527	1.44	16	37
B to B-	70	1.44% - 2.77%	**232**	**1**	**-**	**233**	**57**	**2.77**	**9**	**24**	234	57	2.77	9	24
Sub-Total			**60,740**	**16,990**	**12,255**	**89,985**	**53,844**	**0.64**	**42**	**60**	**90,394**	**54,845**	**0.66**	**42**	**61**

(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 203 of the Bank's 2017 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)

Scotiabank

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

($MM)			Q1 2018								Q4 2017				
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	2.77% - 59.51%	**2,388**	**396**	**479**	**3,263**	**6,132**	**21.28**	**41**	**188**	3,280	5,989	22.61	39	183
Bank	65 - 30	2.77% - 59.51%	**72**	**3**	**1**	**76**	**129**	**20.32**	**36**	**169**	87	146	20.50	35	169
Sovereign	65 - 30	2.77% - 59.51%	**944**	**-**	**-**	**944**	**436**	**14.93**	**10**	**46**	1,031	322	10.18	8	31
Sub-Total			**3,404**	**399**	**480**	**4,283**	**6,697**	**19.86**	**34**	**156**	**4,398**	**6,457**	**19.66**	**32**	**147**
Default[8]															
Corporate	27-21	100%	**979**	**438**	**134**	**1,551**	**5,943**	**100.00**	**44**	**383**	1,750	6,298	100.00	44	360
Bank	27-21	100%	**2**	**-**	**-**	**2**	**-**	**100.00**	**33**	**0**	2	-	100.00	33	0
Sovereign	27-21	100%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Sub-Total			**981**	**438**	**134**	**1,553**	**5,943**	**100.00**	**44**	**383**	**1,752**	**6,298**	**100.00**	**44**	**359**
Total			**253,099**	**77,557**	**74,374**	**405,030**	**123,297**	**0.80**	**33**	**30**	**404,837**	**124,491**	**0.86**	**34**	**31**

(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 203 of the Bank's 2017 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 (based on IFRS 9 as of Q1 2018, based on IAS 39 for prior periods) and write-offs.

NON-RETAIL AIRB PORTFOLIO - CREDIT COMMITMENTS

($MM)	Q1 2018		Q4 2017	
Exposure Type[1]	Notional Undrawn	Weighted Average EAD	Notional Undrawn	Weighted Average EAD
	$	%	$	%
Corporate	137,906	52	140,296	53
Bank	4,249	58	4,277	57
Sovereign	1,164	58	1,242	59
Total	**143,319**	**53**	**145,815**	**53**

(1) Excludes unconditionally cancellable commitments.

RETAIL AIRB PORTFOLIO EXPOSURES - CREDIT QUALITY[1]

