



## **SUPPLEMENTARY REGULATORY CAPITAL DISCLOSURE**

**FIRST QUARTER 2017**

(unaudited)

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## Notes to users

- 1) This Supplementary Regulatory Capital Disclosure document is unaudited and should be read in conjunction with the 2016 Annual Report. All amounts are in millions of Canadian dollars unless otherwise stated.
- 2) Financial information is available through the Report to Shareholders for all quarters of 2017 and also in the document entitled *Supplementary Financial Information* which is available on the Bank's website at [nbc.ca](http://nbc.ca).



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## Regulatory Capital and Capital Ratios under Basel III<sup>(1)</sup>

|   |  | Reference <sup>(2)</sup> | 2017          | 2016          |               |               |              |
|---|--|--------------------------|---------------|---------------|---------------|---------------|--------------|
|   |  |                          | Q1            | Q4            | Q3            | Q2            | Q1           |
| (unaudited) (millions of Canadian dollars)                    |  |                          | All-in basis  |               |               |               |              |
| <b>Common Equity Tier 1 capital: instruments and reserves</b> |  |                          |               |               |               |               |              |
| 1   | Directly issued qualifying common share capital plus related contributed surplus <sup>(3)</sup>  | a + a'                   | 2,820         | 2,718         | 2,663         | 2,689         | 2,691        |
| 2   | Retained earnings  | b                        | 7,065         | 6,706         | 6,683         | 6,530         | 6,593        |
| 3   | Accumulated other comprehensive income and other reserves  | c                        | 173           | 218           | 217           | 145           | 91           |
| 5   | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)   | d                        | 7             | 7             | 7             | -             | -            |
| 6   | <b>Common Equity Tier 1 capital before regulatory adjustments</b>  |                          | <b>10,065</b> | <b>9,649</b>  | <b>9,570</b>  | <b>9,364</b>  | <b>9,375</b> |
| <b>Regulatory adjustments to Common Equity Tier 1 capital</b> |  |                          |               |               |               |               |              |
| 8   | Goodwill (net of related tax liability)  | e                        | 1,662         | 1,669         | 1,661         | 1,545         | 1,557        |
| 9   | Intangible assets other than mortgage-servicing rights   | f - x                    | 997           | 985           | 977           | 954           | 898          |
| 11  | Accumulated other comprehensive income related to cash flow hedges   | h                        | 131           | 135           | 165           | 160           | 124          |
| 12  | Shortfall of total provisions to expected losses   | i                        | -             | -             | -             | -             | 12           |
| 14  | Gains (losses) due to changes in own credit risk on fair valued liabilities  | j                        | (17)          | (14)          | (2)           | (1)           | 28           |
| 15  | Defined benefit pension plan assets (net of related tax liability)   | k - y                    | 18            | 7             | 8             | 30            | 13           |
| 16  | Investments in own shares (if not already netted off contributed surplus on reported balance sheet)  |                          | 6             | 2             | 3             | 7             | -            |
| 22  | Amount exceeding the 15% threshold   |                          |               |               |               |               |              |
| 23  | of which: significant investments in the common stock of financials  | n                        | -             | -             | -             | -             | -            |
| 25  | of which: deferred tax assets arising from temporary differences   | o                        | -             | -             | -             | -             | -            |
| 26  | Other deductions or regulatory adjustments to CET1 as determined by OSFI (including regulatory adjustments in respect of own use property)                       |                          | -             | -             | -             | -             | -            |
| 28  | <b>Total regulatory adjustments to Common equity Tier 1</b>  |                          | <b>2,797</b>  | <b>2,784</b>  | <b>2,812</b>  | <b>2,695</b>  | <b>2,632</b> |
| 29  | <b>Common Equity Tier 1 capital (CET1)</b>   |                          | <b>7,268</b>  | <b>6,865</b>  | <b>6,758</b>  | <b>6,669</b>  | <b>6,743</b> |
| <b>Additional Tier 1 capital: instruments</b>                 |  |                          |               |               |               |               |              |
| 30  | Directly issued qualifying Additional Tier 1 instruments plus related contributed surplus <sup>(3)</sup>   | v                        | 1,450         | 1,450         | 1,450         | 1,050         | 1,050        |
| 31  | of which: classified as equity under applicable accounting standards   | v + z                    | 1,450         | 1,450         | 1,450         | 1,050         | 1,050        |
| 32  | of which: classified as liabilities under applicable accounting standards  | p                        | -             | -             | -             | -             | -            |
| 33  | Directly issued capital instruments subject to phase out from Additional Tier 1 <sup>(3)</sup>   | p' + v'                  | 950           | 950           | 950           | 1,162         | 1,161        |
| 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)        | q                        | 1             | 1             | 1             | -             | -            |
| 36  | <b>Additional Tier 1 capital before regulatory adjustments</b>   |                          | <b>2,401</b>  | <b>2,401</b>  | <b>2,401</b>  | <b>2,212</b>  | <b>2,211</b> |
| <b>Additional Tier 1 capital: regulatory adjustments</b>      |  |                          |               |               |               |               |              |
| 41  | Other deductions from Tier 1 capital as determined by OSFI   |                          | 1             | 1             | 1             | 1             | -            |
| 41a   | of which: Reverse mortgages  |                          | 1             | 1             | 1             | 1             | -            |
| 43  | <b>Total regulatory adjustments to Additional Tier 1 capital</b>   |                          | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>-</b>     |
| 44  | <b>Additional Tier 1 capital (AT1)</b>   |                          | <b>2,400</b>  | <b>2,400</b>  | <b>2,400</b>  | <b>2,211</b>  | <b>2,211</b> |
| 45  | <b>Tier 1 capital (T1 = CET1 + AT1)</b>  |                          | <b>9,668</b>  | <b>9,265</b>  | <b>9,158</b>  | <b>8,880</b>  | <b>8,954</b> |
| <b>Tier 2 capital: instruments and provisions</b>             |  |                          |               |               |               |               |              |
| 47  | Directly issued capital instruments subject to phase out from Tier 2 <sup>(3)</sup>  | r'                       | 1,009         | 1,009         | 1,009         | 1,009         | 1,010        |
| 48  | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | s                        | 2             | 2             | 2             | -             | -            |
| 50  | Allowances on loans <sup>(4)</sup>   | t                        | 234           | 230           | 236           | 275           | 33           |
| 51  | <b>Tier 2 capital before regulatory adjustments</b>  |                          | <b>1,245</b>  | <b>1,241</b>  | <b>1,247</b>  | <b>1,284</b>  | <b>1,043</b> |
| <b>Tier 2 capital: regulatory adjustments</b>                 |  |                          |               |               |               |               |              |
| 57  | <b>Total regulatory adjustments to Tier 2 capital</b>  |                          | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>     |
| 58  | <b>Tier 2 capital (T2)</b>   |                          | <b>1,245</b>  | <b>1,241</b>  | <b>1,247</b>  | <b>1,284</b>  | <b>1,043</b> |
| 59  | <b>Total capital (TC = T1 + T2)</b>  |                          | <b>10,913</b> | <b>10,506</b> | <b>10,405</b> | <b>10,164</b> | <b>9,997</b> |

(1) As requested by the Office of the Superintendent of Financial Institutions (Canada) (OSFI), all the Domestic Systemically Important Banks (D-SIBs) in Canada must fully apply the Basel III deductions and must disclose the all-in-ratios.

(2) Reconciliation with Balance Sheet is presented on page 7.

(3) A complete list of capital instruments and their main features is now available on the Bank's website at [nbc.ca](http://nbc.ca) under *Investor Relations > Capital & Debt Information > Main Features of Regulatory Capital Instruments*.

(4) During the second quarter of 2016, a \$250 million (\$183 million net of income taxes) sectoral provision for credit losses was recorded for producers and service companies in the oil and gas sector.



# Regulatory Capital and Capital Ratios under Basel III<sup>(1)</sup> (continued)

|  |   | 2017               | 2016   |        |        |        |
|--|---|--------------------|--------|--------|--------|--------|
|  |   | Q1                 | Q4     | Q3     | Q2     | Q1     |
|  |   | All-in basis       |        |        |        |        |
| (unaudited) (millions of Canadian dollars)   |   |                    |        |        |        |        |
| 60a  | Common Equity Tier 1 Capital RWA (CET1)   | 68,574             | 68,205 | 68,530 | 68,375 | 69,741 |
| 60b  | Tier 1 Capital RWA  | 68,715             | 68,430 | 68,765 | 68,604 | 70,006 |
| 60c  | Total capital RWA   | 68,828             | 68,623 | 68,966 | 68,800 | 70,233 |
| <b>Capital ratios</b>  |   |                    |        |        |        |        |
| 61   | Common Equity Tier 1 (as a percentage of risk weighted assets)  | 10.6%              | 10.1%  | 9.9%   | 9.8%   | 9.7%   |
| 62   | Tier 1 (as a percentage of risk weighted assets)  | 14.1%              | 13.5%  | 13.3%  | 12.9%  | 12.8%  |
| 63   | Total capital (as a percentage of risk weighted assets)   | 15.9%              | 15.3%  | 15.1%  | 14.8%  | 14.2%  |
| 64   | Institution-specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus G-SIB buffer requirement plus D-SIB buffer requirement expressed as a percentage of risk weighted assets) | 8.0%               | 8.0%   | 8.0%   | 8.0%   | 8.0%   |
| 67   | of which: G-SIB buffer requirement  | na                 | na     | na     | na     | na     |
| 67a  | of which: D-SIBs buffer requirement   | 1.0%               | 1.0%   | 1.0%   | 1.0%   | 1.0%   |
| 68   | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)  | 10.6%              | 10.1%  | 9.9%   | 9.8%   | 9.7%   |
| <b>OSFI all-in target</b>  |   |                    |        |        |        |        |
| 69   | Common Equity Tier 1 all-in target ratio  | 8.0%               | 8.0%   | 8.0%   | 8.0%   | 8.0%   |
| 70   | Tier 1 capital all-in target ratio  | 9.5%               | 9.5%   | 9.5%   | 9.5%   | 9.5%   |
| 71   | Total capital all-in target ratio   | 11.5%              | 11.5%  | 11.5%  | 11.5%  | 11.5%  |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b>  |   |                    |        |        |        |        |
| 72   | Non-significant investments in the capital of other financial institutions  | 232                | 238    | 234    | 255    | 198    |
| 73   | Significant investments in the common stock of financial institutions   | 257                | 245    | 229    | 278    | 321    |
| 75   | Deferred tax assets arising from temporary differences (net of related tax liabilities)   | 22                 | 54     | 31     | 24     | 467    |
| <b>Applicable caps on the inclusion of allowances in Tier 2</b>  |   |                    |        |        |        |        |
| 76   | Allowance eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)   | 58                 | 62     | 65     | 51     | 33     |
| 77   | Cap on inclusion of allowances in Tier 2 under standardised approach  | 72                 | 78     | 81     | 58     | 66     |
| 78   | Allowance eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) <sup>(2)</sup>  | 175                | 167    | 171    | 224    | -      |
| 79   | Cap on inclusion of allowances in Tier 2 under internal ratings-based approach  | 301                | 305    | 304    | 310    | 317    |
| <b>Capital instruments subject to phase-out arrangements (only applicable between Jan 1, 2018 and Jan 1, 2022)</b> |   |                    |        |        |        |        |
| 82   | Current cap on AT1 instruments subject to phase out arrangements  | 968                | 1,162  | 1,162  | 1,162  | 1,162  |
| 83   | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)  | -                  | -      | -      | -      | -      |
| 84   | Current cap on T2 instruments subject to phase out arrangements   | 1,191              | 1,429  | 1,429  | 1,429  | 1,429  |
| 85   | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)   | -                  | -      | -      | -      | -      |
| <b>Transitional Capital Disclosure Template</b>  |   | Transitional basis |        |        |        |        |
| 29   | Common Equity Tier 1 capital (CET1)   | 7,809              | 7,928  | 7,819  | 7,710  | 7,769  |
| 45   | Tier 1 capital (T1 = CET1 + AT1)  | 9,876              | 9,660  | 9,554  | 9,296  | 9,355  |
| 59   | Total capital (TC = T1 + T2)  | 11,120             | 10,900 | 10,801 | 10,580 | 10,395 |
| 60   | Total risk weighted assets  | 69,567             | 70,524 | 70,132 | 69,947 | 71,468 |
| 61   | Common Equity Tier 1 (as a percentage of risk weighted assets)  | 11.2%              | 11.2%  | 11.2%  | 11.0%  | 10.9%  |
| 62   | Tier 1 (as a percentage of risk weighted assets)  | 14.2%              | 13.7%  | 13.6%  | 13.3%  | 13.1%  |
| 63   | Total capital (as a percentage of risk weighted assets)   | 16.0%              | 15.5%  | 15.4%  | 15.1%  | 14.6%  |

(1) As requested by the Office of the Superintendent of Financial Institutions (Canada) (OSFI), all the Domestic Systemically Important Banks (D-SIBs) in Canada must fully apply the Basel III deductions and must disclose the all-in-ratios.

(2) During the second quarter of 2016, a \$250 million (\$183 million net of income taxes) sectoral provision for credit losses was recorded for producers and service companies in the oil and gas sector.



## Leverage Ratio under Basel III

|   |  | 2017           |                |                |                |                | 2016 |    |  |    |  |
|---|--|----------------|----------------|----------------|----------------|----------------|------|----|--|----|--|
|   |  | Q1             |                | Q4             |                | Q3             |      | Q2 |  | Q1 |  |
| (unaudited) (millions of Canadian dollars)                                |  |                |                |                |                |                |      |    |  |    |  |
| <b>Accounting assets vs. leverage ratio exposure – Transitional basis</b> |  |                |                |                |                |                |      |    |  |    |  |
| 1   | Total consolidated assets as per published financial statements  | 234,119        | 232,206        | 229,896        | 220,734        | 219,301        |      |    |  |    |  |
| 2   | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (60)           | (72)           | (76)           | (89)           | (53)           |      |    |  |    |  |
| 3   | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure               | –              | –              | –              | –              | –              |      |    |  |    |  |
| 4   | Adjustment for derivative financial instruments <sup>(1)</sup>   | 1,621          | 725            | 1,348          | 1,091          | 567            |      |    |  |    |  |
| 5   | Adjustment for securities financing transactions <sup>(1)</sup>  | 3,062          | 2,587          | 1,220          | 1,832          | 1,826          |      |    |  |    |  |
| 6   | Adjustment for off balance-sheet items   | 22,048         | 21,937         | 20,294         | 19,996         | 19,599         |      |    |  |    |  |
| 7   | Other adjustments  | (3,950)        | (3,888)        | (4,010)        | (3,767)        | (3,968)        |      |    |  |    |  |
| 8   | <b>Leverage Ratio Exposure (transitional basis)</b>  | <b>256,840</b> | <b>253,495</b> | <b>248,672</b> | <b>239,797</b> | <b>237,272</b> |      |    |  |    |  |
| <b>Leverage ratio common disclosure</b>                                   |  |                |                |                |                |                |      |    |  |    |  |
| <b>On-balance sheet exposures</b>   |  |                |                |                |                |                |      |    |  |    |  |
| 1   | On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)   | 208,226        | 206,283        | 202,407        | 193,238        | 188,359        |      |    |  |    |  |
| 2   | (Asset amounts deducted in determining Basel III transitional Tier 1 capital)  | (2,304)        | (2,402)        | (2,421)        | (2,301)        | (2,238)        |      |    |  |    |  |
| 3   | <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>  | <b>205,922</b> | <b>203,881</b> | <b>199,986</b> | <b>190,937</b> | <b>186,121</b> |      |    |  |    |  |
| <b>Derivative exposures</b>   |  |                |                |                |                |                |      |    |  |    |  |
| 4   | Replacement cost associated with all derivative transactions (i.e., net of eligible cash variation margin)   | 4,405          | 4,755          | 4,828          | 6,337          | 7,318          |      |    |  |    |  |
| 5   | Add-on amounts for PFE associated with all derivative transactions   | 6,624          | 6,386          | 6,417          | 6,272          | 6,262          |      |    |  |    |  |
| 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)   | –              | –              | –              | –              | –              |      |    |  |    |  |
| 8   | (Exempted CCP-leg of client cleared trade exposures)   | –              | –              | –              | –              | –              |      |    |  |    |  |
| 9   | Adjusted effective notional amount of written credit derivatives   | –              | –              | 1,046          | 663            | 518            |      |    |  |    |  |
| 10  | (Adjusted effective notional offsets and add-on deductions for written credit derivatives)   | –              | –              | –              | –              | –              |      |    |  |    |  |
| 11  | <b>Total derivative exposures (sum of lines 4 to 10)</b>   | <b>11,029</b>  | <b>11,141</b>  | <b>12,291</b>  | <b>13,272</b>  | <b>14,098</b>  |      |    |  |    |  |
| <b>Securities financing transaction exposures</b>                         |  |                |                |                |                |                |      |    |  |    |  |
| 12  | Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions   | 14,779         | 13,948         | 14,880         | 13,760         | 15,628         |      |    |  |    |  |
| 13  | (Netted amounts of cash payables and cash receivables of gross SFT assets)   | (815)          | (314)          | (1,270)        | (246)          | (337)          |      |    |  |    |  |
| 14  | Counterparty credit risk (CCR) exposure for SFTs   | 3,877          | 2,901          | 2,490          | 2,078          | 2,163          |      |    |  |    |  |
| 15  | Agent transaction exposures  | –              | –              | –              | –              | –              |      |    |  |    |  |
| 16  | <b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>  | <b>17,841</b>  | <b>16,535</b>  | <b>16,100</b>  | <b>15,592</b>  | <b>17,454</b>  |      |    |  |    |  |
| <b>Other off-balance sheet exposures</b>                                  |  |                |                |                |                |                |      |    |  |    |  |
| 17  | Off-balance sheet exposure at gross notional amount  | 61,284         | 60,191         | 57,378         | 57,018         | 55,485         |      |    |  |    |  |
| 18  | (Adjustments for conversion to credit equivalent amounts)  | (39,236)       | (38,253)       | (37,084)       | (37,022)       | (35,886)       |      |    |  |    |  |
| 19  | <b>Off-balance sheet items (sum of lines 17 and 18)</b>  | <b>22,048</b>  | <b>21,938</b>  | <b>20,294</b>  | <b>19,996</b>  | <b>19,599</b>  |      |    |  |    |  |
| <b>Capital and Total Exposures - Transitional Basis</b>                   |  |                |                |                |                |                |      |    |  |    |  |
| 20  | Tier 1 capital   | 9,876          | 9,660          | 9,554          | 9,296          | 9,355          |      |    |  |    |  |
| 21  | <b>Total Exposures (sum of lines 3, 11, 16 and 19)</b>   | <b>256,840</b> | <b>253,495</b> | <b>248,671</b> | <b>239,797</b> | <b>237,272</b> |      |    |  |    |  |
| <b>Leverage Ratio – Transitional Basis</b>                                |  |                |                |                |                |                |      |    |  |    |  |
| 22  | <b>Basel III leverage ratio</b>  | <b>3.8%</b>    | <b>3.8%</b>    | <b>3.8%</b>    | <b>3.9%</b>    | <b>3.9%</b>    |      |    |  |    |  |
| <b>All-in basis (Required by OSFI)</b>                                    |  |                |                |                |                |                |      |    |  |    |  |
| 23  | Tier 1 capital – All-in basis  | 9,668          | 9,265          | 9,158          | 8,880          | 8,954          |      |    |  |    |  |
| 24  | (Regulatory adjustments)   | (2,814)        | (2,800)        | (2,816)        | (2,697)        | (2,604)        |      |    |  |    |  |
| 25  | <b>Total Exposures</b>   | <b>256,330</b> | <b>253,097</b> | <b>248,276</b> | <b>239,401</b> | <b>236,906</b> |      |    |  |    |  |
| 26  | <b>Leverage ratio – All-in basis</b>   | <b>3.8%</b>    | <b>3.7%</b>    | <b>3.7%</b>    | <b>3.7%</b>    | <b>3.8%</b>    |      |    |  |    |  |

(1) Adjustments due to differences between accounting and regulatory netting standards.



