



Supplementary Regulatory Capital and Pillar 3 Disclosure

Second Quarter 2021

(unaudited)

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This document is available via the Bank's web site: www.nbc.ca

Notes to users

- 1) This *Supplementary Regulatory Capital and Pillar 3 Disclosure* document is unaudited and should be read in conjunction with the *2020 Annual Report*. All amounts are in millions of Canadian dollars, unless otherwise indicated.
- 2) The information provided in this document is subject to the same level of internal review and internal control processes as the information provided by the Bank for its financial reporting.
- 3) Financial information is available through the *Report to Shareholders* for all quarters of 2021 and also in the document entitled *Supplementary Financial Information* which are available on the Bank's website at nbc.ca. Prior reporting periods are also available on the Bank's website.
- 4) For certain prescribed tables formats where row or column items have zero balances, such items have not been presented.

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CR9 - IRB - Backtesting of Probability of Default (PD) per Portfolio			n.a.
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			The Bank continues to apply the market risk disclosures under Basel 2.5 framework as permitted by OSFI.

n.a. Not applicable

(1) Information available on the Bank's website at nbc.ca.

(2) These pages are included in the document entitled *Supplementary Financial Information – Second Quarter 2021*.

(3) These pages are included in the *Supplementary Regulatory Capital and Pillar 3 Disclosure – Fourth Quarter 2020*.

KM2 – Key Metrics – TLAC Requirements⁽¹⁾

(millions of Canadian dollars)

		2021		2020			
		Q2	Q1	Q4	Q3	Q2	Q1
		a		a			
1	Total loss-absorbing capacity (TLAC) available	25,576	24,602	22,511	21,584	20,172	19,943
1a	TLAC available with transitional arrangements for ECL provisioning not applied	25,576	24,602	22,511	21,584	20,172	19,943
2	Total RWA at the level of the resolution group	98,705	97,183	94,808	94,814	92,755	86,206
3	TLAC ratio: TLAC as a percentage of RWA (row 1 / row 2) (%)	25.9%	25.3%	23.7%	22.8%	21.7%	23.1%
3a	TLAC ratio: TLAC as a percentage of RWA (row 1a / row 2) (%) with transitional arrangements for ECL provisioning not applied	25.9%	25.3%	23.7%	22.8%	21.7%	23.1%
4	Leverage ratio exposure measure at the level of the resolution group	339,738	334,013	321,038	309,001	306,386	319,709
5	TLAC Leverage Ratio: TLAC as a percentage of leverage ratio exposure measure (row 1 / row 4) (%)	7.5%	7.4%	7.0%	7.0%	6.6%	6.2%
5a	TLAC Leverage Ratio: TLAC as a percentage of leverage ratio exposure measure with transitional arrangements for ECL provisioning not applied (row 1a / row 4) (%)	7.5%	7.4%	7.0%	7.0%	6.6%	6.2%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	yes	yes	yes	yes	yes	yes
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	no	no	no	no	no	no
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Minimum TLAC ratios will be required starting November 1, 2021. Rows 1, 3 and 5 incorporate expected credit loss transitional relief provided by OSFI as announced on March 27, 2020. Rows 1a, 3a and 5a represent TLAC available with transitional arrangements for ECL provisioning not applied.

OV1 – Overview of RWA⁽¹⁾

(millions of Canadian dollars)

The following table provides an overview of total RWA forming the denominator of the risk-based capital requirements. Further breakdowns of RWA are presented in subsequent parts.

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q2 2021
	a	b	b	b	b	c
	RWA ⁽¹⁾	Minimum capital requirement ⁽²⁾				
1 Credit risk (excluding counterparty credit risk)	69,232	68,566	67,348	66,240	66,385	5,539
2 Of which: standardised approach (SA)	14,192	14,150	14,229	13,630	14,065	1,135
3 Of which: foundation internal ratings-based (F-IRB) approach	–	–	–	–	–	–
4 Of which: supervisory slotting approach	–	–	–	–	–	–
5 Of which: advanced internal ratings-based (A-IRB) approach	55,040	54,416	53,119	52,610	52,320	4,404
6 Counterparty credit risk (CCR)	7,006	6,910	6,149	6,188	5,756	560
7 Of which: standardised approach for counterparty credit risk	5,204	5,256	4,702	4,704	4,714	416
8 Of which: internal model method (IMM)	–	–	–	–	–	–
9 Of which: other CCR	1,506	1,422	1,276	1,345	927	120
9a Of which: exposures to central counterparties	296	232	171	139	115	24
10 Credit valuation adjustment (CVA)	1,716	1,337	1,612	1,664	1,555	137
11 Equity positions under the simple risk weight approach⁽³⁾	1,151	1,111	1,060	1,074	1,017	92
12 Equity investments in funds – look-through approach	141	146	144	128	138	11
13 Equity investments in funds – mandate-based approach	–	–	–	–	–	–
14 Equity investments in funds – fall-back approach	–	–	–	–	–	–
15 Settlement risk	143	74	113	166	63	11
16 Securitization exposures in banking book	683	666	694	639	574	55
16a Of which: subject to the transitional arrangement	–	–	–	–	–	–
17 Of which: securitization IRB approach (SEC-IRBA)	171	153	172	176	67	14
18 Of which: securitization external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	407	408	442	383	427	33
19 Of which: securitization standardised approach (SEC-SA)	105	105	80	80	80	8
20 Market risk	3,307	3,489	3,497	4,724	4,121	265
21 Of which: standardised approach (SA)	873	1,017	1,031	1,025	1,095	70
22 Of which: internal model approach (IMA)	2,434	2,472	2,466	3,699	3,026	195
23 Capital charge for switch between trading book and banking book	–	–	–	–	–	–
24 Operational risk	12,884	12,594	12,326	12,146	11,977	1,031
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	2,442	2,290	1,865	1,845	1,169	195
26 Floor adjustment	–	–	–	–	–	–
27 Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)	98,705	97,183	94,808	94,814	92,755	7,896

(1) Risk weighted assets including the 1.06 scaling factor.

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

(3) Banking Book Equities that are not equity investments in funds (EIF) are treated under the materiality exemption and consequently reported in OV1 row 11 as the materiality exemption is available for AIRB banks.

L11 – Differences Between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statements with Regulatory Risk Categories⁽¹⁾

(millions of Canadian dollars)

For the following tables columns a and b enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation; and columns c to g break down how the amounts reported in banks' financial statements (rows) correspond to regulatory risk categories.

	Q2 2021						
	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Carrying values of items ⁽²⁾ Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and deposits with financial institutions	36,958	36,958	36,958	–	–	413	–
Securities							
At fair value through profit or loss	87,100	89,860	2,310	–	12	87,538	–
At fair value through other comprehensive income	9,337	19,271	19,267	–	4	–	–
At amortized cost	10,909	11,192	10,084	–	1,108	–	–
	107,346	120,323	31,661	–	1,124	87,538	–
Securities purchased under reverse repurchase agreements and securities borrowed	11,356	12,898	–	12,898	–	–	–
Loans and acceptances							
Residential mortgage	68,350	40,501	40,501	–	–	–	–
Personal	38,723	38,723	38,723	–	–	–	–
Credit card	1,985	1,985	853	–	1,071	–	61
Business and government	56,817	56,817	56,817	–	43	453	–
Customers' liability under acceptances	165,875	138,026	136,894	–	1,114	453	61
Allowances for credit losses	(6,871)	(541)	(541)	–	–	–	–
	(1,114)	(541)	(541)	–	–	–	–
	171,632	144,356	143,224	–	1,114	453	61
Other							
Derivative financial instruments ⁽³⁾	15,284	16,006	–	16,006	–	15,110	–
Investments in associates and joint ventures	381	467	467	–	–	–	–
Premises and equipment	1,159	1,159	1,159	–	–	–	–
Goodwill	1,401	1,497	–	–	–	–	1,497
Intangible assets	1,468	1,240	–	–	–	–	1,240
Other assets	3,757	3,756	3,451	–	–	–	305
	23,450	24,125	5,077	16,006	–	15,110	3,042
Total assets	350,742	338,660	216,920	28,904	2,238	103,514	3,103
Liabilities							
Deposits	231,320	231,320	–	–	–	13,297	218,023
Other							
Acceptances	6,871	6,871	–	–	–	–	6,871
Obligations related to securities sold short	18,564	18,564	–	–	–	18,564	–
Obligations related to securities sold under repurchase agreements and securities loaned	28,779	35,234	–	35,234	–	–	–
Derivative financial instruments ⁽³⁾	16,749	18,145	–	18,145	–	16,319	–
Liabilities related to transferred receivables	24,178	24,178	–	–	–	–	24,178
Other liabilities	5,354	5,354	–	–	–	–	5,354
	100,495	108,346	–	53,379	–	34,883	36,403
Subordinated debt	771	771	–	–	–	–	771
Total liabilities	332,586	340,437	–	53,379	–	48,180	255,197

(1) The basis of consolidation used for financial accounting purposes, described in Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2020, 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 sum of amounts in columns c to g may not equal the amounts in column b as some items may be subject to regulatory capital charges in more than one risk category.

(3) Derivatives financial instruments are subject to both counterparty credit risk and market risk frameworks.

LI2 – Main Sources of Differences Between Regulatory Exposure Amounts and Carrying Values in Financial Statements

(millions of Canadian dollars)

The following table provides information on the main sources of differences (other than due to different scopes of consolidation which are shown in table LI1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

		Q2 2021				
		a	b	c	d	e
		Total	Items subject to ⁽¹⁾ :			
			Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	335,557	216,920	2,238	28,904	103,514
2	Liabilities carrying value amount under scope of regulatory consolidation (as per template LI1)	85,240	–	–	53,379	48,180
3	Total net amount under regulatory scope of consolidation	250,317	216,920	2,238	(24,475)	55,334
4	<i>Gross-up for repo-style transactions⁽²⁾</i>	70,468	–	–	70,468	–
5	<i>Potential future exposures (PFE)⁽³⁾</i>	12,001	–	–	12,001	–
6	<i>Off-balance sheet amounts⁽⁴⁾</i>	189,124	58,201	3,702	97,508	–
7	<i>Differences due to different netting rules, other than those already included in row 2 including collateral</i>	6,158	–	–	6,158	–
8	VaR amounts for Securities Financing Transactions (SFTs)	9,294	–	–	9,294	–
9	<i>Differences in valuations</i>	–	–	–	–	–
10	<i>Collateral for SFTs</i>	(141,097)	–	–	(141,097)	–
11	Exposure amounts considered for regulatory purposes⁽⁵⁾	396,265	275,121	5,940	29,857	55,334

(1) The sum of amounts in columns b to e may not equal the amounts in column a as some items may be subject to regulatory capital charges in more than one risk category.

(2) Is equal to two times the Obligations related to securities sold under repurchase agreements and securities loaned subject to counterparty credit risk framework from table LI1.

(3) The PFE amount is presented after the alpha of 1.4.

(4) Original off-balance sheet amounts are presented in column a while in columns b through e exposures are after application of credit conversion factors (CCFs).

(5) The aggregate amount considered as a starting point of the RWA calculation.

CC1 – Composition of Regulatory Capital

(millions of Canadian dollars)

		2021		2020				
		Q2	Q1	Q4	Q3	Q2	Q1	
		Reference ⁽¹⁾						
Common Equity Tier 1 capital: instruments and reserves								
1	Directly issued qualifying common share capital plus related contributed surplus ⁽²⁾	a + a'	3,171	3,139	3,104	3,087	3,074	3,072
2	Retained earnings	b	11,704	10,998	10,444	10,150	10,058	9,556
3	Accumulated other comprehensive income and other reserves	c	(169)	(167)	(118)	(177)	(137)	(7)
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		-	-	-	-	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	d	-	-	-	-	-	-
6	Common Equity Tier 1 capital before regulatory adjustments		14,706	13,970	13,430	13,060	12,995	12,621
Regulatory adjustments to Common Equity Tier 1 capital								
7	Prudential valuation adjustments		-	-	-	-	-	-
8	Goodwill (net of related tax liability)	e - w	(1,497)	(1,508)	(1,515)	(1,518)	(1,524)	(1,511)
9	Intangible assets other than mortgage-servicing rights	f - x	(1,240)	(1,222)	(1,213)	(1,239)	(1,182)	(1,160)
10	Deferred tax assets excluding those arising from temporary differences (net of related tax liability)	g	(42)	(41)	(41)	(32)	(31)	-
11	Accumulated other comprehensive income related to cash flow hedges	h	114	249	283	311	313	47
12	Shortfall of total provisions to expected losses	i	-	-	-	-	-	-
13	Securitisation gain on sale		-	-	-	-	-	-
14	Gains (losses) due to changes in own credit risk on fair valued liabilities	j	117	140	59	41	(88)	56
15	Defined benefit pension plan assets (net of related tax liability)	k - y	(305)	(196)	(79)	(15)	(118)	(7)
16	Investments in own shares (if not already netted off contributed surplus on reported balance sheet)		-	-	-	-	-	-
17	Reciprocal cross holdings in common equity		-	-	-	-	-	-
18	Non-significant investments in capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	l	-	-	-	-	-	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	m	-	-	-	-	-	-
20	Mortgage servicing rights (amount above 10% threshold)		-	-	-	-	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		-	-	-	-	-	-
22	Amount exceeding the 15% threshold		-	-	-	-	-	-
23	of which: significant investments in the common stock of financials	n	-	-	-	-	-	-
24	of which: mortgage servicing rights		-	-	-	-	-	-
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)		144	171	243	232	203	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		-	-	-	-	-	-
28	Total regulatory adjustments to Common equity Tier 1		(2,709)	(2,407)	(2,263)	(2,220)	(2,427)	(2,575)
29	Common Equity Tier 1 capital (CET1)		11,997	11,563	11,167	10,840	10,568	10,046
29a	CET1 with transitional arrangements for ECL provisioning not applied		11,853	11,392	10,924	10,608	10,365	
Additional Tier 1 capital: instruments								
30	Directly issued qualifying Additional Tier 1 instruments plus related contributed surplus ⁽²⁾		3,050	2,950	2,950	2,450	2,450	2,450
31	of which: classified as equity under applicable accounting standards	v + z	3,050	2,950	2,950	2,450	2,450	2,450
32	of which: classified as liabilities under applicable accounting standards	p	-	-	-	-	-	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1 ⁽²⁾	v' + z' + p'	-	-	-	-	350	350
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	-	-	-	-	-	-
35	of which: instruments issued by subsidiaries subject to phase out		-	-	-	-	-	-
36	Additional Tier 1 capital before regulatory adjustments		3,050	2,950	2,950	2,450	2,800	2,800

(1) Reconciliation with Balance Sheet is presented on pages 12 and 13.