($MM)		Q1 2018								
Category of PD Grades	PD Range	EAD[2]	Notional of undrawn commitments	Exposure weighted-average EAD[3]	Exposure weighted-average PD	Exposure weighted-average LGD [4]	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%	**91,883**	**-**	**100.00**	**0.00**	**22**	**-**	**1**	**-**	**-**
Very Low	0.05% to 0.19%	**1,840**	**1**	**99.94**	**0.05**	**21**	**3**	**53**	**-**	**3**
Low	0.20% to 0.99%	**2,412**	**-**	**99.96**	**0.39**	**21**	**13**	**320**	**2**	**14**
Medium Low	1.00% to 2.99%	**-**	**-**	**98.52**	**2.02**	**21**	**41**	**-**	**-**	**47**
Medium	3.00% to 9.99%	**-**	**-**	**102.83**	**4.96**	**21**	**69**	**-**	**-**	**82**
High	10.00% to 19.99%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Extremely High	20.00% to 99.99%	**1**	**-**	**102.83**	**52.22**	**21**	**103**	**1**	**-**	**240**
Default	100%	**19**	**-**	**100.00**	**100.00**	**73**	**-**	**-**	**14**	**910**
Sub-total		**96,155**	**1**	**100.00**	**0.03**	**22**	**0**	**375**	**16**	**1**
Uninsured Undrawn										
Exceptionally Low	0.00% to 0.04%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Very Low	0.05% to 0.19%	**15,211**	**38,997**	**19.50**	**0.08**	**23**	**5**	**696**	**3**	**5**
Low	0.20% to 0.99%	**456**	**1,073**	**21.25**	**0.62**	**31**	**28**	**127**	**1**	**30**
Medium Low	1.00% to 2.99%	**94**	**194**	**24.14**	**2.02**	**34**	**66**	**62**	**1**	**75**
Medium	3.00% to 9.99%	**20**	**40**	**24.48**	**4.96**	**27**	**87**	**17**	**-**	**104**
High	10.00% to 19.99%	**11**	**17**	**31.05**	**13.70**	**28**	**144**	**15**	**-**	**192**
Extremely High	20.00% to 99.99%	**2**	**1**	**154.51**	**39.64**	**29**	**155**	**3**	**-**	**298**
Default	100%	**-**	**762**	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**
Sub-total		**15,794**	**41,084**	**19.61**	**0.12**	**24**	**6**	**920**	**5**	**6**
Uninsured Drawn										
Exceptionally Low	0.00% to 0.04%	**3,520**	**-**	**100.00**	**0.05**	**27**	**4**	**127**	**-**	**4**
Very Low	0.05% to 0.19%	**47,668**	**-**	**100.00**	**0.07**	**20**	**4**	**1,898**	**8**	**4**
Low	0.20% to 0.99%	**67,456**	**-**	**100.00**	**0.54**	**23**	**18**	**12,335**	**85**	**20**
Medium Low	1.00% to 2.99%	**6,148**	**-**	**100.00**	**2.51**	**24**	**53**	**3,286**	**37**	**61**
Medium	3.00% to 9.99%	**945**	**-**	**100.00**	**6.35**	**22**	**82**	**771**	**13**	**99**
High	10.00% to 19.99%	**475**	**-**	**100.00**	**13.75**	**21**	**109**	**518**	**14**	**146**
Extremely High	20.00% to 99.99%	**454**	**-**	**100.00**	**36.27**	**20**	**107**	**486**	**32**	**196**
Default	100%	**228**	**-**	**100.00**	**100.00**	**63**	**-**	**-**	**144**	**793**
Sub-total		**126,894**	**-**	**100.00**	**0.84**	**22**	**15**	**19,421**	**333**	**19**
Qualifying Revolving Retail Exposures (QRRE)										
Exceptionally Low	0.00% to 0.04%	**11,946**	**17,068**	**34.01**	**0.05**	**77**	**2**	**289**	**4**	**3**
Very Low	0.05% to 0.19%	**8,842**	**11,685**	**36.53**	**0.17**	**69**	**7**	**578**	**11**	**8**
Low	0.20% to 0.99%	**11,684**	**8,911**	**51.56**	**0.50**	**79**	**17**	**1,953**	**45**	**22**
Medium Low	1.00% to 2.99%	**5,874**	**1,249**	**80.91**	**1.39**	**87**	**43**	**2,517**	**73**	**58**
Medium	3.00% to 9.99%	**5,686**	**1,008**	**84.72**	**5.58**	**86**	**110**	**6,235**	**276**	**170**
High	10.00% to 19.99%	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Extremely High	20.00% to 99.99%	**807**	**19**	**100.66**	**35.26**	**83**	**217**	**1,750**	**233**	**578**
Default	100%	**163**	**5,074**	**100.00**	**100.00**	**90**	**-**	**-**	**146**	**1,119**
Sub-total		**45,002**	**45,014**	**53.02**	**2.06**	**78**	**30**	**13,322**	**788**	**51**
Other Retail										
Exceptionally Low	0.00% to 0.04%	**562**	**773**	**34.76**	**0.05**	**74**	**10**	**58**	**-**	**11**
Very Low	0.05% to 0.19%	**6,970**	**3**	**99.95**	**0.10**	**50**	**13**	**876**	**4**	**13**
Low	0.20% to 0.99%	**15,268**	**828**	**94.78**	**0.51**	**56**	**39**	**5,968**	**44**	**43**
Medium Low	1.00% to 2.99%	**4,873**	**12**	**99.72**	**1.74**	**65**	**80**	**3,908**	**55**	**94**
Medium	3.00% to 9.99%	**2,590**	**1**	**99.96**	**5.36**	**63**	**94**	**2,439**	**87**	**136**
High	10.00% to 19.99%	**523**	**-**	**100.00**	**19.74**	**57**	**127**	**666**	**59**	**269**
Extremely High	20.00% to 99.99%	**370**	**-**	**99.92**	**41.46**	**58**	**151**	**558**	**89**	**451**
Default	100%	**203**	**121**	**100.00**	**100.00**	**92**	**-**	**-**	**187**	**1,151**
Sub-total		**31,359**	**1,738**	**96.23**	**2.45**	**57**	**46**	**14,473**	**525**	**67**
Total Retail										
Exceptionally Low	0.01% to 0.04%	**107,911**	**17,841**	**92.36**	**0.01**	**29**	**0**	**475**	**4**	**0**
Very Low	0.05% to 0.19%	**80,531**	**50,686**	**77.82**	**0.09**	**29**	**5**	**4,101**	**26**	**5**
Low	0.20% to 0.99%	**97,276**	**10,812**	**92.99**	**0.52**	**35**	**21**	**20,703**	**177**	**24**
Medium Low	1.00% to 2.99%	**16,989**	**1,455**	**92.90**	**1.90**	**58**	**58**	**9,773**	**166**	**70**
Medium	3.00% to 9.99%	**9,241**	**1,049**	**90.43**	**5.60**	**73**	**102**	**9,462**	**376**	**153**
High	10.00% to 19.99%	**1,009**	**17**	**99.28**	**16.85**	**40**	**119**	**1,199**	**73**	**210**
Extremely High	20.00% to 99.99%	**1,634**	**20**	**100.37**	**36.96**	**59**	**171**	**2,798**	**354**	**443**
Default	100%	**613**	**5,957**	**100.00**	**100.00**	**80**	**-**	**-**	**491**	**1,002**
Total		**315,204**	**87,837**	**88.89**	**0.89**	**34**	**15**	**48,511**	**1,667**	**22**