# Reconciliation between Financial Accounting and Regulatory Capital Balance Sheets <sup>(1)</sup>

| (unaudited) (millions of Canadian dollars)   | Q1 2017   |                              |   |   |          |
|--|---|------------------------------|---|---|----------|
|  | Cross - Reference to Definition of Capital <sup>(2)</sup> | As in Report to Shareholders | Deconsolidation of Insurance <sup>(3)</sup> and other entities <sup>(4)</sup> | Under regulatory scope of consolidation | Of which |
| <b>Assets</b>  |   |                              |   |   |          |
| Cash and deposits with financial institutions  |   | 8,616                        | -   | 8,616                                   |          |
| Securities   |   | 65,667                       | 8,324   | 73,991                                  |          |
| Assets purchased under reverse repurchase agreements and securities borrowed           |   | 14,779                       | -   | 14,779                                  |          |
| <b>Loans</b>   |   |                              |   |   |          |
| Residential mortgage   |   | 49,520                       | (26,812)  | 22,708                                  |          |
| Personal and credit card   |   | 34,505                       | (1,388)   | 33,117                                  |          |
| Business and government  |   | 37,149                       | -   | 37,149                                  |          |
| Customers' liability under acceptances   |   | 6,493                        | -   | 6,493                                   |          |
| Less: Allowances for credit losses   |   | (786)                        | -   | (786)                                   |          |
| Allowances reflected in Tier 2 regulatory capital <sup>(5)</sup>                       | t   |                              |   |   | (234)    |
| Shortfall of allowances to expected loss   | i   |                              |   |   | -        |
| Allowances not reflected in regulatory capital   |   |                              |   |   | (552)    |
| <b>Other assets</b>  |   |                              |   |   |          |
| Derivative financial instruments   |   | 9,408                        | -   | 9,408                                   |          |
| Other  |   | 8,768                        | (67)  | 8,701                                   |          |
| Goodwill   | e   |                              |   |   | 1,662    |
| Intangibles assets   | f   |                              |   |   | 1,151    |
| <b>Deferred tax assets</b>   |   |                              |   |   | 519      |
| Deferred tax assets excluding those arising from temporary differences                 | g   |                              |   |   | -        |
| Deferred tax assets arising from temporary differences exceeding regulatory thresholds | o   |                              |   |   | -        |
| Deferred tax assets - realize through loss carrybacks                                  |   |                              |   |   | 497      |
| Deferred tax assets - other temporary differences                                      |   |                              |   |   | 22       |
| Defined-benefit pension fund net assets  | k   |                              |   |   | 24       |
| <b>Significant investments in other financial institutions</b>                         |   |                              |   |   | 257      |
| Significant investments exceeding regulatory thresholds                                | m + n   |                              |   |   | -        |
| Significant investments not exceeding regulatory thresholds                            |   |                              |   |   | 257      |
| Other  |   |                              |   |   | 5,087    |
| <b>Total assets</b>  |   | <b>234,119</b>               | <b>(19,943)</b>   | <b>214,176</b>                          |          |
| <b>Liabilities</b>   |   |                              |   |   |          |
| Deposits   |   | 144,729                      | -   | 144,729                                 |          |
| Derivatives financial instruments  |   | 6,551                        | -   | 6,551                                   |          |
| Other liabilities  |   | 69,323                       | (19,943)  | 49,380                                  |          |
| Gains and losses due to changes in own credit risk on fair value liabilities           | j   |                              |   |   | (17)     |
| <b>Deferred tax liabilities</b>  |   |                              |   |   | 153      |
| Related to goodwill  | w   |                              |   |   | -        |
| Related to intangibles   | x   |                              |   |   | 154      |
| Related to pensions  | y   |                              |   |   | 6        |
| Other deferred tax liabilities   |   |                              |   |   | (7)      |
| Other  |   |                              |   |   | 49,244   |
| Subordinated debt  |   | 1,009                        | -   | 1,009                                   |          |
| Regulatory capital amortization of maturing debentures                                 |   |                              |   |   | -        |
| Fair value adjustment and unamortized issuance cost                                    |   |                              |   |   | -        |
| <b>Subordinated debentures used for regulatory capital</b>                             |   |                              |   |   | 1,009    |
| Allowed for inclusion in Tier 2 capital  | r   |                              |   |   | -        |
| Subject to phase out   | r'  |                              |   |   | 1,009    |
| Ineligible additional Tier 2 capital   |   |                              |   |   | -        |
| Excluded from Tier 2 capital due to cap  |   |                              |   |   | -        |
| <b>Total liabilities</b>   |   | <b>221,612</b>               | <b>(19,943)</b>   | <b>201,669</b>                          |          |
| <b>Equity Attributable to Shareholders</b>   |   | <b>11,708</b>                | <b>-</b>  | <b>11,708</b>                           |          |
| Common shares  | a   |                              |   |   | 2,763    |
| Contributed surplus  | a'  |                              |   |   | 57       |
| Retained Earnings  | b   |                              |   |   | 7,065    |
| <b>Accumulated Other Comprehensive Income (loss)</b>                                   | c   |                              |   |   | 173      |
| Net gains (losses) on instruments designated as cash flow hedges                       | h   |                              |   |   | 131      |
| Other  |   |                              |   |   | 42       |
| <b>Preferred shares</b>  |   |                              |   |   | 1,650    |
| Allowed for inclusion in additional Tier 1 capital                                     | v   |                              |   |   | 1,450    |
| Subject to phase out   | v'  |                              |   |   | 200      |
| Ineligible additional Tier 1 capital   |   |                              |   |   | -        |
| Excluded from additional Tier 1 capital due to cap                                     |   |                              |   |   | -        |
| Non-controlling interests  |   | 799                          | (34)  | 765                                     |          |
| <b>Innovative instruments</b>  |   |                              |   |   | 755      |
| Allowed for inclusion in additional Tier 1 capital                                     |   |                              |   |   | -        |
| Subject to phase out   | p'  |                              |   |   | 750      |
| Excluded from additional Tier 1 capital due to cap                                     |   |                              |   |   | -        |
| Other  |   |                              |   |   | 5        |
| Portion allowed for inclusion into CET1  | d   |                              |   |   | 7        |
| Portion allowed for inclusion into Tier 1 capital                                      | q   |                              |   |   | 1        |
| Portion allowed for inclusion into Tier 2 capital                                      | s   |                              |   |   | 2        |
| Portion not allowed for regulatory capital   |   |                              |   |   | -        |
| <b>Total Equity</b>  |   | <b>12,507</b>                | <b>(34)</b>   | <b>12,473</b>                           |          |
| <b>Total Liabilities and Equity</b>  |   | <b>234,119</b>               | <b>(19,977)</b>   | <b>214,142</b>                          |          |

(1) The basis of consolidation used for financial accounting purposes, described in note 1 to the 2016 Annual Report audited consolidated financial statements, may differ from regulatory purposes.

The regulatory consolidation does not include structured entities, where significant risk has been transferred to third parties nor subsidiaries and associates engaged in insurance activities.

(2) The references identify balance sheet components which are used in calculation of regulatory capital on page 4.

(3) Total assets related to Insurance activities and National Bank Life Insurance Company, and other are \$166 million and \$23 million respectively.

(4) The amount is mainly due to securitization entities. For more information on structured entities, please see pages 178 to 181 of the 2016 Annual Report.

(5) During the second quarter of 2016, a \$250 million (\$183 million net of income taxes) sectoral provision for credit losses was recorded for producers and service companies in the oil and gas sector.



# Capital Adequacy under Basel III<sup>(1)</sup>

| (unaudited) (millions of Canadian dollars)        | 2017                |               |               |              |               | 2016                               |                      |               |               |               |
|---|---------------------|---------------|---------------|--------------|---------------|------------------------------------|----------------------|---------------|---------------|---------------|
|   | Exposure at default | Q1            |               |              |               | Capital requirement <sup>(2)</sup> | Q4                   | Q3            | Q2            | Q1            |
|   |                     | Standardized  | AIRB Approach | Other        | Total         |                                    | Risk-weighted assets |               |               |               |
| <b>Credit risk</b>                                |                     |               |               |              |               |                                    |                      |               |               |               |
| <b>Retail</b>                                     |                     |               |               |              |               |                                    |                      |               |               |               |
| Residential mortgages                             | 44,820              | 739           | 4,653         | –            | 5,392         | 431                                | 5,455                | 5,448         | 5,027         | 5,265         |
| Qualifying revolving retail                       | 5,633               | –             | 1,155         | –            | 1,155         | 92                                 | 1,178                | 1,227         | 1,152         | 1,011         |
| Other retail                                      | 16,007              | 2,323         | 4,957         | –            | 7,280         | 582                                | 6,823                | 6,874         | 6,705         | 6,692         |
| <b>Non-retail</b>                                 |                     |               |               |              |               |                                    |                      |               |               |               |
| Corporate   | 59,441              | 1,810         | 25,416        | –            | 27,226        | 2,178                              | 27,393               | 26,001        | 26,869        | 27,196        |
| Sovereign   | 27,477              | 224           | 633           | –            | 857           | 69                                 | 875                  | 849           | 580           | 658           |
| Financial institutions                            | 5,100               | 207           | 1,266         | –            | 1,473         | 118                                | 1,574                | 1,371         | 1,315         | 1,209         |
| Banking book equity <sup>(3)</sup>                | 886                 | –             | 886           | –            | 886           | 71                                 | 875                  | 866           | 834           | 835           |
| Securitization                                    | 3,732               | –             | 304           | –            | 304           | 24                                 | 831                  | 785           | 781           | 795           |
| Other assets                                      | 25,950              | –             | –             | 3,137        | 3,137         | 251                                | 3,176                | 3,458         | 3,256         | 3,587         |
| <b>Counterparty credit risk</b>                   |                     |               |               |              |               |                                    |                      |               |               |               |
| Corporate   | 14,328              | 67            | 142           | –            | 209           | 17                                 | 347                  | 119           | 91            | 94            |
| Sovereign   | 35,718              | –             | 33            | –            | 33            | 3                                  | 34                   | 18            | 17            | 14            |
| Financial institutions                            | 44,420              | –             | 436           | –            | 436           | 35                                 | 402                  | 1,683         | 1,204         | 1,415         |
| Trading portfolio                                 | 9,174               | 101           | 2,089         | –            | 2,190         | 175                                | 2,345                | 2,496         | 2,659         | 2,897         |
| Credit valuation adjustment charge <sup>(4)</sup> |                     | 2,030         | –             | –            | 2,030         | 162                                | 2,055                | 2,145         | 2,090         | 2,423         |
| Regulatory scaling factor                         |                     | –             | 2,540         | –            | 2,540         | 203                                | 2,540                | 2,508         | 2,570         | 2,593         |
| <b>Total - Credit risk</b>                        | <b>292,686</b>      | <b>7,501</b>  | <b>44,510</b> | <b>3,137</b> | <b>55,148</b> | <b>4,411</b>                       | <b>55,903</b>        | <b>55,848</b> | <b>55,150</b> | <b>56,684</b> |
| <b>Market risk</b>                                |                     |               |               |              |               |                                    |                      |               |               |               |
| VaR   |                     | –             | 1,340         | –            | 1,340         | 107                                | 1,014                | 1,097         | 1,319         | 1,266         |
| Stressed VaR                                      |                     | –             | 1,632         | –            | 1,632         | 131                                | 1,067                | 1,512         | 1,972         | 1,707         |
| Interest-rate specific risk                       |                     | 843           | –             | –            | 843           | 67                                 | 726                  | 682           | 680           | 806           |
| <b>Total - Market risk</b>                        |                     | <b>843</b>    | <b>2,972</b>  | <b>–</b>     | <b>3,815</b>  | <b>305</b>                         | <b>2,807</b>         | <b>3,291</b>  | <b>3,971</b>  | <b>3,779</b>  |
| <b>Operational risk</b>                           |                     | <b>9,611</b>  | <b>–</b>      | <b>–</b>     | <b>9,611</b>  | <b>769</b>                         | <b>9,495</b>         | <b>9,391</b>  | <b>9,254</b>  | <b>9,278</b>  |
| <b>Total</b>                                      | <b>292,686</b>      | <b>17,955</b> | <b>47,482</b> | <b>3,137</b> | <b>68,574</b> | <b>5,485</b>                       | <b>68,205</b>        | <b>68,530</b> | <b>68,375</b> | <b>69,741</b> |
| <b>Capital ratio under Basel III</b>              |                     |               |               |              |               |                                    |                      |               |               |               |
| Common Equity Tier 1 (CET1)                       |                     |               |               |              | 10.6%         |                                    | 10.1%                | 9.9%          | 9.8%          | 9.7%          |
| Tier 1  |                     |               |               |              | 14.1%         |                                    | 13.5%                | 13.3%         | 12.9%         | 12.8%         |
| Total   |                     |               |               |              | 15.9%         |                                    | 15.3%                | 15.1%         | 14.8%         | 14.2%         |
| <b>Leverage ratio under Basel III</b>             |                     |               |               |              | 3.8%          |                                    | 3.7%                 | 3.7%          | 3.7%          | 3.8%          |

(1) Figures are presented in an "all-in" basis.

(2) The capital requirement is equal to 8% of risk-weighted assets.

(3) Calculated using the simple risk-weight method.

(4) Calculated based on CET1 risk-weighted assets.





## Risk-Weighted Assets Movement by Key Drivers<sup>(1)</sup>

| (unaudited) (millions of Canadian dollars)                  | 2017                            |  |               | 2016          |               |               |               |
|---|---------------------------------|--|---------------|---------------|---------------|---------------|---------------|
|   | Q1                              |  |               | Q4            | Q3            | Q2            | Q1            |
|   | Non-counterparty<br>credit risk | Counterparty<br>credit risk <sup>(2)</sup> | Total         | Total         | Total         | Total         | Total         |
| <b>Credit risk – Risk-weighted assets at beginning</b>      | 50,720                          | 5,183                                      | 55,903        | 55,848        | 55,150        | 56,684        | 55,743        |
| Book size   | 596                             | (141)                                      | 455           | 640           | (414)         | (368)         | 631           |
| Book quality  | (738)                           | (94)                                       | (832)         | 68            | (135)         | (41)          | (411)         |
| Model updates   | –                               | –  | –             | (954)         | –             | 8             | –             |
| Methodology and policy                                      | –                               | –  | –             | –             | –             | –             | –             |
| Acquisitions and disposals                                  | –                               | –  | –             | –             | 790           | –             | –             |
| Foreign exchange movements                                  | (328)                           | (50)                                       | (378)         | 301           | 457           | (1,133)       | 721           |
| <b>Credit risk – Risk-weighted assets at end</b>            | <b>50,250</b>                   | <b>4,898</b>                               | <b>55,148</b> | <b>55,903</b> | <b>55,848</b> | <b>55,150</b> | <b>56,684</b> |
| <b>Market risk – Risk-weighted assets at beginning</b>      |                                 |  | 2,807         | 3,291         | 3,971         | 3,779         | 3,965         |
| Movement in risk levels <sup>(3)</sup>                      |                                 |  | 1,008         | (484)         | (680)         | 192           | (186)         |
| Model updates   |                                 |  | –             | –             | –             | –             | –             |
| Methodology and policy                                      |                                 |  | –             | –             | –             | –             | –             |
| Acquisitions and disposals                                  |                                 |  | –             | –             | –             | –             | –             |
| <b>Market risk – Risk-weighted assets at end</b>            |                                 |  | <b>3,815</b>  | <b>2,807</b>  | <b>3,291</b>  | <b>3,971</b>  | <b>3,779</b>  |
| <b>Operational risk – Risk-weighted assets at beginning</b> |                                 |  | 9,495         | 9,391         | 9,254         | 9,278         | 9,127         |
| Movement in risk levels                                     |                                 |  | 116           | 104           | 137           | (24)          | 151           |
| Acquisitions and disposals                                  |                                 |  | –             | –             | –             | –             | –             |
| <b>Operational risk – Risk-weighted assets at end</b>       |                                 |  | <b>9,611</b>  | <b>9,495</b>  | <b>9,391</b>  | <b>9,254</b>  | <b>9,278</b>  |
| <b>Risk-weighted assets at end</b>                          |                                 |  | <b>68,574</b> | <b>68,205</b> | <b>68,530</b> | <b>68,375</b> | <b>69,741</b> |

(1) Figures are presented in an "all-in" basis.

(2) Calculated based on CET1 risk-weighted assets.

(3) Also includes foreign exchange movement that is not considered material.



# Reconciliation of Balance Sheet with Credit Risk Exposures

| (unaudited) (millions of Canadian dollars)                                       | Q1 2017                                  |        |                 |                         |                                   |                                |                          | Balance sheet |
|--|--|--------|-----------------|-------------------------|-----------------------------------|--------------------------------|--------------------------|---------------|
|  | Exposures subject to credit risk capital |        |                 |                         |                                   | Other exposures                |                          |               |
|  | Drawn                                    |        | Other exposures |                         |                                   | Subject to market risk capital | All other <sup>(1)</sup> |               |
|  | Non-retail                               | Retail | Securitization  | Repo-style transactions | Derivatives financial instruments |                                |                          |               |
| <b>Assets</b>  |  |        |                 |                         |                                   |                                |                          |               |
| Cash and deposits with financial institutions <sup>(2)</sup>                     | 7,996                                    | –      | –               | –                       | –                                 | –                              | 620                      | 8,616         |
| Securities   |  |        |                 |                         |                                   |                                |                          |               |
| At fair value through profit or loss   | 5,292                                    | –      | –               | –                       | –                                 | 42,648                         | –                        | 47,940        |
| Available-for-sale   | 12,132                                   | –      | –               | –                       | –                                 | –                              | 122                      | 12,254        |
| Held-to-maturity   | 5,473                                    | –      | –               | –                       | –                                 | –                              | –                        | 5,473         |
|  | 22,897                                   | –      | –               | –                       | –                                 | 42,648                         | 122                      | 65,667        |
| Securities purchased under reverse repurchase agreements and securities borrowed | –  | –      | –               | 14,779                  | –                                 | –                              | –                        | 14,779        |
| Loans  |  |        |                 |                         |                                   |                                |                          |               |
| Residential mortgage <sup>(3)</sup>  | 30,202                                   | 19,318 | –               | –                       | –                                 | –                              | –                        | 49,520        |
| Personal and credit card   | –  | 33,117 | 1,388           | –                       | –                                 | –                              | –                        | 34,505        |
| Business and government  | 35,252                                   | 1,897  | –               | –                       | –                                 | –                              | –                        | 37,149        |
|  | 65,454                                   | 54,332 | 1,388           | –                       | –                                 | –                              | –                        | 121,174       |
| Customers' liability under acceptances   | 6,493                                    | –      | –               | –                       | –                                 | –                              | –                        | 6,493         |
| Allowance for credit losses <sup>(4)</sup>                                       | (162)                                    | (33)   | –               | –                       | –                                 | –                              | (591)                    | (786)         |
|  | 71,785                                   | 54,299 | 1,388           | –                       | –                                 | –                              | (591)                    | 126,881       |
| Other  |  |        |                 |                         |                                   |                                |                          |               |
| Derivative financial instruments <sup>(2)</sup>                                  | –  | –      | –               | –                       | 9,408                             | –                              | –                        | 9,408         |
| Purchase receivables   | –  | 985    | –               | –                       | –                                 | –                              | 742                      | 1,727         |
| Investments in associates and joint ventures                                     | –  | –      | –               | –                       | –                                 | –                              | 630                      | 630           |
| Premises and equipment   | –  | 683    | –               | –                       | –                                 | –                              | 487                      | 1,170         |
| Goodwill   | –  | –      | –               | –                       | –                                 | –                              | 1,410                    | 1,410         |
| Intangible assets  | –  | –      | –               | –                       | –                                 | –                              | 1,151                    | 1,151         |
| Other assets   | –  | –      | –               | –                       | –                                 | –                              | 2,680                    | 2,680         |
|  | –  | 1,668  | –               | –                       | 9,408                             | –                              | 7,100                    | 18,176        |
|  | 102,678                                  | 55,967 | 1,388           | 14,779                  | 9,408                             | 42,648                         | 7,251                    | 234,119       |

(1) Includes deconsolidated assets related to insurance activities and all other assets that are neither subject to credit nor market risks.