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

CC1 – Composition of Regulatory Capital (continued)

(millions of Canadian dollars)

		2021		2020			
		Q2	Q1	Q4	Q3	Q2	Q1
		Reference ⁽¹⁾					
Additional Tier 1 capital: regulatory adjustments							
37	Investments in own Additional Tier 1 instruments	(4)	–	(3)	–	–	–
38	Reciprocal cross holdings in Additional Tier 1 instruments	–	–	–	–	–	–
39	Non-significant investments in the capital of banking, financial and insurance entities, net of eligible short positions (amount above 10% threshold)	–	–	–	–	–	–
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	–	–	–	–	–	–
41	Other deductions from Tier 1 capital as determined by OSFI	(1)	(1)	(2)	–	–	–
41a	of which: Reverse mortgages	(1)	(1)	(2)	–	–	–
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–	–	–	–	–	–
43	Total regulatory adjustments to Additional Tier 1 capital	(5)	(1)	(5)	–	–	–
44	Additional Tier 1 capital (AT1)	3,045	2,949	2,945	2,450	2,800	2,800
45	Tier 1 capital (T1 = CET1 + AT1)	15,042	14,512	14,112	13,290	13,368	12,846
45a	Tier 1 Capital with transitional arrangements for ECL provisioning not applied	14,898	14,341	13,869	13,058	13,165	
Tier 2 capital: instruments and allowances							
46	Directly issued qualifying Tier 2 instruments plus related contributed surplus ⁽²⁾	r	750	750	750	750	750
47	Directly issued capital instruments subject to phase out from Tier 2 ⁽²⁾	r'	9	9	9	9	10
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	–	–	–	–	–
49	of which: instruments issued by subsidiaries subject to phase out		–	–	–	–	–
50	Allowances for credit losses	t	397	402	317	313	308
51	Tier 2 capital before regulatory adjustments		1,156	1,161	1,076	1,072	1,068
51	Tier 2 capital: regulatory adjustments						
52	Investments in own Tier 2 instruments		–	–	–	–	–
53	Reciprocal cross holdings in Tier 2 instruments and Other TLAC-eligible instruments		–	–	–	–	–
54	Non-significant investments in the capital of banking, financial and insurance entities and Other TLAC-eligible instruments issued by G-SIBs and Canadian D-SIBs that are outside the scope of regulatory consolidation, where the institution does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		(45)	(84)	(21)	(26)	(66)
54a	[Reporting row for G-SIBs and D-SIBs only] Non-significant investments in the other TLAC-eligible instruments issued by G-SIBs and Canadian D-SIBs, where the institution does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but no longer meets the conditions		(45)	(84)	(21)	(26)	(66)
55	Significant investments in the capital of banking, financial and insurance entities and Other TLAC-eligible instruments issued by G-SIBs and Canadian D-SIBs that are outside the scope of regulatory consolidation		–	–	–	–	–
56	Other deductions from Tier 2 capital		–	–	–	–	–
57	Total regulatory adjustments to Tier 2 capital		(45)	(84)	(21)	(26)	(66)
58	Tier 2 capital (T2)		1,111	1,077	1,055	1,046	1,002
59	Total capital (TC = T1 + T2)		16,153	15,589	15,167	14,336	14,370
59a	Total Capital with transitional arrangements for ECL provisioning not applied		16,153	15,589	15,167	14,336	14,370

(1) Reconciliation with Balance Sheet is presented on pages 12 and 13.

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

CC1 – Composition of Regulatory Capital (continued)

(millions of Canadian dollars)

		2021		2020			
		Q2	Q1	Q4	Q3	Q2	Q1
60	Total risk-weighted assets	98,705	97,183	94,808	94,814	92,755	86,206
60a	Common Equity Tier 1 Capital RWA (CET1)	98,705	97,183	94,808	94,814	92,755	86,206
60b	Tier 1 Capital RWA	98,705	97,183	94,808	94,814	92,755	86,206
60c	Total capital RWA	98,705	97,183	94,808	94,814	92,755	86,206
Capital ratios							
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.2%	11.9%	11.8%	11.4%	11.4%	11.7%
61a	CET1 Ratio with transitional arrangements for ECL provisioning not applied	12.0%	11.7%	11.5%	11.2%	11.2%	
62	Tier 1 (as a percentage of risk weighted assets)	15.2%	14.9%	14.9%	14.0%	14.4%	14.9%
62a	Tier 1 Capital Ratio with transitional arrangements for ECL provisioning not applied	15.1%	14.8%	14.6%	13.8%	14.2%	
63	Total capital (as a percentage of risk weighted assets)	16.4%	16.0%	16.0%	15.1%	15.5%	16.0%
63a	Total Capital Ratio with transitional arrangements for ECL provisioning not applied	16.4%	16.0%	16.0%	15.1%	15.5%	
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%
65	of which: capital conservation buffer requirement	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
66	of which: bank-specific countercyclical buffer	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
67	of which: G-SIB buffer requirement	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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)	12.2%	11.9%	11.8%	11.4%	11.4%	11.7%
OSFI target (minimum + capital conservation buffer + D-SIB buffer)⁽¹⁾							
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%
Amounts below the thresholds for deduction (before risk weighting)							
72	Non-significant investments in the capital and other TLAC-eligible instruments of other financial entities	695	435	365	346	390	436
73	Significant investments in the common stock of financials	369	353	337	377	354	340
74	Mortgage servicing rights (net of related tax liability)	–	–	–	–	–	–
75	Deferred tax assets arising from temporary differences (net of related tax liabilities)	608	563	409	361	114	204
Applicable caps on the inclusion of allowances in Tier 2							
76	Allowance eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	134	137	122	118	123	92
77	Cap on inclusion of allowances in Tier 2 under standardised approach	167	167	166	159	159	139
78	Allowance eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (IRB) (prior to application of cap)	263	265	195	195	185	113
79	Cap on inclusion of allowances in Tier 2 under internal ratings-based approach	415	407	394	392	384	354
Capital instruments subject to phase-out arrangements (only applicable between January 1, 2013 and January 1, 2022)							
80	Current cap on CET1 instruments subject to phase out arrangements	–	–	–	–	–	–
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	–	–	–	–	–
82	Current cap on AT1 instruments subject to phase out arrangements	194	194	387	387	387	387
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	238	238	476	476	476	476
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–	–	–	–	–	–

(1) Do not include the domestic stability buffer.

CC2 – Reconciliation of Regulatory Capital to Balance Sheet⁽¹⁾

(millions of Canadian dollars)

	Q2 2021		
	Cross - Reference to Definition of Capital ⁽²⁾	As in Report to Shareholders	Under scope of regulatory consolidation
Assets			
Cash and deposits with financial institutions		36,958	36,958
Securities		107,346	120,323
Non-significant investments in capital of other financial institutions reflected in regulatory capital	l	–	–
Other securities		107,346	120,323
Assets purchased under reverse repurchase agreements and securities borrowed		11,356	12,898
Loans			
Residential mortgage		68,350	40,501
Personal		38,723	38,723
Credit card		1,985	1,985
Business and government		56,817	56,817
Customers' liability under acceptances		6,871	6,871
Less: Allowances for credit losses		(1,114)	(541)
Allowance reflected in Tier 2 regulatory capital	t	–	(541)
Shortfall of allowances to expected loss	i	–	–
Allowances not reflected in regulatory capital		–	(573)
Other assets			
Derivative financial instruments		15,284	16,006
Other		8,166	8,119
Goodwill	e	1,401	1,497
Intangibles assets	f	2,627	1,468
Deferred tax assets		559	787
Deferred tax assets excluding those arising from temporary differences	g	–	42
Deferred tax assets arising from temporary differences exceeding regulatory thresholds	o	–	–
Deferred tax assets - realize through loss carrybacks		–	137
Deferred tax assets - other temporary differences		–	608
Defined-benefit pension fund net assets	k	–	415
Significant investments in other financial institutions		–	369
Significant investments exceeding regulatory thresholds	m + n	–	–
Significant investments not exceeding regulatory thresholds		–	369
Other		3,579	3,583
Total assets		350,742	338,660

(1) The basis of consolidation used for financial accounting purposes, described in Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2020, 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. Total assets of National Bank Life Insurance Company and other insurance subsidiaries are \$210 million and \$15 million respectively.

(2) The references identify balance sheet components which are used in calculation of regulatory capital on pages 9 to 11.

CC2 – Reconciliation of Regulatory Capital to Balance Sheet⁽¹⁾ (continued)

(millions of Canadian dollars)

	Q2 2021		
	Cross - Reference to Definition of Capital ⁽²⁾	As in Report to Shareholders	Under scope of regulatory consolidation
Liabilities			
Deposits		231,320	231,320
Derivatives financials instruments		16,749	18,145
Other liabilities		83,746	90,201
Gains and losses due to changes in own credit risk on fair value liabilities	j	–	(117)
Deferred tax liabilities		19	19
Related to goodwill	w	–	–
Related to intangibles	x	–	228
Related to pensions	y	–	110
Other deferred tax liabilities		–	(319)
Other		83,727	90,299
Subordinated debt		771	771
Regulatory capital amortization of maturing debentures		–	–
Fair value adjustment and unamortized issuance cost		–	12
Subordinated debentures not allowed for regulatory capital	s	–	–
Subordinated debentures used for regulatory capital		–	759
Allowed for inclusion in Tier 2 capital	r	–	750
Subject to phase out	r'	–	9
Total liabilities		332,586	340,437
Equity Attributable to Shareholders and holders of other equity instruments		18,156	17,756
Common shares	a	3,129	3,129
Contributed surplus	a'	42	42
Retained earnings	b	11,704	11,704
Accumulated Other Comprehensive Income (loss)	c	(169)	(169)
Net gains (losses) on instruments designated as cash flow hedges	h	(114)	(114)
Net foreign currency translation adjustments		(158)	(158)
Other		103	103
Preferred shares and other equity instruments		3,450	3,050
of which: are qualifying	v	–	3,050
of which: are subject to phase out	v'	–	–
Non-controlling interest		–	–
Innovative instruments		–	–
of which: are qualifying		–	–
of which: are subject to phase out	p'	–	–
Other		–	–
Portion allowed for inclusion into CET1	d	–	–
Portion allowed for inclusion into Tier 1 capital	q	–	–
Portion allowed for inclusion into Tier 2 capital	s	–	–
Portion not allowed for regulatory capital		–	–
Total Equity		18,156	17,756
Total Liabilities and Equity		350,742	358,193

(1) The basis of consolidation used for financial accounting purposes, described in Note 1 to the audited consolidated financial statements for the year ended October 31, 2020, 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. Total assets of National Bank Life Insurance Company and other insurance subsidiaries are \$210 million and \$15 million respectively.

(2) The references identify balance sheet components which are used in calculation of regulatory capital on pages 9 to 11.

TLAC1 – TLAC Composition⁽¹⁾

(millions of Canadian dollars)

		2021		2020			
		Q2	Q1	Q4	Q3	Q2	Q1
Regulatory capital elements of TLAC and adjustments							
1	Common Equity Tier 1 capital (CET1)	11,997	11,563	11,167	10,840	10,568	10,046
2	Additional Tier 1 capital (AT1) before TLAC adjustments	3,050	2,950	2,950	2,450	2,800	2,800
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties ⁽²⁾	-	-	-	-	-	-
4	Other adjustments	(5)	(1)	(5)	-	-	-
5	AT1 instruments eligible under the TLAC framework	3,045	2,949	2,945	2,450	2,800	2,800
6	Tier 2 capital (T2) before TLAC adjustments	1,156	1,161	1,076	1,072	1,068	964
7	Amortised portion of T2 instruments where remaining maturity > 1 year	-	-	-	-	-	-
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties ⁽²⁾	-	-	-	-	-	-
9	Other adjustments	(45)	(84)	(21)	(26)	(66)	(55)
10	T2 instruments eligible under the TLAC framework	1,111	1,077	1,055	1,046	1,002	909
11	TLAC arising from regulatory capital	16,153	15,589	15,167	14,336	14,370	13,755
Non-regulatory capital elements of TLAC							
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	-	-	-	-	-	-
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	9,442	9,033	7,350	7,281	5,882	6,259
14	Of which: amount eligible as TLAC after application of the caps	-	-	-	-	-	-
15	External TLAC instruments issued by funding vehicles prior to January 1, 2022	-	-	-	-	-	-
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	-	-	-	-	-	-
17	TLAC arising from non-regulatory capital instruments before adjustments	9,442	9,033	7,350	7,281	5,882	6,259
Non-regulatory capital elements of TLAC: adjustments							
18	TLAC before deductions	25,595	24,622	22,517	21,617	20,252	20,014
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs and D-SIBs)	-	-	-	-	-	-
20	Deduction of investments in own other TLAC liabilities	(19)	(20)	(6)	(33)	(80)	(71)
21	Other adjustments to TLAC	-	-	-	-	-	-
22	TLAC available after deductions	25,576	24,602	22,511	21,584	20,172	19,943
Risk-weighted assets and leverage exposure measure for TLAC purposes							
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	98,705	97,183	94,808	94,814	92,755	86,206
24	Leverage exposure measure	339,738	334,013	321,038	309,001	306,386	319,709
TLAC ratios and buffers							
25	TLAC ratio (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	25.9%	25.3%	23.7%	22.8%	21.7%	23.1%
26	TLAC Leverage ratio (as a percentage of leverage exposure)	7.5%	7.4%	7.0%	7.0%	6.6%	6.2%
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer plus higher loss absorbency, expressed as a percentage of risk-weighted assets)	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
29	Of which: capital conservation buffer	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
30	Of which: bank specific countercyclical buffer	-	-	-	-	-	-
31	Of which: D-SIB \ G-SIB buffer	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

(1) Minimum TLAC ratios will be required starting November 1, 2021.