(1) Represents retail exposures under the AIRB Approach which are domiciled in Canada.
(2) Amounts are before any allowances for credit losses and before credit risk mitigation.
(3) EAD rate represents combined drawn and undrawn exposure for a facility.
(4) Effective November 1, 2016, new exposures secured by residential real estate located in Canada are subject to a downturn LGD (DLGD) floor equivalent to the sum of the segment's long-run default-weighted average LGD and an add-on. The Bank implemented the DLGD floor for Uninsured residential real estate products in Q1, 2017, and for Insured residential real estate products in Q1, 2018.
(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]

($MM)		Q4 2017								
Category of PD Grades	PD Range	EAD[2]	Notional of undrawn commitments	Exposure weighted-average EAD[3]	Exposure weighted-average PD	Exposure weighted-average LGD [4]	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%	93,122	-	100.00	0.00	22	-	1	-	-
Very Low	0.05% to 0.19%	1,906	1	99.98	0.05	20	3	55	-	3
Low	0.20% to 0.99%	2,699	-	101.60	0.37	20	12	332	2	13
Medium Low	1.00% to 2.99%	-	-	101.31	2.02	23	45	-	-	51
Medium	3.00% to 9.99%	-	-	102.85	4.96	21	69	-	-	82
High	10.00% to 19.99%	-	-	-	-	-	-	-	-	-
Extremely High	20.00% to 99.99%	1	-	102.85	52.22	21	103	1	-	240
Default	100%	19	-	100.00	100.00	71	-	-	13	890
Sub-total		97,747	1	100.04	0.03	22	0	389	15	1
Uninsured Undrawn										
Exceptionally Low	0.00% to 0.04%	-	-	-	-	-	-	-	-	-
Very Low	0.05% to 0.19%	14,720	37,917	19.41	0.08	23	5	663	3	5
Low	0.20% to 0.99%	495	1,110	22.29	0.62	32	29	144	1	32
Medium Low	1.00% to 2.99%	106	218	24.39	2.02	35	69	73	1	77
Medium	3.00% to 9.99%	23	47	24.38	4.96	27	87	20	-	104
High	10.00% to 19.99%	10	17	29.41	13.70	26	133	13	-	177
Extremely High	20.00% to 99.99%	2	1	99.63	37.16	28	156	3	-	288
Default	100%	-	-	100.00	-	-	-	-	-	-
Sub-total		15,356	39,310	19.56	0.13	23	6	916	5	6
Uninsured Drawn										
Exceptionally Low	0.00% to 0.04%	3,573	-	100.00	0.05	27	4	129	-	4
Very Low	0.05% to 0.19%	48,105	-	100.00	0.07	20	4	1,880	8	4
Low	0.20% to 0.99%	63,500	-	100.00	0.53	22	17	11,094	76	19
Medium Low	1.00% to 2.99%	6,384	-	100.00	2.51	25	55	3,533	39	63
Medium	3.00% to 9.99%	672	-	100.00	6.05	24	84	563	9	101
High	10.00% to 19.99%	369	-	100.00	13.74	23	115	425	11	154
Extremely High	20.00% to 99.99%	321	-	100.00	36.49	20	109	350	24	201
Default	100%	228	-	100.00	100.00	63	-	-	143	783
Sub-total		123,152	-	100.00	0.79	22	15	17,974	310	18
Qualifying Revolving Retail Exposures (QRRE)										
Exceptionally Low	0.00% to 0.04%	11,844	16,852	34.10	0.05	77	2	287	4	3
Very Low	0.05% to 0.19%	8,609	11,347	36.56	0.17	68	7	561	10	8
Low	0.20% to 0.99%	11,659	8,829	51.83	0.50	79	17	1,934	45	21
Medium Low	1.00% to 2.99%	5,836	1,237	80.87	1.39	87	43	2,498	72	58
Medium	3.00% to 9.99%	5,493	988	84.52	5.57	86	109	5,998	265	170
High	10.00% to 19.99%	-	-	-	-	-	-	-	-	-
Extremely High	20.00% to 99.99%	783	20	100.63	35.05	82	216	1,689	223	572
Default	100%	160	-	100.00	100.00	89	-	-	142	1,112
Sub-total		44,384	39,273	53.03	2.03	78	29	12,967	761	51
Other Retail										
Exceptionally Low	0.00% to 0.04%	582	784	35.35	0.05	74	10	60	-	11
Very Low	0.05% to 0.19%	7,168	2	99.96	0.10	50	13	901	4	13
Low	0.20% to 0.99%	15,727	798	95.12	0.51	56	39	6,131	45	43
Medium Low	1.00% to 2.99%	4,743	11	99.74	1.74	65	80	3,815	54	95
Medium	3.00% to 9.99%	2,394	2	99.93	5.38	63	94	2,247	80	136
High	10.00% to 19.99%	511	-	100.00	19.73	57	127	648	58	268
Extremely High	20.00% to 99.99%	346	-	99.99	41.25	58	151	523	83	450
Default	100%	201	-	100.00	100.00	91	-	-	183	1,141
Sub-total		31,672	1,597	96.33	2.35	57	45	14,325	507	65
Total Retail										
Exceptionally Low	0.01% to 0.04%	109,121	17,636	92.50	0.01	28	0	477	4	0
Very Low	0.05% to 0.19%	80,508	49,267	78.48	0.09	28	5	4,060	25	5
Low	0.20% to 0.99%	94,080	10,737	92.85	0.52	35	21	19,635	169	23
Medium Low	1.00% to 2.99%	17,069	1,466	92.92	1.91	57	58	9,919	166	70
Medium	3.00% to 9.99%	8,582	1,037	89.87	5.56	75	103	8,828	354	155
High	10.00% to 19.99%	890	17	99.23	17.18	43	122	1,086	69	220
Extremely High	20.00% to 99.99%	1,453	21	100.34	36.86	62	177	2,566	330	460
Default	100%	608	-	100.00	100.00	79	-	-	481	991
Total		312,311	80,181	89.01	0.85	34	15	46,571	1,598	21