(2) These exposures may also be subject to market risk.

(3) As per Basel definition, NHA MBS pooled and 5 units or more mortgages are included in the non-retail category.

(4) During the second quarter of 2016, a \$250 million (\$183 million net of income taxes) sectoral provision for credit losses was recorded for producers and service companies in the oil and gas sector.



# Standardized Credit Risk Exposure Under the Basel Asset Categories and by Risk Weight<sup>(1)</sup>

| (unaudited)<br>(millions of Canadian dollars) | 2017 |     |       |     |       |       |      |        | 2016 |     |       |     |       |       |      |        | 2015 |     |       |     |       |       |      |        |
|---|------|-----|-------|-----|-------|-------|------|--------|------|-----|-------|-----|-------|-------|------|--------|------|-----|-------|-----|-------|-------|------|--------|
|   | Q1   |     |       |     |       |       |      |        | Q4   |     |       |     |       |       |      |        | Q3   |     |       |     |       |       |      |        |
|   | 0%   | 20% | 35%   | 50% | 75%   | 100%  | 150% | Total  | 0%   | 20% | 35%   | 50% | 75%   | 100%  | 150% | Total  | 0%   | 20% | 35%   | 50% | 75%   | 100%  | 150% | Total  |
| <b>Retail</b>                                 |      |     |       |     |       |       |      |        |      |     |       |     |       |       |      |        |      |     |       |     |       |       |      |        |
| Residential mortgage                          | -    | -   | 1,511 | 27  | 470   | 83    | -    | 2,091  | 47   | -   | 1,598 | 27  | 311   | 87    | -    | 2,070  | -    | -   | 2,148 | 14  | 268   | 92    | -    | 2,522  |
| Other retail                                  | -    | -   | -     | -   | 5,748 | -     | -    | 5,748  | -    | -   | -     | -   | 5,189 | -     | -    | 5,189  | -    | -   | -     | -   | 5,200 | -     | -    | 5,200  |
|   | -    | -   | 1,511 | 27  | 6,218 | 83    | -    | 7,839  | 47   | -   | 1,598 | 27  | 5,500 | 87    | -    | 7,259  | -    | -   | 2,148 | 14  | 5,468 | 92    | -    | 7,722  |
| <b>Non-Retail</b>                             |      |     |       |     |       |       |      |        |      |     |       |     |       |       |      |        |      |     |       |     |       |       |      |        |
| Corporate                                     | -    | -   | -     | -   | -     | 4,897 | -    | 4,897  | -    | 50  | -     | -   | -     | 5,105 | -    | 5,155  | -    | -   | -     | -   | -     | 4,911 | -    | 4,911  |
| Sovereign                                     | 312  | -   | -     | 26  | -     | 212   | -    | 550    | 396  | -   | -     | -   | -     | 223   | -    | 619    | 255  | -   | -     | -   | -     | 193   | -    | 448    |
| Financial Institutions                        | -    | 310 | -     | -   | -     | 122   | 15   | 447    | -    | 266 | -     | -   | -     | 228   | 16   | 510    | -    | 499 | -     | -   | -     | 215   | 30   | 744    |
|   | 312  | 310 | -     | 26  | -     | 5,231 | 15   | 5,894  | 396  | 316 | -     | -   | -     | 5,556 | 16   | 6,284  | 255  | 499 | -     | -   | -     | 5,319 | 30   | 6,103  |
| <b>Trading</b>                                | 11   | -   | -     | -   | -     | 106   | -    | 117    | 10   | -   | -     | -   | -     | 249   | -    | 259    | 9    | -   | -     | -   | -     | 221   | -    | 230    |
| <b>Total</b>                                  | 323  | 310 | 1,511 | 53  | 6,218 | 5,420 | 15   | 13,850 | 453  | 316 | 1,598 | 27  | 5,500 | 5,892 | 16   | 13,802 | 264  | 499 | 2,148 | 14  | 5,468 | 5,632 | 30   | 14,055 |

| (unaudited)<br>(millions of Canadian dollars) | 2016 |     |     |     |       |       |      |        | 2015 |     |     |     |       |       |      |        | 2014 |     |     |     |       |       |      |        |
|---|------|-----|-----|-----|-------|-------|------|--------|------|-----|-----|-----|-------|-------|------|--------|------|-----|-----|-----|-------|-------|------|--------|
|   | Q2   |     |     |     |       |       |      |        | Q1   |     |     |     |       |       |      |        | Q4   |     |     |     |       |       |      |        |
|   | 0%   | 20% | 35% | 50% | 75%   | 100%  | 150% | Total  | 0%   | 20% | 35% | 50% | 75%   | 100%  | 150% | Total  | 0%   | 20% | 35% | 50% | 75%   | 100%  | 150% | Total  |
| <b>Retail</b>                                 |      |     |     |     |       |       |      |        |      |     |     |     |       |       |      |        |      |     |     |     |       |       |      |        |
| Residential mortgage                          | -    | -   | 959 | 14  | 278   | 89    | -    | 1,340  | -    | -   | 815 | 15  | 279   | 75    | -    | 1,184  | -    | -   | 857 | 10  | 235   | 67    | -    | 1,169  |
| Other retail                                  | -    | -   | -   | -   | 5,061 | -     | -    | 5,061  | -    | -   | -   | -   | 5,385 | -     | -    | 5,385  | -    | -   | -   | -   | 5,264 | -     | -    | 5,264  |
|   | -    | -   | 959 | 14  | 5,339 | 89    | -    | 6,401  | -    | -   | 815 | 15  | 5,664 | 75    | -    | 6,569  | -    | -   | 857 | 10  | 5,499 | 67    | -    | 6,433  |
| <b>Non-Retail</b>                             |      |     |     |     |       |       |      |        |      |     |     |     |       |       |      |        |      |     |     |     |       |       |      |        |
| Corporate                                     | -    | -   | -   | -   | -     | 4,557 | 1    | 4,558  | -    | -   | -   | -   | -     | 4,408 | 1    | 4,409  | -    | -   | -   | -   | -     | 3,200 | 1    | 3,201  |
| Sovereign                                     | 358  | -   | -   | -   | -     | -     | -    | 358    | 187  | -   | -   | -   | -     | -     | -    | 187    | 248  | -   | -   | -   | -     | -     | -    | 248    |
| Financial Institutions                        | -    | 555 | -   | -   | -     | 42    | -    | 597    | -    | 608 | -   | -   | -     | 47    | -    | 655    | -    | 447 | -   | -   | -     | 17    | -    | 464    |
|   | 358  | 555 | -   | -   | -     | 4,599 | 1    | 5,513  | 187  | 608 | -   | -   | -     | 4,455 | 1    | 5,251  | 248  | 447 | -   | -   | -     | 3,217 | 1    | 3,913  |
| <b>Trading</b>                                | 6    | -   | -   | -   | -     | 506   | -    | 512    | -    | -   | -   | -   | -     | 579   | -    | 579    | -    | -   | -   | -   | -     | 519   | -    | 519    |
| <b>Total</b>                                  | 364  | 555 | 959 | 14  | 5,339 | 5,194 | 1    | 12,426 | 187  | 608 | 815 | 15  | 5,664 | 5,109 | 1    | 12,399 | 248  | 447 | 857 | 10  | 5,499 | 3,803 | 1    | 10,865 |

(1) Exposure amounts are the expected gross exposure upon the default of an obligor. These amounts are net of specific allowance but do not reflect the impact of credit risk mitigation and collateral held.





# Credit Quality of AIRB Exposure - Retail Portfolios<sup>(1)</sup>

| (unaudited) (millions of Canadian dollars)      |                   |                 | 2017          |                                 |                                   |                                  |                                   |   |               |                      |  |            |  |
|---|-------------------|-----------------|---------------|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|---|---------------|----------------------|--|------------|--|
|   |                   |                 | Q1            |                                 |                                   |                                  |                                   |   |               |                      |  |            |  |
|   |                   |                 | EAD           | Notional of undrawn commitments | Exposure weighted-average (EAD %) | Exposure weighted-average (PD %) | Exposure weighted-average (LGD %) | Exposure weighted-average risk weight asset (RWA %) | RWA           | Expected Losses (EL) | EL adjusted average risk weight % <sup>(2)</sup> |            |  |
| <b>Canadian residential mortgage and HELOCs</b> | <b>Risk Grade</b> | <b>PD bands</b> |               |                                 |                                   |                                  |                                   |   |               |                      |  |            |  |
| <b>Insured Drawn and Undrawn<sup>(3)</sup></b>  | Exceptionally low | 0.000% - 0.144% | 1,035         | -                               | 100%                              | 0.07%                            | 17.4%                             | 3.1%  | 32            | 0.1                  | 3%   |            |  |
|   | Very low          | 0.145% - 0.506% | 1,254         | -                               | 100%                              | 0.30%                            | 10.0%                             | 5.1%  | 65            | 0.4                  | 5%   |            |  |
|   | Low               | 0.507% - 1.116% | 698           | -                               | 100%                              | 0.77%                            | 5.4%                              | 5.5%  | 38            | 0.3                  | 6%   |            |  |
|   | Low               | 1.117% - 2.681% | 397           | -                               | 100%                              | 1.73%                            | 3.5%                              | 6.1%  | 24            | 0.2                  | 7%   |            |  |
|   | Medium            | 2.682% - 9.348% | 234           | -                               | 100%                              | 4.67%                            | 2.7%                              | 8.3%  | 19            | 0.3                  | 10%  |            |  |
|   | High              | 9.349% - 99.99% | 107           | -                               | 100%                              | 27.58%                           | 2.6%                              | 13.9%   | 15            | 0.8                  | 23%  |            |  |
|   | Default           | 100.00%         | 71            | -                               | 100%                              | 100.00%                          | 2.7%                              | 25.0%   | 18            | 1.1                  | 44%  |            |  |
|   |                   |                 |               | <b>3,796</b>                    | <b>-</b>                          | <b>100%</b>                      | <b>3.38%</b>                      | <b>9.7%</b>   | <b>5.6%</b>   | <b>211</b>           | <b>3.2</b>                                       | <b>7%</b>  |  |
| <b>Uninsured Undrawn<sup>(4)</sup></b>          | Exceptionally low | 0.000% - 0.144% | 4,171         | 9,737                           | 56%                               | 0.05%                            | 22.5%                             | 3.1%  | 130           | 0.5                  | 3%   |            |  |
|   | Very low          | 0.145% - 0.506% | 1,707         | 3,892                           | 72%                               | 0.26%                            | 23.4%                             | 11.4%   | 194           | 1.1                  | 12%  |            |  |
|   | Low               | 0.507% - 1.116% | 173           | 205                             | 88%                               | 0.71%                            | 24.1%                             | 24.0%   | 41            | 0.3                  | 26%  |            |  |
|   | Low               | 1.117% - 2.681% | 35            | 45                              | 84%                               | 1.63%                            | 23.9%                             | 41.1%   | 15            | 0.1                  | 46%  |            |  |
|   | Medium            | 2.682% - 9.348% | 10            | 14                              | 81%                               | 4.14%                            | 23.6%                             | 69.2%   | 7             | 0.1                  | 81%  |            |  |
|   | High              | 9.349% - 99.99% | 1             | 2                               | 82%                               | 15.07%                           | 23.7%                             | 121.4%  | 2             | -                    | 168%   |            |  |
|   | Default           | 100.00%         | 2             | 3                               | 75%                               | 100.00%                          | 23.3%                             | 291.5%  | 6             | -                    | 292%   |            |  |
|   |                   |                 |               | <b>6,099</b>                    | <b>13,898</b>                     | <b>62%</b>                       | <b>0.18%</b>                      | <b>22.8%</b>  | <b>6.5%</b>   | <b>395</b>           | <b>2.1</b>                                       | <b>7%</b>  |  |
| <b>Uninsured Drawn<sup>(5)</sup></b>            | Exceptionally low | 0.000% - 0.144% | 16,004        |                                 |                                   | 0.07%                            | 22.7%                             | 4.1%  | 651           | 2.6                  | 4%   |            |  |
|   | Very low          | 0.145% - 0.506% | 12,291        |                                 |                                   | 0.27%                            | 25.3%                             | 12.6%   | 1,551         | 8.5                  | 13%  |            |  |
|   | Low               | 0.507% - 1.116% | 3,045         |                                 |                                   | 0.72%                            | 25.4%                             | 25.4%   | 772           | 5.6                  | 28%  |            |  |
|   | Low               | 1.117% - 2.681% | 837           |                                 |                                   | 1.68%                            | 25.5%                             | 44.3%   | 371           | 3.6                  | 50%  |            |  |
|   | Medium            | 2.682% - 9.348% | 426           |                                 |                                   | 4.71%                            | 25.4%                             | 79.3%   | 338           | 5.1                  | 94%  |            |  |
|   | High              | 9.349% - 99.99% | 171           |                                 |                                   | 26.61%                           | 26.5%                             | 141.5%  | 242           | 12.1                 | 231%   |            |  |
|   | Default           | 100.00%         | 60            |                                 |                                   | 100.00%                          | 26.3%                             | 201.9%  | 122           | 9.9                  | 406%   |            |  |
|   |                   |                 |               | <b>32,834</b>                   |                                   |                                  | <b>0.63%</b>                      | <b>24.0%</b>  | <b>12.3%</b>  | <b>4,047</b>         | <b>47.4</b>                                      | <b>14%</b> |  |
| <b>Qualifying revolving credit</b>              | Exceptionally low | 0.000% - 0.144% | 2,874         | 5,085                           | 58%                               | 0.05%                            | 71.8%                             | 2.4%  | 68            | 1.0                  | 3%   |            |  |
|   | Very low          | 0.145% - 0.506% | 1,049         | 814                             | 81%                               | 0.29%                            | 74.1%                             | 10.5%   | 111           | 2.2                  | 13%  |            |  |
|   | Low               | 0.507% - 1.116% | 634           | 279                             | 90%                               | 0.78%                            | 73.2%                             | 23.1%   | 146           | 3.6                  | 30%  |            |  |
|   | Low               | 1.117% - 2.681% | 583           | 170                             | 96%                               | 1.79%                            | 78.7%                             | 46.6%   | 272           | 8.3                  | 64%  |            |  |
|   | Medium            | 2.682% - 9.348% | 392           | 51                              | 102%                              | 4.50%                            | 79.6%                             | 88.5%   | 347           | 14.0                 | 133%   |            |  |
|   | High              | 9.349% - 99.99% | 80            | 4                               | 103%                              | 21.17%                           | 74.8%                             | 186.7%  | 149           | 13.3                 | 396%   |            |  |
|   | Default           | 100.00%         | 21            | -                               | 105%                              | 100.00%                          | 59.4%                             | 295.1%  | 62            | 9.9                  | 880%   |            |  |
|   |                   |                 |               | <b>5,633</b>                    | <b>6,403</b>                      | <b>74%</b>                       | <b>1.34%</b>                      | <b>73.7%</b>  | <b>20.5%</b>  | <b>1,155</b>         | <b>52.3</b>                                      | <b>32%</b> |  |
| <b>Other retail<sup>(6)</sup></b>               | Exceptionally low | 0.000% - 0.144% | 2,281         | 1,549                           | 83%                               | 0.07%                            | 42.1%                             | 7.3%  | 165           | 0.6                  | 8%   |            |  |
|   | Very low          | 0.145% - 0.506% | 2,890         | 396                             | 97%                               | 0.30%                            | 50.7%                             | 26.5%   | 767           | 4.5                  | 28%  |            |  |
|   | Low               | 0.507% - 1.116% | 2,380         | 308                             | 98%                               | 0.78%                            | 61.0%                             | 55.2%   | 1,314         | 11.5                 | 61%  |            |  |
|   | Low               | 1.117% - 2.681% | 1,615         | 118                             | 98%                               | 1.71%                            | 65.0%                             | 79.7%   | 1,286         | 18.1                 | 94%  |            |  |
|   | Medium            | 2.682% - 9.348% | 791           | 59                              | 98%                               | 4.43%                            | 64.0%                             | 93.0%   | 735           | 22.3                 | 128%   |            |  |
|   | High              | 9.349% - 99.99% | 193           | 7                               | 99%                               | 21.35%                           | 65.1%                             | 140.6%  | 272           | 27.1                 | 316%   |            |  |
|   | Default           | 100.00%         | 109           | 3                               | 99%                               | 100.00%                          | 57.8%                             | 384.4%  | 418           | 34.1                 | 777%   |            |  |
|   |                   |                 |               | <b>10,259</b>                   | <b>2,440</b>                      | <b>94%</b>                       | <b>2.35%</b>                      | <b>54.8%</b>  | <b>48.3%</b>  | <b>4,957</b>         | <b>118.2</b>                                     | <b>63%</b> |  |
|   |                   |                 | <b>58,621</b> | <b>22,741</b>                   | <b>86%</b>                        | <b>1.13%</b>                     | <b>33.1%</b>                      | <b>18.4%</b>  | <b>10,765</b> | <b>223.2</b>         | <b>23%</b>                                       |            |  |

(1) Represents retail exposures under the AIRB approach. Amounts are before allowance for credit losses and after credit risk mitigation.

(2) EL adjusted average risk weight is calculated as  $(RWA + 12.5 \times EL) / EAD$ .

(3) Includes insured drawn and undrawn retail mortgages and home equity lines of credit.

(4) Includes only uninsured undrawn retail mortgages and home equity lines of credit.

(5) Includes only uninsured drawn retail mortgages and home equity lines of credit.

(6) Includes all other drawn and undrawn retail exposures.



