



## SUPPLEMENTARY REGULATORY CAPITAL DISCLOSURE

SECOND QUARTER 2018

(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 2017 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 2018 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>	2018		2017			
			Q2	Q1	Q4	Q3	Q2	Q1
(unaudited) (millions of Canadian dollars)			<b>All-in basis</b>					
<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'	2 920	2 913	2 826	2 874	2 850	2 820
2	Retained earnings	b	8 018	7 785	7 706	7 540	7 164	7 065
3	Accumulated other comprehensive income and other reserves	c	139	110	168	122	221	173
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	d	10	8	8	7	7	7
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>		<b>11 087</b>	<b>10 816</b>	<b>10 708</b>	<b>10 543</b>	<b>10 242</b>	<b>10 065</b>
<b>Regulatory adjustments to Common Equity Tier 1 capital</b>								
8	Goodwill (net of related tax liability)	e	1 671	1 662	1 668	1 660	1 677	1 662
9	Intangible assets other than mortgage-servicing rights	f - x	1 100	1 073	1 067	1 032	1 016	997
11	Accumulated other comprehensive income related to cash flow hedges	h	137	152	146	136	91	131
12	Shortfall of total provisions to expected losses	i	-	-	-	-	-	-
14	Gains (losses) due to changes in own credit risk on fair valued liabilities	j	(62)	(81)	(39)	(32)	(25)	(17)
15	Defined benefit pension plan assets (net of related tax liability)	k - y	4	3	4	14	7	18
16	Investments in own shares (if not already netted off contributed surplus on reported balance sheet)		1	5	6	-	6	6
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>2 851</b>	<b>2 814</b>	<b>2 852</b>	<b>2 810</b>	<b>2 772</b>	<b>2 797</b>
29	<b>Common Equity Tier 1 capital (CET1)</b>		<b>8 236</b>	<b>8 002</b>	<b>7 856</b>	<b>7 733</b>	<b>7 470</b>	<b>7 268</b>
<b>Additional Tier 1 capital: instruments</b>								
30	Directly issued qualifying Additional Tier 1 instruments plus related contributed surplus <sup>(3)</sup>	v	2 150	2 150	1 850	1 850	1 450	1 450
31	of which: classified as equity under applicable accounting standards	v + z	2 150	2 150	1 850	1 850	1 450	1 450
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)(4)</sup>	p' + v'	750	750	750	950	950	950
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	2	2	2	2	2	1
36	<b>Additional Tier 1 capital before regulatory adjustments</b>		<b>2 902</b>	<b>2 902</b>	<b>2 602</b>	<b>2 802</b>	<b>2 402</b>	<b>2 401</b>
<b>Additional Tier 1 capital: regulatory adjustments</b>								
41	Other deductions from Tier 1 capital as determined by OSFI		1	1	1	1	1	1
41a	of which: Reverse mortgages		1	1	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>1</b>	<b>1</b>
44	<b>Additional Tier 1 capital (AT1)</b>		<b>2 901</b>	<b>2 901</b>	<b>2 601</b>	<b>2 801</b>	<b>2 401</b>	<b>2 400</b>
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>		<b>11 137</b>	<b>10 903</b>	<b>10 457</b>	<b>10 534</b>	<b>9 871</b>	<b>9 668</b>
<b>Tier 2 capital: instruments and provisions</b>								
46	Directly issued qualifying Tier 2 instruments plus related contributed surplus <sup>(3)</sup>	r	750	-	-	-	-	-
47	Directly issued capital instruments subject to phase out from Tier 2 <sup>(3)</sup>	r'	9	8	9	9	10	1 009
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	3	2	2	2	2	2
50	Allowances on loans	t	164	154	193	210	204	234
51	<b>Tier 2 capital before regulatory adjustments</b>		<b>926</b>	<b>164</b>	<b>204</b>	<b>221</b>	<b>216</b>	<b>1 245</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>	<b>-</b>
58	<b>Tier 2 capital (T2)</b>		<b>926</b>	<b>164</b>	<b>204</b>	<b>221</b>	<b>216</b>	<b>1 245</b>
59	<b>Total capital (TC = T1 + T2)</b>		<b>12 063</b>	<b>11 067</b>	<b>10 661</b>	<b>10 755</b>	<b>10 087</b>	<b>10 913</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) Figures as at October 31, 2017 include the redemption of the Series 28 preferred shares on November 15, 2017.

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

		2018		2017			
		Q2	Q1	Q4	Q3	Q2	Q1
(unaudited) (millions of Canadian dollars)		<b>All-in basis</b>					
60a	Common Equity Tier 1 Capital RWA (CET1)	72 834	71 179	70 173	69 156	69 383	68 574
60b	Tier 1 Capital RWA	72 865	71 271	70 327	69 289	69 533	68 715
60c	Total capital RWA	72 895	71 362	70 451	69 396	69 653	68 828
<b>Capital ratios</b>							
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11,3%	11,2%	11,2%	11,2%	10,8%	10,6%
62	Tier 1 (as a percentage of risk weighted assets) <sup>(2)</sup>	15,3%	15,3%	14,9%	15,2%	14,2%	14,1%
63	Total capital (as a percentage of risk weighted assets) <sup>(2)</sup>	16,6%	15,5%	15,1%	15,5%	14,5%	15,9%
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%	8,0%
67	of which: G-SIB buffer requirement	na	na	na	na	na	na
67a	of which: D-SIBs buffer requirement	1,0%	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)	11,3%	11,2%	11,2%	11,2%	10,8%	10,6%
<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%	8,0%
70	Tier 1 capital all-in target ratio	9,5%	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%	11,5%
<b>Amounts below the thresholds for deduction (before risk weighting)</b>							
72	Non-significant investments in the capital of other financial institutions	481	658	466	459	317	232
73	Significant investments in the common stock of financial institutions	241	235	221	237	238	257
75	Deferred tax assets arising from temporary differences (net of related tax liabilities)	58	50	54	31	61	22
<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)	68	61	59	60	55	58
77	Cap on inclusion of allowances in Tier 2 under standardised approach	90	83	79	77	72	72
78	Allowance eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	96	93	134	150	149	175
79	Cap on inclusion of allowances in Tier 2 under internal ratings-based approach	308	310	309	304	312	301
<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	775	775	968	968	968	968
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	953	953	1 191	1 191	1 191	1 191
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-
<b>Transitional Capital Disclosure Template<sup>(3)</sup></b>		<b>Transitional basis</b>					
29	Common Equity Tier 1 capital (CET1)			8 404	8 284	8 009	7 809
45	Tier 1 capital (T1 = CET1 + AT1)			10 668	10 741	10 074	9 876
59	Total capital (TC = T1 + T2)			10 872	10 961	10 289	11 120
60	Total risk weighted assets			71 254	71 481	70 428	69 567
61	Common Equity Tier 1 (as a percentage of risk weighted assets)			11,8%	11,6%	11,4%	11,2%
62	Tier 1 (as a percentage of risk weighted assets) <sup>(2)</sup>			15,0%	15,0%	14,3%	14,2%
63	Total capital (as a percentage of risk weighted assets) <sup>(2)</sup>			15,3%	15,3%	14,6%	16,0%

(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) Ratios as at October 31, 2017 include the redemption of the Series 28 preferred shares on November 15, 2017.

(3) Per CAR guidelines, transitional basis capital and ratios are not applicable subsequent to Q4 2017.

## Leverage Ratio under Basel III

(unaudited) (millions of Canadian dollars)

		2018		2017			
		Q2	Q1 <sup>(1)</sup>	Q4	Q3	Q2	Q1
<b>Accounting assets vs. leverage ratio exposure</b>		<b>All-in basis</b>		<b>Transitional basis</b>			
1	Total consolidated assets as per published financial statements	256 259	251 065	245 827	240 072	239 020	234 119
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(58)	(68)	(80)	(68)	(90)	(60)
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>(2)</sup>	3 090	3 635	(381)	519	2 280	1 621
5	Adjustment for securities financing transactions <sup>(2)</sup>	2 516	(487)	1 714	2 086	3 408	3 062
6	Adjustment for off balance-sheet items	21 796	20 713	20 183	22 407	22 644	22 048
7	Other adjustments	(4 777)	(5 299)	(4 508)	(4 489)	(4 676)	(3 950)
8	<b>Leverage Ratio Exposure</b>	<b>278 826</b>	<b>269 559</b>	<b>262 755</b>	<b>260 527</b>	<b>262 586</b>	<b>256 840</b>

<b>Leverage ratio common disclosure</b>		<b>All-in basis</b>		<b>Transitional basis</b>			
<b>On-balance sheet exposures</b>							
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	228 798	223 550	214 702	211 909	210 621	208 226
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(2 914)	(2 897)	(2 676)	(2 634)	(2 592)	(2 304)
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>225 884</b>	<b>220 653</b>	<b>212 026</b>	<b>209 275</b>	<b>208 029</b>	<b>205 922</b>
<b>Derivative exposures</b>							
4	Replacement cost associated with all derivative transactions (i.e., net of eligible cash variation margin)	4 270	3 991	1 277	3 551	3 974	4 405
5	Add-on amounts for PFE associated with all derivative transactions	6 725	8 166	6 766	6 597	7 044	6 624
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	-	4	-	12	7	-
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>10 995</b>	<b>12 161</b>	<b>8 043</b>	<b>10 160</b>	<b>11 025</b>	<b>11 029</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	17 636	16 520	20 789	16 600	17 481	14 779
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(2 196)	(4 637)	(1 275)	(1 211)	(583)	(815)
14	Counterparty credit risk (CCR) exposure for SFTs	4 712	4 149	2 989	3 296	3 990	3 877
15	Agent transaction exposures	-	-	-	-	-	-
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>20 152</b>	<b>16 032</b>	<b>22 503</b>	<b>18 685</b>	<b>20 888</b>	<b>17 841</b>
<b>Other off-balance sheet exposures</b>							
17	Off-balance sheet exposure at gross notional amount	68 811	66 194	64 167	62 996	63 451	61 284
18	(Adjustments for conversion to credit equivalent amounts)	(47 016)	(45 481)	(43 984)	(40 589)	(40 807)	(39 236)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>21 795</b>	<b>20 713</b>	<b>20 183</b>	<b>22 407</b>	<b>22 644</b>	<b>22 048</b>
<b>Capital and Total Exposures</b>							
20	<b>Tier 1 capital<sup>(3)</sup></b>	<b>11 137</b>	<b>10 903</b>	<b>10 668</b>	<b>10 741</b>	<b>10 074</b>	<b>9 876</b>
21	<b>Total Exposures (sum of lines 3, 11, 16 and 19)</b>	<b>278 826</b>	<b>269 559</b>	<b>262 755</b>	<b>260 527</b>	<b>262 586</b>	<b>256 840</b>
<b>Leverage Ratio</b>							
22	<b>Basel III leverage ratio</b>	<b>4,0%</b>	<b>4,0%</b>	<b>4,1%</b>	<b>4,1%</b>	<b>3,8%</b>	<b>3,8%</b>
<b>Leverage ratio – All-in basis</b>		<b>4,0%</b>	<b>4,0%</b>	<b>4,0%</b>	<b>4,0%</b>	<b>3,8%</b>	<b>3,8%</b>

(1) Prior to Q1 2018, the leverage ratio is calculated on a transitional basis.

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

(3) Figures as at October 31, 2017 include the redemption of the Series 28 preferred shares on November 15, 2017.