(1) Represents retail exposures under the AIRB Approach which are domiciled in Canada.
(2) Amounts are before any allowances for credit losses and before credit risk mitigation.
(3) EAD rate represents combined drawn and undrawn exposure for a facility.
(4) Effective November 1, 2016, new exposures secured by residential real estate located in Canada are subject to a downturn LGD (DLGD) floor equivalent to the sum of the segment's long-run default-weighted average LGD and an add-on. The Bank implemented DLGD floor in Q1, 2017.
(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

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Exposure Type	Q1 2018 Actual Loss Rate %	Q1 2018 Expected Loss Rate %	Q4 2017 Actual Loss Rate %	Q4 2017 Expected Loss Rate %	Q3 2017 Actual Loss Rate %	Q3 2017 Expected Loss Rate %	Q2 2017 Actual Loss Rate %	Q2 2017 Expected Loss Rate %	Q1 2017 Actual Loss Rate %	Q1 2017 Expected Loss Rate %
Non-Retail(1)										
Corporate	**0.06**	**0.76**	0.07	0.80	0.11	0.81	0.14	0.78	0.22	0.67
Sovereign	**-**	**0.02**	-	0.02	-	0.02	-	0.02	-	0.04
Bank	**-**	**0.09**	-	0.08	-	0.09	-	0.10	-	0.11
Retail(2)										
Real Estate Secured	**0.01**	**0.12**	0.01	0.12	0.01	0.11	0.01	0.11	0.01	0.13
QRRE	**3.04**	**4.38**	3.18	4.22	2.77	4.16	2.62	4.23	2.36	4.29
Other Retail	**0.69**	**2.01**	0.69	1.85	0.66	1.91	0.62	1.86	0.59	1.86

(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

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	Q1 2018 [1]						Q4 2017 [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	**0.92**	**0.33**	**41.62**	**26.14**	**48.42**	**13.94**	0.92	0.40	41.59	22.18	51.28	5.69

(1) Reporting is on a one quarter lag basis. For reporting as of Q1/18, estimated parameters are based on portfolio averages at Q4/16 whereas actual parameters are based on averages of realized parameters during the subsequent four quarters (Q1/17 – Q4/17).

(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 undrawn exposure multiplied by the estimated CCF.

	Four-quarter period ending Q1 2018 [1]						Four-quarter period ending Q4 2017 [1]					
($MM)	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] $	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] $
Residential real estate secured												
Residential mortgages												
Insured mortgages[8]	**0.71**	**0.52**	**-**	**-**	**-**	**-**	0.69	0.59	-	-	-	-
Uninsured mortgages	**0.47**	**0.38**	**18.11**	**10.92**	**-**	**-**	0.46	0.44	18.12	10.82	-	-
Secured lines of credit	**0.78**	**0.32**	**28.65**	**13.67**	**105**	**90**	0.77	0.32	28.95	13.95	107	92
Qualifying revolving retail exposures	**2.15**	**1.85**	**77.69**	**65.07**	**733**	**641**	2.14	1.92	77.54	63.91	743	650
Other retail	**2.10**	**1.28**	**58.80**	**48.36**	**6**	**5**	2.21	1.32	58.90	47.12	8	8

(1) Estimates and Actual Values are recalculated to align with new models implemented during the period.