# Credit Quality of AIRB Exposure - Retail Portfolios<sup>(1)</sup>

|   |                   |                 | 2016   |                                 |                                   |                                  |                                   |   |               |                      |  |            |     |    |
|---|-------------------|-----------------|--|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|---|---------------|----------------------|--|------------|-----|----|
|   |                   |                 | Q4   |                                 |                                   |                                  |                                   |   |               |                      |  |            |     |    |
| (unaudited) (millions of Canadian dollars)      |                   |                 | EAD  | Notional of undrawn commitments | Exposure weighted-average (EAD %) | Exposure weighted-average (PD %) | Exposure weighted-average (LGD %) | Exposure weighted-average risk weight asset (RWA %) | RWA           | Expected Losses (EL) | EL adjusted average risk weight % <sup>(2)</sup> |            |     |    |
| <b>Canadian residential mortgage and HELOCs</b> | <b>Risk Grade</b> | <b>PD bands</b> |  |                                 |                                   |                                  |                                   |   |               |                      |  |            |     |    |
|   |                   |                 | <b>Insured Drawn and Undrawn<sup>(3)</sup></b> | Exceptionally low               | 0.000% - 0.144%                   | 1,724                            | –                                 | 100%  | 0.08%         | 18.0%                | 3.4%   | 58         | 0.2 | 4% |
|   |                   |                 | Very low                                       | 0.145% - 0.506%                 | 2,043                             | –                                | 100%                              | 0.29%   | 10.0%         | 5.0%                 | 103  | 0.6        | 5%  |    |
|   |                   |                 | Low  | 0.507% - 1.116%                 | 1,033                             | –                                | 100%                              | 0.77%   | 5.3%          | 5.4%                 | 56   | 0.4        | 6%  |    |
|   |                   |                 | Low  | 1.117% - 2.681%                 | 602                               | –                                | 100%                              | 1.74%   | 3.4%          | 6.0%                 | 36   | 0.4        | 7%  |    |
|   |                   |                 | Medium   | 2.682% - 9.348%                 | 458                               | –                                | 100%                              | 4.84%   | 2.7%          | 8.5%                 | 39   | 0.6        | 10% |    |
|   |                   |                 | High   | 9.349% - 99.99%                 | 137                               | –                                | 100%                              | 26.91%  | 2.6%          | 13.9%                | 19   | 1.0        | 23% |    |
|   |                   |                 | Default  | 100.00%                         | 68                                | –                                | 100%                              | 100.00%   | 2.7%          | 24.1%                | 16   | 1.1        | 45% |    |
|   |                   |                 | <b>6,065</b>                                   | <b>–</b>                        | <b>100%</b>                       | <b>2.52%</b>                     | <b>10.0%</b>                      | <b>5.4%</b>   | <b>327</b>    | <b>4.3</b>           | <b>6%</b>  |            |     |    |
| <b>Uninsured Undrawn<sup>(4)</sup></b>          | Exceptionally low | 0.000% - 0.144% | 4,086  | 9,544                           | 56%                               | 0.05%                            | 22.5%                             | 3.1%  | 128           | 0.5                  | 3%   |            |     |    |
|   | Very low          | 0.145% - 0.506% | 1,644  | 3,753                           | 72%                               | 0.26%                            | 23.4%                             | 11.3%   | 187           | 1.0                  | 12%  |            |     |    |
|   | Low               | 0.507% - 1.116% | 166  | 197                             | 89%                               | 0.72%                            | 23.7%                             | 23.7%   | 39            | 0.3                  | 26%  |            |     |    |
|   | Low               | 1.117% - 2.681% | 38   | 49                              | 83%                               | 1.62%                            | 23.5%                             | 40.3%   | 15            | 0.1                  | 45%  |            |     |    |
|   | Medium            | 2.682% - 9.348% | 12   | 14                              | 85%                               | 4.23%                            | 23.9%                             | 71.3%   | 8             | 0.1                  | 84%  |            |     |    |
|   | High              | 9.349% - 99.99% | 2  | 2                               | 88%                               | 16.78%                           | 23.7%                             | 122.7%  | 2             | 0.1                  | 172%   |            |     |    |
|   | Default           | 100.00%         | 2  | 3                               | 86%                               | 100.00%                          | 23.1%                             | 288.6%  | 6             | –                    | 289%   |            |     |    |
|   |                   |                 |  | <b>5,950</b>                    | <b>13,562</b>                     | <b>62%</b>                       | <b>0.19%</b>                      | <b>22.8%</b>  | <b>6.5%</b>   | <b>385</b>           | <b>2.1</b>                                       | <b>7%</b>  |     |    |
| <b>Uninsured Drawn<sup>(5)</sup></b>            | Exceptionally low | 0.000% - 0.144% | 15,750   |                                 |                                   | 0.07%                            | 22.7%                             | 4.1%  | 642           | 2.6                  | 4%   |            |     |    |
|   | Very low          | 0.145% - 0.506% | 12,230   |                                 |                                   | 0.27%                            | 25.1%                             | 12.5%   | 1,527         | 8.4                  | 13%  |            |     |    |
|   | Low               | 0.507% - 1.116% | 2,994  |                                 |                                   | 0.72%                            | 25.3%                             | 25.3%   | 757           | 5.5                  | 28%  |            |     |    |
|   | Low               | 1.117% - 2.681% | 845  |                                 |                                   | 1.67%                            | 25.3%                             | 44.0%   | 372           | 3.6                  | 49%  |            |     |    |
|   | Medium            | 2.682% - 9.348% | 431  |                                 |                                   | 4.68%                            | 25.5%                             | 79.8%   | 344           | 5.2                  | 95%  |            |     |    |
|   | High              | 9.349% - 99.99% | 180  |                                 |                                   | 26.58%                           | 26.5%                             | 140.3%  | 252           | 12.8                 | 230%   |            |     |    |
|   | Default           | 100.00%         | 63   |                                 |                                   | 100.00%                          | 26.1%                             | 207.1%  | 130           | 10.2                 | 410%   |            |     |    |
|   |                   |                 |  | <b>32,493</b>                   |                                   |                                  | <b>0.65%</b>                      | <b>24.0%</b>  | <b>12.4%</b>  | <b>4,024</b>         | <b>48.3</b>                                      | <b>14%</b> |     |    |
| <b>Qualifying revolving credit</b>              | Exceptionally low | 0.000% - 0.144% | 2,899  | 5,056                           | 58%                               | 0.05%                            | 72.1%                             | 2.4%  | 69            | 1.1                  | 3%   |            |     |    |
|   | Very low          | 0.145% - 0.506% | 1,068  | 820                             | 81%                               | 0.29%                            | 74.2%                             | 10.6%   | 113           | 2.3                  | 13%  |            |     |    |
|   | Low               | 0.507% - 1.116% | 645  | 282                             | 90%                               | 0.78%                            | 73.1%                             | 23.0%   | 148           | 3.7                  | 30%  |            |     |    |
|   | Low               | 1.117% - 2.681% | 602  | 184                             | 96%                               | 1.79%                            | 79.1%                             | 46.8%   | 282           | 8.6                  | 65%  |            |     |    |
|   | Medium            | 2.682% - 9.348% | 402  | 55                              | 102%                              | 4.51%                            | 79.9%                             | 88.9%   | 357           | 14.4                 | 134%   |            |     |    |
|   | High              | 9.349% - 99.99% | 79   | 4                               | 103%                              | 21.57%                           | 75.8%                             | 190.2%  | 151           | 13.6                 | 405%   |            |     |    |
|   | Default           | 100.00%         | 21   | –                               | 104%                              | 100.00%                          | 59.7%                             | 278.1%  | 58            | 10.3                 | 902%   |            |     |    |
|   |                   |                 |  | <b>5,716</b>                    | <b>6,401</b>                      | <b>74%</b>                       | <b>1.34%</b>                      | <b>73.9%</b>  | <b>20.6%</b>  | <b>1,178</b>         | <b>54.0</b>                                      | <b>32%</b> |     |    |
| <b>Other retail<sup>(6)</sup></b>               | Exceptionally low | 0.000% - 0.144% | 2,284  | 1,480                           | 83%                               | 0.07%                            | 41.3%                             | 7.1%  | 163           | 0.6                  | 7%   |            |     |    |
|   | Very low          | 0.145% - 0.506% | 2,799  | 391                             | 97%                               | 0.30%                            | 52.4%                             | 27.4%   | 767           | 4.4                  | 29%  |            |     |    |
|   | Low               | 0.507% - 1.116% | 2,368  | 307                             | 98%                               | 0.78%                            | 60.8%                             | 55.0%   | 1,303         | 11.4                 | 61%  |            |     |    |
|   | Low               | 1.117% - 2.681% | 1,646  | 119                             | 98%                               | 1.72%                            | 64.1%                             | 78.7%   | 1,295         | 18.3                 | 93%  |            |     |    |
|   | Medium            | 2.682% - 9.348% | 787  | 63                              | 98%                               | 4.46%                            | 63.9%                             | 92.9%   | 731           | 22.3                 | 128%   |            |     |    |
|   | High              | 9.349% - 99.99% | 195  | 9                               | 99%                               | 21.41%                           | 63.8%                             | 138.9%  | 271           | 27.4                 | 314%   |            |     |    |
|   | Default           | 100.00%         | 106  | 4                               | 99%                               | 100.00%                          | 57.3%                             | 365.7%  | 389           | 34.7                 | 773%   |            |     |    |
|   |                   |                 |  | <b>10,185</b>                   | <b>2,373</b>                      | <b>95%</b>                       | <b>2.36%</b>                      | <b>54.9%</b>  | <b>48.3%</b>  | <b>4,919</b>         | <b>119.1</b>                                     | <b>63%</b> |     |    |
|   |                   |                 | <b>60,409</b>                                  | <b>22,336</b>                   | <b>87%</b>                        | <b>1.14%</b>                     | <b>32.4%</b>                      | <b>17.9%</b>  | <b>10,833</b> | <b>227.8</b>         | <b>23%</b>                                       |            |     |    |

(1) Represents retail exposures under the AIRB approach. Amounts are before allowance for credit losses and after credit risk mitigation.

(2) EL adjusted average risk weight is calculated as  $(RWA + 12.5 \times EL) / EAD$ .

(3) Includes insured drawn and undrawn retail mortgages and home equity lines of credit.

(4) Includes only uninsured undrawn retail mortgages and home equity lines of credit.

(5) Includes only uninsured drawn retail mortgages and home equity lines of credit.

(6) Includes all other drawn and undrawn retail exposures.









# AIRB Credit Risk Exposure - Back-Testing<sup>(1)</sup>

|   | 2017                     |                         |  |                               |                                  |                               | 2016                     |                         |  |                               |                                  |                               |
|---|--------------------------|-------------------------|--|-------------------------------|----------------------------------|-------------------------------|--------------------------|-------------------------|--|-------------------------------|----------------------------------|-------------------------------|
|   | Q1                       |                         |  |                               |                                  |                               | Q4                       |                         |  |                               |                                  |                               |
|   | Average estimated (PD %) | Actual default rate (%) | Average estimated (LGD %) <sup>(2)</sup> | Actual (LGD %) <sup>(3)</sup> | Estimated (EAD %) <sup>(4)</sup> | Actual (EAD %) <sup>(4)</sup> | Average estimated (PD %) | Actual default rate (%) | Average estimated (LGD %) <sup>(2)</sup> | Actual (LGD %) <sup>(3)</sup> | Estimated (EAD %) <sup>(4)</sup> | Actual (EAD %) <sup>(4)</sup> |
| (unaudited) (millions of Canadian dollars)                                      |                          |                         |  |                               |                                  |                               |                          |                         |  |                               |                                  |                               |
| <b>Retail portfolio<sup>(5)</sup></b>   |                          |                         |  |                               |                                  |                               |                          |                         |  |                               |                                  |                               |
| Uninsured residential mortgages incl. Home equity line of credit <sup>(6)</sup> | 0.38%                    | 0.19%                   | 26.61%                                   | 12.02%                        | 98.12%                           | 81.17%                        | 0.38%                    | 0.18%                   | 26.58%                                   | 9.13%                         | 97.44%                           | 79.62%                        |
| Insured residential mortgages <sup>(7)</sup>                                    | 1.36%                    | 0.82%                   | 2.93%                                    | na                            | na                               | na                            | 1.34%                    | 0.88%                   | 2.91%                                    | na                            | na                               | na                            |
| Qualifying revolving retail   | 1.34%                    | 1.27%                   | 71.13%                                   | 78.11%                        | 98.63%                           | 96.83%                        | 1.28%                    | 1.29%                   | 73.72%                                   | 77.14%                        | 98.43%                           | 96.71%                        |
| Other retail  | 1.79%                    | 1.57%                   | 71.36%                                   | 59.02%                        | 97.22%                           | 91.55%                        | 1.70%                    | 1.63%                   | 71.01%                                   | 66.61%                        | 97.50%                           | 92.43%                        |
| <b>Wholesale &amp; Sovereign portfolio<sup>(8)</sup></b>                        |                          |                         |  |                               |                                  |                               |                          |                         |  |                               |                                  |                               |
| Corporate   | 1.47%                    | 0.44%                   | 41.68%                                   | 21.97%                        | 83.75%                           | 75.54%                        | 1.66%                    | 0.44%                   | 43.26%                                   | 19.08%                        | 81.65%                           | 76.47%                        |
| Sovereign <sup>(9)</sup>  | 0.04%                    | 0.00%                   | 11.54%                                   | na                            | 81.00%                           | na                            | 0.04%                    | 0.00%                   | 11.54%                                   | na                            | 81.00%                           | na                            |
| Financial Institutions <sup>(9)</sup>   | 0.58%                    | 0.00%                   | 39.00%                                   | na                            | 100.00%                          | na                            | 0.60%                    | 0.00%                   | 39.00%                                   | na                            | 100.00%                          | na                            |

|   | 2016                     |                         |  |                               |                                  |                               |                          |                         |  |                               |                                  |                               |
|---|--------------------------|-------------------------|--|-------------------------------|----------------------------------|-------------------------------|--------------------------|-------------------------|--|-------------------------------|----------------------------------|-------------------------------|
|   | Q3                       |                         |  |                               |                                  |                               | Q2                       |                         |  |                               |                                  |                               |
|   | Average estimated (PD %) | Actual default rate (%) | Average estimated (LGD %) <sup>(2)</sup> | Actual (LGD %) <sup>(3)</sup> | Estimated (EAD %) <sup>(4)</sup> | Actual (EAD %) <sup>(4)</sup> | Average estimated (PD %) | Actual default rate (%) | Average estimated (LGD %) <sup>(2)</sup> | Actual (LGD %) <sup>(3)</sup> | Estimated (EAD %) <sup>(4)</sup> | Actual (EAD %) <sup>(4)</sup> |
| (unaudited) (millions of Canadian dollars)                                      |                          |                         |  |                               |                                  |                               |                          |                         |  |                               |                                  |                               |
| <b>Retail portfolio<sup>(5)</sup></b>   |                          |                         |  |                               |                                  |                               |                          |                         |  |                               |                                  |                               |
| Uninsured residential mortgages incl. Home equity line of credit <sup>(6)</sup> | 0.41%                    | 0.18%                   | 27.34%                                   | 9.83%                         | 96.97%                           | 80.40%                        | 0.41%                    | 0.17%                   | 28.40%                                   | 9.43%                         | 97.09%                           | 76.12%                        |
| Insured residential mortgages <sup>(7)</sup>                                    | 1.37%                    | 0.89%                   | 2.87%                                    | na                            | na                               | na                            | 1.37%                    | 0.90%                   | 2.86%                                    | na                            | na                               | na                            |
| Qualifying revolving retail   | 1.30%                    | 1.29%                   | 71.98%                                   | 77.59%                        | 99.05%                           | 97.27%                        | 1.37%                    | 1.27%                   | 72.62%                                   | 78.60%                        | 99.95%                           | 97.69%                        |
| Other retail  | 1.81%                    | 1.62%                   | 70.54%                                   | 61.39%                        | 97.51%                           | 95.51%                        | 1.78%                    | 1.71%                   | 70.63%                                   | 60.15%                        | 93.01%                           | 94.07%                        |
| <b>Wholesale &amp; Sovereign portfolio<sup>(8)</sup></b>                        |                          |                         |  |                               |                                  |                               |                          |                         |  |                               |                                  |                               |
| Corporate   | 1.69%                    | 0.47%                   | 42.38%                                   | 23.65%                        | 81.86%                           | 77.95%                        | 1.71%                    | 0.55%                   | 42.08%                                   | 30.77%                        | 82.90%                           | 75.78%                        |
| Sovereign <sup>(9)</sup>  | 0.04%                    | 0.00%                   | 11.54%                                   | na                            | 81.00%                           | na                            | 0.04%                    | 0.00%                   | 11.54%                                   | na                            | 81.00%                           | na                            |
| Financial Institutions <sup>(9)</sup>   | 0.63%                    | 0.00%                   | 39.00%                                   | na                            | 100.00%                          | na                            | 0.61%                    | 0.00%                   | 39.00%                                   | na                            | 100.00%                          | na                            |

(1) Actual and estimated parameters are reported on a three-month lag. For example, for Q1 2017, estimated percentages are as of October 31, 2015 and actual percentages reflect experience in the following 12 months .

(2) Estimated LGD reflects loss estimates under a downturn economic scenario and is based on defaulted accounts.

(3) Actual LGD includes indirect costs and discount rate and is based on defaulted accounts on which recovery process is completed.

(4) Estimated and actual EAD are computed for revolving products only and are based on defaulted accounts.

(5) Retail PD and EAD are based on account weighted average whilst retail LGD is based on exposure weighted average.

(6) Actual and estimated EAD for residential mortgage is computed only for Home equity lines of credit since the conventional residential mortgages are non-revolving.

(7) Actual LGD for insured residential mortgages is n/a to reflect the credit risk mitigation from government backed entities.

(8) Wholesale and Sovereign's PD is based on borrower weighted average whilst the LGD and EAD are based on facility weighted average.

(9) Actual LGD for the Financial Institutions and Sovereign are na because no defaulted facilities recovery were completed during the period. Actual EAD are na because no default was observed during the period.