(2) Additional Tier 1 capital and Tier 2 capital issued out of subsidiaries to third parties will be eligible as TLAC up to January 1, 2022.

TLAC3 – Creditor Ranking at Legal Entity Level⁽¹⁾

(millions of Canadian dollars)

		Q2 2021						Q1 2021					
		Creditor ranking					Sum (1 to 5)	Creditor ranking					Sum (1 to 5)
		1	2	3	4 ⁽²⁾	5 ⁽³⁾		1	2	3	4 ⁽²⁾	5 ⁽³⁾	
		Most junior			Most senior			Most junior			Most senior		
1	Description of creditor ranking	Common shares	Preferred shares	Subordinated debt	Bail-in debt	Other liabilities excluding Bail-in debt		Common shares	Preferred shares	Subordinated debt	Bail-in debt	Other liabilities excluding Bail-in debt	
2	Total capital and liabilities net of credit risk mitigation	3,129	3,050	759	9,738	–	16,676	3,094	2,950	759	10,031	–	16,834
3	Subset of row 2 that are excluded liabilities	–	–	–	315	–	315	–	–	–	1,018	–	1,018
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)	3,129	3,050	759	9,423	–	16,361	3,094	2,950	759	9,013	–	15,816
5	Subset of row 4 that are potentially eligible as TLAC	3,129	3,050	759	9,423	–	16,361	3,094	2,950	759	9,013	–	15,816
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	–	–	–	2,312	–	2,312	–	–	–	952	–	952
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	–	–	–	4,893	–	4,893	–	–	–	5,812	–	5,812
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	–	–	750	831	–	1,581	–	–	750	805	–	1,555
9	Subset of row 5 residual maturity ≥ 10 years, but excluding perpetual securities	–	–	9	1,387	–	1,396	–	–	9	1,444	–	1,453
10	Subset of row 5 that is perpetual securities	3,129	3,050	–	–	–	6,179	3,094	2,950	–	–	–	6,044

		Q4 2020						Q3 2020					
		Creditor ranking					Sum (1 to 5)	Creditor ranking					Sum (1 to 5)
		1	2	3	4 ⁽²⁾	5 ⁽³⁾		1	2	3	4 ⁽²⁾	5 ⁽³⁾	
		Most junior			Most senior			Most junior			Most senior		
1	Description of creditor ranking	Common shares	Preferred shares	Subordinated debt	Bail-in debt	Other liabilities excluding Bail-in debt		Common shares	Preferred shares	Subordinated debt	Bail-in debt	Other liabilities excluding Bail-in debt	
2	Total capital and liabilities net of credit risk mitigation	3,057	2,950	759	8,369	–	15,135	3,040	2,450	759	7,997	–	14,246
3	Subset of row 2 that are excluded liabilities	–	–	–	1,025	–	1,025	–	–	–	748	–	748
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)	3,057	2,950	759	7,344	–	14,110	3,040	2,450	759	7,249	–	13,498
5	Subset of row 4 that are potentially eligible as TLAC	3,057	2,950	759	7,344	–	14,110	3,040	2,450	759	7,249	–	13,498
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	–	–	–	999	–	999	–	–	–	–	–	–
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	–	–	–	4,952	–	4,952	–	–	–	6,270	–	6,270
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	–	–	750	774	–	1,524	–	–	750	758	–	1,508
9	Subset of row 5 residual maturity ≥ 10 years, but excluding perpetual securities	–	–	9	619	–	628	–	–	9	221	–	230
10	Subset of row 5 that is perpetual securities	3,057	2,950	–	–	–	6,007	3,040	2,450	–	–	–	5,490

(1) This table provides creditors of the legal entity National Bank of Canada with information regarding their ranking in its liabilities structure.

(2) Bail-in Debt is reflected as subordinated to Other Liabilities. Under the Bail-in Regime, Bail-in Debt which would ordinarily rank equally to Other Liabilities in liquidation, is subject to conversion under statutory resolution powers whereas Other Liabilities are not subject to such conversion.

(3) OSFI doesn't require to complete this column at this time.

LR1 – Summary Comparison of Accounting Assets vs Leverage Ratio Exposure Measure

(millions of Canadian dollars)

	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Accounting assets vs. leverage ratio exposure						
1 Total consolidated assets as per published financial statements	350,742	343,637	331,625	322,453	316,950	289,191
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	20	14	8	55	34	25
3 Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference ⁽¹⁾	(65)	(65)	(65)	(65)	(37)	(898)
4 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-	-	-	-
5 Adjustment for derivative financial instruments ⁽²⁾	5	3,859	2,224	1,755	(64)	6,458
6 Adjustment for securities financing transactions (i.e. repos and similar secured lending) ⁽²⁾	5,157	3,754	2,174	3,562	1,857	4,754
7 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	29,568	27,716	27,365	25,938	24,833	24,555
8 Other adjustments	(45,689)	(44,902)	(42,293)	(44,697)	(37,187)	(4,376)
9 Leverage Ratio Exposure	339,738	334,013	321,038	309,001	306,386	319,709

(1) OSFI's October 2018 Leverage Requirements Guideline now allows for the exclusion of securitized exposures that meet the operational requirements for risk transference.

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

LR2 – Leverage Ratio Common Disclosure Template

(millions of Canadian dollars)

		2021		2020			
		Q2	Q1	Q4	Q3	Q2	Q1
Leverage ratio common disclosure							
On-balance sheet exposures							
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	285,293	281,196	267,262	257,390	252,666	267,659
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	–	–	–	–	–	–
3	(Deductions of receivables assets for cash variation margin provided in derivative transactions)	(3,946)	(3,088)	(3,350)	(3,329)	(3,509)	(1,740)
4	(Asset amounts deducted in determining Basel III Tier 1 capital)	(2,978)	(2,721)	(2,570)	(2,493)	(2,855)	(2,631)
5	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 4)	278,369	275,387	261,342	251,568	246,302	263,288
Derivative exposures							
6	Replacement cost associated with all derivative transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	3,998	4,811	4,757	5,433	6,373	3,408
7	Add-on amounts for PFE associated with all derivative transactions	11,278	11,913	10,821	9,769	9,290	11,995
8	(Exempted CCP leg of client-cleared trade exposures)	–	–	–	–	–	–
9	Adjusted effective notional amount of written credit derivatives	12	13	67	20	21	20
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–	–	–	–	–
11	Total derivative exposures (sum of rows 6 to 10)	15,288	16,737	15,645	15,222	15,684	15,423
Securities financing transaction exposures							
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	11,356	10,419	14,512	12,711	17,710	11,689
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(752)	(1,272)	(1,725)	(1,491)	(2,301)	(520)
14	CCR exposure for SFTs assets	5,909	5,026	3,899	5,053	4,158	5,274
15	Agent transaction exposures	–	–	–	–	–	–
16	Total securities financing transaction exposures (sum of rows 12 to 15)	16,513	14,173	16,686	16,273	19,567	16,443
Other off-balance sheet exposures							
17	Off-balance sheet exposure at gross notional amount	90,948	87,397	85,644	82,951	80,508	76,692
18	(Adjustments for conversion to credit equivalent amounts)	(61,380)	(59,681)	(58,279)	(57,013)	(55,675)	(52,137)
19	Off-balance sheet items (sum of rows 17 and 18)	29,568	27,716	27,365	25,938	24,833	24,555
Capital and Total Exposures							
20	Tier 1 capital	15,042	14,512	14,112	13,290	13,368	12,846
20a	Tier 1 Capital with transitional arrangements for ECL provisioning not applied	14,898	14,341	13,869	13,058	13,165	–
21	Total Exposures (sum of rows 5, 11, 16 and 19)	339,738	334,013	321,038	309,001	306,386	319,709
Leverage Ratio							
22	Basel III leverage ratio	4.4%	4.3%	4.4%	4.3%	4.4%	4.0%
22a	Basel III leverage ratio with transitional arrangements for ECL provisioning not applied	4.4%	4.3%	4.3%	4.2%	4.3%	–

CR1 – Credit Quality of Assets⁽¹⁾

(millions of Canadian dollars)

The following tables provide a comprehensive picture of the credit quality of a bank's (on- and off-balance sheet) assets.

		Q2 2021							Q1 2021						
		a	b	c	d	e	f	g	a	b	c	d	e	f	g
		Gross carrying values ⁽²⁾ of		Allowances for credit losses ⁽⁴⁾	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)	Gross carrying values ⁽²⁾ of		Allowances for credit losses ⁽⁴⁾	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
		Default exposures ⁽³⁾	Non-default exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General			Default exposures ⁽³⁾	Non-default exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
1	Loans ⁽⁵⁾	713	179,070	1,119	24	48	1,047	178,664	734	170,991	1,155	23	58	1,074	170,570
2	Debt Securities	–	30,352	2	–	1	1	30,350	–	32,418	3	–	1	2	32,415
3	Off-balance-sheet commitments ⁽⁶⁾	18	87,788	188	–	3	185	87,618	18	84,170	196	–	4	192	83,992
4	Total	731	297,210	1,309	24	52	1,233	296,632	752	287,579	1,354	23	63	1,268	286,977

		Q4 2020							Q3 2020						
		a	b	c	d	e	f	g	a	b	c	d	e	f	g
		Gross carrying values ⁽²⁾ of		Allowances for credit losses ⁽⁴⁾	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)	Gross carrying values ⁽²⁾ of		Allowances for credit losses ⁽⁴⁾	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
		Default exposures ⁽³⁾	Non-default exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General			Default exposures ⁽³⁾	Non-default exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
1	Loans ⁽⁵⁾	782	164,083	1,163	26	57	1,080	163,702	743	157,723	1,118	26	58	1,034	157,348
2	Debt Securities	–	33,237	4	–	1	3	33,233	–	34,680	3	–	2	1	34,677
3	Off-balance-sheet commitments ⁽⁶⁾	17	82,314	176	–	4	172	82,155	12	80,210	184	–	2	182	80,038
4	Total	799	279,634	1,343	26	62	1,255	279,090	755	272,613	1,305	26	62	1,217	272,063

(1) Excluding insurances subsidiaries and securitization exposures.

(2) Gross carrying values of on- and off-balance sheet items that give rise to a credit risk exposure according to the Basel framework (gross of CCF or CRM techniques).

(3) Definition of default as per the Capital Adequacy Requirements (CAR) guideline.

(4) Represent allowances for credit losses according to IFRS 9.

(5) Including deposits with financial institutions.

(6) For completeness purposes, revocable commitments are included.

CR2 – Changes in Stock of Defaulted Loans and Debt Securities

(millions of Canadian dollars)

The following table identifies the change in a bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

		Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
		a	a	a	a	a
1	Defaulted loans ⁽¹⁾ and debt securities at beginning	734	782	743	760	653
2	Loans and debt securities that have defaulted since the last reporting period	178	169	227	179	267
3	Returned to non-defaulted status since the last reporting period	(37)	(68)	(50)	(40)	(26)
4	Amounts written off	(48)	(67)	(80)	(55)	(74)
5	Other changes ⁽²⁾	(114)	(82)	(58)	(101)	(60)
6	Defaulted loans⁽¹⁾ and debt securities at end	713	734	782	743	760

(1) Including deposits with financial institutions.

(2) Including net repayments and foreign exchange movements.

CR3 – Credit Risk Mitigation Techniques – Overview

(millions of Canadian dollars)

The following tables disclose the extent of use of credit risk mitigation techniques.