(2) Account weighted aggregation.

(3) Default weighted aggregation.

(4) EAD is estimated for revolving products only.

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

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

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

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

EXPOSURE AT DEFAULT [1]

($MM)	Q1 2018			Q4 2017			Q3 2017			Q2 2017			Q1 2017		
	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	**633**	**2,010**	**16,304**	635	1,974	16,341	628	1,866	15,745	580	1,840	19,210	472	1,559	18,722
Bank	**-**	**-**	**9,046**	-	-	9,273	-	-	8,436	-	-	8,703	-	-	9,428
Sovereign	**-**	**69**	**3,899**	-	73	6,109	2	76	6,288	-	-	6,124	-	86	7,272
Total Non-Retail	**633**	**2,079**	**29,249**	**635**	**2,047**	**31,723**	**630**	**1,942**	**30,469**	**580**	**1,840**	**34,037**	**472**	**1,645**	**35,422**
Retail															
Residential Mortgages [2]	**4**	**4,281**	**91,857**	4	4,243	93,095	-	3,746	96,794	-	3,522	98,354	-	3,165	101,005
Secured Lines of Credit															
Qualifying Revolving Retail Exposures (QRRE)															
Other Retail	**362**	**1,074**	**-**	373	1,104	-	547	1,199	-	637	1,067	-	613	1,071	-
Total Retail	**366**	**5,355**	**91,857**	**377**	**5,347**	**93,095**	**547**	**4,945**	**96,794**	**637**	**4,589**	**98,354**	**613**	**4,236**	**101,005**
Total	**999**	**7,434**	**121,106**	**1,012**	**7,394**	**124,818**	**1,177**	**6,887**	**127,263**	**1,217**	**6,429**	**132,391**	**1,085**	**5,881**	**136,427**

(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)

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($MM)	Q1 2018				Q4 2017				Q3 2017				Q2 2017			
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(3)	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount(3)
Interest Rate Contracts:																
Futures and Forward Rate Agreements	**475,328**	**9**	**204**	**40**	491,651	20	95	20	415,898	17	157	14	476,404	17	251	14
Swaps	**3,106,659**	**561**	**4,560**	**854**	2,803,343	250	5,459	1,341	2,640,075	94	4,716	1,350	2,343,203	840	6,046	1,626
Options Purchased	**44,681**	**1**	**89**	**41**	39,664	5	105	57	51,756	12	106	49	40,690	44	161	77
Options Written	**39,851**	**-**	**1**	**-**	40,993	-	15	3	51,034	-	124	36	43,454	11	14	3
Total	**3,666,519**	**571**	**4,854**	**935**	**3,375,651**	**275**	**5,674**	**1,421**	**3,158,763**	**123**	**5,103**	**1,449**	**2,903,751**	**912**	**6,472**	**1,720**
Foreign Exchange Contracts:																
Futures and Forwards	**540,034**	**2,889**	**5,423**	**1,569**	481,187	2,370	6,367	1,765	436,986	2,379	4,961	1,493	461,815	3,529	5,124	1,375
Swaps	**379,457**	**3,674**	**6,404**	**1,980**	386,010	4,023	7,308	1,899	363,821	3,908	6,722	2,015	377,982	4,298	7,359	1,881
Options Purchased	**34,873**	**458**	**407**	**121**	39,116	523	515	113	29,540	752	578	152	26,363	565	554	226
Options Written	**35,032**	**-**	**46**	**7**	40,028	-	83	12	30,850	-	69	10	26,732	-	77	38
Total	**989,396**	**7,021**	**12,280**	**3,677**	**946,341**	**6,916**	**14,273**	**3,789**	**861,197**	**7,039**	**12,330**	**3,670**	**892,892**	**8,392**	**13,114**	**3,520**
Other Derivatives Contracts:																
Equity	**108,887**	**5**	**4,674**	**1,425**	101,390	45	5,123	1,575	91,683	160	5,291	1,470	100,502	431	4,966	1,740
Credit	**34,372**	**1**	**1,295**	**182**	37,591	12	1,421	174	37,431	18	1,423	217	42,705	90	1,205	196
Other	**113,275**	**856**	**8,770**	**1,082**	87,415	9	10,953	807	95,161	145	8,361	683	118,764	696	11,342	905
Total	**256,534**	**862**	**14,739**	**2,689**	**226,396**	**66**	**17,497**	**2,556**	**224,275**	**323**	**15,075**	**2,370**	**261,971**	**1,217**	**17,513**	**2,841**
Credit Valuation Adjustment (2)(3)				**2,760**				**2,988**				**3,733**				**3,923**
Total Derivatives after Netting and Collateral	**4,912,449**	**8,454**	**31,873**	**10,061**	**4,548,388**	**7,257**	**37,444**	**10,754**	**4,244,235**	**7,485**	**32,508**	**11,222**	**4,058,614**	**10,521**	**37,099**	**12,004**