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

(unaudited) (millions of Canadian dollars)	Q2 2018				
	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		10 948	–	10 948	
Securities		73 442	8 923	82 365	
Assets purchased under reverse repurchase agreements and securities borrowed		17 636	–	17 636	
<b>Loans</b>					
Residential mortgage		51 874	(26 008)	25 866	
Personal		36 155	–	36 155	
Credit card		2 245	(1 389)	856	
Business and government		43 604	–	43 604	
Customers' liability under acceptances		6 652	–	6 652	
Less: Allowances for credit losses		(666)	–	(666)	
Allowances reflected in Tier 2 regulatory capital	t				(164)
Shortfall of allowances to expected loss	l				–
Allowances reflected in regulatory capital					(502)
<b>Other assets</b>					
Derivative financial instruments		7 905	–	7 905	
Other		6 464	(63)	6 401	
Goodwill	e				1 671
Intangibles assets	f				1 275
<b>Deferred tax assets</b>					<b>516</b>
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					458
Deferred tax assets - other temporary differences					58
Defined-benefit pension fund net assets	k				6
<b>Significant Investments in other financial institutions</b>					<b>241</b>
Significant investments exceeding regulatory thresholds	m + n				–
Significant investments not exceeding regulatory thresholds					241
Other					2 692
<b>Total assets</b>		<b>256 259</b>	<b>(18 537)</b>	<b>237 722</b>	
<b>Liabilities</b>					
Deposits		164 774	–	164 774	
Derivatives financial instruments		5 782	–	5 782	
Other liabilities		70 940	(18 537)	52 403	
Gains and losses due to changes in own credit risk on fair value liabilities	j				(62)
<b>Deferred tax liabilities</b>					<b>151</b>
Related to goodwill	w				–
Related to intangibles	x				175
Related to pensions	y				2
Other deferred tax liabilities					(26)
Other					52 314
Subordinated debt		755	–	755	
Regulatory capital amortization of maturing debentures					–
Fair value adjustment and unamortized issuance cost					(4)
<b>Subordinated debentures used for regulatory capital</b>					<b>759</b>
Allowed for inclusion in Tier 2 capital	r				759
Subject to phase out	r'				9
Ineligible additional Tier 2 capital					–
Excluded from Tier 2 capital due to cap					–
<b>Total liabilities</b>		<b>242 251</b>	<b>(18 537)</b>	<b>223 714</b>	
<b>Equity Attributable to Shareholders</b>		<b>13 227</b>	<b>–</b>	<b>13 227</b>	
Common shares	a				2 868
Contributed surplus	a'				52
Retained Earnings	b				8 018
<b>Accumulated Other Comprehensive Income (loss)</b>	c				<b>139</b>
Net gains (losses) on instruments designated as cash flow hedges	h				137
Other					2
<b>Preferred shares</b>					<b>2 150</b>
Allowed for inclusion in additional Tier 1 capital	v				2 150
Subject to phase out	v'				–
Ineligible additional Tier 1 capital					–
Excluded from additional Tier 1 capital due to cap					–
Non-controlling interests		781	2	783	
<b>Innovative Instruments</b>					<b>769</b>
Allowed for inclusion in additional Tier 1 capital					–
Subject to phase out	p'				750
Excluded from additional Tier 1 capital due to cap					–
Other					19
Portion allowed for inclusion into CET1	d				10
Portion allowed for inclusion into Tier 1 capital	q				2
Portion allowed for inclusion into Tier 2 capital	s				3
Portion not allowed for regulatory capital					–
<b>Total Equity</b>		<b>14 008</b>	<b>2</b>	<b>14 010</b>	
<b>Total Liabilities and Equity</b>		<b>256 259</b>	<b>(18 535)</b>	<b>237 724</b>	

(1) The basis of consolidation used for financial accounting purposes, described in note 1 to the 2017 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 \$167 million and \$17 million respectively.

(4) The amount is mainly due to securitization entities. For more information on structured entities, please see pages 187 to 189 of the 2017 Annual Report.



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

(unaudited) (millions of Canadian dollars)	2018						2017				
	Exposure at default	Risk-weighted assets				Capital requirement <sup>(2)</sup>	Q1	Q4	Q3	Q2	Q1
		Standardized	AIRB Approach	Other	Total		Risk-weighted assets				
<b>Credit risk</b>											
<b>Retail</b>											
Residential mortgages	50 762	1 424	4 627	–	6 051	484	6 075	5 555	5 638	5 472	5 392
Qualifying revolving retail	6 130	–	1 313	–	1 313	105	1 195	1 275	1 210	1 190	1 155
Other retail	16 707	2 151	5 113	–	7 264	581	7 194	7 611	7 559	7 601	7 280
<b>Non-retail</b>											
Corporate	68 733	2 084	27 879	–	29 963	2 397	28 533	27 544	26 969	27 810	27 226
Sovereign	28 113	342	667	–	1 009	81	988	985	1 011	891	857
Financial institutions	5 546	472	1 030	–	1 502	120	1 444	1 531	1 531	1 639	1 473
Banking book equity <sup>(3)</sup>	977	–	977	–	977	78	912	910	932	872	886
Securitization	5 017	–	409	–	409	33	408	390	423	402	304
Other assets	25 133	–	–	2 967	2 967	237	2 826	3 645	3 455	3 232	3 137
<b>Counterparty credit risk</b>											
Corporate	17 797	123	266	–	389	31	279	197	156	238	209
Sovereign	46 575	–	84	–	84	7	57	43	50	32	33
Financial institutions	60 857	–	717	–	717	57	394	366	508	510	436
Trading portfolio	8 617	115	2 093	–	2 208	177	2 246	2 178	2 151	2 183	2 190
Credit valuation adjustment charge <sup>(4)</sup>		813	–	–	813	65	2 449	2 227	1 916	2 159	2 030
Regulatory scaling factor		–	2 711	–	2 711	217	2 625	2 580	2 557	2 624	2 540
<b>Total - Credit risk</b>	<b>340 964</b>	<b>7 524</b>	<b>47 886</b>	<b>2 967</b>	<b>58 377</b>	<b>4 670</b>	<b>57 625</b>	<b>57 037</b>	<b>56 066</b>	<b>56 855</b>	<b>55 148</b>
<b>Market risk</b>											
VaR		–	1 028	–	1 028	82	766	867	972	962	1 340
Stressed VaR		–	2 209	–	2 209	177	1 388	1 324	1 630	1 086	1 632
Interest-rate specific risk		818	–	–	818	65	1 182	906	661	720	843
<b>Total - Market risk</b>		<b>818</b>	<b>3 237</b>	<b>–</b>	<b>4 055</b>	<b>324</b>	<b>3 336</b>	<b>3 097</b>	<b>3 263</b>	<b>2 768</b>	<b>3 815</b>
<b>Operational risk</b>		<b>10 402</b>	<b>–</b>	<b>–</b>	<b>10 402</b>	<b>832</b>	<b>10 218</b>	<b>10 039</b>	<b>9 827</b>	<b>9 760</b>	<b>9 611</b>
<b>Total</b>	<b>340 964</b>	<b>18 744</b>	<b>51 123</b>	<b>2 967</b>	<b>72 834</b>	<b>5 826</b>	<b>71 179</b>	<b>70 173</b>	<b>69 156</b>	<b>69 383</b>	<b>68 574</b>
<b>Capital ratio under Basel III</b>											
Common Equity Tier 1 (CET1)					11,3%		11,2%	11,2%	11,2%	10,8%	10,6%
Tier 1 <sup>(5)</sup>					15,3%		15,3%	14,9%	15,2%	14,2%	14,1%
Total <sup>(5)</sup>					16,6%		15,5%	15,1%	15,5%	14,5%	15,9%
<b>Leverage ratio under Basel III</b>					4,0%		4,0%	4,0%	4,0%	3,8%	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.

(5) Ratios as at October 31, 2017 include the redemption of the Series 28 preferred shares on November 15, 2017.





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

(unaudited) (millions of Canadian dollars)	2018			2017				
	Q2		Total	Q1	Q4	Q3	Q2	Q1
	Non-counterparty credit risk	Counterparty credit risk <sup>(2)</sup>		Total	Total	Total	Total	Total
<b>Credit risk – Risk-weighted assets at beginning</b>	52 200	5 425	57 625	57 037	56 066	56 855	55 148	55 903
Book size	1 619	355	1 974	1 289	833	453	889	455
Book quality	(29)	(1 652)	(1 681)	(143)	141	(143)	176	(832)
Model updates	(74)	–	(74)	–	(426)	–	–	–
Methodology and policy	–	–	–	–	–	–	–	–
Acquisitions and disposals	–	–	–	–	–	–	–	–
Foreign exchange movements	450	83	533	(558)	423	(1 099)	642	(378)
<b>Credit risk – Risk-weighted assets at end</b>	<b>54 166</b>	<b>4 211</b>	<b>58 377</b>	<b>57 625</b>	<b>57 037</b>	<b>56 066</b>	<b>56 855</b>	<b>55 148</b>
<b>Market risk – Risk-weighted assets at beginning</b>			<b>3 336</b>	<b>3 097</b>	<b>3 263</b>	<b>2 768</b>	<b>3 815</b>	<b>2 807</b>
Movement in risk levels <sup>(3)</sup>			719	239	(166)	353	(1 047)	1 008
Model updates			–	–	–	142	–	–
Methodology and policy			–	–	–	–	–	–
Acquisitions and disposals			–	–	–	–	–	–
<b>Market risk – Risk-weighted assets at end</b>			<b>4 055</b>	<b>3 336</b>	<b>3 097</b>	<b>3 263</b>	<b>2 768</b>	<b>3 815</b>
<b>Operational risk – Risk-weighted assets at beginning</b>			<b>10 218</b>	<b>10 039</b>	<b>9 827</b>	<b>9 760</b>	<b>9 611</b>	<b>9 495</b>
Movement in risk levels <sup>(3)</sup>			184	179	212	67	149	116
Acquisitions and disposals			–	–	–	–	–	–
<b>Operational risk – Risk-weighted assets at end</b>			<b>10 402</b>	<b>10 218</b>	<b>10 039</b>	<b>9 827</b>	<b>9 760</b>	<b>9 611</b>
<b>Risk-weighted assets at end</b>			<b>72 834</b>	<b>71 179</b>	<b>70 173</b>	<b>69 156</b>	<b>69 383</b>	<b>68 574</b>

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

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

(3) Also includes foreign exchange movements that are not considered material.