## Distribution of Gross Credit Risk Exposure (Non-Retail Portfolio by Industries)

|                                   | 2017                                |        |                     |        |                         |                 | 2016   |        |                     |        |                         |                 | 2015   |        |                     |        |                         |                 |
|-----------------------------------|-------------------------------------|--------|---------------------|--------|-------------------------|-----------------|--------|--------|---------------------|--------|-------------------------|-----------------|--------|--------|---------------------|--------|-------------------------|-----------------|
|                                   | Q1                                  |        |                     |        |                         |                 | Q4     |        |                     |        |                         |                 | Q3     |        |                     |        |                         |                 |
|                                   | EAD - Gross Exposure <sup>(1)</sup> |        |                     |        |                         |                 |        |        |                     |        |                         |                 |        |        |                     |        |                         |                 |
|                                   | Non-Retail Portfolio                | Drawn  | Undrawn commitments | Other  | Repo-style transactions | OTC Derivatives | Total  | Drawn  | Undrawn commitments | Other  | Repo-style transactions | OTC Derivatives | Total  | Drawn  | Undrawn commitments | Other  | Repo-style transactions | OTC Derivatives |
| Agriculture                       | 3,772                               | 285    | 8                   | -      | -                       | 4,065           | 3,572  | 349    | 6                   | -      | -                       | 3,927           | 3,688  | 227    | 6                   | -      | -                       | 3,921           |
| Oil and Gas                       | 2,019                               | 1,623  | 54                  | -      | -                       | 3,696           | 2,126  | 1,510  | 62                  | -      | -                       | 3,698           | 2,559  | 1,269  | 58                  | -      | -                       | 3,886           |
| Mining                            | 424                                 | 690    | 42                  | -      | -                       | 1,156           | 527    | 704    | 33                  | -      | -                       | 1,264           | 317    | 738    | 34                  | -      | -                       | 1,089           |
| Utilities                         | 2,302                               | 1,711  | 471                 | -      | -                       | 4,484           | 2,093  | 1,638  | 465                 | -      | -                       | 4,196           | 2,240  | 1,660  | 452                 | -      | -                       | 4,352           |
| Construction <sup>(2)</sup>       | 2,281                               | 1,025  | 214                 | -      | -                       | 3,520           | 2,200  | 1,151  | 212                 | -      | -                       | 3,563           | 2,249  | 1,122  | 210                 | -      | -                       | 3,581           |
| Manufacturing                     | 3,730                               | 2,221  | 214                 | -      | -                       | 6,165           | 3,516  | 2,065  | 231                 | -      | -                       | 5,812           | 3,765  | 1,921  | 258                 | -      | -                       | 5,944           |
| Wholesale Trade                   | 1,903                               | 743    | 39                  | -      | -                       | 2,685           | 1,918  | 723    | 39                  | -      | -                       | 2,680           | 1,832  | 652    | 46                  | -      | -                       | 2,530           |
| Retail Trade                      | 2,765                               | 1,615  | 43                  | -      | -                       | 4,423           | 2,790  | 913    | 45                  | -      | -                       | 3,748           | 2,695  | 1,106  | 45                  | -      | -                       | 3,846           |
| Transportation                    | 2,376                               | 1,792  | 105                 | 51     | -                       | 4,324           | 2,812  | 1,753  | 97                  | 17     | -                       | 4,679           | 2,426  | 1,631  | 94                  | -      | -                       | 4,151           |
| Communications                    | 1,511                               | 681    | 259                 | -      | -                       | 2,451           | 1,511  | 686    | 285                 | -      | -                       | 2,482           | 1,467  | 652    | 283                 | -      | -                       | 2,402           |
| Finance and Insurance             | 22,259                              | 1,829  | 919                 | 76,261 | 774                     | 102,042         | 22,090 | 1,440  | 865                 | 66,450 | 679                     | 91,524          | 23,136 | 1,311  | 751                 | 75,497 | 775                     | 101,470         |
| Real Estate <sup>(3)</sup>        | 7,942                               | 898    | 34                  | 59     | -                       | 8,933           | 7,746  | 814    | 29                  | 61     | -                       | 8,650           | 7,669  | 697    | 27                  | 72     | -                       | 8,465           |
| Professional Services             | 1,220                               | 771    | 303                 | -      | 2                       | 2,296           | 1,174  | 721    | 320                 | -      | -                       | 2,215           | 1,137  | 730    | 330                 | -      | -                       | 2,197           |
| Education & Health Care           | 2,545                               | 1,290  | 7                   | 5      | -                       | 3,847           | 2,473  | 1,325  | 7                   | 8      | -                       | 3,813           | 2,524  | 1,224  | 7                   | -      | -                       | 3,755           |
| Other Services                    | 4,511                               | 1,106  | 275                 | 7      | -                       | 5,899           | 4,485  | 1,193  | 294                 | 3      | -                       | 5,975           | 4,336  | 1,056  | 220                 | -      | -                       | 5,612           |
| Government                        | 5,024                               | 1,471  | 17                  | 16,587 | -                       | 23,099          | 4,715  | 1,287  | 23                  | 14,716 | -                       | 20,741          | 4,657  | 1,170  | 17                  | 4,525  | -                       | 10,369          |
| Other                             | 2,032                               | -      | 648                 | 719    | -                       | 3,399           | 2,350  | 19     | 621                 | 557    | -                       | 3,547           | 2,394  | 149    | 652                 | -      | -                       | 3,195           |
| Total – Non-retail <sup>(4)</sup> | 68,616                              | 19,751 | 3,652               | 93,689 | 776                     | 186,484         | 68,098 | 18,291 | 3,634               | 81,812 | 679                     | 172,514         | 69,091 | 17,315 | 3,490               | 80,094 | 775                     | 170,765         |

|                                   | 2016                                |        |                     |        |                         |                 | 2015   |        |                     |        |                         |                 | 2014   |        |                     |        |                         |                 |
|-----------------------------------|-------------------------------------|--------|---------------------|--------|-------------------------|-----------------|--------|--------|---------------------|--------|-------------------------|-----------------|--------|--------|---------------------|--------|-------------------------|-----------------|
|                                   | Q2                                  |        |                     |        |                         |                 | Q1     |        |                     |        |                         |                 | Q4     |        |                     |        |                         |                 |
|                                   | EAD - Gross Exposure <sup>(1)</sup> |        |                     |        |                         |                 |        |        |                     |        |                         |                 |        |        |                     |        |                         |                 |
|                                   | Non-Retail Portfolio                | Drawn  | Undrawn commitments | Other  | Repo-style transactions | OTC Derivatives | Total  | Drawn  | Undrawn commitments | Other  | Repo-style transactions | OTC Derivatives | Total  | Drawn  | Undrawn commitments | Other  | Repo-style transactions | OTC Derivatives |
| Agriculture                       | 3,604                               | 238    | 6                   | -      | -                       | 3,848           | 3,586  | 190    | 6                   | -      | -                       | 3,782           | 3,509  | 190    | 6                   | -      | -                       | 3,705           |
| Oil and Gas                       | 2,911                               | 1,572  | 64                  | -      | -                       | 4,547           | 3,204  | 1,661  | 62                  | -      | -                       | 4,927           | 3,175  | 1,921  | 66                  | -      | -                       | 5,162           |
| Mining                            | 357                                 | 493    | 30                  | -      | -                       | 880             | 494    | 397    | 34                  | -      | -                       | 925             | 391    | 380    | 124                 | -      | -                       | 895             |
| Utilities                         | 2,071                               | 1,901  | 380                 | -      | -                       | 4,352           | 1,979  | 1,944  | 374                 | -      | -                       | 4,297           | 1,758  | 2,023  | 367                 | -      | -                       | 4,148           |
| Construction <sup>(2)</sup>       | 2,226                               | 1,186  | 207                 | -      | -                       | 3,619           | 2,179  | 1,191  | 210                 | -      | -                       | 3,580           | 2,185  | 1,263  | 207                 | -      | -                       | 3,655           |
| Manufacturing                     | 3,615                               | 1,968  | 250                 | -      | -                       | 5,833           | 3,641  | 2,125  | 266                 | -      | -                       | 6,032           | 3,573  | 1,978  | 268                 | -      | -                       | 5,819           |
| Wholesale Trade                   | 1,819                               | 628    | 53                  | -      | -                       | 2,500           | 1,735  | 634    | 55                  | -      | -                       | 2,424           | 1,814  | 533    | 50                  | -      | -                       | 2,397           |
| Retail Trade                      | 3,159                               | 785    | 46                  | -      | -                       | 3,990           | 3,094  | 851    | 51                  | -      | -                       | 3,996           | 2,830  | 1,002  | 49                  | -      | -                       | 3,881           |
| Transportation                    | 1,886                               | 1,596  | 75                  | -      | -                       | 3,557           | 2,062  | 1,573  | 79                  | -      | -                       | 3,714           | 1,932  | 1,562  | 80                  | -      | -                       | 3,574           |
| Communications                    | 1,416                               | 631    | 279                 | -      | -                       | 2,326           | 1,321  | 522    | 288                 | -      | -                       | 2,131           | 1,212  | 545    | 283                 | -      | -                       | 2,040           |
| Finance and Insurance             | 18,142                              | 1,328  | 767                 | 64,283 | 968                     | 85,488          | 19,801 | 1,568  | 671                 | 66,444 | 852                     | 89,336          | 18,847 | 1,670  | 660                 | 72,179 | 1,127                   | 94,483          |
| Real Estate <sup>(3)</sup>        | 7,595                               | 675    | 30                  | 70     | -                       | 8,370           | 7,914  | 587    | 32                  | 59     | -                       | 8,592           | 7,508  | 554    | 32                  | 63     | -                       | 8,157           |
| Professional Services             | 1,069                               | 662    | 348                 | -      | -                       | 2,079           | 943    | 715    | 352                 | -      | -                       | 2,010           | 980    | 685    | 348                 | -      | -                       | 2,013           |
| Education & Health Care           | 2,526                               | 1,506  | 6                   | -      | -                       | 4,038           | 2,758  | 1,073  | 7                   | -      | -                       | 3,838           | 2,453  | 1,069  | 6                   | -      | -                       | 3,528           |
| Other Services                    | 4,102                               | 1,094  | 295                 | 1,175  | -                       | 6,666           | 4,049  | 1,077  | 286                 | -      | -                       | 5,412           | 3,988  | 988    | 250                 | -      | -                       | 5,226           |
| Government                        | 4,939                               | 1,153  | 14                  | 2,216  | -                       | 8,322           | 4,314  | 1,238  | 11                  | 674    | 1                       | 6,238           | 3,974  | 1,243  | 11                  | 615    | -                       | 5,843           |
| Other                             | 2,243                               | 117    | 600                 | -      | -                       | 2,960           | 2,374  | 161    | 602                 | -      | -                       | 3,137           | 1,895  | -      | 625                 | -      | -                       | 2,520           |
| Total – Non-retail <sup>(4)</sup> | 63,680                              | 17,533 | 3,450               | 67,744 | 968                     | 153,375         | 65,448 | 17,507 | 3,386               | 67,177 | 853                     | 154,371         | 62,024 | 17,606 | 3,432               | 72,857 | 1,127                   | 157,046         |

(1) EAD amounts are after securitization and exclude trading related portfolio.

(2) Includes some public private partnership and project finance loans.

(3) Includes residential mortgages 5 units and more.

(4) This total excludes SME retail exposure.



## Gross Credit Risk Exposure at Default in Europe<sup>(1)</sup>

| (unaudited)<br>(millions of Canadian dollars) | 2017       |                     |  |                 |  |               | 2016       |                     |  |                 |  |              | 2016       |                     |  |                 |  |               |
|---|------------|---------------------|--|-----------------|--|---------------|------------|---------------------|--|-----------------|--|--------------|------------|---------------------|--|-----------------|--|---------------|
|   | Q1         |                     |  |                 |  |               | Q4         |                     |  |                 |  |              | Q3         |                     |  |                 |  |               |
|   | Drawn      | Undrawn commitments | Repo-style transactions <sup>(2)</sup> | OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total         | Drawn      | Undrawn commitments | Repo-style transactions <sup>(2)</sup> | OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        | Drawn      | Undrawn commitments | Repo-style transactions <sup>(2)</sup> | OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total         |
| Greece  | -          | -                   | -                                      | -               | -  | -             | -          | -                   | -                                      | -               | -  | -            | -          | -                   | -                                      | -               | -  | -             |
| Ireland                                       | 13         | -                   | 1,102                                  | 3               | -  | 1,118         | -          | -                   | 1,183                                  | 2               | -  | 1,185        | -          | -                   | 1,675                                  | 3               | -  | 1,678         |
| Italy   | -          | -                   | -                                      | -               | 1  | 1             | -          | -                   | -                                      | -               | 1  | 1            | -          | -                   | -                                      | -               | 1  | 1             |
| Portugal                                      | -          | -                   | -                                      | -               | -  | -             | -          | -                   | -                                      | -               | -  | -            | -          | -                   | -                                      | -               | -  | -             |
| Spain   | 23         | -                   | -                                      | -               | 81   | 104           | 25         | -                   | -                                      | -               | 91   | 116          | 20         | -                   | -                                      | -               | 90   | 110           |
| <b>Total GIIPS</b>                            | <b>36</b>  | <b>-</b>            | <b>1,102</b>                           | <b>3</b>        | <b>82</b>                                    | <b>1,223</b>  | <b>25</b>  | <b>-</b>            | <b>1,183</b>                           | <b>2</b>        | <b>92</b>                                    | <b>1,302</b> | <b>20</b>  | <b>-</b>            | <b>1,675</b>                           | <b>3</b>        | <b>91</b>                                    | <b>1,789</b>  |
| France  | 15         | 39                  | 1,379                                  | 220             | 264  | 1,917         | 157        | 41                  | 1,208                                  | 175             | 296  | 1,877        | 54         | 33                  | 1,210                                  | 261             | 292  | 1,850         |
| Germany                                       | -          | -                   | -                                      | 8               | 38   | 46            | 11         | -                   | -                                      | 7               | 41   | 59           | 1          | -                   | -                                      | 16              | 51   | 68            |
| United Kingdom                                | 235        | 5                   | 4,647                                  | 918             | 5  | 5,810         | 57         | 5                   | 2,377                                  | 961             | 4  | 3,404        | 70         | 5                   | 3,915                                  | 834             | 5  | 4,829         |
| Other Europe                                  | 34         | -                   | 1,702                                  | 151             | 16   | 1,903         | 45         | -                   | 1,661                                  | 155             | 19   | 1,880        | 68         | -                   | 1,237                                  | 193             | 19   | 1,517         |
| <b>Total - Credit Risk</b>                    | <b>320</b> | <b>44</b>           | <b>8,830</b>                           | <b>1,300</b>    | <b>405</b>                                   | <b>10,899</b> | <b>295</b> | <b>46</b>           | <b>6,429</b>                           | <b>1,300</b>    | <b>452</b>                                   | <b>8,522</b> | <b>213</b> | <b>38</b>           | <b>8,037</b>                           | <b>1,307</b>    | <b>458</b>                                   | <b>10,053</b> |

| Adjustment to exposure for collateral        | Drawn      | Undrawn commitments | Net Repo-Style transactions and OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        | Drawn      | Undrawn commitments | Net Repo-Style transactions and OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        | Drawn      | Undrawn commitments | Net Repo-Style transactions and OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        |
|--|------------|---------------------|---|--|--------------|------------|---------------------|---|--|--------------|------------|---------------------|---|--|--------------|
| <b>Total - Net Credit Risk<sup>(4)</sup></b> | <b>320</b> | <b>44</b>           | <b>2,126</b>                                    | <b>405</b>                                   | <b>2,895</b> | <b>295</b> | <b>46</b>           | <b>1,684</b>                                    | <b>452</b>                                   | <b>2,477</b> | <b>213</b> | <b>38</b>           | <b>1,700</b>                                    | <b>458</b>                                   | <b>2,409</b> |

| (unaudited)<br>(millions of Canadian dollars) | 2016       |                     |  |                 |  |              | 2016       |                     |  |                 |  |               | 2015       |                     |  |                 |  |              |
|---|------------|---------------------|--|-----------------|--|--------------|------------|---------------------|--|-----------------|--|---------------|------------|---------------------|--|-----------------|--|--------------|
|   | Q2         |                     |  |                 |  |              | Q1         |                     |  |                 |  |               | Q4         |                     |  |                 |  |              |
|   | Drawn      | Undrawn commitments | Repo-style transactions <sup>(2)</sup> | OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        | Drawn      | Undrawn commitments | Repo-style transactions <sup>(2)</sup> | OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total         | Drawn      | Undrawn commitments | Repo-style transactions <sup>(2)</sup> | OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        |
| Greece  | -          | -                   | -                                      | -               | -  | -            | -          | -                   | -                                      | -               | -  | -             | -          | -                   | -                                      | -               | -  | -            |
| Ireland                                       | -          | -                   | 1,503                                  | 1               | -  | 1,504        | 1          | -                   | 865                                    | 1               | -  | 867           | -          | -                   | 784                                    | -               | -  | 784          |
| Italy   | -          | -                   | -                                      | -               | 1  | 1            | -          | -                   | -                                      | 1               | -  | 1             | -          | -                   | -                                      | -               | -  | -            |
| Portugal                                      | -          | -                   | -                                      | -               | -  | -            | -          | -                   | -                                      | -               | -  | -             | -          | -                   | -                                      | -               | -  | -            |
| Spain   | 25         | -                   | -                                      | -               | 132  | 157          | 25         | -                   | -                                      | -               | 134  | 159           | 30         | -                   | -                                      | 1               | 102  | 133          |
| <b>Total GIIPS</b>                            | <b>25</b>  | <b>-</b>            | <b>1,503</b>                           | <b>1</b>        | <b>133</b>                                   | <b>1,662</b> | <b>26</b>  | <b>-</b>            | <b>865</b>                             | <b>1</b>        | <b>135</b>                                   | <b>1,027</b>  | <b>30</b>  | <b>-</b>            | <b>784</b>                             | <b>1</b>        | <b>102</b>                                   | <b>917</b>   |
| France  | 21         | -                   | 154                                    | 91              | 285  | 551          | 98         | -                   | 1,254                                  | 250             | 285  | 1,887         | 47         | 4                   | 1,794                                  | 502             | 220  | 2,567        |
| Germany                                       | -          | -                   | -                                      | 38              | 51   | 89           | 4          | -                   | -                                      | 27              | 57   | 88            | 6          | 103                 | -                                      | 23              | 44   | 176          |
| United Kingdom                                | 71         | 5                   | 3,660                                  | 744             | 5  | 4,485        | 135        | 5                   | 4,452                                  | 1,058           | 13   | 5,663         | 269        | 5                   | 3,831                                  | 786             | 10   | 4,901        |
| Other Europe                                  | 139        | -                   | 852                                    | 253             | 18   | 1,262        | 165        | -                   | 1,076                                  | 286             | 21   | 1,548         | 195        | 12                  | 847                                    | 308             | 16   | 1,378        |
| <b>Total - Credit Risk</b>                    | <b>256</b> | <b>5</b>            | <b>6,169</b>                           | <b>1,127</b>    | <b>492</b>                                   | <b>8,049</b> | <b>428</b> | <b>5</b>            | <b>7,647</b>                           | <b>1,622</b>    | <b>511</b>                                   | <b>10,213</b> | <b>547</b> | <b>124</b>          | <b>7,256</b>                           | <b>1,620</b>    | <b>392</b>                                   | <b>9,939</b> |

| Adjustment to exposure for collateral        | Drawn      | Undrawn commitments | Net Repo-Style transactions and OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        | Drawn      | Undrawn commitments | Net Repo-Style transactions and OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        | Drawn      | Undrawn commitments | Net Repo-Style transactions and OTC derivatives | Other off-balance sheet items <sup>(3)</sup> | Total        |
|--|------------|---------------------|---|--|--------------|------------|---------------------|---|--|--------------|------------|---------------------|---|--|--------------|
| <b>Total - Net Credit Risk<sup>(4)</sup></b> | <b>256</b> | <b>5</b>            | <b>1,538</b>                                    | <b>492</b>                                   | <b>2,291</b> | <b>428</b> | <b>5</b>            | <b>1,838</b>                                    | <b>511</b>                                   | <b>2,782</b> | <b>547</b> | <b>124</b>          | <b>1,969</b>                                    | <b>392</b>                                   | <b>3,032</b> |

(1) Exposure at default is the expected gross exposure upon the default of an obligor. This amount is before any specific allowance or partial write-offs and does not reflect the impact of credit risk mitigation and collateral held. This table excludes Equity exposures.

(2) Represents securities purchased under reverse repurchase agreements and sold under repurchase agreements, and securities borrowed and loaned.

(3) Letters of guarantee and credit that represent the Bank's commitment to make payments in the event that a client cannot meet its financial obligations to third parties.

(4) For drawn, undrawn and Other off-balance sheet exposures, eligible financial collateral is taken into account in the Bank's Loss Given Default (LGD) models.