	Q1 2017		Q4 2016		Q3 2016		Q2 2016	
Contract Types	Notional Amount	Risk-weighted Amount(3)	Notional Amount	Risk-weighted Amount(3)	Notional Amount	Risk-weighted Amount(3)	Notional Amount	Risk-weighted Amount
Interest Rate Contracts:								
Futures and Forward Rate Agreements	332,808	25	422,104	17	517,818	19	707,435	12
Swaps	2,230,451	1,774	2,294,534	2,125	2,404,362	2,321	2,442,636	1,913
Options Purchased	47,480	51	50,830	52	58,697	59	67,398	62
Options Written	39,102	21	40,147	-	50,236	-	59,001	-
Total	**2,649,841**	**1,871**	**2,807,615**	**2,194**	**3,031,113**	**2,399**	**3,276,470**	**1,987**
Foreign Exchange Contracts:								
Futures and Forwards	444,052	1,303	485,153	1,342	484,425	1,564	477,938	1,949
Swaps	360,893	1,821	354,604	1,594	341,829	1,359	334,784	1,434
Options Purchased	21,701	233	16,616	129	20,451	134	9,244	129
Options Written	21,607	20	16,245	19	20,173	16	8,850	3
Total	**848,253**	**3,377**	**872,618**	**3,084**	**866,878**	**3,073**	**830,816**	**3,515**
Other Derivatives Contracts:								
Equity	105,035	1,670	87,908	1,677	77,185	1,556	63,384	1,618
Credit	43,928	496	49,058	340	46,779	388	49,220	505
Other	111,153	1,259	78,753	645	76,838	739	80,213	809
Total	**260,116**	**3,425**	**215,719**	**2,662**	**200,802**	**2,683**	**192,817**	**2,932**
Total Derivatives	**3,758,210**	**8,673**	**3,895,952**	**7,940**	**4,098,793**	**8,155**	**4,300,103**	**8,434**
Credit Valuation Adjustment (2)(3)		**4,769**		**4,165**		**4,749**		**4,778**
Risk-weighted Amount		**13,442**		**12,105**		**12,904**		**13,212**

(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 in 2014. Starting Q1, 2018 the CVA RWA have been calculated using the scalars of 0.80, 0.83 and 0.86, to compute the CET1 capital ratio, Tier 1 capital ratio and Total capital ratio, 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)

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($MM)			Q1 2018				Q4 2017				Q3 2017				Q2 2017			
			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	**8,709**	**14,069**	**22,778**	**2,006**	8,850	14,184	**23,034**	2,097	10,157	12,567	**22,724**	2,070	10,423	14,132	**24,555**	2,225
	A- to BBB- (3)	35 - 100	**130**	**338**	**468**	**227**	135	336	**471**	230	130	335	**465**	223	134	4	**138**	114
Non-Investment Grade	BB+ to BB-	150 - 650	**11**	**1**	**12**	**52**	12	1	**13**	54	18	1	**19**	95	13	-	**13**	57
	Below BB-	1250	**-**	**-**	**-**	**-**	-	-	**-**	-	-	-	**-**	-	-	-	**-**	-
			8,850	**14,408**	**23,258**	**2,285**	**8,997**	**14,521**	**23,518**	**2,381**	**10,305**	**12,903**	**23,208**	**2,388**	**10,570**	**14,136**	**24,706**	**2,396**
Resecuritization																		
Investment Grade	AAA to A	20 - 65	**-**	**-**	**-**	**-**	-	-	**-**	-	-	-	**-**	-	-	-	**-**	-
	A- to BBB-	100 - 350	**69**	**1**	**70**	**141**	73	-	**73**	148	70	-	**70**	141	62	2	**64**	128
					-				**-**				**-**				**-**	
Non-Investment Grade	BB+ to BB-	500 - 850	**-**	**-**	**-**	**-**	-	-	**-**	-	-	-	**-**	-	-	-	**-**	-
	Below BB-	1250	**-**	**-**	**-**	**-**	-	-	**-**	-	-	-	**-**	-	15	-	**15**	193
			69	**1**	**70**	**141**	**73**	**-**	**73**	**148**	**70**	**-**	**70**	**141**	**77**	**2**	**79**	**321**
Total			**8,919**	**14,409**	**23,328**	**2,426**	**9,070**	**14,521**	**23,591**	**2,529**	**10,375**	**12,903**	**23,278**	**2,529**	**10,647**	**14,138**	**24,785**	**2,717**