		Q2 2021					Q1 2021				
		a	b1	b	d	f	a	b1	b	d	f
		Exposures unsecured: carrying amount ⁽¹⁾	Exposures subject to risk mitigation techniques ⁽¹⁾	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives	Exposures unsecured: carrying amount ⁽¹⁾	Exposures subject to risk mitigation techniques ⁽¹⁾	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans ⁽²⁾	109,596	70,162	63,546	6,413	–	104,226	67,475	60,866	6,414	–
2	Debt securities	30,352	–	–	–	–	32,418	–	–	–	–
3	Total	139,948	70,162	63,546	6,413	–	136,644	67,475	60,866	6,414	–
4	Of which defaulted	487	198	148	47	–	487	241	185	52	–

		Q4 2020					Q3 2020				
		a	b1	b	d	f	a	b1	b	d	f
		Exposures unsecured: carrying amount ⁽¹⁾	Exposures subject to risk mitigation techniques ⁽¹⁾	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives	Exposures unsecured: carrying amount ⁽¹⁾	Exposures subject to risk mitigation techniques ⁽¹⁾	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
1	Loans ⁽²⁾	100,103	64,733	59,254	5,334	–	95,012	63,425	57,832	5,442	–
2	Debt securities	33,237	–	–	–	–	34,680	–	–	–	–
3	Total	133,340	64,733	59,254	5,334	–	129,692	63,425	57,832	5,442	–
4	Of which defaulted	511	289	234	51	–	486	228	189	35	–

(1) Carrying amounts of on-balance sheet exposures are net of all three ECL Stages.

(2) Including deposits with financial institutions.

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

(millions of Canadian dollars)

	2021												2020						
	Q2						Q1						Q4						
	EAD - Gross Exposure ⁽¹⁾																		
	Drawn	Undrawn commitments	Other	Repo-style transactions	Derivatives financial instruments	Total	Drawn	Undrawn commitments	Other	Repo-style transactions	Derivatives financial instruments	Total	Drawn	Undrawn commitments	Other	Repo-style transactions	Derivatives financial instruments	Total	
Non-Retail Portfolio																			
Agriculture	6,213	499	6	-	-	6,718	6,100	446	4	-	-	6,550	5,924	448	3	-	-	6,375	
Oil & Gas and Pipelines	4,308	3,595	314	-	-	8,217	4,822	3,625	307	-	-	8,754	5,103	3,134	308	-	-	8,545	
<i>Oil & Gas</i>	2,116	1,978	138	-	-	4,232	2,327	1,811	145	-	-	4,283	2,561	1,692	158	-	-	4,411	
<i>Pipelines & Other</i>	2,192	1,617	176	-	-	3,985	2,495	1,814	162	-	-	4,471	2,542	1,442	150	-	-	4,134	
Mining	589	1,153	198	-	-	1,940	576	1,281	194	-	-	2,051	690	1,271	167	-	-	2,128	
Utilities	5,371	3,047	1,302	-	-	9,720	5,376	2,804	1,290	-	-	9,470	5,102	3,075	1,242	-	-	9,419	
Construction Non-Real Estate ⁽²⁾	1,452	1,071	107	-	-	2,630	1,369	1,117	102	-	-	2,588	1,297	1,500	71	-	-	2,868	
Manufacturing	5,056	2,617	311	-	-	7,984	5,272	2,588	338	-	-	8,198	5,457	2,671	376	-	-	8,504	
Wholesale	2,524	959	53	-	-	3,536	2,185	1,057	51	-	-	3,293	2,128	995	46	-	-	3,169	
Retail	2,748	1,519	41	-	-	4,308	2,835	1,534	42	-	-	4,411	2,828	1,608	43	-	-	4,479	
Transportation	1,669	1,151	83	37	-	2,940	1,498	1,109	83	56	-	2,746	1,563	1,104	77	71	-	2,815	
Communications	1,129	1,999	705	-	-	3,833	1,246	972	196	-	-	2,414	1,118	961	205	-	-	2,284	
Finance and Insurance	32,560	4,487	1,154	120,908	2,101	161,210	33,165	4,543	1,143	119,056	2,782	160,689	28,678	4,123	1,029	111,002	2,337	147,169	
Real Estate and Construction																			
Real Estate ⁽³⁾	15,752	4,592	275	-	-	20,619	14,188	4,259	262	-	-	18,709	13,418	3,506	256	-	-	17,180	
Professional Services	1,504	1,088	289	-	-	2,881	1,366	1,408	260	-	-	3,034	1,243	1,152	273	-	-	2,668	
Education & Health Care	3,682	1,893	11	19	-	5,605	3,795	1,601	11	18	-	5,425	3,581	1,523	10	3	-	5,117	
Other Services	6,248	1,640	462	13	-	8,363	6,104	1,914	439	3	-	8,460	6,180	1,755	454	-	-	8,389	
Government	32,425	1,633	6	32,324	210	66,598	29,467	1,435	5	40,243	163	71,313	29,873	1,426	5	33,186	178	64,668	
Other	10,258	-	783	1,632	1	12,674	10,490	14	634	1,280	1	12,419	9,974	41	823	855	16	11,709	
Total – Non-retail⁽⁴⁾	133,488	32,943	6,100	154,933	2,312	329,776	129,854	31,707	5,361	160,656	2,946	330,524	124,157	30,293	5,388	145,117	2,531	307,486	

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

(2) Including civil engineering loans, public-private partnership loans, and project finance loans.

(3) Including residential mortgages on dwellings of five or more units.

(4) Excluding SME retail exposure

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

(millions of Canadian dollars)

	2020																		
	Q3						Q2						Q1						
	EAD - Gross Exposure ⁽¹⁾																		
	Drawn	Undrawn commitments	Other	Repo-style transactions	Derivatives financial instruments	Total	Drawn	Undrawn commitments	Other	Repo-style transactions	Derivatives financial instruments	Total	Drawn	Undrawn commitments	Other	Repo-style transactions	Derivatives financial instruments	Total	
Non-Retail Portfolio																			
Agriculture	5,823	418	5	-	-	6,246	5,638	385	5	-	-	6,028	5,574	332	4	-	-	5,910	
Oil & Gas and Pipelines	5,311	3,165	291	-	-	8,767	5,546	3,301	302	-	-	9,149	4,248	3,570	315	-	-	8,133	
<i>Oil & Gas</i>	2,878	1,550	160	-	-	4,588	2,938	1,768	146	-	-	4,852	2,580	2,096	142	-	-	4,818	
<i>Pipelines & Other</i>	2,433	1,615	131	-	-	4,179	2,608	1,533	156	-	-	4,297	1,668	1,474	173	-	-	3,315	
Mining	910	1,104	163	-	-	2,177	1,192	855	178	-	-	2,225	663	1,101	172	-	-	1,936	
Utilities	4,721	3,198	1,197	-	-	9,116	4,496	3,301	1,136	-	-	8,933	3,976	2,932	916	-	-	7,824	
Construction Non-Real Estate ⁽²⁾	1,225	1,590	74	-	-	2,889	1,078	1,500	67	-	-	2,645	1,093	1,208	71	-	-	2,372	
Manufacturing	6,124	2,462	362	-	-	8,948	6,571	2,120	339	-	-	9,030	6,266	2,152	315	-	-	8,733	
Wholesale	2,016	1,064	61	-	-	3,141	2,257	831	47	-	-	3,135	2,203	771	46	-	-	3,020	
Retail	2,979	1,538	39	-	-	4,556	3,657	886	41	-	-	4,584	3,203	1,170	53	-	-	4,426	
Transportation	1,760	988	70	106	-	2,924	1,821	980	74	184	-	3,059	1,623	937	71	242	-	2,873	
Communications	1,178	996	206	-	-	2,380	1,578	791	203	-	-	2,572	1,379	883	200	-	-	2,462	
Finance and Insurance	28,072	4,084	1,139	127,473	1,360	162,128	32,469	4,106	1,088	138,269	1,398	177,330	30,697	4,174	1,103	148,504	1,864	186,342	
Real Estate and Construction																			
Real Estate ⁽³⁾	12,631	3,569	231	-	-	16,431	12,101	3,074	217	-	-	15,392	11,884	3,065	209	-	-	15,158	
Professional Services	1,559	1,042	277	-	-	2,878	1,892	704	326	-	-	2,922	1,681	779	386	-	-	2,846	
Education & Health Care	3,666	1,003	8	3	-	4,680	3,628	1,203	7	1	-	4,839	3,268	1,148	7	2	-	4,425	
Other Services	6,350	1,644	449	-	-	8,443	6,302	1,425	453	-	-	8,180	5,782	1,375	450	-	-	7,607	
Government	28,559	1,197	3	34,194	145	64,098	22,461	1,588	3	35,429	125	59,606	9,614	1,520	3	18,511	154	29,802	
Other	9,654	42	700	636	13	11,045	10,031	44	817	1,760	-	12,652	8,608	46	771	1,388	-	10,813	
Total – Non-retail⁽⁴⁾	122,538	29,104	5,275	162,412	1,518	320,847	122,718	27,094	5,303	175,643	1,523	332,281	101,762	27,163	5,092	168,647	2,018	304,682	

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

(2) Including civil engineering loans, public-private partnership loans, and project finance loans.

(3) Including residential mortgages on dwellings of five or more units.

(4) Excluding SME retail exposure.

Gross Credit Risk Exposure at Default in Europe⁽¹⁾

(millions of Canadian dollars)

	2021												2020					
	Q2						Q1						Q4					
	Drawn	Undrawn commitments	Repo-style transactions ⁽²⁾	Derivatives Financial Instruments	Other off-balance sheet items ⁽³⁾	Total	Drawn	Undrawn commitments	Repo-style transactions ⁽²⁾	Derivatives Financial Instruments	Other off-balance sheet items ⁽³⁾	Total	Drawn	Undrawn commitments	Repo-style transactions ⁽²⁾	Derivatives Financial Instruments	Other off-balance sheet items ⁽³⁾	Total
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	1	-	576	-	-	584	1	-	462	6	-	469	-	-	143	9	-	152
Italy	-	3	-	-	15	18	2	3	-	-	5	10	-	1	-	-	5	6
Portugal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spain	1	55	910	7	31	1,004	-	30	1,356	16	33	1,435	8	30	1,346	1	31	1,416
Total GIIPS	2	58	1,486	14	46	1,606	3	33	1,818	22	38	1,914	8	31	1,489	10	36	1,574
France	35	56	2,311	185	298	2,885	24	55	4,037	145	323	4,584	24	71	1,959	9	355	2,418
Germany	168	33	-	44	19	264	162	20	-	59	19	260	172	23	-	34	20	249
United Kingdom	1,834	113	20,263	2,056	3	24,269	2,214	98	22,034	2,728	3	27,077	1,637	80	22,314	2,265	3	26,299
Other Europe	81	97	4,647	389	11	5,225	180	36	3,885	617	8	4,726	284	45	4,580	559	11	5,479
Total – Credit Risk⁽⁴⁾	2,120	357	28,707	2,688	377	34,249	2,583	242	31,774	3,571	391	38,561	2,125	250	30,342	2,877	425	36,019

Adjustment to exposure for collateral	Drawn	Undrawn commitments	Net Repo-Style transactions and derivatives financial instruments	Other off-balance sheet items ⁽³⁾	Total	Drawn	Undrawn commitments	Net Repo-Style transactions and derivatives financial instruments	Other off-balance sheet items ⁽³⁾	Total	Drawn	Undrawn commitments	Net Repo-Style transactions and derivatives financial instruments	Other off-balance sheet items ⁽³⁾	Total
	Total – Net Credit Risk⁽⁴⁾	2,120	357	1,631	377	4,485	2,583	242	1,585	391	4,801	2,125	250	1,484	425

	2020												2020					
	Q3						Q2						Q1					
	Drawn	Undrawn commitments	Repo-style transactions ⁽²⁾	Derivatives Financial Instruments	Other off-balance sheet items ⁽³⁾	Total	Drawn	Undrawn commitments	Repo-style transactions ⁽²⁾	Derivatives Financial Instruments	Other off-balance sheet items ⁽³⁾	Total	Drawn	Undrawn commitments	Repo-style transactions ⁽²⁾	Derivatives Financial Instruments	Other off-balance sheet items ⁽³⁾	Total
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	80	24	172	7	-	283	82	20	35	10	-	147	70	23	580	1	3	677
Italy	-	1	-	-	3	4	-	1	-	-	3	4	-	1	-	-	-	1
Portugal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31	31
Spain	10	30	1,377	1	31	1,449	20	30	716	1	31	798	4	36	1,965	11	-	2,016
Total GIIPS	90	55	1,549	8	34	1,736	102	51	751	11	34	949	74	60	2,545	12	34	2,725
France	67	68	7,777	143	351	8,406	40	80	7,082	133	358	7,693	87	77	10,539	104	318	11,125
Germany	175	22	-	35	21	253	179	29	-	32	27	267	168	32	-	28	28	256
United Kingdom	2,215	4	25,418	2,195	3	29,835	1,973	2	33,668	2,062	3	37,708	1,233	44	27,996	3,147	1	32,421
Other Europe	349	45	4,075	437	2	4,908	216	154	3,789	423	2	4,584	184	20	6,626	512	18	7,360
Total – Credit Risk⁽⁴⁾	2,896	194	38,819	2,818	411	45,138	2,510	316	45,290	2,661	424	51,201	1,746	233	47,706	3,803	399	53,887

Adjustment to exposure for collateral	Drawn	Undrawn commitments	Net Repo-Style transactions and derivatives financial instruments	Other off-balance sheet items ⁽³⁾	Total	Drawn	Undrawn commitments	Net Repo-Style transactions and derivatives financial instruments	Other off-balance sheet items ⁽³⁾	Total	Drawn	Undrawn commitments	Net Repo-Style transactions and derivatives financial instruments	Other off-balance sheet items ⁽³⁾	Total
	Total – Net Credit Risk⁽⁴⁾	2,896	194	1,609	411	5,110	2,510	316	1,549	424	4,799	1,746	233	1,695	399

(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. These tables exclude 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.