## Reconciliation of Balance Sheet with Credit Risk Exposures

(unaudited) (millions of Canadian dollars)	Q2 2018							
	Exposures subject to credit risk capital					Other exposures		Balance sheet
	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>	10 382	-	-	-	-	-	566	10 948
Securities								
At fair value through profit or loss	9 043	-	-	-	-	50 325	-	59 368
At fair value through other comprehensive income	6 275	-	-	-	-	-	120	6 395
At amortized cost	7 679	-	-	-	-	-	-	7 679
	22 997	-	-	-	-	50 325	120	73 442
Securities purchased under reverse repurchase agreements and securities borrowed	-	-	-	17 636	-	-	-	17 636
Loans and acceptances								
Residential mortgage <sup>(3)</sup>	30 115	21 759	-	-	-	-	-	51 874
Personal	-	36 155	-	-	-	-	-	36 155
Credit card	-	856	1 389	-	-	-	-	2 245
Business and government	41 735	1 869	-	-	-	-	-	43 604
	71 850	60 639	1 389	-	-	-	-	133 878
Customers' liability under acceptances	6 652	-	-	-	-	-	-	6 652
Allowances for credit losses	(260)	(406)	-	-	-	-	-	(666)
	78 242	60 233	1 389	-	-	-	-	139 864
Other								
Derivative financial instruments <sup>(2)</sup>	-	-	-	-	7 905	-	-	7 905
Investments in associates and joint ventures	-	-	-	-	-	-	649	649
Premises and equipment	-	28	-	-	-	-	532	560
Goodwill	-	-	-	-	-	-	1 408	1 408
Intangible assets	-	-	-	-	-	-	1 275	1 275
Other assets	-	-	-	-	-	-	2 572	2 572
	-	28	-	-	7 905	-	6 436	14 369
	<b>111 621</b>	<b>60 261</b>	<b>1 389</b>	<b>17 636</b>	<b>7 905</b>	<b>50 325</b>	<b>7 122</b>	<b>256 259</b>

(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.



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

(unaudited) (millions of Canadian dollars)	2018																2017								
	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	-	-	2 282	16	944	82	-	3 324	-	-	2 023	18	985	75	-	3 101	-	-	1 909	22	422	72	-	-	2 425
Other retail	-	-	-	-	5 723	11	11	5 745	-	-	-	-	5 511	1	-	5 512	-	-	-	-	5 925	-	-	-	5 925
	-	-	<b>2 282</b>	<b>16</b>	<b>6 667</b>	<b>93</b>	<b>11</b>	<b>9 069</b>	-	-	<b>2 023</b>	<b>18</b>	<b>6 496</b>	<b>76</b>	-	<b>8 613</b>	-	-	<b>1 909</b>	<b>22</b>	<b>6 347</b>	<b>72</b>	-	-	<b>8 350</b>
<b>Non-Retail</b>																									
Corporate	-	-	-	-	-	5 246	-	5 246	-	-	-	-	-	6 391	27	6 418	-	-	-	-	-	-	6 395	-	6 395
Sovereign	320	-	-	12	-	336	-	668	224	-	-	34	-	292	-	550	254	-	-	-	38	-	263	-	555
Financial Institutions	-	186	-	1	-	417	12	616	-	100	-	1	-	354	11	466	-	198	-	3	-	-	349	12	562
	<b>320</b>	<b>186</b>	-	<b>13</b>	-	<b>5 999</b>	<b>12</b>	<b>6 530</b>	<b>224</b>	<b>100</b>	-	<b>35</b>	-	<b>7 037</b>	<b>38</b>	<b>7 434</b>	<b>254</b>	<b>198</b>	-	<b>41</b>	-	-	<b>7 007</b>	<b>12</b>	<b>7 512</b>
<b>Trading</b>	<b>13</b>	-	-	-	-	<b>121</b>	-	<b>134</b>	<b>6</b>	-	-	-	-	<b>80</b>	-	<b>86</b>	<b>10</b>	-	-	-	-	-	<b>168</b>	-	<b>178</b>
<b>Total</b>	<b>333</b>	<b>186</b>	<b>2 282</b>	<b>29</b>	<b>6 667</b>	<b>6 213</b>	<b>23</b>	<b>15 733</b>	<b>230</b>	<b>100</b>	<b>2 023</b>	<b>53</b>	<b>6 496</b>	<b>7 193</b>	<b>38</b>	<b>16 133</b>	<b>264</b>	<b>198</b>	<b>1 909</b>	<b>63</b>	<b>6 347</b>	<b>7 247</b>	<b>12</b>	<b>16 040</b>	

(unaudited) (millions of Canadian dollars)	2017																								
	Q3								Q2								Q1								
	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	-	-	1 788	21	519	73	-	2 401	-	-	1 673	25	460	83	-	2 241	-	-	1 511	27	470	83	-	-	2 091
Other retail	-	-	-	-	5 872	-	-	5 872	-	-	-	-	5 948	-	-	5 948	-	-	-	-	5 748	-	-	-	5 748
	-	-	<b>1 788</b>	<b>21</b>	<b>6 391</b>	<b>73</b>	-	<b>8 273</b>	-	-	<b>1 673</b>	<b>25</b>	<b>6 408</b>	<b>83</b>	-	<b>8 189</b>	-	-	<b>1 511</b>	<b>27</b>	<b>6 218</b>	<b>83</b>	-	-	<b>7 839</b>
<b>Non-Retail</b>																									
Corporate	-	-	-	-	-	4 395	-	4 395	-	-	-	-	-	4 555	-	4 555	-	-	-	-	-	-	4 897	-	4 897
Sovereign	300	-	-	33	-	272	-	605	362	-	-	33	-	249	-	644	312	-	-	26	-	-	212	-	550
Financial Institutions	-	331	-	-	-	228	11	570	-	349	-	-	-	150	13	512	-	310	-	-	-	-	122	15	447
	<b>300</b>	<b>331</b>	-	<b>33</b>	-	<b>4 895</b>	<b>11</b>	<b>5 570</b>	<b>362</b>	<b>349</b>	-	<b>33</b>	-	<b>4 954</b>	<b>13</b>	<b>5 711</b>	<b>312</b>	<b>310</b>	-	<b>26</b>	-	-	<b>5 231</b>	<b>15</b>	<b>5 894</b>
<b>Trading</b>	<b>4</b>	-	-	-	-	<b>121</b>	-	<b>125</b>	<b>11</b>	-	-	-	-	<b>202</b>	-	<b>213</b>	<b>11</b>	-	-	-	-	-	<b>106</b>	-	<b>117</b>
<b>Total</b>	<b>304</b>	<b>331</b>	<b>1 788</b>	<b>54</b>	<b>6 391</b>	<b>5 089</b>	<b>11</b>	<b>13 968</b>	<b>373</b>	<b>349</b>	<b>1 673</b>	<b>58</b>	<b>6 408</b>	<b>5 239</b>	<b>13</b>	<b>14 113</b>	<b>323</b>	<b>310</b>	<b>1 511</b>	<b>53</b>	<b>6 218</b>	<b>5 420</b>	<b>15</b>	<b>13 850</b>	

(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.

## Maximum Credit Risk Exposure Under the Basel Asset Categories<sup>(1)</sup>

(unaudited) (millions of Canadian dollars)	2018												2017					
	Q2						Q1						Q4					
	Drawn	Undrawn commitments	Repo-style transactions	OTC derivatives	Other off-balance sheet items	Total	Drawn	Undrawn commitments	Repo-style transactions	OTC derivatives	Other off-balance sheet items	Total	Drawn	Undrawn commitments	Repo-style transactions	OTC derivatives	Other off-balance sheet items	Total
<b>Retail</b>																		
Residential mortgage	42 718	8 044	-	-	-	50 762	41 981	7 837	-	-	-	49 818	41 308	7 720	-	-	-	49 028
Qualifying revolving retail	2 762	3 368	-	-	-	6 130	2 775	3 295	-	-	-	6 070	2 834	3 362	-	-	-	6 196
Other retail	15 187	1 507	-	-	13	16 707	14 842	1 446	-	-	14	16 302	15 169	1 452	-	-	14	16 635
<b>Total - Gross Credit Risk</b>	<b>60 667</b>	<b>12 919</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>73 599</b>	<b>59 598</b>	<b>12 578</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>72 190</b>	<b>59 311</b>	<b>12 534</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>71 859</b>
<b>Non-retail</b>																		
Corporate	47 911	17 822	17 782	15	3 000	86 530	45 294	17 134	19 334	12	2 688	84 462	44 554	16 002	16 553	14	2 936	80 059
Sovereign	22 985	4 981	46 202	373	147	74 688	23 016	4 693	45 411	798	144	74 062	24 325	4 024	35 289	314	144	64 096
Financial Institutions	4 626	313	60 412	445	607	66 403	4 474	168	53 787	370	694	59 493	4 505	193	52 811	358	641	58 508
<b>Total - Gross Credit Risk</b>	<b>75 522</b>	<b>23 116</b>	<b>124 396</b>	<b>833</b>	<b>3 754</b>	<b>227 621</b>	<b>72 784</b>	<b>21 995</b>	<b>118 532</b>	<b>1 180</b>	<b>3 526</b>	<b>218 017</b>	<b>73 384</b>	<b>20 219</b>	<b>104 653</b>	<b>686</b>	<b>3 721</b>	<b>202 663</b>
<b>Trading book</b>	-	-	-	8 617	-	8 617	-	-	-	9 539	-	9 539	-	-	-	8 309	-	8 309
<b>Securitization</b>	-	-	-	-	5 017	5 017	-	-	-	-	5 012	5 012	-	-	-	-	4 740	4 740
<b>Total - Gross Credit Risk</b>	<b>136 189</b>	<b>36 035</b>	<b>124 396</b>	<b>9 450</b>	<b>8 784</b>	<b>314 854</b>	<b>132 382</b>	<b>34 573</b>	<b>118 532</b>	<b>10 719</b>	<b>8 552</b>	<b>304 758</b>	<b>132 695</b>	<b>32 753</b>	<b>104 653</b>	<b>8 995</b>	<b>8 475</b>	<b>287 571</b>

<b>Standardized Approach</b>	12 576	240	2 417	141	359	15 733	11 806	51	3 842	93	341	16 133	11 154	230	4 101	189	366	16 040
<b>AIRB Approach<sup>(2)</sup></b>	123 613	35 795	121 979	9 309	8 425	299 121	120 576	34 522	114 690	10 626	8 211	288 625	121 541	32 523	100 552	8 806	8 109	271 531
<b>Total - Gross Credit Risk</b>	<b>136 189</b>	<b>36 035</b>	<b>124 396</b>	<b>9 450</b>	<b>8 784</b>	<b>314 854</b>	<b>132 382</b>	<b>34 573</b>	<b>118 532</b>	<b>10 719</b>	<b>8 552</b>	<b>304 758</b>	<b>132 695</b>	<b>32 753</b>	<b>104 653</b>	<b>8 995</b>	<b>8 475</b>	<b>287 571</b>
<b>Adjustment to exposure for collateral</b>																		
<b>Standardized Approach</b>	-	-	(2 301)	(7)	-	(2 308)	-	-	(3 760)	(4)	-	(3 764)	-	-	(4 063)	(8)	-	(4 071)
<b>AIRB Approach<sup>(2)</sup></b>	-	-	(112 437)	-	-	(112 437)	-	-	(108 480)	-	-	(108 480)	-	-	(95 370)	-	-	(95 370)
<b>Total - Net Credit Risk</b>	<b>136 189</b>	<b>36 035</b>	<b>9 658</b>	<b>9 443</b>	<b>8 784</b>	<b>200 109</b>	<b>132 382</b>	<b>34 573</b>	<b>6 292</b>	<b>10 715</b>	<b>8 552</b>	<b>192 514</b>	<b>132 695</b>	<b>32 753</b>	<b>5 220</b>	<b>8 987</b>	<b>8 475</b>	<b>188 130</b>