($MM)	Q1 2018				Q4 2017				Q3 2017				Q2 2017			
	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	**4**	**1,608**	**1,612**	**-**	5	1,608	**1,613**	-	6	1,608	**1,614**	-	-	1,275	**1,275**	-
Commercial Mortgages	**-**	**-**	**-**	**-**	-	-	**-**	-	-	-	**-**	-	-	-	**-**	-
Credit cards/Consumer receivables	**695**	**2,653**	**3,348**	**-**	724	2,652	**3,376**	-	642	2,665	**3,307**	-	703	2,720	**3,423**	-
Auto loans/Leases	**4,252**	**6,892**	**11,144**	**-**	4,032	6,907	**10,939**	-	5,107	5,915	**11,022**	-	5,461	6,355	**11,816**	-
Diversified asset-backed securities	**107**	**8**	**115**	**-**	115	5	**120**	-	189	2	**191**	-	125	38	**163**	15
Business Loans	**-**	**-**	**-**	**-**	-	-	**-**	-	-	-	**-**	-	-	-	**-**	-
Trade receivables	**3,486**	**3,241**	**6,727**	**-**	3,681	3,339	**7,020**	-	3,935	2,703	**6,638**	-	3,604	3,714	**7,318**	-
Other	**374**	**7**	**381**	**-**	513	10	**523**	-	496	10	**506**	-	754	36	**790**	-
Total	**8,918**	**14,409**	**23,327**	**-**	**9,070**	**14,521**	**23,591**	**-**	**10,375**	**12,903**	**23,278**	**-**	**10,647**	**14,138**	**24,785**	**15**

(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.

(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

($MM)			Q1 2017				Q4 2016				Q3 2016				Q2 2016			
			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	9,999	13,363	**23,362**	2,074	10,176	14,602	**24,778**	2,081	10,183	14,600	**24,783**	2,090	9,268	14,271	**23,539**	1,980
	A- to BBB- [3]	35 - 100	142	4	**146**	117	136	12	**148**	119	169	10	**179**	151	69	9	**78**	75
Non-Investment Grade	BB+ to BB-	150 - 650	-	-	**-**	-	-	-	**-**	-	3	-	**3**	8	3	-	**3**	8
	Below BB-	1250	-	-	**-**	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**	-
			10,141	**13,367**	**23,508**	**2,191**	**10,312**	**14,614**	**24,926**	**2,200**	**10,355**	**14,610**	**24,965**	**2,249**	**9,340**	**14,280**	**23,620**	**2,063**
Resecuritization																		
Investment Grade	AAA to A	20 - 65	-	-	**-**	-	-	-	**-**	-	-	38	**38**	25	-	38	**38**	25
	A- to BBB-	100 - 350	61	-	**61**	122	79	-	**79**	158	69	-	**69**	151	67	-	**67**	147
					-				**-**									
Non-Investment Grade	BB+ to BB-	500 - 850	-	-	**-**	-	-	-	**-**	-	18	-	**18**	119	18	-	**18**	115
	Below BB-	1250	20	-	**20**	248	20	-	**20**	255	20	-	**20**	249	19	-	**19**	238
			81	**-**	**81**	**370**	**99**	**-**	**99**	**413**	**107**	**38**	**145**	**544**	**104**	**38**	**142**	**525**
Total			**10,222**	**13,367**	**23,589**	**2,561**	**10,411**	**14,614**	**25,025**	**2,613**	**10,462**	**14,648**	**25,110**	**2,793**	**9,444**	**14,318**	**23,762**	**2,588**

($MM)	Q1 2017				Q4 2016				Q3 2016				Q2 2016			
	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	468	1,275	**1,743**	-	510	1,275	**1,785**	-	461	1,275	**1,736**	-	415	1,275	**1,690**	-
Commercial Mortgages	-	-	**-**	-	-	-	**-**	-	3	-	**3**	-	3	-	**3**	-
Credit cards/Consumer receivables	614	2,213	**2,827**	-	623	2,304	**2,927**	-	765	2,491	**3,256**	-	757	2,835	**3,592**	-
Auto loans/Leases	4,180	6,440	**10,620**	-	4,295	6,889	**11,184**	-	4,242	6,824	**11,066**	-	3,472	5,931	**9,403**	-
Diversified asset-backed securities	54	61	**115**	20	136	34	**170**	20	169	14	**183**	20	165	59	**224**	19
Business Loans	-	12	**12**	-	-	22	**22**	-	-	32	**32**	-	-	46	**46**	-
Trade receivables	4,176	3,342	**7,518**	-	3,963	4,070	**8,033**	-	4,093	3,850	**7,943**	-	3,633	4,101	**7,734**	-
Other	730	24	**754**	-	884	20	**904**	-	729	162	**891**	-	999	71	**1,070**	-
Total	**10,222**	**13,367**	**23,589**	**20**	**10,411**	**14,614**	**25,025**	**20**	**10,462**	**14,648**	**25,110**	**20**	**9,444**	**14,318**	**23,762**	**19**

(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.