## Formation of Gross Impaired Loans and Allowance for Credit Losses

(unaudited) (millions of Canadian dollars)

|  | 2017        | 2016        |             |             |             | 2015        |             |             |             | YTD         |             | Full Year    |              |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
|  | Q1          | Q4          | Q3          | Q2          | Q1          | Q4          | Q3          | Q2          | Q1          | 2017        | 2016        | 2016         | 2015         |
| <b>Formation of Gross Impaired Loans<sup>(1)</sup> (by sector)</b> |             |             |             |             |             |             |             |             |             |             |             |              |              |
| Opening balance  | 492         | 452         | 521         | 434         | 457         | 449         | 446         | 389         | 486         | 492         | 457         | 457          | 486          |
| Write-offs   |             |             |             |             |             |             |             |             |             |             |             |              |              |
| Personal and Commercial  |             |             |             |             |             |             |             |             |             |             |             |              |              |
| Retail   | (18)        | (20)        | (18)        | (20)        | (23)        | (23)        | (18)        | (21)        | (21)        | (18)        | (23)        | (81)         | (83)         |
| Commercial   | (10)        | (19)        | (66)        | (5)         | (20)        | (11)        | (16)        | (15)        | (62)        | (10)        | (20)        | (110)        | (104)        |
| Wealth Management  | (3)         | (1)         | (2)         | (1)         | (2)         | (1)         | (1)         | (1)         | (1)         | (3)         | (2)         | (6)          | (4)          |
| Financial Markets  | -           | -           | -           | -           | -           | -           | (6)         | -           | -           | -           | -           | -            | (6)          |
| U.S. Specialty Finance and International                           |             |             |             |             |             |             |             |             |             |             |             |              |              |
| Credigy  | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -            | -            |
| ABA Bank <sup>(2)</sup>  | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -            | -            |
| Other  | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -            | -            |
| <b>Total write-offs</b>  | <b>(31)</b> | <b>(40)</b> | <b>(86)</b> | <b>(26)</b> | <b>(45)</b> | <b>(35)</b> | <b>(41)</b> | <b>(37)</b> | <b>(84)</b> | <b>(31)</b> | <b>(45)</b> | <b>(197)</b> | <b>(197)</b> |
| Formation  |             |             |             |             |             |             |             |             |             |             |             |              |              |
| Personal and Commercial  |             |             |             |             |             |             |             |             |             |             |             |              |              |
| Retail   | 23          | 17          | 11          | 21          | 23          | 23          | 16          | 28          | 22          | 23          | 23          | 72           | 89           |
| Commercial   | (43)        | 60          | 6           | 89          | (5)         | 19          | 24          | 65          | (37)        | (43)        | (5)         | 150          | 71           |
| Wealth Management  | -           | 2           | (1)         | 3           | 4           | 1           | 4           | 1           | 2           | -           | 4           | 8            | 8            |
| Financial Markets  | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -            | -            |
| U.S. Specialty Finance and International                           |             |             |             |             |             |             |             |             |             |             |             |              |              |
| Credigy  | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -            | -            |
| ABA Bank <sup>(2)</sup>  | 1           | 1           | 1           | -           | -           | -           | -           | -           | -           | 1           | -           | 2            | -            |
| Other  | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -            | -            |
| <b>Total formation</b>   | <b>(19)</b> | <b>80</b>   | <b>17</b>   | <b>113</b>  | <b>22</b>   | <b>43</b>   | <b>44</b>   | <b>94</b>   | <b>(13)</b> | <b>(19)</b> | <b>22</b>   | <b>232</b>   | <b>168</b>   |
| <b>Closing balance</b>   | <b>442</b>  | <b>492</b>  | <b>452</b>  | <b>521</b>  | <b>434</b>  | <b>457</b>  | <b>449</b>  | <b>446</b>  | <b>389</b>  | <b>442</b>  | <b>434</b>  | <b>492</b>   | <b>457</b>   |

|  | 2017       | 2016       |            |            |            | 2015       |            |            |            | YTD        |            | Full Year  |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|  | Q1         | Q4         | Q3         | Q2         | Q1         | Q4         | Q3         | Q2         | Q1         | 2017       | 2016       | 2016       | 2015       |
| <b>Formation of Gross Impaired Loans (by activity)</b> |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Opening balance  | 492        | 452        | 521        | 434        | 457        | 449        | 446        | 389        | 486        | 492        | 457        | 457        | 486        |
| Classified as impaired during the period               | 79         | 190        | 204        | 211        | 145        | 135        | 149        | 187        | 107        | 79         | 145        | 750        | 578        |
| Transferred to not impaired during the period          | (5)        | (4)        | (6)        | (6)        | (3)        | (5)        | (7)        | (8)        | (3)        | (5)        | (3)        | (19)       | (23)       |
| Net repayments   | (60)       | (80)       | (158)      | (66)       | (91)       | (64)       | (78)       | (62)       | (100)      | (60)       | (91)       | (395)      | (304)      |
| Write-offs   | (54)       | (59)       | (104)      | (45)       | (64)       | (53)       | (60)       | (54)       | (97)       | (54)       | (64)       | (272)      | (264)      |
| Recoveries of loans previously written off             | (7)        | (7)        | (6)        | (5)        | (4)        | (5)        | (5)        | (7)        | (5)        | (7)        | (4)        | (22)       | (22)       |
| Disposals of loans                                     | -          | -          | -          | -          | -          | -          | -          | -          | (1)        | -          | -          | -          | (1)        |
| Exchange and other movements                           | (3)        | -          | 1          | (2)        | (6)        | -          | 4          | 1          | 2          | (3)        | (6)        | (7)        | 7          |
| <b>Closing balance</b>                                 | <b>442</b> | <b>492</b> | <b>452</b> | <b>521</b> | <b>434</b> | <b>457</b> | <b>449</b> | <b>446</b> | <b>389</b> | <b>442</b> | <b>434</b> | <b>492</b> | <b>457</b> |

|   | 2017       | 2016       |            |            |            | 2015       |            |            |            | YTD        |            | Full Year  |            |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|   | Q1         | Q4         | Q3         | Q2         | Q1         | Q4         | Q3         | Q2         | Q1         | 2017       | 2016       | 2016       | 2015       |
| <b>Allowance for Credit Losses</b>                                      |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Allowances at beginning   | 781        | 780        | 837        | 566        | 569        | 561        | 563        | 561        | 604        | 781        | 569        | 569        | 604        |
| Write-offs  | (61)       | (66)       | (110)      | (50)       | (68)       | (58)       | (65)       | (61)       | (103)      | (61)       | (68)       | (294)      | (287)      |
| Recoveries of amounts written off in previous years                     | 6          | 7          | 8          | 5          | 5          | 5          | 6          | 5          | 5          | 6          | 5          | 25         | 21         |
| Charge to income statement (provision for credit losses) <sup>(3)</sup> | 60         | 59         | 45         | 317        | 63         | 61         | 56         | 57         | 54         | 60         | 63         | 484        | 228        |
| Disposal of loans   | -          | -          | -          | -          | -          | -          | -          | -          | 1          | -          | -          | -          | 1          |
| Exchange and other movements  | -          | 1          | -          | (1)        | (3)        | -          | 1          | 1          | -          | -          | (3)        | (3)        | 2          |
| <b>Allowances at end</b>  | <b>786</b> | <b>781</b> | <b>780</b> | <b>837</b> | <b>566</b> | <b>569</b> | <b>561</b> | <b>563</b> | <b>561</b> | <b>786</b> | <b>566</b> | <b>781</b> | <b>569</b> |

(1) Credit card receivables are not included.

(2) The Bank completed the acquisition of Advanced Bank of Asia Limited (ABA Bank) during the third quarter of 2016.

(3) During the second quarter of 2016, a \$250 million sectoral provision for credit losses was recorded for producers and service companies in the oil and gas sector.



## Gross Credit Exposure by Residual Contractual Maturity<sup>(1)</sup>

| (unaudited) (millions of Canadian dollars) | 2017           |               |               |                | 2016           |               |               |                |                |               |               |                |
|--|----------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|
|  | Q1             |               |               |                | Q4             |               |               |                | Q3             |               |               |                |
|  | Within 1 year  | 1 to 5 years  | Over 5 years  | Total          | Within 1 year  | 1 to 5 years  | Over 5 years  | Total          | Within 1 year  | 1 to 5 years  | Over 5 years  | Total          |
| <b>Retail</b>                              |                |               |               |                |                |               |               |                |                |               |               |                |
| Residential mortgages                      | 26,437         | 16,037        | 255           | 42,729         | 27,348         | 16,855        | 305           | 44,508         | 27,940         | 16,793        | 312           | 45,045         |
| Qualifying revolving retail                | 5,633          | –             | –             | 5,633          | 5,716          | –             | –             | 5,716          | 5,692          | –             | –             | 5,692          |
| Other retail                               | 5,232          | 2,844         | 2,183         | 10,259         | 5,181          | 2,837         | 2,167         | 10,185         | 5,197          | 2,832         | 2,077         | 10,106         |
|  | <b>37,302</b>  | <b>18,881</b> | <b>2,438</b>  | <b>58,621</b>  | <b>38,245</b>  | <b>19,692</b> | <b>2,472</b>  | <b>60,409</b>  | <b>38,829</b>  | <b>19,625</b> | <b>2,389</b>  | <b>60,843</b>  |
| <b>Non-retail</b>                          |                |               |               |                |                |               |               |                |                |               |               |                |
| Corporate                                  | 48,276         | 18,534        | 2,062         | 68,872         | 47,848         | 17,643        | 2,061         | 67,552         | 40,456         | 17,015        | 2,019         | 59,490         |
| Sovereign                                  | 45,614         | 11,990        | 5,041         | 62,645         | 40,121         | 11,829        | 5,144         | 57,094         | 26,525         | 10,899        | 5,430         | 42,854         |
| Financial Institutions                     | 48,068         | 990           | 15            | 49,073         | 39,702         | 1,880         | 2             | 41,584         | 60,350         | 1,925         | 43            | 62,318         |
|  | <b>141,958</b> | <b>31,514</b> | <b>7,118</b>  | <b>180,590</b> | <b>127,671</b> | <b>31,352</b> | <b>7,207</b>  | <b>166,230</b> | <b>127,331</b> | <b>29,839</b> | <b>7,492</b>  | <b>164,662</b> |
| <b>Trading book</b>                        | <b>1,410</b>   | <b>4,736</b>  | <b>2,911</b>  | <b>9,057</b>   | <b>1,322</b>   | <b>4,847</b>  | <b>3,195</b>  | <b>9,364</b>   | <b>1,069</b>   | <b>4,958</b>  | <b>3,426</b>  | <b>9,453</b>   |
| <b>Total</b>                               | <b>180,670</b> | <b>55,131</b> | <b>12,467</b> | <b>248,268</b> | <b>167,238</b> | <b>55,891</b> | <b>12,874</b> | <b>236,003</b> | <b>167,229</b> | <b>54,422</b> | <b>13,307</b> | <b>234,958</b> |

| (unaudited) (millions of Canadian dollars) | 2016           |               |               |                |                |               |               |                | 2015           |               |               |                |
|--|----------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|
|  | Q2             |               |               |                | Q1             |               |               |                | Q4             |               |               |                |
|  | Within 1 year  | 1 to 5 years  | Over 5 years  | Total          | Within 1 year  | 1 to 5 years  | Over 5 years  | Total          | Within 1 year  | 1 to 5 years  | Over 5 years  | Total          |
| <b>Retail</b>                              |                |               |               |                |                |               |               |                |                |               |               |                |
| Residential mortgages                      | 27,803         | 15,024        | 269           | 43,096         | 28,416         | 15,175        | 244           | 43,835         | 28,320         | 14,630        | 313           | 43,263         |
| Qualifying revolving retail                | 5,442          | –             | –             | 5,442          | 5,105          | –             | –             | 5,105          | 5,198          | –             | –             | 5,198          |
| Other retail                               | 5,165          | 2,841         | 1,908         | 9,914          | 5,193          | 2,768         | 1,863         | 9,824          | 5,265          | 2,736         | 1,786         | 9,787          |
|  | <b>38,410</b>  | <b>17,865</b> | <b>2,177</b>  | <b>58,452</b>  | <b>38,714</b>  | <b>17,943</b> | <b>2,107</b>  | <b>58,764</b>  | <b>38,783</b>  | <b>17,366</b> | <b>2,099</b>  | <b>58,248</b>  |
| <b>Non-retail</b>                          |                |               |               |                |                |               |               |                |                |               |               |                |
| Corporate                                  | 37,654         | 16,231        | 3,077         | 56,962         | 34,930         | 18,286        | 3,451         | 56,667         | 33,479         | 18,609        | 3,140         | 55,228         |
| Sovereign                                  | 18,659         | 10,441        | 6,006         | 35,106         | 19,110         | 10,778        | 5,992         | 35,880         | 19,200         | 10,345        | 5,791         | 35,336         |
| Financial Institutions                     | 53,799         | 1,979         | 16            | 55,794         | 54,571         | 1,984         | 18            | 56,573         | 57,338         | 2,749         | 2,482         | 62,569         |
|  | <b>110,112</b> | <b>28,651</b> | <b>9,099</b>  | <b>147,862</b> | <b>108,611</b> | <b>31,048</b> | <b>9,461</b>  | <b>149,120</b> | <b>110,017</b> | <b>31,703</b> | <b>11,413</b> | <b>153,133</b> |
| <b>Trading book</b>                        | <b>2,201</b>   | <b>5,344</b>  | <b>2,550</b>  | <b>10,095</b>  | <b>1,973</b>   | <b>5,376</b>  | <b>3,500</b>  | <b>10,849</b>  | <b>1,050</b>   | <b>5,714</b>  | <b>3,035</b>  | <b>9,799</b>   |
| <b>Total</b>                               | <b>150,723</b> | <b>51,860</b> | <b>13,826</b> | <b>216,409</b> | <b>149,298</b> | <b>54,367</b> | <b>15,068</b> | <b>218,733</b> | <b>149,850</b> | <b>54,783</b> | <b>16,547</b> | <b>221,180</b> |

(1) Gross credit exposure is the expected exposure upon the default of an obligor before any specific allowances or credit risk mitigation.



## Credit Risk Mitigation - Guarantees and Credit Derivatives

| (unaudited) (millions of Canadian dollars) | 2017                        |                     | 2016                        |                     |                             |                     |
|--|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|  | Q1                          |                     | Q4                          |                     | Q3                          |                     |
| Total exposure covered by:                 | Standardized <sup>(1)</sup> | AIRB <sup>(2)</sup> | Standardized <sup>(1)</sup> | AIRB <sup>(2)</sup> | Standardized <sup>(1)</sup> | AIRB <sup>(2)</sup> |
| <b>Retail</b>                              |                             |                     |                             |                     |                             |                     |
| Residential mortgage                       | 426                         | 3,302               | 427                         | 5,364               | 1,146                       | 6,259               |
| Qualifying revolving retail                | -                           | -                   | -                           | -                   | -                           | -                   |
| Other retail                               | 2,705                       | 188                 | 2,650                       | 195                 | 2,578                       | 195                 |
|  | <b>3,131</b>                | <b>3,490</b>        | <b>3,077</b>                | <b>5,559</b>        | <b>3,724</b>                | <b>6,454</b>        |
| <b>Non-retail</b>                          |                             |                     |                             |                     |                             |                     |
| Corporate                                  | 1,056                       | 2,012               | 797                         | 2,096               | 712                         | 2,099               |
| Sovereign                                  | -                           | -                   | -                           | -                   | -                           | -                   |
| Financial Institutions                     | -                           | -                   | -                           | -                   | -                           | -                   |
|  | <b>1,056</b>                | <b>2,012</b>        | <b>797</b>                  | <b>2,096</b>        | <b>712</b>                  | <b>2,099</b>        |
| <b>Trading book</b>                        | -                           | 23                  | -                           | 10                  | -                           | 16                  |
| <b>Total</b>                               | <b>4,187</b>                | <b>5,525</b>        | <b>3,874</b>                | <b>7,665</b>        | <b>4,436</b>                | <b>8,569</b>        |

| (unaudited) (millions of Canadian dollars) | 2016                        |                     |                             |                     | 2015                        |                     |
|--|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|  | Q2                          |                     | Q1                          |                     | Q4                          |                     |
| Total exposure covered by:                 | Standardized <sup>(1)</sup> | AIRB <sup>(2)</sup> | Standardized <sup>(1)</sup> | AIRB <sup>(2)</sup> | Standardized <sup>(1)</sup> | AIRB <sup>(2)</sup> |
| <b>Retail</b>                              |                             |                     |                             |                     |                             |                     |
| Residential mortgage                       | 963                         | 4,737               | 541                         | 5,534               | 593                         | 5,615               |
| Qualifying revolving retail                | -                           | -                   | -                           | -                   | -                           | -                   |
| Other retail                               | 2,694                       | 203                 | 2,809                       | 299                 | 2,646                       | 299                 |
|  | <b>3,657</b>                | <b>4,940</b>        | <b>3,350</b>                | <b>5,833</b>        | <b>3,239</b>                | <b>5,914</b>        |
| <b>Non-retail</b>                          |                             |                     |                             |                     |                             |                     |
| Corporate                                  | 1,016                       | 2,178               | 1,107                       | 2,489               | 636                         | 2,529               |
| Sovereign                                  | -                           | -                   | -                           | -                   | -                           | -                   |
| Financial Institutions                     | -                           | -                   | -                           | -                   | -                           | -                   |
|  | <b>1,016</b>                | <b>2,178</b>        | <b>1,107</b>                | <b>2,489</b>        | <b>636</b>                  | <b>2,529</b>        |
| <b>Trading book</b>                        | -                           | 17                  | -                           | 34                  | -                           | 19                  |
| <b>Total</b>                               | <b>4,673</b>                | <b>7,135</b>        | <b>4,457</b>                | <b>8,356</b>        | <b>3,875</b>                | <b>8,462</b>        |

(1) No eligible financial collateral.

(2) For exposures under the AIRB approach, eligible financial collateral is taken into account in the Bank's Loss Given Default (LGD) models. Separate disclosure of eligible financial collateral is, therefore, not required.