CR4 – Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects⁽¹⁾

(millions of Canadian dollars)

The following tables illustrate the effect of CRM on standardised approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

		Q2 2021						Q1 2021					
		a	b	c	d	e	f	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA	RWA density	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA	RWA density
Assets classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount			On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Sovereigns and their central banks	2,372	82	2,372	–	1,771	75%	2,565	81	2,565	–	2,062	80%
2	Non-central government public sector entities	–	–	–	–	–	0%	–	–	–	–	–	0%
3	Multilateral development banks	185	–	185	–	–	0%	254	–	254	–	–	0%
4	Financial institutions	837	4,985	837	430	653	52%	867	4,798	867	242	619	56%
5	Securities firms	–	–	–	–	–	0%	–	–	–	–	–	0%
6	Corporates	7,148	458	7,148	82	3,954	55%	7,324	637	7,324	190	4,021	54%
7	Regulatory retail portfolios	4,403	86	4,403	25	2,555	58%	3,849	51	3,849	14	2,136	55%
8	Secured by residential property	6,018	145	6,018	46	2,195	36%	6,158	124	6,158	49	2,330	38%
9	Secured by commercial real estate	185	–	185	–	185	100%	179	–	179	–	179	100%
10	Equity	–	–	–	–	–	0%	–	–	–	–	–	0%
11	Past-due loans	43	1	43	–	32	74%	47	2	47	–	36	77%
12	Higher-risk categories	–	–	–	–	–	0%	4	–	4	–	6	150%
13	Other assets ⁽²⁾	4,084	–	4,084	–	2,847	70%	3,779	–	3,779	–	2,761	73%
14	Total	25,275	5,757	25,275	583	14,192	55%	25,026	5,693	25,026	495	14,150	55%

		Q4 2020						Q3 2020					
		a	b	c	d	e	f	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA	RWA density	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA	RWA density
Assets classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount			On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount		
1	Sovereigns and their central banks	2,672	82	2,672	–	2,069	77%	2,257	82	2,257	–	1,693	75%
2	Non-central government public sector entities	–	–	–	–	–	0%	–	–	–	–	–	0%
3	Multilateral development banks	304	–	304	–	–	0%	117	–	117	–	–	0%
4	Financial institutions	802	4,839	802	271	609	57%	729	4,841	729	274	599	60%
5	Securities firms	–	–	–	–	–	0%	–	–	–	–	–	0%
6	Corporates	6,232	785	6,232	235	3,739	58%	5,793	737	5,795	204	3,540	59%
7	Regulatory retail portfolios	4,130	27	4,130	7	2,342	57%	4,128	404	4,128	63	2,342	56%
8	Secured by residential property	6,555	139	6,555	55	2,392	36%	6,317	128	6,317	50	2,387	37%
9	Secured by commercial real estate	157	–	157	–	157	100%	156	–	156	–	156	100%
10	Equity	–	–	–	–	–	0%	–	–	–	–	–	0%
11	Past-due loans	46	3	46	–	33	72%	30	1	30	–	32	107%
12	Higher-risk categories	4	–	4	–	6	150%	–	–	–	–	–	0%
13	Other assets ⁽²⁾	3,978	–	3,978	–	2,882	72%	3,997	–	3,997	–	2,881	72%
14	Total	24,880	5,875	24,880	568	14,229	56%	23,524	6,193	23,526	591	13,630	57%

(1) Excluding items subject to securitization and counterparty credit risk frameworks.

(2) For completeness purposes, row 13 "Other assets" is populated with all other assets except exposures that are subject to direct capital deductions, those that are treated in the off-balance sheet calculations and exposures below the threshold for deduction.

CR5 – Standardised Approach – Exposures by Asset Classes and Risk Weights⁽¹⁾

(millions of Canadian dollars)

The following tables present the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to standardised approach).

		Q2 2021										Q1 2021									
		a	b	c	d	e	f	g	h	i	j	a	b	c	d	e	f	g	h	i	j
Risk weight		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount ⁽²⁾	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount ⁽²⁾
Asset classes		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount ⁽²⁾	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount ⁽²⁾
1	Sovereigns and their central banks	601	-	-	-	-	-	1,771	-	-	2,372	503	-	-	-	-	-	2,062	-	-	2,565
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks	185	-	-	-	-	-	-	-	-	185	254	-	-	-	-	-	-	-	-	254
4	Financial institutions	53	-	693	-	18	-	499	4	-	1,267	43	-	546	-	18	-	502	-	-	1,109
5	Securities firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Corporates	3,275	-	-	-	-	-	3,955	-	-	7,230	3,444	-	62	-	-	4,008	-	-	-	7,514
7	Regulatory retail portfolios	1,021	-	-	-	-	3,407	-	-	-	4,428	1,015	-	-	-	2,848	-	-	-	-	3,863
8	Secured by residential property	689	-	-	4,579	32	751	13	-	-	6,064	623	-	-	4,652	35	851	46	-	-	6,207
9	Secured by commercial real estate	-	-	-	-	-	-	185	-	-	185	-	-	-	-	-	179	-	-	-	179
10	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	12	-	-	-	-	-	30	1	-	43	13	-	-	-	-	30	4	-	-	47
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	4
13	Other assets ⁽³⁾	1,218	-	59	-	-	-	2,805	-	2	4,084	1,068	-	-	-	-	2,707	-	4	-	3,779
14	Total	7,054	-	752	4,579	50	4,158	9,258	5	2	25,858	6,963	-	608	4,652	53	3,699	9,534	8	4	25,521

		Q4 2020										Q3 2020									
		a	b	c	d	e	f	g	h	i	j	a	b	c	d	e	f	g	h	i	j
Risk weight		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount ⁽²⁾	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount ⁽²⁾
Asset classes		0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount ⁽²⁾	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount ⁽²⁾
1	Sovereigns and their central banks	603	-	-	-	-	-	2,069	-	-	2,672	564	-	-	-	-	1,693	-	-	-	2,257
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development banks	304	-	-	-	-	-	-	-	-	304	117	-	-	-	-	-	-	-	-	117
4	Financial institutions	50	-	517	-	-	-	506	-	-	1,073	60	-	429	-	-	514	-	-	-	1,003
5	Securities firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Corporates	2,679	-	62	-	-	-	3,726	-	-	6,467	2,409	-	62	-	-	3,528	-	-	-	5,999
7	Regulatory retail portfolios	1,015	-	-	-	-	3,122	-	-	-	4,137	1,068	-	-	-	3,123	-	-	-	-	4,191
8	Secured by residential property	887	-	-	4,751	41	886	45	-	-	6,610	800	-	-	4,487	6	1,039	35	-	-	6,367
9	Secured by commercial real estate	-	-	-	-	-	-	157	-	-	157	-	-	-	-	-	156	-	-	-	156
10	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	14	-	-	-	-	-	29	3	-	46	-	-	-	-	-	26	4	-	-	30
12	Higher-risk categories	-	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-
13	Other assets ⁽³⁾	1,088	-	82	-	-	-	2,803	-	5	3,978	1,058	-	72	-	-	2,867	-	-	-	3,997
14	Total	6,640	-	661	4,751	41	4,008	9,335	7	5	25,448	6,076	-	563	4,487	6	4,162	8,819	4	-	24,117

(1) Excluding items subject to securitization and counterparty credit risk frameworks. In the wholesale portfolio, for sovereign and banks asset classes, risk weights are based on external credit ratings issued by independent rating agencies (Moody's, Standard & Poor's, Fitch or DBRS) approved by our supervisor, OSFI.

(2) Post-CCF and Post-CRM.

(3) For completeness purposes, row 13 "Other assets" is populated with all other assets except exposures that are subject to direct capital deductions, those that are treated in the off-balance sheet calculations and exposures below the threshold for deduction.

CR6 – IRB – Credit Risk Exposures by Portfolio and PD Range

(millions of Canadian dollars)

The following tables provide the main parameters used for the calculation of capital requirements for IRB models. The purpose of disclosing these parameters is to enhance the transparency of banks' RWA calculations and the reliability of regulatory measures.

Q2 2021												
	a	b	c	d	e	f	g	h	i	j	k	l
	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF ⁽²⁾	Average CCF ⁽³⁾	EAD post CRM and post-CCF	Average PD ⁽⁴⁾	Number of obligors ⁽⁵⁾	Average LGD ⁽⁶⁾	Average maturity ⁽⁷⁾	RWA ⁽⁸⁾	RWA density ⁽⁹⁾	EL ⁽¹⁰⁾	Allowances for credit losses
PD scale ⁽¹⁾												
Residential Mortgages – insured	0.00 to < 0.15	1,002	–	0%	1,002	0.08%	60,088	6.1%		12	1.2%	–
	0.15 to < 0.25	308	–	0%	308	0.19%	14,066	6.1%		8	2.5%	–
	0.25 to < 0.50	398	–	0%	398	0.36%	17,697	5.2%		14	3.4%	–
	0.50 to < 0.75	238	–	0%	238	0.60%	7,745	4.6%		10	4.2%	–
	0.75 to < 2.50	398	–	0%	398	1.28%	11,595	3.8%		23	5.8%	–
	2.50 to < 10.00	98	–	0%	98	4.59%	2,767	3.1%		10	9.9%	–
	10.00 to < 100.00	41	–	0%	41	29.18%	1,018	2.8%		7	16.1%	–
	100.00 (Default)	34	–	0%	34	100.00%	443	2.8%		4	10.3%	2
Sub-total	2,517	–	0%	2,517	2.39%	115,419	5.3%		88	3.4%	2	5
Residential Mortgages and HELOCs – uninsured	0.00 to < 0.15	30,281	16,307	50%	38,390	0.06%	218,714	19.1%		1,310	3.4%	5
	0.15 to < 0.25	7,742	1,305	68%	8,632	0.19%	33,808	20.4%		740	8.6%	3
	0.25 to < 0.50	7,740	1,270	73%	8,666	0.34%	30,574	21.1%		1,130	13.0%	6
	0.50 to < 0.75	2,157	208	73%	2,309	0.60%	8,806	21.4%		461	20.0%	3
	0.75 to < 2.50	2,635	183	70%	2,763	1.16%	10,598	21.1%		839	30.4%	7
	2.50 to < 10.00	429	25	68%	446	4.51%	2,545	20.6%		297	66.5%	4
	10.00 to < 100.00	135	1	154%	136	24.84%	877	20.7%		161	118.1%	7
	100.00 (Default)	63	2	79%	64	100.00%	523	21.9%		94	146.7%	8
Sub-total	51,182	19,301	53%	61,406	0.38%	306,445	19.8%		5,032	8.2%	43	54
Qualifying revolving retail	0.00 to < 0.15	753	6,304	75%	5,458	0.05%	776,127	78.2%		145	2.7%	2
	0.15 to < 0.25	172	754	91%	856	0.19%	232,606	87.4%		84	9.8%	2
	0.25 to < 0.50	250	504	86%	687	0.35%	186,592	83.7%		100	14.5%	2
	0.50 to < 0.75	179	233	90%	388	0.64%	72,869	78.8%		88	22.6%	2
	0.75 to < 2.50	545	363	92%	877	1.44%	235,053	84.7%		398	45.3%	11
	2.50 to < 10.00	370	53	124%	435	4.40%	181,584	87.6%		441	101.4%	16
	10.00 to < 100.00	49	3	92%	53	24.49%	18,617	87.9%		123	234.9%	12
	100.00 (Default)	15	–	8%	15	100.00%	3,500	71.0%		7	49.9%	11
Sub-total	2,333	8,214	78%	8,769	0.78%	1,706,948	80.7%		1,386	15.8%	58	243
Other retail	0.00 to < 0.15	2,018	2,422	64%	3,558	0.06%	126,349	51.2%		312	8.8%	1
	0.15 to < 0.25	890	363	61%	1,112	0.20%	53,299	52.5%		257	23.2%	1
	0.25 to < 0.50	1,340	348	62%	1,555	0.37%	75,357	52.7%		517	33.2%	3
	0.50 to < 0.75	1,133	234	78%	1,315	0.64%	58,159	55.7%		644	48.9%	5
	0.75 to < 2.50	3,448	224	69%	3,601	1.38%	188,852	52.3%		2,233	62.0%	27
	2.50 to < 10.00	984	75	67%	1,035	4.04%	59,167	52.0%		816	78.9%	22
	10.00 to < 100.00	222	14	51%	230	23.45%	10,058	50.0%		261	113.8%	25
	100.00 (Default)	91	4	33%	92	100.00%	6,837	51.8%		81	87.5%	50
Sub-total	10,126	3,684	64%	12,498	2.05%	578,078	52.3%		5,121	41.0%	134	167

(1) Prescribed PD bands based on BIS document on Revised Pillar 3 disclosure requirements issued in January 2015.

(2) Represents the exposure value without taking into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques.

(3) Represents the EAD post-CCF for off-balance sheet exposure to total off-balance sheet exposure pre CCF.

(4) Represents the obligor grade PD weighted by EAD.

(5) Represents the number of retail accounts.

(6) Represents the obligor grade LGD (net of any CRM effect) weighted by EAD.

(7) Represents the obligor maturity in years weighted by EAD. This parameter needs to be filled in only when it is used for the RWA calculation.

(8) Risk weighted assets including the 1.06 scaling factor.

(9) Total risk-weighted assets to EAD post-CRM.

(10) The expected losses (EL) as calculated according to paragraphs 375 - 379 of the Basel framework.