(unaudited) (millions of Canadian dollars)	2017																	
	Q3						Q2						Q1					
	Drawn	Undrawn commitments	Repo-style transactions	OTC derivatives	Other off-balance sheet items	Total	Drawn	Undrawn commitments	Repo-style transactions	OTC derivatives	Other off-balance sheet items	Total	Drawn	Undrawn commitments	Repo-style transactions	OTC derivatives	Other off-balance sheet items	Total
<b>Retail</b>																		
Residential mortgage	40 891	6 307	-	-	-	47 198	38 588	6 146	-	-	-	44 734	38 696	6 124	-	-	-	44 820
Qualifying revolving retail	2 797	3 230	-	-	-	6 027	2 772	3 072	-	-	-	5 844	2 719	2 914	-	-	-	5 633
Other retail	15 086	1 412	-	-	58	16 556	14 990	1 370	-	-	88	16 448	14 585	1 334	-	-	88	16 007
<b>Total - Gross Credit Risk</b>	<b>58 774</b>	<b>10 949</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>69 781</b>	<b>56 350</b>	<b>10 588</b>	<b>-</b>	<b>-</b>	<b>88</b>	<b>67 026</b>	<b>56 000</b>	<b>10 372</b>	<b>-</b>	<b>-</b>	<b>88</b>	<b>66 460</b>
<b>Non-retail</b>																		
Corporate	44 022	15 368	12 559	15	2 921	74 885	42 130	16 610	13 583	20	2 845	75 188	41 001	15 607	14 313	15	2 833	73 769
Sovereign	21 834	3 773	33 267	335	130	59 339	22 962	3 712	35 058	316	139	62 187	23 401	3 945	35 413	305	131	63 195
Financial Institutions	4 624	221	47 414	437	624	53 320	4 214	227	52 107	426	723	57 697	4 214	199	43 963	456	688	49 520
<b>Total - Gross Credit Risk</b>	<b>70 480</b>	<b>19 362</b>	<b>93 240</b>	<b>787</b>	<b>3 675</b>	<b>187 544</b>	<b>69 306</b>	<b>20 549</b>	<b>100 748</b>	<b>762</b>	<b>3 707</b>	<b>195 072</b>	<b>68 616</b>	<b>19 751</b>	<b>93 689</b>	<b>776</b>	<b>3 652</b>	<b>186 484</b>
<b>Trading book</b>	-	-	-	8 168	-	8 168	-	-	-	9 129	-	9 129	-	-	-	9 174	-	9 174
<b>Securitization</b>	-	-	-	-	5 152	5 152	-	-	-	-	4 836	4 836	-	-	-	-	3 732	3 732
<b>Total - Gross Credit Risk</b>	<b>129 254</b>	<b>30 311</b>	<b>93 240</b>	<b>8 955</b>	<b>8 885</b>	<b>270 645</b>	<b>125 656</b>	<b>31 137</b>	<b>100 748</b>	<b>9 891</b>	<b>8 631</b>	<b>276 063</b>	<b>124 616</b>	<b>30 123</b>	<b>93 689</b>	<b>9 950</b>	<b>7 472</b>	<b>265 850</b>

<b>Standardized Approach</b>	11 268	244	1 904	134	418	13 968	10 968	76	2 354	230	485	14 113	10 799	71	2 378	126	476	13 850
<b>AIRB Approach<sup>(2)</sup></b>	117 986	30 067	91 336	8 821	8 467	256 677	114 688	31 061	98 394	9 661	8 146	261 950	113 817	30 052	91 311	9 824	6 996	252 000
<b>Total - Gross Credit Risk</b>	<b>129 254</b>	<b>30 311</b>	<b>93 240</b>	<b>8 955</b>	<b>8 885</b>	<b>270 645</b>	<b>125 656</b>	<b>31 137</b>	<b>100 748</b>	<b>9 891</b>	<b>8 631</b>	<b>276 063</b>	<b>124 616</b>	<b>30 123</b>	<b>93 689</b>	<b>9 950</b>	<b>7 472</b>	<b>265 850</b>
<b>Adjustment to exposure for collateral</b>																		
<b>Standardized Approach</b>	-	-	(1 879)	(3)	-	(1 882)	-	-	(2 309)	(10)	-	(2 319)	-	-	(2 320)	(5)	-	(2 325)
<b>AIRB Approach<sup>(2)</sup></b>	-	-	(86 034)	-	-	(86 034)	-	-	(92 119)	-	-	(92 119)	-	-	(85 152)	-	-	(85 152)
<b>Total - Net Credit Risk</b>	<b>129 254</b>	<b>30 311</b>	<b>5 327</b>	<b>8 952</b>	<b>8 885</b>	<b>182 729</b>	<b>125 656</b>	<b>31 137</b>	<b>6 320</b>	<b>9 881</b>	<b>8 631</b>	<b>181 625</b>	<b>124 616</b>	<b>30 123</b>	<b>6 217</b>	<b>9 945</b>	<b>7 472</b>	<b>178 373</b>

(1) These amounts do not take into account allowances for credit losses nor amounts pledged as collateral. The tables also exclude equity securities.

(2) 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.

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

			2018								
			Q2								
			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>
Canadian residential mortgage and HELOCs	Risk Grade	PD bands									
Insured Drawn and Undrawn <sup>(3)</sup>	Exceptionally low	0.000% - 0.144%	683	–	100%	0,07%	18,0%	3,0%	22	0,1	3%
	Very low	0.145% - 0.506%	832	–	100%	0,30%	11,0%	6,0%	48	0,3	6%
	Low	0.507% - 1.116%	394	–	100%	0,76%	6,0%	7,0%	26	0,2	7%
	Low	1.117% - 2.681%	206	–	100%	1,71%	4,0%	8,0%	16	0,2	9%
	Medium	2.682% - 9.348%	113	–	100%	4,73%	4,0%	11,0%	12	0,2	13%
	High	9.349% - 99.99%	73	–	100%	29,23%	3,0%	16,0%	12	0,7	27%
	Default	100.00%	47	–	100%	100,00%	3,0%	16,0%	7	1,0	47%
				<b>2 348</b>	<b>–</b>	<b>100%</b>	<b>3,53%</b>	<b>11,0%</b>	<b>6,0%</b>	<b>143</b>	<b>2,7</b>
Uninsured Undrawn <sup>(4)</sup>	Exceptionally low	0.000% - 0.144%	6 419	12 875	63%	0,05%	17,0%	2,0%	158	0,6	3%
	Very low	0.145% - 0.506%	1 295	1 856	78%	0,26%	19,0%	9,0%	120	0,7	10%
	Low	0.507% - 1.116%	212	295	80%	0,72%	19,0%	19,0%	41	0,3	21%
	Low	1.117% - 2.681%	69	105	77%	1,65%	19,0%	32,0%	22	0,2	36%
	Medium	2.682% - 9.348%	24	27	87%	4,26%	19,0%	58,0%	14	0,2	69%
	High	9.349% - 99.99%	2	2	98%	15,29%	18,0%	99,0%	2	0,1	139%
	Default	100.00%	3	4	79%	100,00%	16,0%	157,0%	5	0,1	205%
				<b>8 024</b>	<b>15 164</b>	<b>66%</b>	<b>0,17%</b>	<b>18,0%</b>	<b>5,0%</b>	<b>362</b>	<b>2,2</b>
Uninsured Drawn <sup>(5)</sup>	Exceptionally low	0.000% - 0.144%	20 339			0,07%	21,0%	4,0%	780	3,1	4%
	Very low	0.145% - 0.506%	11 553			0,27%	24,0%	12,0%	1 331	7,3	12%
	Low	0.507% - 1.116%	3 148			0,73%	24,0%	24,0%	747	5,4	26%
	Low	1.117% - 2.681%	1 133			1,71%	23,0%	40,0%	457	4,4	45%
	Medium	2.682% - 9.348%	585			4,63%	23,0%	71,0%	414	6,3	84%
	High	9.349% - 99.99%	223			22,97%	23,0%	123,0%	273	12,4	192%
	Default	100.00%	85			100,00%	22,0%	141,0%	120	10,7	297%
				<b>37 066</b>			<b>0,68%</b>	<b>22,0%</b>	<b>11,0%</b>	<b>4 122</b>	<b>49,6</b>
Qualifying revolving credit	Exceptionally low	0.000% - 0.144%	3 236	5 700	60%	0,05%	81,0%	3,0%	84	1,3	3%
	Very low	0.145% - 0.506%	1 124	944	79%	0,29%	83,0%	12,0%	133	2,7	15%
	Low	0.507% - 1.116%	642	310	89%	0,78%	81,0%	26,0%	164	4,1	34%
	Low	1.117% - 2.681%	590	183	96%	1,80%	86,0%	51,0%	300	9,2	70%
	Medium	2.682% - 9.348%	419	54	102%	4,58%	86,0%	97,0%	404	16,4	146%
	High	9.349% - 99.99%	97	4	104%	22,25%	83,0%	208,0%	201	18,4	447%
	Default	100.00%	22	–	104%	100,00%	64,0%	122,0%	27	13,2	862%
				<b>6 130</b>	<b>7 195</b>	<b>74%</b>	<b>1,36%</b>	<b>82,0%</b>	<b>21,0%</b>	<b>1 313</b>	<b>65,3</b>
Other retail <sup>(6)</sup>	Exceptionally low	0.000% - 0.144%	2 432	1 743	82%	0,07%	47,0%	8,0%	196	0,7	8%
	Very low	0.145% - 0.506%	3 070	452	97%	0,30%	55,0%	29,0%	876	5,1	31%
	Low	0.507% - 1.116%	2 592	363	98%	0,78%	62,0%	56,0%	1 443	12,7	62%
	Low	1.117% - 2.681%	1 752	113	99%	1,71%	64,0%	78,0%	1 375	19,6	92%
	Medium	2.682% - 9.348%	805	58	98%	4,37%	64,0%	93,0%	750	22,6	128%
	High	9.349% - 99.99%	211	5	100%	18,75%	65,0%	137,0%	288	26,6	294%
	Default	100.00%	100	2	99%	100,00%	60,0%	184,0%	185	48,0	781%
				<b>10 962</b>	<b>2 736</b>	<b>94%</b>	<b>2,15%</b>	<b>57,0%</b>	<b>47,0%</b>	<b>5 113</b>	<b>135,3</b>
			<b>64 530</b>	<b>25 095</b>	<b>86%</b>	<b>1,03%</b>	<b>33,0%</b>	<b>17,0%</b>	<b>11 053</b>	<b>255,1</b>	<b>22%</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>