## Banking Book Equity

| (unaudited)<br>(millions of Canadian dollars) | 2017            |                      |  |                                 | 2016            |                      |  |                                 |                 |                      |  |                                 |
|---|-----------------|----------------------|--|---------------------------------|-----------------|----------------------|--|---------------------------------|-----------------|----------------------|--|---------------------------------|
|   | Q1              |                      |  |                                 | Q4              |                      |  |                                 | Q3              |                      |  |                                 |
|   | Total exposures | Unfunded commitments | On balance sheet exposures at carrying value | Gross unrealized gains (losses) | Total exposures | Unfunded commitments | On balance sheet exposures at carrying value | Gross unrealized gains (losses) | Total exposures | Unfunded commitments | On balance sheet exposures at carrying value | Gross unrealized gains (losses) |
| Public  | 563             | –                    | 563  | 99                              | 529             | –                    | 529  | 36                              | 525             | –                    | 525  | 9                               |
| Private                                       | 323             | 40                   | 283  | 70                              | 346             | 40                   | 306  | 69                              | 341             | 40                   | 301  | 62                              |
|   | <b>886</b>      | <b>40</b>            | <b>846</b>                                   | <b>169</b>                      | <b>875</b>      | <b>40</b>            | <b>835</b>                                   | <b>105</b>                      | <b>866</b>      | <b>40</b>            | <b>826</b>                                   | <b>71</b>                       |

| (unaudited)<br>(millions of Canadian dollars) | 2016            |                      |  |                                 |                 |                      |  |                                 | 2015            |                      |  |                                 |
|---|-----------------|----------------------|--|---------------------------------|-----------------|----------------------|--|---------------------------------|-----------------|----------------------|--|---------------------------------|
|   | Q2              |                      |  |                                 | Q1              |                      |  |                                 | Q4              |                      |  |                                 |
|   | Total exposures | Unfunded commitments | On balance sheet exposures at carrying value | Gross unrealized gains (losses) | Total exposures | Unfunded commitments | On balance sheet exposures at carrying value | Gross unrealized gains (losses) | Total exposures | Unfunded commitments | On balance sheet exposures at carrying value | Gross unrealized gains (losses) |
| Public  | 527             | –                    | 527  | (17)                            | 537             | –                    | 537  | (118)                           | 565             | –                    | 565  | (54)                            |
| Private                                       | 307             | 35                   | 272  | 66                              | 298             | 35                   | 263  | 56                              | 281             | 35                   | 246  | 51                              |
|   | <b>834</b>      | <b>35</b>            | <b>799</b>                                   | <b>49</b>                       | <b>835</b>      | <b>35</b>            | <b>800</b>                                   | <b>(62)</b>                     | <b>846</b>      | <b>35</b>            | <b>811</b>                                   | <b>(3)</b>                      |



## Credit Derivative Positions (notional amounts)

| (unaudited)<br>(millions of Canadian dollars) | 2017                            |                 |                      |                 | 2016                            |                 |                      |                 |                                 |                 |                      |                 |
|---|---------------------------------|-----------------|----------------------|-----------------|---------------------------------|-----------------|----------------------|-----------------|---------------------------------|-----------------|----------------------|-----------------|
|   | Q1                              |                 |                      |                 | Q4                              |                 |                      |                 | Q3                              |                 |                      |                 |
|   | Credit portfolio <sup>(1)</sup> |                 | Trading              |                 | Credit portfolio <sup>(1)</sup> |                 | Trading              |                 | Credit portfolio <sup>(1)</sup> |                 | Trading              |                 |
|   | Protection purchased            | Protection sold | Protection purchased | Protection sold | Protection purchased            | Protection sold | Protection purchased | Protection sold | Protection purchased            | Protection sold | Protection purchased | Protection sold |
| Credit default swaps                          |                                 |                 |                      |                 |                                 |                 |                      |                 |                                 |                 |                      |                 |
| Indices, singles names and other              | 125                             | 20              | 1,402                | 966             | 60                              | 20              | 1,188                | 627             | 59                              | 20              | 1,728                | 1,059           |
| Tranches on indices                           | -                               | -               | -                    | -               | -                               | -               | -                    | -               | -                               | -               | -                    | -               |
| Total return swaps                            | -                               | -               | 216                  | -               | -                               | -               | 217                  | -               | -                               | -               | 239                  | -               |
| Credit options                                | -                               | -               | -                    | -               | -                               | -               | 27                   | 27              | -                               | -               | 41                   | 15              |

| (unaudited)<br>(millions of Canadian dollars) | 2016                            |                 |                      |                 |                                 |                 |                      |                 | 2015                            |                 |                      |                 |
|---|---------------------------------|-----------------|----------------------|-----------------|---------------------------------|-----------------|----------------------|-----------------|---------------------------------|-----------------|----------------------|-----------------|
|   | Q2                              |                 |                      |                 | Q1                              |                 |                      |                 | Q4                              |                 |                      |                 |
|   | Credit portfolio <sup>(1)</sup> |                 | Trading              |                 | Credit portfolio <sup>(1)</sup> |                 | Trading              |                 | Credit portfolio <sup>(1)</sup> |                 | Trading              |                 |
|   | Protection purchased            | Protection sold | Protection purchased | Protection sold | Protection purchased            | Protection sold | Protection purchased | Protection sold | Protection purchased            | Protection sold | Protection purchased | Protection sold |
| Credit default swaps                          |                                 |                 |                      |                 |                                 |                 |                      |                 |                                 |                 |                      |                 |
| Indices, singles names and other              | 88                              | 19              | 1,411                | 677             | 63                              | 21              | 1,319                | 533             | 59                              | 20              | 991                  | 364             |
| Tranches on indices                           | -                               | -               | -                    | -               | -                               | -               | -                    | -               | -                               | -               | -                    | 21              |
| Total return swaps                            | -                               | -               | 177                  | -               | -                               | -               | 186                  | -               | -                               | -               | 157                  | -               |
| Credit options                                | -                               | -               | 38                   | 38              | -                               | -               | 63                   | 63              | -                               | -               | 26                   | 26              |

(1) Protection sold solely for the purpose of reducing protection purchased.





## Derivatives Financial Instruments According to Basel Definition

|  | 2017    | 2016    |         |         |         |
|--|---------|---------|---------|---------|---------|
|  | Q1      | Q4      | Q3      | Q2      | Q1      |
| (unaudited) (millions of Canadian dollars)           |         |         |         |         |         |
| <b>Under Basel III</b>                               |         |         |         |         |         |
| <b>Foreign Exchange Related Contracts</b>            |         |         |         |         |         |
| Swaps  | 182,895 | 195,181 | 185,738 | 205,355 | 205,049 |
| Options  |         |         |         |         |         |
| - purchased  | 6,883   | 7,302   | 8,387   | 9,564   | 10,381  |
| - sold   | 6,698   | 6,990   | 7,861   | 9,439   | 11,660  |
| Exchange traded and OTC futures contracts            | 31,777  | 34,832  | 62,710  | 28,677  | 30,470  |
| Total notional amount                                | 228,253 | 244,305 | 264,696 | 253,035 | 257,560 |
| Replacement cost                                     |         |         |         |         |         |
| - gross  | 4,248   | 4,188   | 3,752   | 6,054   | 6,551   |
| - net <sup>(1)</sup>                                 | 2,347   | 2,649   | 2,366   | 3,154   | 3,962   |
| Future credit risk                                   | 2,009   | 1,959   | 2,033   | 2,086   | 2,035   |
| Credit equivalent <sup>(2)</sup>                     | 4,356   | 4,608   | 4,399   | 5,240   | 5,997   |
| Risk-weighted equivalent <sup>(3)</sup>              | 1,247   | 1,242   | 1,291   | 1,375   | 1,810   |
| <b>Interest Rate Related Contracts</b>               |         |         |         |         |         |
| Swaps  | 404,712 | 398,214 | 377,655 | 378,617 | 437,908 |
| Options  |         |         |         |         |         |
| - purchased  | 18,834  | 23,527  | 9,604   | 13,150  | 19,424  |
| - sold   | 21,887  | 23,601  | 5,765   | 7,831   | 12,293  |
| Exchange traded and OTC futures contracts            | 14,899  | 13,316  | 7,840   | 6,480   | 7,506   |
| Total notional amount                                | 460,332 | 458,658 | 400,864 | 406,078 | 477,131 |
| Replacement cost                                     |         |         |         |         |         |
| - gross  | 4,215   | 5,930   | 7,629   | 5,966   | 7,190   |
| - net <sup>(1)</sup>                                 | 1,129   | 1,353   | 1,609   | 1,663   | 1,648   |
| Future credit risk                                   | 1,398   | 1,402   | 1,513   | 1,548   | 1,606   |
| Credit equivalent <sup>(2)</sup>                     | 2,527   | 2,755   | 3,122   | 3,211   | 3,254   |
| Risk-weighted equivalent <sup>(3)</sup>              | 588     | 774     | 927     | 911     | 875     |
| <b>Financial Futures</b>                             |         |         |         |         |         |
| Total notional amount                                | 111,574 | 116,470 | 121,080 | 101,956 | 108,307 |
| <b>Equity and Commodity Contracts</b>                |         |         |         |         |         |
| Total notional amount                                | 49,932  | 46,873  | 46,099  | 41,417  | 42,108  |
| Replacement cost                                     |         |         |         |         |         |
| - gross  | 2,641   | 2,482   | 2,712   | 2,990   | 3,416   |
| - net <sup>(1)</sup>                                 | 2,176   | 2,154   | 2,447   | 2,640   | 3,084   |
| Future credit risk                                   | 2,194   | 2,037   | 1,899   | 1,638   | 1,693   |
| Credit equivalent <sup>(2)</sup>                     | 4,370   | 4,191   | 4,346   | 4,278   | 4,777   |
| Risk-weighted equivalent <sup>(3)</sup>              | 368     | 324     | 314     | 515     | 537     |
| <b>Credit Derivatives</b>                            |         |         |         |         |         |
| Total notional amount (trading only) <sup>(5)</sup>  | 2,585   | 2,086   | 3,082   | 2,341   | 2,164   |
| Total Return Swap Notional Amount <sup>(4) (5)</sup> | 31,389  | 30,477  | 27,900  | 27,064  | 25,101  |
| Replacement cost                                     |         |         |         |         |         |
| - gross  | 173     | 104     | 101     | 81      | 90      |
| - net <sup>(1)</sup>                                 | 33      | 34      | 27      | 42      | 40      |
| Future credit risk                                   | 1,005   | 982     | 917     | 1,001   | 929     |
| Credit equivalent <sup>(2)</sup>                     | 1,038   | 1,016   | 944     | 1,043   | 969     |
| Risk-weighted equivalent <sup>(3)</sup>              | 141     | 142     | 122     | 88      | 81      |
| <b>Total Derivatives</b>                             |         |         |         |         |         |
| Total notional amount                                | 884,065 | 898,869 | 863,721 | 831,891 | 912,371 |
| Replacement cost                                     |         |         |         |         |         |
| - gross  | 11,277  | 12,704  | 14,194  | 15,091  | 17,247  |
| - net <sup>(1)</sup>                                 | 5,685   | 6,190   | 6,449   | 7,499   | 8,734   |
| Future credit risk                                   | 6,606   | 6,380   | 6,362   | 6,273   | 6,263   |
| Credit equivalent <sup>(2)</sup>                     | 12,291  | 12,570  | 12,811  | 13,772  | 14,997  |
| Risk-weighted equivalent <sup>(3)</sup>              | 2,344   | 2,482   | 2,654   | 2,889   | 3,303   |

(1) Net replacement cost is gross positive replacement cost with consideration of master netting agreements without consideration of collateral.

(2) Includes the impact of master netting agreements but excludes collateral.

(3) Risk weighted amounts reported are net of impact of collaterals and master netting agreements.

(4) Securitised exposure recognized for capital ratio but not for consolidated balance sheet purposes due to IFRS standards.

(5) Trading Credit Derivatives only.



## Over The Counter Derivatives Financial Instruments Settled by Central Counterparties<sup>(1)</sup>

|  | 2017                      |                                   |                                       | 2016                      |                                   |                                       |                           |                                   |                                       |
|--|---------------------------|-----------------------------------|---------------------------------------|---------------------------|-----------------------------------|---------------------------------------|---------------------------|-----------------------------------|---------------------------------------|
|  | Q1                        |                                   |                                       | Q4                        |                                   |                                       | Q3                        |                                   |                                       |
|  | Exchange-traded contracts | OTC-Traded                        |                                       | Exchange-traded contracts | OTC-Traded                        |                                       | Exchange-traded contracts | OTC-Traded                        |                                       |
|  |                           | Settled by central counterparties | Not settled by central counterparties |                           | Settled by central counterparties | Not settled by central counterparties |                           | Settled by central counterparties | Not settled by central counterparties |
| (unaudited)<br>(millions of Canadian dollars)                    |                           |                                   |                                       |                           |                                   |                                       |                           |                                   |                                       |
| Interest rate contracts  | 144,792                   | 303,632                           | 123,482                               | 155,838                   | 297,612                           | 121,678                               | 129,581                   | 265,437                           | 126,926                               |
| Foreign exchange contracts                                       | 459                       | –                                 | 227,794                               | 821                       | –                                 | 243,484                               | 160                       | –                                 | 264,536                               |
| Equity, commodity and credit derivative contracts <sup>(2)</sup> | 19,567                    | 2,741                             | 61,598                                | 18,658                    | 1,977                             | 58,801                                | 17,778                    | 2,792                             | 56,511                                |

|  | 2016                      |                                   |                                       | 2016                      |                                   |                                       | 2015                      |                                   |                                       |
|--|---------------------------|-----------------------------------|---------------------------------------|---------------------------|-----------------------------------|---------------------------------------|---------------------------|-----------------------------------|---------------------------------------|
|  | Q2                        |                                   |                                       | Q1                        |                                   |                                       | Q4                        |                                   |                                       |
|  | Exchange-traded contracts | OTC-Traded                        |                                       | Exchange-traded contracts | OTC-Traded                        |                                       | Exchange-traded contracts | OTC-Traded                        |                                       |
|  |                           | Settled by central counterparties | Not settled by central counterparties |                           | Settled by central counterparties | Not settled by central counterparties |                           | Settled by central counterparties | Not settled by central counterparties |
| (unaudited)<br>(millions of Canadian dollars)                    |                           |                                   |                                       |                           |                                   |                                       |                           |                                   |                                       |
| Interest rate contracts  | 115,717                   | 267,983                           | 124,333                               | 132,266                   | 318,318                           | 134,854                               | 80,417                    | 295,829                           | 146,126                               |
| Foreign exchange contracts                                       | 129                       | –                                 | 252,907                               | 179                       | –                                 | 257,381                               | 220                       | –                                 | 232,554                               |
| Equity, commodity and credit derivative contracts <sup>(2)</sup> | 13,263                    | 1,880                             | 55,679                                | 14,122                    | 1,513                             | 53,738                                | 12,936                    | 1,319                             | 53,825                                |

(1) Notional amounts.

(2) Credit derivative contracts in non-trading book are excluded.



## Aggregate Amount of Securitization Exposures

| (unaudited) (millions of Canadian dollars)                           | 2017             |                   |                  | 2016             |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
|--|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|
|  | Q1               |                   | Trading book     | Q4               |                   |                  | Q3               |                   |                  | Q2               |                   |                  | Q1               |                   |                  |
|  | Banking Book     |                   | Trading book     | Banking Book     |                   | Trading book     | Banking Book     |                   | Trading book     | Banking Book     |                   | Trading book     | Banking Book     |                   | Trading book     |
|  | On balance sheet | Off balance sheet | On balance sheet | On balance sheet | Off balance sheet | On balance sheet | On balance sheet | Off balance sheet | On balance sheet | On balance sheet | Off balance sheet | On balance sheet | On balance sheet | Off balance sheet | On balance sheet |
| <b>Bank's own assets</b>   |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Traditional exposures  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Insured Mortgage loans   |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Retained <sup>(1)</sup>  | 7,484            | -                 | -                | 5,457            | -                 | -                | 3,748            | -                 | -                | 4,341            | -                 | -                | 3,420            | -                 | -                |
| Credit Cards   |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Retained <sup>(1)</sup>  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Seller's interest  | 158              | 329               | -                | 213              | 426               | -                | 209              | 419               | -                | 193              | 391               | -                | 164              | 340               | -                |
| Purchased <sup>(2)</sup>   | 478              | -                 | -                | 89               | -                 | -                | 89               | -                 | -                | 89               | -                 | -                | 89               | -                 | -                |
| <b>Total - Bank's own assets</b>                                     | <b>8,120</b>     | <b>329</b>        | <b>-</b>         | <b>5,759</b>     | <b>426</b>        | <b>-</b>         | <b>4,046</b>     | <b>419</b>        | <b>-</b>         | <b>4,623</b>     | <b>391</b>        | <b>-</b>         | <b>3,673</b>     | <b>340</b>        | <b>-</b>         |
| <b>Third party assets</b>  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Sponsored  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Traditional exposures <sup>(3)</sup>                                 |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Residential Mortgages - Insured                                      | -                | 1,671             | 1                | -                | 1,744             | 2                | -                | 1,790             | 1                | -                | 1,440             | 19               | -                | 1,204             | 7                |
| Residential Mortgages - conventional                                 | -                | 694               | 1                | -                | 738               | 1                | -                | 734               | -                | -                | 562               | 7                | -                | 483               | 3                |
| Fleet Lease Receivables  | -                | 255               | -                | -                | 258               | -                | -                | 261               | -                | -                | 259               | 3                | -                | 263               | 1                |
| Auto Floorplans  | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                |
| Auto Loans   | -                | 136               | -                | -                | 136               | -                | -                | 137               | -                | -                | 136               | 2                | -                | 141               | 1                |
| Purchased  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Traditional exposures  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Insured Mortgage loans - MBS   | 4,198            | -                 | 1,885            | 4,377            | -                 | 1,732            | 4,536            | -                 | 1,207            | 4,715            | -                 | 1,388            | 5,240            | -                 | 1,390            |
| Credit Cards - ABS   | 478              | -                 | 42               | 89               | -                 | 26               | 89               | -                 | 36               | 89               | -                 | 49               | 89               | -                 | 68               |
| Home Equity - ABS  | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                |
| Commercial mortgage back securities (CMBS)                           | 12               | -                 | -                | 13               | -                 | -                | 13               | -                 | -                | 13               | -                 | -                | 13               | -                 | -                |
| Collateralized debt obligation (CDO)                                 | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                |
| Collateralized mortgage obligation (CMO)                             | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                |
| Other  | 488              | -                 | -                | 477              | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                |
| Synthetic exposures  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| CDX tranches   | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                |
| Resecuritized exposures  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |                  |                   |                  |
| Master Asset Vehicules <sup>(4)</sup>                                | -                | -                 | -                | 542              | -                 | -                | 543              | -                 | -                | 543              | -                 | -                | 545              | -                 | -                |
| Commercial paper not included in the Pan-Canadian restructuring plan | -                | -                 | -                | 74               | -                 | -                | 92               | -                 | -                | 91               | -                 | -                | 102              | -                 | -                |
| Collateralized mortgage obligation (CMO)                             | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                | -                | -                 | -                |
| <b>Total - Third party assets</b>                                    | <b>5,176</b>     | <b>2,756</b>      | <b>1,929</b>     | <b>5,572</b>     | <b>2,876</b>      | <b>1,761</b>     | <b>5,273</b>     | <b>2,922</b>      | <b>1,244</b>     | <b>5,451</b>     | <b>2,397</b>      | <b>1,468</b>     | <b>5,989</b>     | <b>2,091</b>      | <b>1,470</b>     |
| <b>Total - Bank</b>  | <b>13,296</b>    | <b>3,085</b>      | <b>1,929</b>     | <b>11,331</b>    | <b>3,302</b>      | <b>1,761</b>     | <b>9,319</b>     | <b>3,341</b>      | <b>1,244</b>     | <b>10,074</b>    | <b>2,788</b>      | <b>1,468</b>     | <b>9,662</b>     | <b>2,431</b>      | <b>1,470</b>     |

(1) The Retained exposures for insured mortgage loans and credit card receivables are treated under the AIRB Framework as if they remained on the Bank's balance sheet.

(2) The credit card receivable purchased held from Bank's own assets securitization represent the Bank's interest in investment grade subordinated notes issued.

(3) Sponsored Traditional exposures comprise Bank's committed amount to the Fusion Trust and Clarity Trust liquidity facility lines as well as the Bank's purchased note of Fusion Trust and Clarity Trust.

(4) Resecuritized exposures comprise the carrying value of the restructured notes held by the Bank and the Bank's committed amount to the margin funding facility related to the MAV.