CR6 – IRB – Credit Risk Exposures by Portfolio and PD Range (continued)

(millions of Canadian dollars)

Q2 2021													
	a	b	c	d	e	f	g	h	i	j	k	l	
PD scale ⁽¹⁾	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF ⁽²⁾	Average CCF ⁽³⁾	EAD post CRM and post-CCF	Average PD ⁽⁴⁾	Number of obligors ⁽⁵⁾	Average LGD ⁽⁶⁾	Average maturity ⁽⁷⁾	RWA ⁽⁸⁾	RWA density ⁽⁹⁾	EL ⁽¹⁰⁾	Allowances for credit losses	
Corporate	0.00 to < 0.15	1,733	8,956	86%	8,164	0.09%	576	47.2%	2.13	2,163	26.5%	3	
	0.15 to < 0.25	12,270	15,016	87%	23,491	0.20%	2,805	38.2%	2.21	7,478	31.8%	18	
	0.25 to < 0.50	10,013	6,433	86%	14,838	0.36%	2,341	34.6%	2.34	5,810	39.2%	19	
	0.50 to < 0.75	10,244	4,376	95%	13,671	0.56%	2,596	33.7%	2.16	6,291	46.0%	26	
	0.75 to < 2.50	20,479	7,223	91%	25,281	1.14%	6,598	34.4%	2.08	15,400	60.9%	99	
	2.50 to < 10.00	3,412	886	69%	4,182	4.57%	1,181	32.4%	1.58	3,691	88.3%	63	
	10.00 to < 100.00	128	74	90%	179	16.70%	55	34.1%	1.22	258	144.1%	10	
	100.00 (Default)	507	23	100%	523	100.00%	204	38.9%	1.06	598	114.3%	246	
	Sub-total	58,786	42,987	88%	90,329	1.35%	16,356	36.4%	2.14	41,689	46.2%	484	755
Sovereign	0.00 to < 0.15	60,280	7,199	98%	66,530	0.01%	617	8.8%	2.06	774	1.2%	1	
	0.15 to < 0.25	-	-	0%	-	0%	-	0%	-	-	0%	-	
	0.25 to < 0.50	-	-	0%	-	0%	-	0%	-	-	0%	-	
	0.50 to < 0.75	-	-	0%	-	0%	-	0%	-	-	0%	-	
	0.75 to < 2.50	-	-	0%	-	0%	-	0%	-	-	0%	-	
	2.50 to < 10.00	29	35	89%	57	8.62%	3	16.3%	1.00	37	64.9%	1	
	10.00 to < 100.00	-	-	0%	-	0%	-	0%	-	-	0%	-	
	100.00 (Default)	-	-	0%	-	0%	-	0%	-	-	0%	-	
	Sub-total	60,309	7,234	98%	66,587	0.02%	620	8.8%	2.06	811	1.2%	2	4
Financial institutions	0.00 to < 0.15	3,157	327	6%	3,484	0.06%	61	48.6%	1.20	687	19.7%	1	
	0.15 to < 0.25	257	345	96%	602	0.19%	29	24.1%	1.07	116	19.3%	-	
	0.25 to < 0.50	10	38	100%	48	0.36%	5	41.3%	1.00	25	52.1%	-	
	0.50 to < 0.75	-	10	0%	10	0.56%	7	49.5%	1.82	7	70.0%	-	
	0.75 to < 2.50	219	6	100%	224	0.86%	10	16.2%	1.27	78	34.8%	-	
	2.50 to < 10.00	-	-	0%	-	3.63%	2	46.1%	1.00	-	0%	-	
	10.00 to < 100.00	-	-	0%	-	0%	-	0%	-	-	0%	-	
	100.00 (Default)	-	-	0%	-	0%	-	0%	-	-	0%	-	
	Sub-total	3,643	726	54%	4,368	0.12%	114	43.4%	1.18	913	20.9%	1	5
Total (all portfolio)		188,896	82,146	76%	246,474	0.76%	2,723,980	26.9%	2.10	55,040	22.3%	724	1,233

(1) Prescribed PD bands based on BIS document on Revised Pillar 3 disclosure requirements issued in January 2015.

(2) Represents the exposure value without taking into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques.

(3) Represents the EAD post-CCF for off-balance sheet exposure to total off-balance sheet exposure pre CCF.

(4) Represents the obligor grade PD weighted by EAD.

(5) Represents the number of individual borrowers.

(6) Represents the obligor grade LGD (net of any CRM effect) weighted by EAD.

(7) Represents the obligor maturity in years weighted by EAD. This parameter needs to be filled in only when it is used for the RWA calculation.

(8) Risk weighted assets including the 1.06 scaling factor.

(9) Total risk-weighted assets to EAD post-CRM.

(10) The expected losses (EL) as calculated according to paragraphs 375 - 379 of the Basel framework.

CR6 – IRB – Credit Risk Exposures by Portfolio and PD Range (continued)

(millions of Canadian dollars)

Q1 2021												
	a	b	c	d	e	f	g	h	i	j	k	l
PD scale ⁽¹⁾	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF ⁽²⁾	Average CCF ⁽³⁾	EAD post CRM and post-CCF	Average PD ⁽⁴⁾	Number of obligors ⁽⁵⁾	Average LGD ⁽⁶⁾	Average maturity ⁽⁷⁾	RWA ⁽⁸⁾	RWA density ⁽⁹⁾	EL ⁽¹⁰⁾	Allowances for credit losses
Residential Mortgages – insured	0.00 to < 0.15	1,130	–	0%	1,130	0.07%	59,437	5.8%		13	1.1%	–
	0.15 to < 0.25	352	–	0%	352	0.19%	14,689	6.5%		10	2.7%	–
	0.25 to < 0.50	440	–	0%	440	0.36%	18,061	5.2%		14	3.4%	–
	0.50 to < 0.75	264	–	0%	264	0.61%	8,468	4.5%		11	4.3%	–
	0.75 to < 2.50	411	–	0%	411	1.30%	12,806	3.6%		22	5.5%	–
	2.50 to < 10.00	110	–	0%	110	4.60%	3,210	3.1%		11	9.8%	–
	10.00 to < 100.00	53	–	0%	53	28.53%	1,229	2.8%		9	16.1%	–
	100.00 (Default)	44	–	0%	44	100.00%	539	2.7%		5	10.7%	2
Sub-total	2,804	–	0%	2,804	2.64%	118,439	5.1%		95	3.4%	2	5
Residential Mortgages and HELOCs – uninsured	0.00 to < 0.15	28,239	15,873	50%	36,098	0.06%	211,481	19.1%		1,236	3.4%	5
	0.15 to < 0.25	7,458	1,312	67%	8,339	0.19%	33,547	20.4%		714	8.6%	3
	0.25 to < 0.50	7,533	1,223	72%	8,418	0.34%	30,640	21.2%		1,113	13.2%	6
	0.50 to < 0.75	2,657	216	72%	2,812	0.61%	10,208	21.9%		580	20.6%	4
	0.75 to < 2.50	2,250	219	71%	2,405	1.22%	10,259	20.8%		747	31.1%	6
	2.50 to < 10.00	523	27	69%	541	4.57%	2,916	20.7%		364	67.3%	5
	10.00 to < 100.00	172	1	171%	174	23.47%	1,041	21.6%		213	122.4%	9
	100.00 (Default)	79	3	83%	81	100.00%	617	21.7%		115	142.2%	10
Sub-total	48,911	18,874	53%	58,868	0.44%	300,709	19.8%		5,082	8.6%	48	59
Qualifying revolving retail	0.00 to < 0.15	700	5,941	74%	5,091	0.05%	757,326	77.5%		131	2.6%	2
	0.15 to < 0.25	164	677	90%	770	0.19%	227,815	86.4%		75	9.7%	1
	0.25 to < 0.50	243	471	85%	645	0.35%	189,204	82.6%		92	14.3%	2
	0.50 to < 0.75	175	208	87%	355	0.63%	71,883	77.8%		79	22.1%	2
	0.75 to < 2.50	536	324	90%	829	1.44%	236,692	83.7%		371	44.8%	11
	2.50 to < 10.00	362	50	122%	423	4.43%	190,967	86.9%		426	100.9%	16
	10.00 to < 100.00	50	3	81%	53	23.91%	20,853	87.3%		124	233.8%	11
	100.00 (Default)	18	–	21%	18	100.00%	3,364	70.6%		12	65.6%	12
Sub-total	2,248	7,674	77%	8,184	0.85%	1,698,104	79.9%		1,310	16.0%	57	258
Other retail	0.00 to < 0.15	1,961	2,382	64%	3,474	0.06%	123,540	50.8%		302	8.7%	1
	0.15 to < 0.25	831	358	62%	1,055	0.20%	50,734	52.4%		244	23.1%	1
	0.25 to < 0.50	1,310	349	62%	1,528	0.37%	73,985	52.5%		507	33.2%	3
	0.50 to < 0.75	1,127	245	76%	1,314	0.64%	59,022	56.0%		642	48.9%	5
	0.75 to < 2.50	3,682	238	68%	3,843	1.42%	190,303	55.6%		2,575	67.0%	31
	2.50 to < 10.00	1,020	81	68%	1,075	4.07%	62,360	52.6%		858	79.8%	23
	10.00 to < 100.00	231	18	51%	240	24.59%	10,852	48.2%		266	110.7%	27
	100.00 (Default)	94	3	38%	95	100.00%	7,114	53.7%		72	75.7%	53
Sub-total	10,256	3,674	64%	12,624	2.14%	577,910	53.3%		5,466	43.3%	144	173

(1) Prescribed PD bands based on BIS document on Revised Pillar 3 disclosure requirements issued in January 2015.

(2) Represents the exposure value without taking into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques.

(3) Represents the EAD post-CCF for off-balance sheet exposure to total off-balance sheet exposure pre CCF.

(4) Represents the obligor grade PD weighted by EAD.

(5) Represents the number of retail accounts.

(6) Represents the obligor grade LGD (net of any CRM effect) weighted by EAD.

(7) Represents the obligor maturity in years weighted by EAD. This parameter needs to be filled in only when it is used for the RWA calculation.

(8) Risk weighted assets including the 1.06 scaling factor.

(9) Total risk-weighted assets to EAD post-CRM.

(10) The expected losses (EL) as calculated according to paragraphs 375 - 379 of the Basel framework.

CR6 – IRB – Credit Risk Exposures by Portfolio and PD Range (continued)

(millions of Canadian dollars)

Q1 2021												
	a	b	c	d	e	f	g	h	i	j	k	l
PD scale ⁽¹⁾	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF ⁽²⁾	Average CCF ⁽³⁾	EAD post CRM and post-CCF	Average PD ⁽⁴⁾	Number of obligors ⁽⁵⁾	Average LGD ⁽⁶⁾	Average maturity ⁽⁷⁾	RWA ⁽⁸⁾	RWA density ⁽⁹⁾	EL ⁽¹⁰⁾	Allowances for credit losses
Corporate	0.00 to < 0.15	1,902	6,641	83%	6,634	0.08%	506	46.3%	2.03	1,565	23.6%	3
	0.15 to < 0.25	12,134	15,808	88%	24,038	0.20%	2,681	37.8%	2.21	7,823	32.5%	18
	0.25 to < 0.50	9,356	5,947	90%	13,882	0.36%	2,310	35.1%	2.30	5,662	40.8%	18
	0.50 to < 0.75	9,326	4,694	91%	12,953	0.56%	2,546	32.9%	2.02	5,905	45.6%	24
	0.75 to < 2.50	20,296	6,637	93%	24,607	1.15%	6,694	33.7%	1.98	14,784	60.1%	96
	2.50 to < 10.00	3,585	1,220	77%	4,640	4.68%	1,263	32.6%	1.56	4,290	92.4%	72
	10.00 to < 100.00	181	103	93%	252	16.10%	58	37.3%	1.13	410	163.0%	14
	100.00 (Default)	541	75	99%	594	100.00%	214	34.5%	1.35	513	86.2%	226
	Sub-total	57,321	41,125	89%	87,600	1.50%	16,272	35.9%	2.07	40,952	46.7%	471
Sovereign	0.00 to < 0.15	58,293	6,593	98%	63,980	0.01%	611	8.6%	2.12	769	1.2%	1
	0.15 to < 0.25	–	–	0%	–	0%	–	0%	–	–	0%	–
	0.25 to < 0.50	–	–	0%	–	0%	–	0%	–	–	0%	–
	0.50 to < 0.75	–	–	0%	–	0%	–	0%	–	–	0%	–
	0.75 to < 2.50	–	–	0%	–	0%	–	0%	–	–	0%	–
	2.50 to < 10.00	32	32	91%	57	5.29%	3	35.2%	1.00	64	111.0%	1
	10.00 to < 100.00	–	–	0%	–	0%	–	0%	–	–	0%	–
	100.00 (Default)	–	–	0%	–	0%	–	0%	–	–	0%	–
Sub-total	58,325	6,625	98%	64,037	0.02%	614	8.6%	2.12	833	1.3%	2	8
Financial institutions	0.00 to < 0.15	2,447	242	0%	2,689	0.05%	62	43.2%	1.23	412	15.3%	1
	0.15 to < 0.25	489	345	96%	833	0.18%	28	30.9%	1.07	193	23.1%	–
	0.25 to < 0.50	65	43	87%	108	0.36%	6	46.3%	1.00	61	56.4%	–
	0.50 to < 0.75	–	9	0%	10	0.56%	4	49.7%	1.00	6	65.0%	–
	0.75 to < 2.50	3	6	100%	9	0.98%	10	40.2%	1.00	6	70.2%	–
	2.50 to < 10.00	–	–	0%	–	3.74%	2	45.1%	1.00	–	145.0%	–
	10.00 to < 100.00	–	–	0%	–	0%	–	0%	–	–	0%	–
	100.00 (Default)	–	–	0%	–	0%	–	0%	–	–	0%	–
	Sub-total	3,004	645	58%	3,649	0.09%	112	40.5%	1.19	678	18.6%	1
Total (all portfolio)	182,869	78,617	75%	237,766	0.85%	2,712,160	26.8%	2.00	54,416	24.5%	725	1,268

(1) Prescribed PD bands based on BIS document on Revised Pillar 3 disclosure requirements issued in January 2015.