			2018								
			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>
(unaudited) (millions of Canadian dollars)											
<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%	717	-	100%	0,07%	18,0%	3,0%	24	0,1	4%
	Very low	0.145% - 0.506%	907	-	100%	0,30%	12,0%	6,0%	53	0,3	6%
	Low	0.507% - 1.116%	426	-	100%	0,76%	6,0%	7,0%	28	0,2	7%
	Low	1.117% - 2.681%	255	-	100%	1,76%	4,0%	8,0%	20	0,2	9%
	Medium	2.682% - 9.348%	155	-	100%	4,72%	3,0%	10,0%	16	0,2	12%
	High	9.349% - 99.99%	81	-	100%	28,79%	3,0%	16,0%	13	0,7	27%
	Default	100.00%	54	-	100%	100,00%	3,0%	13,0%	7	1,6	50%
				<b>2 595</b>	<b>-</b>	<b>100%</b>	<b>3,68%</b>	<b>11,0%</b>	<b>6,0%</b>	<b>161</b>	<b>3,3</b>
<b>Uninsured Undrawn<sup>(4)</sup></b>	Exceptionally low	0.000% - 0.144%	6 150	12 446	62%	0,05%	17,0%	2,0%	150	0,6	3%
	Very low	0.145% - 0.506%	1 342	1 930	78%	0,26%	19,0%	9,0%	127	0,7	10%
	Low	0.507% - 1.116%	231	313	82%	0,72%	19,0%	20,0%	45	0,3	21%
	Low	1.117% - 2.681%	70	108	77%	1,65%	19,0%	33,0%	23	0,2	37%
	Medium	2.682% - 9.348%	20	24	86%	4,57%	19,0%	59,0%	12	0,2	71%
	High	9.349% - 99.99%	1	1	95%	14,97%	20,0%	100,0%	1	-	138%
	Default	100.00%	3	3	81%	100,00%	17,0%	167,0%	4	0,1	212%
				<b>7 817</b>	<b>14 825</b>	<b>66%</b>	<b>0,17%</b>	<b>18,0%</b>	<b>5,0%</b>	<b>362</b>	<b>2,1</b>
<b>Uninsured Drawn<sup>(5)</sup></b>	Exceptionally low	0.000% - 0.144%	19 020			0,07%	21,0%	4,0%	720	2,9	4%
	Very low	0.145% - 0.506%	11 915			0,27%	23,0%	12,0%	1 379	7,5	12%
	Low	0.507% - 1.116%	3 289			0,73%	24,0%	24,0%	791	5,8	26%
	Low	1.117% - 2.681%	1 192			1,68%	23,0%	41,0%	485	4,7	46%
	Medium	2.682% - 9.348%	540			4,66%	22,0%	69,0%	374	5,6	82%
	High	9.349% - 99.99%	265			23,34%	24,0%	129,0%	343	15,2	201%
	Default	100.00%	78			100,00%	23,0%	138,0%	108	10,8	311%
				<b>36 299</b>			<b>0,70%</b>	<b>22,0%</b>	<b>12,0%</b>	<b>4 200</b>	<b>52,5</b>
<b>Qualifying revolving credit</b>	Exceptionally low	0.000% - 0.144%	3 200	5 608	60%	0,05%	73,0%	2,0%	77	1,2	3%
	Very low	0.145% - 0.506%	1 124	933	79%	0,29%	76,0%	11,0%	121	2,5	14%
	Low	0.507% - 1.116%	638	303	89%	0,78%	74,0%	23,0%	148	3,7	30%
	Low	1.117% - 2.681%	582	179	96%	1,80%	80,0%	48,0%	277	8,4	66%
	Medium	2.682% - 9.348%	414	54	102%	4,56%	81,0%	91,0%	375	15,2	136%
	High	9.349% - 99.99%	90	5	104%	21,67%	78,0%	195,0%	175	15,8	416%
	Default	100.00%	22	-	104%	100,00%	59,0%	96,0%	22	12,0	760%
				<b>6 070</b>	<b>7 082</b>	<b>74%</b>	<b>1,34%</b>	<b>75,0%</b>	<b>20,0%</b>	<b>1 195</b>	<b>58,8</b>
<b>Other retail<sup>(6)</sup></b>	Exceptionally low	0.000% - 0.144%	2 397	1 711	82%	0,07%	43,0%	8,0%	180	0,7	8%
	Very low	0.145% - 0.506%	2 868	432	97%	0,30%	54,0%	28,0%	802	4,7	30%
	Low	0.507% - 1.116%	2 486	341	98%	0,78%	61,0%	55,0%	1 380	12,1	62%
	Low	1.117% - 2.681%	1 829	121	103%	1,69%	65,0%	80,0%	1 455	20,3	93%
	Medium	2.682% - 9.348%	879	56	99%	4,41%	66,0%	95,0%	838	25,7	132%
	High	9.349% - 99.99%	236	5	99%	20,15%	64,0%	135,0%	319	30,9	299%
	Default	100.00%	101	2	99%	100,00%	58,0%	161,0%	163	46,6	739%
				<b>10 796</b>	<b>2 668</b>	<b>95%</b>	<b>2,30%</b>	<b>56,0%</b>	<b>48,0%</b>	<b>5 137</b>	<b>141,0</b>
			<b>63 577</b>	<b>24 575</b>	<b>87%</b>	<b>1,09%</b>	<b>32,0%</b>	<b>17,0%</b>	<b>11 055</b>	<b>257,7</b>	<b>22%</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>

	2018											
	Q2						Q1					
	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>	0,39%	0,24%	22,81%	12,17%	91,85%	84,85%	0,39%	0,24%	22,90%	11,12%	90,99%	83,21%
Insured residential mortgages <sup>(7)</sup>	1,12%	0,61%	2,64%	na	na	na	1,20%	0,71%	2,65%	na	na	na
Qualifying revolving retail	1,28%	1,17%	71,01%	79,68%	99,52%	99,71%	1,31%	1,19%	71,95%	82,05%	99,57%	99,15%
Other retail	1,77%	1,31%	69,95%	63,37%	95,59%	89,17%	1,78%	1,39%	70,31%	61,65%	95,66%	90,60%
<b>Wholesale &amp; Sovereign portfolio<sup>(8)</sup></b>												
Corporate	1,26%	0,48%	37,49%	27,23%	83,64%	75,83%	1,26%	0,45%	38,26%	27,94%	83,99%	82,90%
Sovereign <sup>(9)</sup>	0,06%	0,00%	11,54%	na	88,30%	na	0,06%	0,00%	11,54%	na	88,30%	na
Financial Institutions <sup>(9)</sup>	0,56%	0,00%	40,75%	na	100,00%	na	0,56%	0,00%	40,75%	na	100,00%	na

	2017											
	Q4						Q3					
	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>	0,39%	0,19%	25,69%	15,01%	98,75%	81,82%	0,37%	0,18%	26,17%	11,18%	97,75%	83,92%
Insured residential mortgages <sup>(7)</sup>	1,30%	0,75%	3,34%	na	na	na	1,33%	0,76%	3,24%	na	na	na
Qualifying revolving retail	1,29%	1,20%	70,85%	79,60%	99,18%	98,33%	1,35%	1,21%	72,18%	81,79%	98,41%	97,51%
Other retail	1,80%	1,45%	70,43%	60,68%	96,00%	89,96%	1,76%	1,49%	70,38%	59,72%	97,11%	90,12%
<b>Wholesale &amp; Sovereign portfolio<sup>(8)</sup></b>												
Corporate	1,44%	0,37%	38,85%	25,07%	83,39%	80,03%	1,46%	0,39%	39,21%	22,16%	86,87%	82,46%
Sovereign <sup>(9)</sup>	0,03%	0,00%	11,54%	na	88,30%	na	0,04%	0,00%	11,54%	na	88,30%	na
Financial Institutions <sup>(9)</sup>	0,52%	0,00%	40,75%	na	100,00%	na	0,57%	0,00%	40,75%	na	100,00%	na

(1) Actual and estimated parameters are reported on a three-month lag. For example, for Q2 2018, estimated percentages are as of January 31 st, 2017 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)

	2018												2017					
	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	4 338	417	6	–	–	4 761	4 156	268	7	–	–	4 431	4 017	310	6	–	–	4 333
Oil and Gas	2 302	2 146	129	–	–	4 577	2 244	1 972	117	–	–	4 333	2 211	1 957	56	–	–	4 224
Mining	764	861	120	–	–	1 745	385	833	45	–	–	1 263	411	817	52	–	–	1 280
Utilities	2 544	1 964	677	–	1	5 186	2 604	1 848	601	–	–	5 053	2 723	1 737	515	–	–	4 975
Construction <sup>(2)</sup>	2 857	1 441	278	–	–	4 576	2 730	1 199	238	–	–	4 167	2 676	1 154	216	–	–	4 046
Manufacturing	4 788	1 981	288	–	–	7 057	4 428	2 071	248	–	–	6 747	4 156	1 961	239	–	–	6 356
Wholesale Trade	2 090	580	43	–	–	2 713	1 936	589	37	–	–	2 562	1 981	753	38	–	–	2 772
Retail Trade	3 068	1 119	46	–	–	4 233	3 126	1 106	45	–	–	4 277	2 933	1 158	40	–	–	4 131
Transportation	2 469	2 501	123	32	–	5 125	2 541	2 229	120	29	–	4 919	2 416	2 365	111	22	–	4 914
Communications	1 567	778	193	–	–	2 538	1 408	832	190	–	–	2 430	1 555	810	207	–	–	2 572
Finance and Insurance	23 236	3 494	601	104 181	810	132 322	22 533	3 222	597	99 228	1 175	126 755	23 780	2 289	838	89 876	671	117 454
Real Estate <sup>(3)</sup>	9 315	1 337	19	51	–	10 722	9 103	1 345	27	58	–	10 533	8 745	850	25	56	–	9 676
Professional Services	1 315	653	360	–	–	2 328	1 210	661	360	–	–	2 231	1 232	565	414	–	–	2 211
Education & Health Care	2 802	1 264	8	3	–	4 077	2 851	1 162	9	5	–	4 027	2 615	987	8	9	–	3 619
Other Services	4 621	1 199	279	3	–	6 102	4 427	1 248	285	–	–	5 960	4 604	999	310	1	–	5 914
Government	4 480	1 349	18	18 584	–	24 431	4 450	1 376	16	19 100	–	24 942	4 750	1 414	17	14 592	–	20 773
Other	2 966	32	566	1 542	22	5 128	2 652	34	584	112	5	3 387	2 579	93	629	97	15	3 413
<b>Total – Non-retail<sup>(4)</sup></b>	<b>75 522</b>	<b>23 116</b>	<b>3 754</b>	<b>124 396</b>	<b>833</b>	<b>227 621</b>	<b>72 784</b>	<b>21 995</b>	<b>3 526</b>	<b>118 532</b>	<b>1 180</b>	<b>218 017</b>	<b>73 384</b>	<b>20 219</b>	<b>3 721</b>	<b>104 653</b>	<b>686</b>	<b>202 663</b>