## Capital Requirements for Securitization Exposures Under Securitization Framework

| (unaudited) (millions of Canadian dollars)                           | 2017                                 |                      |                                      |                      |                                      |                      |                                      |                      | 2016                                 |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |
|--|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|
|  | Q1                                   |                      |                                      |                      | Q4                                   |                      |                                      |                      | Q3                                   |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |
|  | Banking Book                         |                      | Trading book                         |                      | Banking Book                         |                      | Trading book                         |                      | Banking Book                         |                      | Trading book                         |                      |                                      |                      |                                      |                      |                                      |                      |
|  | On balance sheet                     | Off balance sheet    | On balance sheet                     | Off balance sheet    | On balance sheet                     | Off balance sheet    | On balance sheet                     | Off balance sheet    | On balance sheet                     | Off balance sheet    | On balance sheet                     | Off balance sheet    |                                      |                      |                                      |                      |                                      |                      |
|  | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets |
| <b>Bank's own assets<sup>(1)</sup></b>                               |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |
| Credit Cards   |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |
| Seller's interest exposure <sup>(2)</sup>                            | 157                                  | 103                  | 329                                  | 44                   | -                                    | -                    | 213                                  | 136                  | 426                                  | 58                   | -                                    | -                    | 209                                  | 131                  | 419                                  | 58                   | -                                    | -                    |
| Purchased  | 478                                  | 54                   | -                                    | -                    | -                                    | -                    | 89                                   | 41                   | -                                    | -                    | -                                    | -                    | 89                                   | 41                   | -                                    | -                    | -                                    | -                    |
| <b>Total - Bank's own assets</b>                                     | <b>635</b>                           | <b>157</b>           | <b>329</b>                           | <b>44</b>            | <b>-</b>                             | <b>-</b>             | <b>302</b>                           | <b>177</b>           | <b>426</b>                           | <b>58</b>            | <b>-</b>                             | <b>-</b>             | <b>298</b>                           | <b>172</b>           | <b>419</b>                           | <b>58</b>            | <b>-</b>                             | <b>-</b>             |
| <b>Third party assets</b>  |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |
| <b>Securitized</b>   |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |
| 7% - 30%   | 953                                  | 71                   | 2,756                                | 214                  | 42                                   | 29                   | 536                                  | 11                   | 2,876                                | 235                  | 26                                   | 21                   | 59                                   | 11                   | 2,922                                | 171                  | 36                                   | 25                   |
| 35% - 100%   | 26                                   | 19                   | -                                    | -                    | -                                    | -                    | 43                                   | 32                   | -                                    | -                    | -                                    | -                    | 43                                   | 32                   | -                                    | -                    | -                                    | -                    |
| 150% - 850%  | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| 1250 %   | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| Home Equity - ABS  | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| Collateralized mortgage obligation (CMO)                             | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| Others   | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| <b>Resecuritized</b>   |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |                                      |                      |
| 7% - 30%   | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| 35% - 100%   | -                                    | -                    | -                                    | -                    | -                                    | -                    | 500                                  | 210                  | -                                    | -                    | -                                    | -                    | 515                                  | 216                  | -                                    | -                    | -                                    | -                    |
| 150% - 850%  | -                                    | -                    | -                                    | -                    | -                                    | -                    | 113                                  | 301                  | -                                    | -                    | -                                    | -                    | 116                                  | 309                  | -                                    | -                    | -                                    | -                    |
| 1250 %   | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| Master Asset Vehicules   | -                                    | -                    | -                                    | -                    | -                                    | -                    | 3                                    | 42                   | -                                    | -                    | -                                    | -                    | 4                                    | 46                   | -                                    | -                    | -                                    | -                    |
| Commercial paper not included in the Pan-Canadian restructuring plan | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| Collateralized mortgage obligation (CMO)                             | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    | -                                    | -                    |
| <b>Total - Third party assets</b>                                    | <b>979</b>                           | <b>90</b>            | <b>2,756</b>                         | <b>214</b>           | <b>42</b>                            | <b>29</b>            | <b>1,195</b>                         | <b>596</b>           | <b>2,876</b>                         | <b>235</b>           | <b>26</b>                            | <b>21</b>            | <b>737</b>                           | <b>614</b>           | <b>2,922</b>                         | <b>171</b>           | <b>36</b>                            | <b>25</b>            |
| <b>Total</b>   | <b>1,614</b>                         | <b>247</b>           | <b>3,085</b>                         | <b>258</b>           | <b>42</b>                            | <b>29</b>            | <b>1,497</b>                         | <b>773</b>           | <b>3,302</b>                         | <b>293</b>           | <b>26</b>                            | <b>21</b>            | <b>1,035</b>                         | <b>786</b>           | <b>3,341</b>                         | <b>229</b>           | <b>36</b>                            | <b>25</b>            |

| (unaudited) (millions of Canadian dollars)                           | 2016                                 |                      |                                  |                      |                                      |                      |                                      |                      | 2015                             |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |
|--|--------------------------------------|----------------------|----------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|----------------------------------|----------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|----------------------------------|----------------------|--------------------------------------|----------------------|
|  | Q2                                   |                      |                                  |                      | Q1                                   |                      |                                      |                      | Q4                               |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |
|  | Banking Book                         |                      | Trading book                     |                      | Banking Book                         |                      | Trading book                         |                      | Banking Book                     |                      | Trading book                         |                      |                                      |                      |                                  |                      |                                      |                      |
|  | On balance sheet                     | Off balance sheet    | On balance sheet                 | Off balance sheet    | On balance sheet                     | Off balance sheet    | On balance sheet                     | Off balance sheet    | On balance sheet                 | Off balance sheet    | On balance sheet                     | Off balance sheet    |                                      |                      |                                  |                      |                                      |                      |
|  | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets | Inferred Ratings Exposure Amount | Risk-Weighted Assets | RBA/Inferred Ratings Exposure Amount | Risk-Weighted Assets |
| <b>Bank's own assets<sup>(1)</sup></b>                               |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |
| Credit Cards   |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |
| Seller's interest exposure <sup>(2)</sup>                            | 193                                  | 123                  | 391                              | 56                   | -                                    | -                    | 164                                  | 109                  | 340                              | 49                   | -                                    | -                    | 206                                  | 133                  | 404                              | 60                   | -                                    | -                    |
| Purchased  | 89                                   | 41                   | -                                | -                    | -                                    | -                    | 89                                   | 41                   | -                                | -                    | -                                    | -                    | 89                                   | 41                   | -                                | -                    | -                                    | -                    |
| <b>Total - Bank's own assets</b>                                     | <b>282</b>                           | <b>164</b>           | <b>391</b>                       | <b>56</b>            | <b>-</b>                             | <b>-</b>             | <b>253</b>                           | <b>150</b>           | <b>340</b>                       | <b>49</b>            | <b>-</b>                             | <b>-</b>             | <b>295</b>                           | <b>174</b>           | <b>404</b>                       | <b>60</b>            | <b>-</b>                             | <b>-</b>             |
| <b>Third party assets</b>  |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |
| <b>Securitized</b>   |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |
| 7% - 30%   | 59                                   | 11                   | 2,397                            | 165                  | 49                                   | 34                   | 60                                   | 11                   | 2,091                            | 156                  | 68                                   | 47                   | 60                                   | 11                   | 2,234                            | 158                  | 49                                   | 29                   |
| 35% - 100%   | 43                                   | 32                   | -                                | -                    | -                                    | -                    | 43                                   | 32                   | -                                | -                    | -                                    | -                    | 43                                   | 32                   | -                                | -                    | -                                    | -                    |
| 150% - 850%  | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| 1250 %   | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| Home Equity - ABS  | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| Collateralized mortgage obligation (CMO)                             | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| Others   | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| <b>Resecuritized</b>   |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |                                      |                      |                                  |                      |                                      |                      |
| 7% - 30%   | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| 35% - 100%   | 516                                  | 217                  | -                                | -                    | -                                    | -                    | 529                                  | 238                  | -                                | -                    | -                                    | -                    | 529                                  | 238                  | -                                | -                    | -                                    | -                    |
| 150% - 850%  | 114                                  | 307                  | -                                | -                    | -                                    | -                    | 113                                  | 303                  | -                                | -                    | -                                    | -                    | 112                                  | 300                  | -                                | -                    | -                                    | -                    |
| 1250 %   | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| Master Asset Vehicules   | 4                                    | 49                   | -                                | -                    | -                                    | -                    | 4                                    | 55                   | -                                | -                    | -                                    | -                    | 5                                    | 59                   | -                                | -                    | -                                    | -                    |
| Commercial paper not included in the Pan-Canadian restructuring plan | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| Collateralized mortgage obligation (CMO)                             | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    | -                                    | -                    | -                                | -                    | -                                    | -                    |
| <b>Total - Third party assets</b>                                    | <b>736</b>                           | <b>616</b>           | <b>2,397</b>                     | <b>165</b>           | <b>49</b>                            | <b>34</b>            | <b>749</b>                           | <b>639</b>           | <b>2,091</b>                     | <b>156</b>           | <b>68</b>                            | <b>47</b>            | <b>749</b>                           | <b>640</b>           | <b>2,234</b>                     | <b>158</b>           | <b>49</b>                            | <b>29</b>            |
| <b>Total</b>   | <b>1,018</b>                         | <b>780</b>           | <b>2,788</b>                     | <b>221</b>           | <b>49</b>                            | <b>34</b>            | <b>1,002</b>                         | <b>789</b>           | <b>2,431</b>                     | <b>205</b>           | <b>68</b>                            | <b>47</b>            | <b>1,044</b>                         | <b>814</b>           | <b>2,638</b>                     | <b>218</b>           | <b>49</b>                            | <b>29</b>            |

(1) Since inception, no capital has been assessed for the Bank's early amortization provisions associated with the securitized credit cards portfolio because the excess spread of the underlying portfolio has remained above the threshold for which capital charge would be incurred.

(2) Seller's interest exposure are treated under AIRB Approach.



## Asset Securitization - Managed Loans

|   | 2017                             |  |                |   |  | 2016                             |  |                |   |  |                                  |  |                |   |  |
|---|----------------------------------|--|----------------|---|--|----------------------------------|--|----------------|---|--|----------------------------------|--|----------------|---|--|
|   | Q1                               |  |                |   |  | Q4                               |  |                |   |  | Q3                               |  |                |   |  |
|   | Total gross loans <sup>(1)</sup> | Gross impaired loans and other past due loans <sup>(2)</sup> | Net write-offs | Securitization activities for the quarter ended | Exposure amount intended to be securitized | Total gross loans <sup>(1)</sup> | Gross impaired loans and other past due loans <sup>(2)</sup> | Net write-offs | Securitization activities for the quarter ended | Exposure amount intended to be securitized | Total gross loans <sup>(1)</sup> | Gross impaired loans and other past due loans <sup>(2)</sup> | Net write-offs | Securitization activities for the quarter ended | Exposure amount intended to be securitized |
| (unaudited)<br>(millions of Canadian dollars) |                                  |  |                |   |  |                                  |  |                |   |  |                                  |  |                |   |  |
| <b>Banking Book</b>                           |                                  |  |                |   |  |                                  |  |                |   |  |                                  |  |                |   |  |
| Insured mortgage loans                        | 21,093                           | –  | –              | 3,749   | –  | 18,709                           | –  | –              | 3,134   | –  | 17,123                           | –  | –              | 1,134   | –  |
| Credit card receivables                       | 1,389                            | 8  | 12             | 461   | –  | 1,389                            | 8  | 11             | –   | –  | 1,389                            | 8  | 12             | –   | –  |
| <b>Total</b>                                  | <b>22,482</b>                    | <b>8</b>   | <b>12</b>      | <b>4,210</b>                                    | <b>–</b>                                   | <b>20,098</b>                    | <b>8</b>   | <b>11</b>      | <b>3,134</b>                                    | <b>–</b>                                   | <b>18,512</b>                    | <b>8</b>   | <b>12</b>      | <b>1,134</b>                                    | <b>–</b>                                   |
| <b>Trading Book</b>                           |                                  |  |                |   |  |                                  |  |                |   |  |                                  |  |                |   |  |
| Insured mortgage loans                        | 5,850                            | –  | –              | 383   | 282  | 5,631                            | –  | –              | 1,389   | 323  | 4,324                            | –  | –              | 513   | 1,045                                      |

|   | 2016                             |  |                |   |  | 2015                             |  |                |   |  |                                  |  |                |   |  |
|---|----------------------------------|--|----------------|---|--|----------------------------------|--|----------------|---|--|----------------------------------|--|----------------|---|--|
|   | Q2                               |  |                |   |  | Q1                               |  |                |   |  | Q4                               |  |                |   |  |
|   | Total gross loans <sup>(1)</sup> | Gross impaired loans and other past due loans <sup>(2)</sup> | Net write-offs | Securitization activities for the quarter ended | Exposure amount intended to be securitized | Total gross loans <sup>(1)</sup> | Gross impaired loans and other past due loans <sup>(2)</sup> | Net write-offs | Securitization activities for the quarter ended | Exposure amount intended to be securitized | Total gross loans <sup>(1)</sup> | Gross impaired loans and other past due loans <sup>(2)</sup> | Net write-offs | Securitization activities for the quarter ended | Exposure amount intended to be securitized |
| (unaudited)<br>(millions of Canadian dollars) |                                  |  |                |   |  |                                  |  |                |   |  |                                  |  |                |   |  |
| <b>Banking Book</b>                           |                                  |  |                |   |  |                                  |  |                |   |  |                                  |  |                |   |  |
| Insured mortgage loans                        | 17,903                           | –  | –              | 2,623   | –  | 16,535                           | –  | –              | 1,650   | –  | 16,151                           | –  | –              | 2,022   | –  |
| Credit card receivables                       | 1,389                            | 9  | 14             | –   | –  | 1,389                            | 8  | 13             | –   | –  | 1,389                            | 8  | 13             | 461   | –  |
| <b>Total</b>                                  | <b>19,292</b>                    | <b>9</b>   | <b>14</b>      | <b>2,623</b>                                    | <b>–</b>                                   | <b>17,924</b>                    | <b>8</b>   | <b>13</b>      | <b>1,650</b>                                    | <b>–</b>                                   | <b>17,540</b>                    | <b>8</b>   | <b>13</b>      | <b>2,483</b>                                    | <b>–</b>                                   |
| <b>Trading Book</b>                           |                                  |  |                |   |  |                                  |  |                |   |  |                                  |  |                |   |  |
| Insured mortgage loans                        | 4,051                            | –  | –              | 360   | 570  | 3,814                            | –  | –              | 359   | 407  | 3,562                            | –  | –              | 845   | 684  |

(1) Notional amount.

(2) Comprises impaired loans and fully secured loans that are 90 days or more past due and for which, in the opinion of management, there is reasonable assurance that principal and interest will ultimately be collected.

Credit card receivables are not classified as impaired loans but, instead, are written off when payments are 180 days in arrears.



# Glossary

|  |  |
|--|--|
| <b>Advanced Internal Ratings-Based (AIRB) approach</b> | See risk-weighted assets below.  |
| <b>Banking Book Equities</b>                           | Banking book equities comprise mainly exposures held for strategic and other reasons.  |
| <b>Capital Ratio</b>                                   | The Bank's capital divided by risk-weighted assets. The Bank's capital can be either CET1 Capital, Tier 1 capital or Total capital, producing three different capital ratios.  |
| <b>Common Equity Tier 1 (CET1) capital</b>             | Common Equity Tier 1 capital consists of common shareholders' equity less goodwill, intangible assets and other capital deductions. Common Equity Tier 1 capital ratio is calculated by dividing Common Equity Tier 1 capital by risk-weighted assets.   |
| <b>Corporate</b>                                       | All direct credit risk exposures to corporations, partnerships and proprietorships, exposures guaranteed by those entities.  |
| <b>Credit Risk</b>                                     | Credit risk is the risk of a financial loss if an obligor does not fully honour its contractual commitments to the Bank. Obligors may be borrowers, issuers, counterparties or guarantors. Credit risk is the most significant risk facing the Bank in the normal course of business. The Bank is exposed to credit risk not only through its direct lending activities and transactions but also through commitments to extend credit, letters of guarantee, letters of credit, over-the-counter derivatives trading, available-for-sale debt securities, securities purchased under reverse repurchase agreements, deposits with financial institutions, brokerage activities and transactions carrying a settlement risk for the Bank such as irrevocable fund transfers to third parties via electronic payment systems. |
| <b>Drawn exposure</b>                                  | The amount of credit risk exposure resulting from loans already advanced to the customer.  |
| <b>Exposure at default (EAD)</b>                       | An estimate of the amount of exposure to a customer at the event of, and at the time of, default.  |
| <b>Financial institutions</b>                          | All direct credit risk exposures to deposit-taking institutions and regulated securities firms, and exposures guaranteed by those entities.  |
| <b>Leverage ratio</b>                                  | The leverage ratio is calculated by dividing the amount of Tier 1 capital by the total exposure. Total exposure is defined as the sum of on-balance-sheet assets (including derivative exposures and securities financing transaction exposures) and off-balance-sheet items. Assets deducted from Tier 1 capital are also deducted from the total exposure.   |
| <b>Loss given default (LGD)</b>                        | An estimate of the amount of exposure to a customer that will not be recovered following a default by that customer, expressed as a percentage of the exposure at default.   |
| <b>Market risk</b>                                     | Market risk is the risk of financial loss resulting from adverse movements in underlying market factors. Market risk at the Bank arises from its participation in market-making, trading, investment and asset/liability management activities.  |
| <b>Operational risk</b>                                | Operational risk is the risk of loss resulting from an inadequacy or a failure ascribable to people, processes, technology or external events. Operational risks are present in every activity of the Bank. Theft, fraud, unauthorized transactions, system errors, human error, amendments to or misinterpretation of acts and regulations, litigation or disputes with clients or property damage are just a few examples of events likely to cause financial loss, harm the Bank's reputation or result in regulatory penalties or sanctions.   |
| <b>Other off-balance sheet</b>                         | Letters of guarantee, documentary letters of credit and securitized assets that represent the Bank's commitment to make payments in the event that a client cannot meet its financial obligations to third parties.  |
| <b>Other retail</b>                                    | This exposure class includes consumer loans, SME credit card receivables, SME loans (excluding mortgages of five units or more), and other personal loans.   |
| <b>Over-the-counter derivatives (OTC)</b>              | The amount of credit risk exposure resulting from derivatives that trade directly between two counterparties, rather than through exchanges.   |
| <b>Probability of default (PD)</b>                     | An estimate of the likelihood of default for any particular customer which occurs when that customer is not able to repay its obligations as they become contractually due.  |
| <b>Qualifying revolving retail (QRR)</b>               | This exposure class includes lines of credit and credit card receivables.  |
| <b>Repo-style transactions</b>                         | Financial obligations related to securities sold (repos) or repurchased (reverse repos) pursuant to an agreement under which the securities will be repurchased (repos) or resold (reverse repos) on a specified date and at a specified price. Such an agreement is a form of short-term funding (repos) or collateralized lending (reverse repos). Repo-style transactions also include loaned and borrowed securities that are off-balance sheet.   |
| <b>Retail Residential Mortgage</b>                     | This exposure class includes loans to individuals against residential property (four units or less) and lines of credit secured by equity in residential property (HELOC).   |
| <b>Risk-weighted assets (RWA)</b>                      | Assets are risk weighted according to the guidelines established by the Office of the Superintendent of Financial Institutions. In the standardized calculation approach, factors are applied to the face value of certain assets in order to reflect comparable risk levels. In the advanced approach, risk-weighted assets are derived from the Bank's internal models which represents the Bank's own assessment of the risks it incurs. Off-balance sheet instruments are converted to balance sheet (or credit) equivalents by adjusting the notional values before applying the appropriate risk-weighting factors.  |
| <b>Scaling Factor</b>                                  | An add-on of 6% is applied as a calibration adjustment to the risk weighted assets amount for credit risk assessed under the AIRB approach.  |
| <b>Sovereign</b>                                       | All direct credit risk exposures to governments, central banks and certain public sector entities, and exposures guaranteed by those entities.   |
| <b>Standardized approach</b>                           | See risk-weighted assets.  |
| <b>Tier 1 capital</b>                                  | Tier 1 capital ratio consists of Common Equity Tier 1 capital and Additional Tier 1 instruments, namely, eligible non-cumulative preferred shares and the eligible amount of innovative instruments. Tier 1 capital ratio is calculated by dividing Tier 1 capital by risk-weighted assets.  |
| <b>Tier 2 capital</b>                                  | Tier 2 capital is mainly comprised of subordinated debentures and the collective allowance.  |
| <b>Total capital</b>                                   | Total capital is the sum of Tier 1 and Tier 2 capital. Total capital ratio is calculated by dividing total capital, less adjustments or regulatory deductions, by risk-weighted assets.  |
| <b>Undrawn commitments</b>                             | The amount of credit risk exposure resulting from loans that have not been advanced to a customer, but which a customer may be entitled to draw in the future.   |