(2) Represents the exposure value without taking into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques.

(3) Represents the EAD post-CCF for off-balance sheet exposure to total off-balance sheet exposure pre CCF.

(4) Represents the obligor grade PD weighted by EAD.

(5) Represents the number of individual borrowers.

(6) Represents the obligor grade LGD (net of any CRM effect) weighted by EAD.

(7) Represents the obligor maturity in years weighted by EAD. This parameter needs to be filled in only when it is used for the RWA calculation.

(8) Risk weighted assets including the 1.06 scaling factor.

(9) Total risk-weighted assets to EAD post-CRM.

(10) The expected losses (EL) as calculated according to paragraphs 375 - 379 of the Basel framework.

CR8 – RWA Flow Statements of Credit Risk Exposures Under IRB

(millions of Canadian dollars)

The following table presents a flow statement explaining variations in the credit risk-weighted assets (RWA) determined under an IRB approach.

		Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
		a	a	a	a	a	a
1	RWA at beginning	56,339	55,017	54,451	54,049	49,915	49,546
2	Book size ⁽¹⁾	1,460	2,015	343	568	3,668	391
3	Book quality ⁽²⁾	(433)	(115)	720	157	(59)	(41)
4	Model updates ⁽³⁾	–	(211)	(447)	–	112	(17)
5	Methodology and policy ⁽⁴⁾	–	–	–	–	–	–
6	Acquisitions and disposals ⁽⁵⁾	–	–	–	–	–	–
7	Foreign exchange movements ⁽⁶⁾	(351)	(367)	(50)	(323)	413	36
8	Other ⁽⁷⁾	–	–	–	–	–	–
9	RWA at end	57,015	56,339	55,017	54,451	54,049	49,915

(1) The Book size item reflects organic changes in book size and composition (including new loans and maturing loans). RWA movements attributable to book size include increases or decreases in exposures, measured by exposure at default, assuming a stable risk profile.

(2) The Book quality item is the Bank's best estimate of changes in book quality related to experience, such as underlying customer behaviour or demographics, including changes resulting from model recalibrations or realignments and also including risk mitigation factors.

(3) The Model updates item is used to reflect implementations of new models, changes in model scope, and any other change applied to address model malfunctions.

(4) The Methodology and policy item presents the impact of changes in calculation methods resulting from changes in regulatory policies as a result, for example, of new regulations.

(5) The Acquisitions and disposals item includes the impact of the acquisition and/or the disposal of entities.

(6) The Foreign exchange movements item is driven by market movements such as foreign exchange movements.

(7) The Other item captures changes that cannot be attributed to any other category.

AIRB Credit Risk Exposure - Backtesting⁽¹⁾

(millions of Canadian dollars)

	2021												
	Q2						Q1						
	PD average estimated (%)	PD actual (%)	LGD average estimated (%) ⁽²⁾	LGD actual (%) ⁽³⁾	EAD estimated (%) ⁽⁴⁾	EAD actual (%) ⁽⁴⁾	PD average estimated (%)	PD actual (%)	LGD average estimated (%) ⁽²⁾	LGD actual (%) ⁽³⁾	EAD estimated (%) ⁽⁴⁾	EAD actual (%) ⁽⁴⁾	
Retail Portfolio⁽⁵⁾													
Insured residential mortgages ⁽⁶⁾	0.95%	0.36%	2.64%	n.a.	n.a.	n.a.	0.88%	0.54%	2.64%	n.a.	n.a.	n.a.	n.a.
Uninsured residential mortgages incl. HELOCs ⁽⁷⁾	0.37%	0.19%	20.14%	2.99%	88.78%	84.84%	0.35%	0.30%	19.73%	3.15%	89.83%	84.51%	
Qualifying revolving retail	1.26%	0.82%	81.89%	71.40%	106.99%	93.49%	1.26%	0.98%	82.33%	72.66%	107.44%	93.58%	
Other retail	1.91%	0.91%	43.59%	26.39%	82.16%	69.94%	1.76%	1.05%	68.60%	49.28%	83.54%	74.23%	
Non-Retail Portfolio⁽⁸⁾													
Corporate	0.99%	0.48%	27.38%	17.34%	83.91%	68.67%	0.98%	0.50%	32.89%	20.76%	82.52%	72.65%	
Sovereign ⁽⁹⁾	0.06%	0.00%	11.80%	n.a.	88.30%	n.a.	0.06%	0.00%	11.54%	n.a.	88.30%	n.a.	
Financial Institutions ⁽⁹⁾	0.45%	0.00%	39.00%	n.a.	100.00%	n.a.	0.46%	0.00%	40.75%	n.a.	100.00%	n.a.	

	2020												
	Q4						Q3						
	PD average estimated (%)	PD actual (%)	LGD average estimated (%) ⁽²⁾	LGD actual (%) ⁽³⁾	EAD estimated (%) ⁽⁴⁾	EAD actual (%) ⁽⁴⁾	PD average estimated (%)	PD actual (%)	LGD average estimated (%) ⁽²⁾	LGD actual (%) ⁽³⁾	EAD estimated (%) ⁽⁴⁾	EAD actual (%) ⁽⁴⁾	
Retail Portfolio⁽⁵⁾													
Insured residential mortgages ⁽⁶⁾	0.89%	0.60%	2.64%	n.a.	n.a.	n.a.	0.89%	0.72%	2.64%	n.a.	n.a.	n.a.	n.a.
Uninsured residential mortgages incl. HELOCs ⁽⁷⁾	0.34%	0.28%	19.51%	4.20%	92.32%	86.17%	0.34%	0.32%	20.11%	5.70%	93.63%	88.93%	
Qualifying revolving retail	1.27%	1.12%	82.94%	74.48%	107.58%	93.05%	1.25%	1.22%	85.60%	78.04%	107.58%	103.07%	
Other retail	1.64%	1.12%	67.76%	50.57%	96.16%	79.82%	1.64%	1.22%	68.55%	53.56%	94.02%	87.73%	
Non-Retail Portfolio⁽⁸⁾													
Corporate	1.11%	0.48%	39.57%	30.88%	81.95%	75.57%	1.20%	0.56%	40.67%	32.29%	79.34%	81.94%	
Sovereign ⁽⁹⁾	0.06%	0.00%	11.54%	n.a.	88.30%	n.a.	0.06%	0.00%	11.54%	n.a.	88.30%	n.a.	
Financial Institutions ⁽⁹⁾	0.48%	0.00%	40.75%	n.a.	100.00%	n.a.	0.44%	0.00%	40.75%	n.a.	100.00%	n.a.	

(1) Estimated PD and actual default rates are consistent with what is presented in table CR9 (presented annually). Actual and estimated LGD and EAD parameters are reported on a one-month lag. For example, for Q2 2021, estimated percentages are as of March 31, 2020 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 LGD for insured residential mortgages is not applicable to reflect the credit risk mitigation from government backed entities.

(7) Actual and estimated EAD for residential mortgage is computed only for HELOCs since the conventional residential mortgages are non-revolving.

(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 not applicable because no defaulted facilities recovery were completed during the period. Actual EAD are not applicable because no default was observed during the period.

CR10 – IRB – Specialised Lending and Equities Under the Simple Risk Weight Method

(millions of Canadian dollars)

	Q2 2021					Q1 2021				
	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA
Equities under the materiality exemption	1,032	108	100%	1,086	1,151	994	107	100%	1,048	1,111

	Q4 2020					Q3 2020				
	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA	On-balance sheet amount	Off-balance sheet amount	RW	Exposure amount	RWA
Equities under the materiality exemption	957	88	100%	1,000	1,060	965	97	100%	1,013	1,074

CCR1 – Analysis of Counterparty Credit Risk (CCR) Exposure by Approach⁽¹⁾

(millions of Canadian dollars)

The following tables provide a comprehensive view of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.

		Q2 2021						Q1 2021					
		a	b	c	d	e	f	a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE ⁽²⁾	Alpha used for computing regulatory EAD	EAD post-CRM	RWA	Replacement cost	Potential future exposure	EEPE ⁽²⁾	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	2,843	7,168		1.4	14,016	5,204	3,428	7,434		1.4	15,207	5,256
2	Internal Model Method (for derivatives and SFTs)			-	-	-	-			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	-					-	-
5	VaR for SFTs					13,050	1,506					12,384	1,422
6	Total						6,710						6,678

		Q4 2020						Q3 2020					
		a	b	c	d	e	f	a	b	c	d	e	f
		Replacement cost	Potential future exposure	EEPE ⁽²⁾	Alpha used for computing regulatory EAD	EAD post-CRM	RWA	Replacement cost	Potential future exposure	EEPE ⁽²⁾	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	3,382	6,886		1.4	14,375	4,702	3,868	6,440		1.4	14,431	4,704
2	Internal Model Method (for derivatives and SFTs)			-	-	-	-			-	-	-	-
3	Simple Approach for credit risk mitigation (for SFTs)					-	-					-	-
4	Comprehensive Approach for credit risk mitigation (for SFTs)					-	-					-	-
5	VaR for SFTs					9,907	1,276					11,459	1,345
6	Total						5,978						6,049

(1) Excluding exposure and RWA for qualified central counterparties (QCCPs) and credit valuation adjustment (CVA).

(2) EEPE: Effective Expected Positive Exposure.

CCR2 – Credit Valuation Adjustment (CVA) Capital Charge

(millions of Canadian dollars)

The following table provides the CVA regulatory calculations (with a breakdown by standardised and advanced approaches).

		Q2 2021		Q1 2021		Q4 2020		Q3 2020		Q2 2020	
		a	b	a	b	a	b	a	b	a	b
		EAD post-CRM	RWA	EAD post-CRM	RWA	EAD post-CRM	RWA	EAD post-CRM	RWA	EAD post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge										
1	(i) VaR component (including the 3 x multiplier)		-		-		-		-		-
2	(ii) Stressed VaR component (including the 3 x multiplier)		-		-		-		-		-
3	All portfolios subject to the Standardised CVA capital charge	9,795	1,716	10,629	1,337	10,047	1,612	10,088	1,664	10,407	1,555
4	Total subject to the CVA capital charge	9,795	1,716	10,629	1,337	10,047	1,612	10,088	1,664	10,407	1,555

CCR3 – Standardised Approach – CCR Exposures by Regulatory Portfolio and Risk Weights

(millions of Canadian dollars)

The following tables provide a breakdown of counterparty credit risk exposures calculated according to the standardised approach: by portfolio (type of counterparties) and by risk weights (riskiness attributed according to standardised approach).

		Q2 2021									Q1 2021								
Risk weight		a	b	c	d	e	f	g	h	i	a	b	c	d	e	f	g	h	i
Regulatory portfolio		0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)		5	-	-	-	-	-	-	-	5	2	-	-	-	-	-	-	-	2
Financial institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities firms		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates		-	-	-	-	-	608	-	-	608	-	-	-	-	-	634	-	-	634
Regulatory retail portfolios		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets ⁽¹⁾		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		5	-	-	-	-	608	-	-	613	2	-	-	-	-	634	-	-	636

		Q4 2020									Q3 2020								
Risk weight		a	b	c	d	e	f	g	h	i	a	b	c	d	e	f	g	h	i
Regulatory portfolio		0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-central government public sector entities (PSEs)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)		3	-	-	-	-	-	-	-	3	4	-	-	-	-	-	-	-	4
Financial institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities firms		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporates		-	-	-	-	-	632	-	-	632	-	-	-	-	-	653	-	-	653
Regulatory retail portfolios		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets ⁽¹⁾		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		3	-	-	-	-	632	-	-	635	4	-	-	-	-	653	-	-	657

(1) Excluding the exposures to CCPs, which are reported in CCR8.

CCR4 – IRB – CCR Exposures by Portfolio and PD Scale

(millions of Canadian dollars)

The following tables provide all relevant parameters used for the calculation of counterparty credit risk capital requirements for IRB models.