	2017												2017					
	Q3						Q2						Q1					
	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	3 895	314	8	–	–	4 217	3 741	299	8	–	–	4 048	3 772	285	8	–	–	4 065
Oil and Gas	2 079	2 013	51	–	–	4 143	1 880	1 830	45	–	–	3 755	2 019	1 623	54	–	–	3 696
Mining	439	723	46	–	–	1 208	414	680	47	–	–	1 141	424	690	42	–	–	1 156
Utilities	3 036	1 579	479	–	–	5 094	2 543	1 656	465	–	–	4 664	2 302	1 711	471	–	–	4 484
Construction <sup>(2)</sup>	2 506	1 129	203	–	–	3 838	2 424	1 133	214	–	–	3 771	2 281	1 025	214	–	–	3 520
Manufacturing	4 097	2 005	251	–	–	6 353	4 022	2 218	231	–	–	6 471	3 730	2 221	214	–	–	6 165
Wholesale Trade	2 063	700	39	–	–	2 802	2 032	729	43	–	–	2 804	1 903	743	39	–	–	2 685
Retail Trade	2 821	1 220	42	–	–	4 083	2 744	1 687	42	–	–	4 473	2 765	1 615	43	–	–	4 423
Transportation	2 331	2 076	108	11	–	4 526	2 414	2 024	109	7	–	4 554	2 376	1 792	105	51	–	4 324
Communications	1 629	699	260	–	–	2 588	1 497	811	259	–	–	2 567	1 511	681	259	–	–	2 451
Finance and Insurance	21 690	2 023	794	75 819	783	101 109	21 698	2 014	886	82 368	748	107 714	22 259	1 829	919	76 261	774	102 042
Real Estate <sup>(3)</sup>	8 443	908	31	53	–	9 435	8 296	992	32	58	–	9 378	7 942	898	34	59	–	8 933
Professional Services	1 193	566	389	–	–	2 148	1 385	902	312	–	2	2 601	1 220	771	303	–	2	2 296
Education & Health Care	2 672	826	7	7	–	3 512	2 635	893	6	15	–	3 549	2 545	1 290	7	5	–	3 847
Other Services	4 559	1 114	291	–	–	5 964	4 277	1 242	281	189	–	5 989	4 511	1 106	275	7	–	5 899
Government	4 724	1 431	10	17 247	–	23 412	4 957	1 439	18	17 351	–	23 765	5 024	1 471	17	16 587	–	23 099
Other	2 303	36	666	103	4	3 112	2 347	–	709	760	12	3 828	2 032	–	648	719	–	3 399
<b>Total – Non-retail<sup>(4)</sup></b>	<b>70 480</b>	<b>19 362</b>	<b>3 675</b>	<b>93 240</b>	<b>787</b>	<b>187 544</b>	<b>69 306</b>	<b>20 549</b>	<b>3 707</b>	<b>100 748</b>	<b>762</b>	<b>195 072</b>	<b>68 616</b>	<b>19 751</b>	<b>3 652</b>	<b>93 689</b>	<b>776</b>	<b>186 484</b>

(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) (millions of Canadian dollars)	2018											2017						
	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	–	–	6 232	10	–	6 242	–	–	4 467	4	–	4 471	1	–	1 091	5	–	1 097
Italy	–	–	100	–	1	101	–	–	–	–	–	–	–	–	–	–	1	1
Portugal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Spain	1	–	–	1	47	49	–	–	–	7	46	53	–	–	–	–	68	68
<b>Total GIIPS</b>	<b>1</b>	<b>–</b>	<b>6 332</b>	<b>11</b>	<b>48</b>	<b>6 392</b>	<b>–</b>	<b>–</b>	<b>4 467</b>	<b>11</b>	<b>46</b>	<b>4 524</b>	<b>1</b>	<b>–</b>	<b>1 091</b>	<b>5</b>	<b>69</b>	<b>1 166</b>
France	31	43	1 326	207	243	1 850	147	34	768	206	315	1 470	88	41	902	136	363	1 530
Germany	–	–	–	–	41	41	–	–	–	2	37	39	–	–	–	2	55	57
United Kingdom	519	1	16 137	1 837	2	18 496	721	7	16 657	1 510	4	18 899	302	5	13 891	950	4	15 152
Other Europe	50	4	2 182	112	9	2 357	45	4	2 388	140	53	2 630	54	–	2 917	108	3	3 082
<b>Total - Credit Risk</b>	<b>601</b>	<b>48</b>	<b>25 977</b>	<b>2 167</b>	<b>343</b>	<b>29 136</b>	<b>913</b>	<b>45</b>	<b>24 280</b>	<b>1 869</b>	<b>455</b>	<b>27 562</b>	<b>445</b>	<b>46</b>	<b>18 801</b>	<b>1 201</b>	<b>494</b>	<b>20 987</b>

Adjustment to exposure for collateral	2018					2017									
	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>601</b>	<b>48</b>	<b>2 082</b>	<b>343</b>	<b>3 074</b>	<b>913</b>	<b>45</b>	<b>1 575</b>	<b>455</b>	<b>2 988</b>	<b>445</b>	<b>46</b>	<b>984</b>	<b>494</b>	<b>1 969</b>

(unaudited) (millions of Canadian dollars)	2017																	
	Q3					Q2					Q1							
	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	–	–	1 130	6	–	1 136	–	–	854	2	–	856	13	–	1 102	3	–	1 118
Italy	–	–	–	–	–	–	–	–	–	1	–	1	–	–	–	–	1	1
Portugal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Spain	–	–	–	2	63	65	6	–	–	2	66	74	23	–	–	–	81	104
<b>Total GIIPS</b>	<b>–</b>	<b>–</b>	<b>1 130</b>	<b>8</b>	<b>63</b>	<b>1 201</b>	<b>6</b>	<b>–</b>	<b>854</b>	<b>4</b>	<b>67</b>	<b>931</b>	<b>36</b>	<b>–</b>	<b>1 102</b>	<b>3</b>	<b>82</b>	<b>1 223</b>
France	13	32	784	115	340	1 284	42	40	1 230	202	365	1 879	15	39	1 379	220	264	1 917
Germany	–	–	–	4	56	60	1	–	–	61	62	62	–	–	–	8	38	46
United Kingdom	257	5	13 415	1 109	5	14 791	216	6	14 228	1 122	4	15 576	235	5	4 647	918	5	5 810
Other Europe	36	–	1 502	116	7	1 661	42	–	2 403	130	16	2 591	34	–	1 702	151	16	1 903
<b>Total - Credit Risk</b>	<b>306</b>	<b>37</b>	<b>16 831</b>	<b>1 352</b>	<b>471</b>	<b>18 997</b>	<b>307</b>	<b>46</b>	<b>18 715</b>	<b>1 458</b>	<b>513</b>	<b>21 039</b>	<b>320</b>	<b>44</b>	<b>8 830</b>	<b>1 300</b>	<b>405</b>	<b>10 899</b>

Adjustment to exposure for collateral	2017														
	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>306</b>	<b>37</b>	<b>1 674</b>	<b>471</b>	<b>2 488</b>	<b>307</b>	<b>46</b>	<b>1 699</b>	<b>513</b>	<b>2 565</b>	<b>320</b>	<b>44</b>	<b>2 126</b>	<b>405</b>	<b>2 895</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<sup>(1)</sup>

(unaudited) (millions of Canadian dollars)	IFRS 9		IAS 39								IFRS 9	IAS 39	IAS 39	
	2018		2017				2016				YTD		Full Year	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2018	2017	2017	2016
<b>Formation of Gross Impaired Loans<sup>(2)</sup> (by sector)</b>														
<b>Balance at beginning</b>	582	599	460	422	442	492	452	521	434	457	599	492	492	457
Write-offs														
Personal and Commercial														
Retail	(17)	(18)	(21)	(19)	(21)	(18)	(20)	(18)	(20)	(23)	(35)	(39)	(79)	(81)
Credit card	(25)	(25)									(50)			
Commercial	(8)	(37)	(58)	(2)	(33)	(10)	(19)	(66)	(5)	(20)	(45)	(43)	(103)	(110)
Wealth Management	(1)	(1)	(2)	(1)	(1)	(3)	(1)	(2)	(1)	(2)	(2)	(4)	(7)	(6)
Financial Markets	-	-	(5)	-	-	-	-	-	-	-	-	-	(5)	-
U.S. Specialty Finance and International														
Credigy	(33)	(25)	-	-	-	-	-	-	-	-	(58)	-	-	-
ABA Bank <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total write-offs</b>	<b>(84)</b>	<b>(106)</b>	<b>(86)</b>	<b>(22)</b>	<b>(55)</b>	<b>(31)</b>	<b>(40)</b>	<b>(86)</b>	<b>(26)</b>	<b>(45)</b>	<b>(190)</b>	<b>(86)</b>	<b>(194)</b>	<b>(197)</b>
Formation														
Personal and Commercial														
Retail	11	23	17	13	18	23	17	11	21	23	34	41	71	72
Credit card	25	25									50			
Commercial	30	8	(5)	36	14	(43)	60	6	89	(5)	38	(29)	2	150
Wealth Management	2	2	2	1	1	-	2	(1)	3	4	4	1	4	8
Financial Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U.S. Specialty Finance and International														
Credigy	20	27	-	-	-	-	-	-	-	-	47	-	-	-
ABA Bank <sup>(3)</sup>	-	4	(8)	10	2	1	1	1			4	3	5	2
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total formation</b>	<b>88</b>	<b>89</b>	<b>6</b>	<b>60</b>	<b>35</b>	<b>(19)</b>	<b>80</b>	<b>17</b>	<b>113</b>	<b>22</b>	<b>177</b>	<b>16</b>	<b>82</b>	<b>232</b>
<b>Balance at end</b>	<b>586</b>	<b>582</b>	<b>380</b>	<b>460</b>	<b>422</b>	<b>442</b>	<b>492</b>	<b>452</b>	<b>521</b>	<b>434</b>	<b>586</b>	<b>422</b>	<b>380</b>	<b>492</b>

Formation of Gross Impaired Loans <sup>(2)</sup> (by activity)	IFRS 9		IAS 39								IFRS 9	IAS 39	IAS 39	
	2018		2017				2016				YTD		Full Year	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2018	2017	2017	2016
<b>Balance at beginning</b>	582	599	460	422	442	492	452	521	434	457	599	492	492	457
Classified as credit-impaired during the period	231	227	132	159	192	79	190	204	211	145	458	271	562	750
Transferred to performing loans during the period	(27)	(25)	(4)	(4)	(5)	(5)	(4)	(6)	(6)	(3)	(52)	(10)	(18)	(19)
Net repayments	(103)	(105)	(86)	(60)	(121)	(60)	(80)	(158)	(66)	(91)	(208)	(181)	(327)	(395)
Disposals of loans	(15)	-	-	-	-	-	-	-	-	-	(15)	-	-	-
Write-offs	(84)	(106)	(126)	(57)	(87)	(61)	(66)	(110)	(50)	(68)	(190)	(148)	(331)	(294)
Recoveries of loans previously written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange and other movements	2	(8)	4	-	1	(3)	-	1	(2)	(6)	(6)	(2)	2	(7)
<b>Balance at end</b>	<b>586</b>	<b>582</b>	<b>380</b>	<b>460</b>	<b>422</b>	<b>442</b>	<b>492</b>	<b>452</b>	<b>521</b>	<b>434</b>	<b>586</b>	<b>422</b>	<b>380</b>	<b>492</b>

(1) Given the adoption of IFRS 9, impaired loans are all loans classified in stage 3 of the expected credit loss model. Under IAS 39, loans were considered impaired according to different criteria.

(2) Including acceptances and excluding POCI loans.