TOTAL MARKET RISK-WEIGHTED ASSETS

Scotiabank

($MM)	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
All Bank VaR	**1,646**	1,380	1,398	1,390	1,498
All Bank stressed VaR	**5,080**	3,745	3,368	3,201	3,660
Incremental risk charge	**2,500**	2,181	3,383	3,557	4,361
Comprehensive risk measure(1)	**-**	-	264	602	708
Standardized approach	**679**	533	491	402	416
Market risk-weighted assets as at end of Quarter	**9,905**	**7,839**	**8,904**	**9,152**	**10,643**

(1) Comprehensive risk measure charges are no longer applicable as of Q4 2017.

SUMMARY COMPARISON OF ACCOUNTING BASIS vs LEVERAGE RATIO EXPOSURE MEASURE - for D-SIBs

($MM)	Item	Q1 2018	Q4 2017
1	Total consolidated assets as per published financial statements[(1)(2)]	**923,152**	915,273
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(531)**	(941)
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	**371**	8,953
5	Adjustment for securities financing transactions (i.e., repo assets and similar secured lending)	**11,504**	11,639
6	Adjustment for off balance-sheet items (i.e., credit equivalent amounts of off-balance sheet exposures)	**126,866**	130,578
7	Other adjustments	**(12,599)**	(11,574)
8	Leverage Ratio Exposure	**1,048,763**	**1,053,928**

(1) Effective Q1 2018, the Bank adopted IFRS 9 (Financial Instruments). The full transitional impact on regulatory capital from IFRS 9 was recognized upon adoption. Prior period results were not restated and are based on International Accounting Standards (IAS) 39.

(2) Effective Q1 2018, the Leverage Ratio is reported on the Basel III "All-in" basis. Previous years are reported using the transitional basis.

LEVERAGE RATIO FRAMEWORK

Scotiabank

($MM)	Item	Q1 2018	Q4 2017
	On-balance sheet exposures (1) (2) (3)		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	**797,126**	783,649
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	**(12,599)**	(11,574)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	**784,527**	772,075
	Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	**5,100**	5,339
5	Add-on amounts for PFE associated with all derivative transactions	**33,370**	37,975
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)	**(3,927)**	(2,360)
8	(Exempted CCP-leg of client cleared trade exposures)	**-**	-
9	Adjusted effective notional amount of written credit derivatives	**7,760**	8,978
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(5,085)**	(5,614)
11	Total derivative exposures (sum of lines 4 to 10)	**37,218**	44,318
	Securities financing transaction exposures		
12	Gross SFT assets recognized for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions	**101,411**	106,720
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(12,763)**	(11,402)
14	Counterparty credit risk (CCR) exposure for SFT assets	**11,504**	11,639
15	Agent transaction exposures	**-**	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	**100,152**	106,957
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	**391,302**	399,114
18	(Adjustments for conversion to credit equivalent amounts)	**(264,436)**	(268,536)
19	Off-balance sheet items (sum of lines 17 and 18)	**126,866**	130,578
	Capital and Total Exposures		
20	Tier 1 capital (2)	**48,648**	50,623
21	Total Exposures (sum of lines 3, 11, 16 and 19)	**1,048,763**	1,053,928
	Leverage Ratio		
22	Basel III leverage ratio	**4.6%**	4.8%

(1) On-balance sheet items exclude securities purchased under resale agreements and securities borrowed ($88,648), derivative financial instruments ($36,847), assets outside the regulatory scope of consolidation ($531).

(2) Effective Q1 2018, the Bank adopted IFRS 9 (Financial Instruments). The full transitional impact on regulatory capital from IFRS 9 was recognized upon adoption. Prior period results were not restated and are based on International Accounting Standards (IAS) 39.

LEVERAGE RATIO FRAMEWORK - DESCRIPTION OF LINE ITEMS

Scotiabank

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.
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.

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	Debt obligation of a corporation, partnership, or proprietorship.
Bank	Debt obligation of a bank or bank equivalent (including certain public sector entities (PSEs) treated as Bank equivalent exposures).
Sovereign	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 central counterparties 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.
Basel I Capital Floor	A capital floor based on the Basel I approach is calculated by banks using advanced approaches for credit risk or operational risk, as prescribed by OSFI in CAR. If applicable, this floor is applied at aggregate level.
Specific Wrong-Way Risk (WWR)	Specific Wrong-Way Risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of the transactions with the counterparty.
Credit Valuation Adjustment (CVA)	Credit Valuation Adjustment (CVA) is the difference between the risk free value of a portfolio and the true value of that portfolio, accounting for the possible default of a counterparty. CVA adjustment aims to identify the impact of Counterparty Risk.
Advanced Measurement Approaches (AMA)	Under the AMA, the regulatory capital requirement for Operational Risk will equal the risk measure generated by the bank's internal operational risk measurement system using the quantitative and qualitative criteria. AMA utilizes risk drivers for capital movements (such as internal loss experience, business environment and internal control factors, external loss experience, and scenarios).