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



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

(unaudited) (millions of Canadian dollars)	2018								2017			
	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	29 510	17 661	267	47 438	29 240	17 218	253	46 711	29 363	16 942	298	46 603
Qualifying revolving retail	6 130	-	-	6 130	6 070	-	-	6 070	6 196	-	-	6 196
Other retail	5 249	3 206	2 507	10 962	5 267	3 050	2 479	10 796	5 269	2 982	2 459	10 710
	<b>40 889</b>	<b>20 867</b>	<b>2 774</b>	<b>64 530</b>	<b>40 577</b>	<b>20 268</b>	<b>2 732</b>	<b>63 577</b>	<b>40 828</b>	<b>19 924</b>	<b>2 757</b>	<b>63 509</b>
<b>Non-retail</b>												
Corporate	55 864	23 072	2 348	81 284	54 213	21 637	2 194	78 044	50 772	20 888	2 004	73 664
Sovereign	55 678	14 878	3 464	74 020	54 311	15 319	3 882	73 512	45 631	13 601	4 309	63 541
Financial Institutions	63 623	2 105	59	65 787	56 849	2 142	36	59 027	55 450	2 466	30	57 946
	<b>175 165</b>	<b>40 055</b>	<b>5 871</b>	<b>221 091</b>	<b>165 373</b>	<b>39 098</b>	<b>6 112</b>	<b>210 583</b>	<b>151 853</b>	<b>36 955</b>	<b>6 343</b>	<b>195 151</b>
<b>Trading book</b>	<b>2 058</b>	<b>4 721</b>	<b>1 704</b>	<b>8 483</b>	<b>2 056</b>	<b>5 546</b>	<b>1 851</b>	<b>9 453</b>	<b>1 420</b>	<b>4 884</b>	<b>1 827</b>	<b>8 131</b>
<b>Total</b>	<b>218 112</b>	<b>65 643</b>	<b>10 349</b>	<b>294 104</b>	<b>208 006</b>	<b>64 912</b>	<b>10 695</b>	<b>283 613</b>	<b>194 101</b>	<b>61 763</b>	<b>10 927</b>	<b>266 791</b>

(unaudited) (millions of Canadian dollars)	2017											
	Q3				Q2				Q1			
	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	27 830	16 658	308	44 796	26 504	15 725	264	42 493	26 437	16 037	255	42 729
Qualifying revolving retail	6 027	-	-	6 027	5 844	-	-	5 844	5 633	-	-	5 633
Other retail	5 334	2 932	2 419	10 685	5 279	2 941	2 280	10 500	5 232	2 844	2 183	10 259
	<b>39 191</b>	<b>19 590</b>	<b>2 727</b>	<b>61 508</b>	<b>37 627</b>	<b>18 666</b>	<b>2 544</b>	<b>58 837</b>	<b>37 302</b>	<b>18 881</b>	<b>2 438</b>	<b>58 621</b>
<b>Non-retail</b>												
Corporate	48 987	19 784	1 719	70 490	48 010	20 811	1 812	70 633	48 276	18 534	2 062	68 872
Sovereign	41 397	13 067	4 270	58 734	43 626	13 043	4 874	61 543	45 614	11 990	5 041	62 645
Financial Institutions	50 184	2 535	31	52 750	56 265	881	39	57 185	48 068	990	15	49 073
	<b>140 568</b>	<b>35 386</b>	<b>6 020</b>	<b>181 974</b>	<b>147 901</b>	<b>34 735</b>	<b>6 725</b>	<b>189 361</b>	<b>141 958</b>	<b>31 514</b>	<b>7 118</b>	<b>180 590</b>
<b>Trading book</b>	<b>1 439</b>	<b>4 793</b>	<b>1 811</b>	<b>8 043</b>	<b>1 589</b>	<b>4 439</b>	<b>2 888</b>	<b>8 916</b>	<b>1 410</b>	<b>4 736</b>	<b>2 911</b>	<b>9 057</b>
<b>Total</b>	<b>181 198</b>	<b>59 769</b>	<b>10 558</b>	<b>251 525</b>	<b>187 117</b>	<b>57 840</b>	<b>12 157</b>	<b>257 114</b>	<b>180 670</b>	<b>55 131</b>	<b>12 467</b>	<b>248 268</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)	2018				2017	
	Q2		Q1		Q4	
<b>Total exposure covered by:</b>	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	323	1 969	334	2 176	288	2 707
Qualifying revolving retail	-	-	-	-	-	-
Other retail	2 866	172	2 770	178	2 782	181
	<b>3 189</b>	<b>2 141</b>	<b>3 104</b>	<b>2 354</b>	<b>3 070</b>	<b>2 888</b>
<b>Non-retail</b>						
Corporate	726	2 511	889	2 003	861	2 012
Sovereign	-	-	-	-	-	-
Financial Institutions	-	48	-	63	-	112
	<b>726</b>	<b>2 559</b>	<b>889</b>	<b>2 066</b>	<b>861</b>	<b>2 124</b>
<b>Trading book</b>	-	<b>41</b>	-	<b>61</b>	-	<b>43</b>
<b>Total</b>	<b>3 915</b>	<b>4 741</b>	<b>3 993</b>	<b>4 481</b>	<b>3 931</b>	<b>5 055</b>

(unaudited) (millions of Canadian dollars)	2017					
	Q3		Q2		Q1	
<b>Total exposure covered by:</b>	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	462	3 387	295	2 497	426	3 302
Qualifying revolving retail	-	-	-	-	-	-
Other retail	2 640	186	2 633	189	2 705	188
	<b>3 102</b>	<b>3 573</b>	<b>2 928</b>	<b>2 686</b>	<b>3 131</b>	<b>3 490</b>
<b>Non-retail</b>						
Corporate	986	1 984	1 162	2 042	1 056	2 012
Sovereign	-	-	-	-	-	-
Financial Institutions	-	115	-	6	-	-
	<b>986</b>	<b>2 099</b>	<b>1 162</b>	<b>2 048</b>	<b>1 056</b>	<b>2 012</b>
<b>Trading book</b>	-	<b>93</b>	-	<b>7</b>	-	<b>23</b>
<b>Total</b>	<b>4 088</b>	<b>5 765</b>	<b>4 090</b>	<b>4 741</b>	<b>4 187</b>	<b>5 525</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) (millions of Canadian dollars)	2018								2017			
	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	528	–	528	112	515	–	515	96	529	–	529	89
Private	449	34	415	46	397	36	361	41	381	39	342	44
	<b>977</b>	<b>34</b>	<b>943</b>	<b>158</b>	<b>912</b>	<b>36</b>	<b>876</b>	<b>137</b>	<b>910</b>	<b>39</b>	<b>871</b>	<b>133</b>

(unaudited) (millions of Canadian dollars)	2017											
	Q3				Q2				Q1			
	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	524	–	524	77	522	–	522	139	563	–	563	99
Private	408	38	370	66	350	37	313	79	323	40	283	70
	<b>932</b>	<b>38</b>	<b>894</b>	<b>143</b>	<b>872</b>	<b>37</b>	<b>835</b>	<b>218</b>	<b>886</b>	<b>40</b>	<b>846</b>	<b>169</b>



## Credit Derivative Positions (notional amounts)

	2018								2017			
	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
(unaudited) (millions of Canadian dollars)												
Credit default swaps												
Indices, singles names and other	81	19	2 018	198	76	18	1 493	65	80	19	4 748	3 514
Tranches on indices	-	-	-	-	-	-	-	-	-	-	-	-
Total return swaps	-	-	173	-	-	-	179	-	-	-	180	-
Credit options	-	-	-	-	-	-	-	-	-	-	-	-

	2017											
	Q3				Q2				Q1			
	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
(unaudited) (millions of Canadian dollars)												
Credit default swaps												
Indices, singles names and other	77	19	3 089	2 076	132	20	2 419	2 127	125	20	1 402	966
Tranches on indices	-	-	-	-	-	-	-	-	-	-	-	-
Total return swaps	-	-	208	-	-	-	217	-	-	-	216	-
Credit options	-	-	-	-	-	-	-	-	-	-	-	-

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





## Derivatives Financial Instruments According to Basel Definition

	2018		2017			
	Q2	Q1	Q4	Q3	Q2	Q1
(unaudited) (millions of Canadian dollars)						
<b>Under Basel III</b>						
<b>Foreign Exchange Related Contracts</b>						
Swaps	203 973	182 228	182 196	180 440	182 943	182 895
Options	9 324	7 258	8 515	7 385	7 105	6 883
<i>- purchased</i>	8 055	6 532	8 940	7 689	7 809	6 698
<i>- sold</i>	30 853	29 000	29 509	28 518	29 554	31 777
Exchange traded and OTC futures contracts						
Total notional amount	252 205	225 018	229 160	224 032	227 411	228 253
Replacement cost	3 586	4 515	4 368	5 831	4 211	4 248
<i>- gross</i>	2 181	2 302	2 512	2 659	2 710	2 347
<i>- net<sup>(1)</sup></i>	1 995	1 895	1 892	1 817	1 933	2 009
Future credit risk	1 995	1 895	1 892	1 817	1 933	2 009
Credit equivalent <sup>(2)</sup>	4 176	4 197	4 404	4 476	4 643	4 356
Risk-weighted equivalent <sup>(3)</sup>	1 456	1 388	1 374	1 448	1 284	1 247
<b>Interest Rate Related Contracts</b>						
Swaps	487 593	460 603	503 421	473 530	421 548	436 095
Options	30 577	28 113	20 747	13 016	18 743	18 834
<i>- purchased</i>	14 488	10 350	5 044	5 620	14 600	21 887
<i>- sold</i>	4 958	5 269	4 733	9 705	6 816	14 899
Exchange traded and OTC futures contracts						
Total notional amount	537 616	504 335	533 945	501 871	461 707	491 715
Replacement cost	5 127	4 538	3 705	4 066	4 506	4 353
<i>- gross</i>	1 987	1 548	1 012	1 027	1 237	1 153
<i>- net<sup>(1)</sup></i>	1 859	3 318	2 395	2 438	2 519	2 373
Future credit risk	1 859	3 318	2 395	2 438	2 519	2 373
Credit equivalent <sup>(2)</sup>	3 846	4 866	3 407	3 465	3 755	3 526
Risk-weighted equivalent <sup>(3)</sup>	405	566	620	610	754	723
<b>Financial Futures</b>						
Total notional amount	86 407	90 467	122 714	72 600	125 581	111 574
<b>Equity and Commodity Contracts</b>						
Total notional amount	64 736	69 357	53 923	50 390	54 851	49 932
Replacement cost	2 565	2 484	1 908	1 870	1 878	2 641
<i>- gross</i>	1 906	1 937	1 441	1 566	1 567	2 176
<i>- net<sup>(1)</sup></i>	2 817	2 889	2 314	2 227	2 505	2 194
Future credit risk	2 817	2 889	2 314	2 227	2 505	2 194
Credit equivalent <sup>(2)</sup>	4 723	4 826	3 755	3 793	4 072	4 370
Risk-weighted equivalent <sup>(3)</sup>	467	442	306	250	298	368
<b>Credit Derivatives</b>						
Total notional amount (trading only) <sup>(5)</sup>	2 389	1 737	8 442	5 373	4 763	2 585
Total Return Swap Notional Amount <sup>(4)(5)</sup>	173	191	150	192	349	6
Replacement cost <sup>(5)</sup>	10	11	111	75	68	35
<i>- gross</i>	7	9	8	7	5	9
<i>- net<sup>(1)</sup></i>	13	15	16	21	21	30
Future credit risk	13	15	16	21	21	30
Credit equivalent <sup>(2)</sup>	20	24	24	28	27	39
Risk-weighted equivalent <sup>(3)</sup>	44	2	7	4	5	6
<b>Total Derivatives</b>						
Total notional amount	943 526	891 105	948 334	854 458	874 662	884 065
Replacement cost	11 288	11 548	10 092	11 842	10 663	11 277
<i>- gross</i>	6 081	5 796	4 973	5 259	5 519	5 685
<i>- net<sup>(1)</sup></i>	6 684	8 117	6 617	6 503	6 978	6 606
Future credit risk	6 684	8 117	6 617	6 503	6 978	6 606
Credit equivalent <sup>(2)</sup>	12 765	13 913	11 590	11 762	12 497	12 291
Risk-weighted equivalent <sup>(3)</sup>	2 372	2 398	2 307	2 312	2 341	2 344

(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>

(unaudited) (millions of Canadian dollars)	2018						2017		
	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
Interest rate contracts	117 926	349 366	156 731	122 334	316 141	156 327	143 394	359 969	153 296
Foreign exchange contracts	153	–	252 052	351	–	224 667	153	–	229 007
Equity, commodity and credit derivative contracts <sup>(2)</sup>	21 586	2 418	43 294	22 715	2 148	46 422	21 188	8 893	32 434

(unaudited) (millions of Canadian dollars)	2017								
	Q3			Q2			Q1		
	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
Interest rate contracts	83 753	333 309	157 408	149 009	280 124	158 156	144 792	303 632	92 099
Foreign exchange contracts	194	–	223 838	91	–	227 319	459	–	227 794
Equity, commodity and credit derivative contracts <sup>(2)</sup>	22 658	5 703	27 595	21 868	5 094	33 001	19 567	2 741	30 215

(1) Notional amounts.

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

# Aggregate Amount of Securitization Exposures

	2018						2017											
	Q2			Q1			Q4			Q3			Q2			Q1		
	Banking Book		Trading book	Banking Book		Trading book	Banking Book		Trading book	Banking Book		Trading book	Banking Book		Trading book	Banking Book		Trading book
(unaudited) (millions of Canadian dollars)	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	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
<b>Bank's own assets</b>																		
Traditional exposures																		
Insured Mortgage loans																		
Retained <sup>(1)</sup>	6 847	-	-	7 131	-	-	6 693	-	-	6 579	-	-	7 589	-	-	7 484	-	-
Credit Cards																		
Retained <sup>(1)</sup>	140	286	-	144	298	-	191	381	-	195	389	-	192	383	-	158	329	-
Purchased <sup>(2)</sup>	478	-	-	479	-	-	480	-	-	479	-	-	481	-	-	478	-	-
<b>Total - Bank's own assets</b>	<b>7 465</b>	<b>286</b>	<b>-</b>	<b>7 754</b>	<b>298</b>	<b>-</b>	<b>7 364</b>	<b>381</b>	<b>-</b>	<b>7 253</b>	<b>389</b>	<b>-</b>	<b>8 262</b>	<b>383</b>	<b>-</b>	<b>8 120</b>	<b>329</b>	<b>-</b>
<b>Third party assets</b>																		
Sponsored																		
Traditional exposures <sup>(3)</sup>																		
Residential Mortgages - Insured	-	723	1	-	833	-	-	1 014	2	-	1 579	-	-	1 634	-	-	1 671	1
Residential Mortgages - conventional	-	1 360	1	-	1 248	-	-	1 129	2	-	862	-	-	671	-	-	694	1
Fleet Lease Receivables	-	270	-	-	267	-	-	250	1	-	251	-	-	252	-	-	255	-
Auto Floorplans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Auto Loans	-	130	-	-	131	-	-	128	-	-	128	-	-	132	-	-	136	-
Investment Loans	-	201	-	-	201	-	-	200	-	-	200	-	-	-	-	-	-	-
Purchased																		
Traditional exposures																		
Insured Mortgage loans - MBS	1 562	-	2 479	1 874	-	4 766	3 010	-	2 246	2 759	-	2 259	3 217	-	2 145	4 198	-	1 885
Credit Cards - ABS	-	-	105	-	-	121	-	-	122	-	-	86	-	-	70	-	-	42
Home Equity - ABS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial mortgage back securities (CMBS)	16	-	-	7	-	-	18	-	-	18	-	-	19	-	-	12	-	-
Collateralized debt obligation (CDO)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized mortgage obligation (CMO)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1 356	482	-	1 359	486	-	1 306	216	-	1 439	193	-	1 422	225	-	488	-	-
Synthetic exposures																		
CDX tranches	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Resecuritized exposures																		
Master Asset Vehicules	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial paper not included in the Pan-Canadian restructuring plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized mortgage obligation (CMO)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total - Third party assets</b>	<b>2 934</b>	<b>3 166</b>	<b>2 586</b>	<b>3 240</b>	<b>3 166</b>	<b>4 887</b>	<b>4 334</b>	<b>2 937</b>	<b>2 373</b>	<b>4 216</b>	<b>3 213</b>	<b>2 345</b>	<b>4 658</b>	<b>2 914</b>	<b>2 215</b>	<b>4 698</b>	<b>2 756</b>	<b>1 929</b>
<b>Total - Bank</b>	<b>10 399</b>	<b>3 452</b>	<b>2 586</b>	<b>10 994</b>	<b>3 464</b>	<b>4 887</b>	<b>11 698</b>	<b>3 318</b>	<b>2 373</b>	<b>11 469</b>	<b>3 602</b>	<b>2 345</b>	<b>12 920</b>	<b>3 297</b>	<b>2 215</b>	<b>12 818</b>	<b>3 085</b>	<b>1 929</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.

# Capital Requirements for Securitization Exposures Under Securitization Framework<sup>(1)</sup>

(unaudited) (millions of Canadian dollars)	2018																		2017					
	Q2						Q1						Q4											
	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	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	On balance sheet	Off balance sheet								
Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets							
<b>Bank's own assets<sup>(2)</sup></b>																								
Credit Cards																								
Seller's interest exposure <sup>(3)</sup>	139	86	286	37	--	--	144	92	298	38	--	--	191	119	381	52	--	--						
Purchased	478	54	--	--	--	--	479	54	--	--	--	--	480	55	--	--	--	--						
<b>Total - Bank's own assets</b>	<b>617</b>	<b>140</b>	<b>286</b>	<b>37</b>	<b>--</b>	<b>--</b>	<b>623</b>	<b>146</b>	<b>298</b>	<b>38</b>	<b>--</b>	<b>--</b>	<b>671</b>	<b>174</b>	<b>381</b>	<b>52</b>	<b>--</b>	<b>--</b>						
<b>Third party assets</b>																								
<b>Securitized</b>																								
7% - 30%	1 373	129	3 166	226	105	8	1 366	128	3 166	226	121	9	1 324	124	2 937	211	122	9						
35% - 100%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
150% - 850%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
1250 %	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
Home Equity - ABS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
Collateralized mortgage obligation (CMO)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
Others	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
<b>Resecuritized</b>																								
7% - 30%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
35% - 100%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
150% - 850%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
1250 %	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
Master Asset Vehicles	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
Commercial paper not included in the Pan-Canadian restructuring plan	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
Collateralized mortgage obligation (CMO)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--						
<b>Total - Third party assets</b>	<b>1 373</b>	<b>129</b>	<b>3 166</b>	<b>226</b>	<b>105</b>	<b>8</b>	<b>1 366</b>	<b>128</b>	<b>3 166</b>	<b>226</b>	<b>121</b>	<b>9</b>	<b>1 324</b>	<b>124</b>	<b>2 937</b>	<b>211</b>	<b>122</b>	<b>9</b>						
<b>Total</b>	<b>1 990</b>	<b>269</b>	<b>3 452</b>	<b>263</b>	<b>105</b>	<b>8</b>	<b>1 989</b>	<b>274</b>	<b>3 464</b>	<b>264</b>	<b>121</b>	<b>9</b>	<b>1 995</b>	<b>298</b>	<b>3 318</b>	<b>263</b>	<b>122</b>	<b>9</b>						

(unaudited) (millions of Canadian dollars)	2017																	
	Q3						Q2						Q1					
	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	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	On balance sheet	Off balance sheet		
Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	Exposure Amount	Risk-Weighted Assets	
<b>Bank's own assets<sup>(2)</sup></b>																		
Credit Cards																		
Seller's interest exposure <sup>(3)</sup>	195	119	389	51	--	--	192	120	383	51	--	--	158	103	329	44	--	--
Purchased	479	55	--	--	--	--	481	55	--	--	--	--	478	54	--	--	--	--
<b>Total - Bank's own assets</b>	<b>674</b>	<b>174</b>	<b>389</b>	<b>51</b>	<b>--</b>	<b>--</b>	<b>673</b>	<b>175</b>	<b>383</b>	<b>51</b>	<b>--</b>	<b>--</b>	<b>636</b>	<b>157</b>	<b>329</b>	<b>44</b>	<b>--</b>	<b>--</b>
<b>Third party assets</b>																		
<b>Securitized</b>																		
7% - 30%	1 457	141	3 213	228	86	61	1 441	139	2 914	204	70	49	500	36	2 756	214	42	29
35% - 100%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
150% - 850%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
1250 %	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Home Equity - ABS	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Collateralized mortgage obligation (CMO)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Resecuritized</b>																		
7% - 30%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
35% - 100%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
150% - 850%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
1250 %	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Master Asset Vehicles	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Commercial paper not included in the Pan-Canadian restructuring plan	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Collateralized mortgage obligation (CMO)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total - Third party assets</b>	<b>1 457</b>	<b>141</b>	<b>3 213</b>	<b>228</b>	<b>86</b>	<b>61</b>	<b>1 441</b>	<b>139</b>	<b>2 914</b>	<b>204</b>	<b>70</b>	<b>49</b>	<b>500</b>	<b>36</b>	<b>2 756</b>	<b>214</b>	<b>42</b>	<b>29</b>
<b>Total</b>	<b>2 131</b>	<b>315</b>	<b>3 602</b>	<b>279</b>	<b>86</b>	<b>61</b>	<b>2 114</b>	<b>314</b>	<b>3 297</b>	<b>255</b>	<b>70</b>	<b>49</b>	<b>1 136</b>	<b>193</b>	<b>3 085</b>	<b>258</b>	<b>42</b>	<b>29</b>

(1) National Bank uses the following approaches for determining the risk-weighted assets : RBA, IAA and, starting Q2 2017, the Supervisory Formula.

(2) 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.

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

## Asset Securitization - Managed Loans

	2018										2017				
	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) (millions of Canadian dollars)															
<b>Banking Book</b>															
Insured mortgage loans	21 313	–	–	1 204	–	21 372	–	–	1 828	–	20 962	–	–	1 930	–
Credit card receivables	1 389	10	13	–	–	1 389	9	12	–	–	1 389	9	12	–	–
<b>Total</b>	<b>22 702</b>	<b>10</b>	<b>13</b>	<b>1 204</b>	<b>–</b>	<b>22 761</b>	<b>9</b>	<b>12</b>	<b>1 828</b>	<b>–</b>	<b>22 351</b>	<b>9</b>	<b>12</b>	<b>1 930</b>	<b>–</b>
<b>Trading Book</b>															
Insured mortgage loans	5 265	–	–	189	228	5 198	–	–	148	207	5 475	–	–	155	153

	2017										2016				
	Q3					Q2					Q1				
	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) (millions of Canadian dollars)															
<b>Banking Book</b>															
Insured mortgage loans	20 684	–	–	1 051	–	21 640	–	–	1 805	–	21 093	–	–	3 749	–
Credit card receivables	1 389	9	13	–	–	1 389	9	13	–	–	1 389	8	12	461	–
<b>Total</b>	<b>22 073</b>	<b>9</b>	<b>13</b>	<b>1 051</b>	<b>–</b>	<b>23 029</b>	<b>9</b>	<b>13</b>	<b>1 805</b>	<b>–</b>	<b>22 482</b>	<b>8</b>	<b>12</b>	<b>4 210</b>	<b>–</b>
<b>Trading Book</b>															
Insured mortgage loans	5 652	–	–	107	374	5 844	–	–	118	151	5 850	–	–	383	282

(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.