		Q2 2021						
PD scale ⁽¹⁾		a	b	c	d	e	f	g
		EAD post-CRM	Average PD ⁽²⁾	Number of obligors ⁽³⁾	Average LGD ⁽⁴⁾	Average maturity ⁽⁵⁾	RWA	RWA density ⁽⁶⁾
Corporate	0.00 to < 0.15	2,299	0.07%	476	46.8%	0.79	423	18.4%
	0.15 to < 0.25	2,512	0.19%	476	45.3%	2.01	886	35.3%
	0.25 to < 0.50	1,026	0.36%	230	50.9%	1.13	610	59.5%
	0.50 to < 0.75	1,187	0.56%	217	40.0%	1.68	693	58.4%
	0.75 to < 2.50	3,291	0.90%	700	42.6%	1.26	1,223	37.2%
	2.50 to < 10.00	248	4.10%	70	53.6%	1.19	369	148.8%
	10.00 to < 100.00	7	13.90%	3	34.1%	1.08	9	128.6%
	100.00 (Default)	6	100.00%	4	55.3%	1.00	2	33.3%
	Sub-total	10,576	0.60%	2,176	44.9%	1.37	4,215	39.9%
Sovereign	0.00 to < 0.15	9,498	0.03%	142	11.8%	1.05	159	1.7%
	0.15 to < 0.25	102	0.21%	1	13.1%	0.04	7	6.9%
	0.25 to < 0.50	-	0%	-	0%	-	-	0%
	0.50 to < 0.75	-	0%	-	0%	-	-	0%
	0.75 to < 2.50	-	1.03%	1	14.1%	1.00	-	0%
	2.50 to < 10.00	-	0%	-	0%	-	-	0%
	10.00 to < 100.00	-	0%	-	0%	-	-	0%
	100.00 (Default)	-	0%	-	0%	-	-	0%
	Sub-total	9,600	0.03%	144	11.8%	1.04	166	1.7%
Financial institutions	0.00 to < 0.15	6,580	0.06%	69	50.0%	0.64	1,164	17.7%
	0.15 to < 0.25	861	0.17%	36	48.7%	0.59	291	33.8%
	0.25 to < 0.50	302	0.36%	9	50.4%	0.15	134	44.4%
	0.50 to < 0.75	166	0.56%	15	49.6%	0.17	91	54.8%
	0.75 to < 2.50	50	1.06%	19	47.5%	0.65	41	82.0%
	2.50 to < 10.00	-	0%	-	0%	-	-	0%
	10.00 to < 100.00	-	0%	-	0%	-	-	0%
	100.00 (Default)	-	0%	-	0%	-	-	0%
	Sub-total	7,959	0.10%	148	49.8%	0.61	1,721	21.6%
Total (sum of portfolios)	28,135	0.26%	2,468	35.0%	1.03	6,102	21.7%	

(1) Prescribed PD bands based on BIS document on Revised Pillar 3 disclosure requirements issued in January 2015.

(2) Represents the obligor grade PD weighted by EAD.

(3) Represents the number of individual borrowers.

(4) Represents the obligor grade LGD (net of any CRM effect) weighted by EAD.

(5) Represents the obligor maturity in years weighted by EAD. This parameter needs to be filled in only when it is used for the RWA calculation.

(6) Total risk-weighted assets to EAD post-CRM.

CCR4 – IRB – CCR Exposures by Portfolio and PD Scale (continued)

(millions of Canadian dollars)

		Q4 2020							
PD scale ⁽¹⁾	a	b	c	d	e	f	g		
	EAD post-CRM	Average PD ⁽²⁾	Number of obligors ⁽³⁾	Average LGD ⁽⁴⁾	Average maturity ⁽⁵⁾	RWA	RWA density ⁽⁶⁾		
Corporate	0.00 to < 0.15	2,068	0.07%	499	48.1%	0.76	392	19.0%	
	0.15 to < 0.25	2,544	0.19%	517	40.5%	2.21	856	33.6%	
	0.25 to < 0.50	913	0.36%	254	43.8%	1.92	488	53.5%	
	0.50 to < 0.75	747	0.56%	213	35.3%	1.90	371	49.7%	
	0.75 to < 2.50	1,503	0.90%	725	39.3%	1.52	1,038	69.1%	
	2.50 to < 10.00	320	4.50%	80	41.4%	1.34	404	126.3%	
	10.00 to < 100.00	1	13.90%	4	51.3%	1.00	2	200.0%	
	100.00 (Default)	11	100.00%	3	38.3%	1.00	15	136.4%	
	Sub-total	8,107	0.65%	2,295	42.2%	1.61	3,566	44.0%	
Sovereign	0.00 to < 0.15	7,169	0.03%	153	11.8%	1.37	144	2.0%	
	0.15 to < 0.25	76	0.21%	1	13.1%	0.01	5	6.6%	
	0.25 to < 0.50	–	0%	–	0%	–	–	0%	
	0.50 to < 0.75	–	0%	–	0%	–	–	0%	
	0.75 to < 2.50	–	0%	–	0%	–	–	0%	
	2.50 to < 10.00	–	0%	–	0%	–	–	0%	
	10.00 to < 100.00	–	0%	–	0%	–	–	0%	
	100.00 (Default)	–	0%	–	0%	–	–	0%	
	Sub-total	7,245	0.03%	154	11.8%	1.36	149	2.1%	
Financial institutions	0.00 to < 0.15	6,614	0.06%	65	50.8%	0.45	911	13.8%	
	0.15 to < 0.25	1,462	0.17%	39	46.3%	0.84	522	35.7%	
	0.25 to < 0.50	221	0.36%	13	49.7%	0.28	93	42.1%	
	0.50 to < 0.75	109	0.56%	11	48.3%	0.26	63	57.8%	
	0.75 to < 2.50	42	1.30%	20	46.5%	1.09	42	100.0%	
	2.50 to < 10.00	–	0%	–	0%	–	–	0%	
	10.00 to < 100.00	–	0%	–	0%	–	–	0%	
	100.00 (Default)	–	0%	–	0%	–	–	0%	
	Sub-total	8,448	0.10%	148	49.9%	0.51	1,631	19.3%	
Total (sum of portfolios)		23,800	0.27%	2,597	36.0%	1.03	5,346	22.5%	

(1) Prescribed PD bands based on BIS document on Revised Pillar 3 disclosure requirements issued in January 2015.

(2) Represents the obligor grade PD weighted by EAD.

(3) Represents the number of individual borrowers.

(4) Represents the obligor grade LGD (net of any CRM effect) weighted by EAD.

(5) Represents the obligor maturity in years weighted by EAD. This parameter needs to be filled in only when it is used for the RWA calculation.

(6) Total risk-weighted assets to EAD post-CRM.

CCR5 – Composition of Collateral for CCR Exposure

(millions of Canadian dollars)

The following tables provide a breakdown of all types of collateral posted or received by banks to support or reduce the counterparty credit risk exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP.

	Q2 2021						Q1 2021					
	a	b	c	d	e	f	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs		Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received ⁽¹⁾	Fair value of posted collateral ⁽¹⁾	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received ⁽¹⁾	Fair value of posted collateral ⁽¹⁾
Segregated	Unsegregated	Segregated	Unsegregated			Segregated	Unsegregated	Segregated	Unsegregated			
Cash	–	10,190	–	2,598	29,331	13,311	–	9,600	–	1,723	31,146	15,840
Securities issued or guaranteed by												
Canadian government	–	712	–	607	7,861	10,431	4	346	–	1,530	8,160	12,433
Canadian provincial and municipal governments	–	225	–	279	11,484	15,172	–	100	–	205	16,259	20,180
U.S. Treasury, other U.S. agencies and other foreign governments	100	80	–	–	34,529	29,988	94	99	–	155	40,015	33,912
Other debt securities	–	34	–	–	1,423	499	–	38	–	–	1,117	1,362
Equity securities	–	–	–	–	53,835	71,755	–	–	–	–	52,811	69,081
Total	100	11,241	–	3,484	138,463	141,156	98	10,183	–	3,613	149,508	152,808

	Q4 2020						Q3 2020					
	a	b	c	d	e	f	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs		Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received ⁽¹⁾	Fair value of posted collateral ⁽¹⁾	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received ⁽¹⁾	Fair value of posted collateral ⁽¹⁾
Segregated	Unsegregated	Segregated	Unsegregated			Segregated	Unsegregated	Segregated	Unsegregated			
Cash	–	10,046	–	1,861	29,253	15,472	–	9,046	–	2,232	29,596	13,780
Securities issued or guaranteed by												
Canadian government	6	215	–	1,752	9,050	10,323	1	185	–	1,897	14,552	15,115
Canadian provincial and municipal governments	–	145	–	62	15,296	19,040	–	78	–	289	12,819	19,898
U.S. Treasury, other U.S. agencies and other foreign governments	60	66	–	126	32,990	33,558	60	109	–	–	34,893	36,663
Other debt securities	–	60	–	–	1,111	332	–	51	–	–	2,079	607
Equity securities	–	–	–	–	48,212	59,554	–	–	–	–	56,778	66,655
Total	66	10,532	–	3,801	135,912	138,279	61	9,469	–	4,418	150,717	152,718

(1) Excluding collateral from repurchase agreements guaranteed by bearer deposit notes issued by the Bank and covered bonds issued by the Bank.

CCR6 – Credit Derivatives Exposures

(millions of Canadian dollars)

The following tables illustrate the extent of a bank's exposures to credit derivative transactions broken down between derivatives purchased or sold.

	Q2 2021		Q1 2021		Q4 2020		Q3 2020		Q2 2020	
	a	b	a	b	a	b	a	b	a	b
	Protection purchased	Protection sold								
Notionals										
Credit default swaps										
Indices, singles names and other	2,091	545	2,234	358	5,632	4,024	5,339	3,449	6,271	4,319
Tranches on indices	-	-	-	-	-	-	-	-	-	-
Total return swaps	92	-	92	-	-	-	-	-	-	-
Credit options	-	-	-	-	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-	-	-	-	-
Total notionals	2,183	545	2,326	358	5,632	4,024	5,339	3,449	6,271	4,319
Fair values										
Positive fair value (asset)	11	16	2	8	13	28	19	52	50	34
Negative fair value (liability)	(57)	-	(55)	-	(58)	(1)	(83)	-	(50)	(3)

CCR8 – Exposures to Central Counterparties (CCP)⁽¹⁾

(millions of Canadian dollars)

The following table provides a comprehensive picture of the bank's exposures to central counterparties. In particular, the template includes all types of exposures and related capital requirements.

		Q2 2021		Q1 2021		Q4 2020		Q3 2020		Q2 2020	
		a	b	a	b	a	b	a	b	a	b
		EAD (post-CRM)	RWA								
1	Exposures to QCCPs (total)		296		232		171		139		115
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,791	56	2,778	56	2,436	48	1,350	27	1,356	27
3	(i) OTC derivatives	210	4	227	5	48	1	49	1	92	2
4	(ii) Exchange-traded derivatives	1,795	36	2,385	48	2,119	42	1,174	23	1,174	23
5	(iii) Securities financing transactions	786	16	166	3	269	5	127	3	90	2
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-	-	-	-	-	-	-
7	Segregated initial margin	6,087		5,891		5,536		4,856		6,078	
8	Non-segregated initial margin	385	-	685	-	561	-	401	-	696	-
9	Pre-funded default fund contributions	642	240	590	176	484	123	393	112	493	88
10	Unfunded default fund contributions	-	-	-	-	-	-	-	-	-	-

(1) The Bank has no exposure to non-qualifying central counterparties.

SEC1 – Securitization Exposures in the Banking Book

(millions of Canadian dollars)

The following tables present the bank's securitization exposures in its banking book.

		Q2 2021								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor ⁽¹⁾		
		Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total
1	Retail	1,071	-	1,071	3,033	-	3,033	813	-	813
	Of which :									
2	Residential mortgages	-	-	-	2,325	-	2,325	50	-	50
3	Credit card	1,071	-	1,071	-	-	-	12	-	12
4	Other retail exposures	-	-	-	708	-	708	751	-	751
5	Re-securitization	-	-	-	-	-	-	-	-	-
6	Non-Retail	-	-	-	376	-	376	647	-	647
	Of which :									
7	Loans to corporates	-	-	-	-	-	-	-	-	-
8	Commercial mortgage	-	-	-	-	-	-	4	-	4
9	Lease and receivables	-	-	-	369	-	369	643	-	643
10	Other wholesale	-	-	-	7	-	7	-	-	-
11	Re-securitization	-	-	-	-	-	-	-	-	-

		Q1 2021								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor ⁽¹⁾		
		Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total
1	Retail	1,071	-	1,071	3,111	-	3,111	798	-	798
	Of which :									
2	Residential mortgages	-	-	-	2,495	-	2,495	52	-	52
3	Credit card	1,071	-	1,071	-	-	-	12	-	12
4	Other retail exposures	-	-	-	616	-	616	734	-	734
5	Re-securitization	-	-	-	-	-	-	-	-	-
6	Non-Retail	-	-	-	241	-	241	649	-	649
	Of which :									
7	Loans to corporates	-	-	-	-	-	-	-	-	-
8	Commercial mortgage	-	-	-	-	-	-	4	-	4
9	Lease and receivables	-	-	-	233	-	233	645	-	645
10	Other wholesale	-	-	-	8	-	8	-	-	-
11	Re-securitization	-	-	-	-	-	-	-	-	-

(1) Represents the investment positions purchased in third-party deals.

(2) The Bank has no synthetic securitization exposure.

SEC1 – Securitization Exposures in the Banking Book (continued)

(millions of Canadian dollars)

		Q4 2020								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor ⁽¹⁾		
		Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total
1	Retail	1,071	-	1,071	3,228	-	3,228	715	-	715
	Of which :									
2	Residential mortgages	-	-	-	2,708	-	2,708	203	-	203
3	Credit card	1,071	-	1,071	-	-	-	12	-	12
4	Other retail exposures	-	-	-	520	-	520	500	-	500
5	Re-securitization	-	-	-	-	-	-	-	-	-
6	Non-Retail	-	-	-	247	-	247	793	-	793
	Of which :									
7	Loans to corporates	-	-	-	-	-	-	-	-	-
8	Commercial mortgage	-	-	-	-	-	-	6	-	6
9	Lease and receivables	-	-	-	233	-	233	787	-	787
10	Other wholesale	-	-	-	14	-	14	-	-	-
11	Re-securitization	-	-	-	-	-	-	-	-	-

		Q3 2020								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor ⁽¹⁾		
		Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total
1	Retail	1,071	-	1,071	2,614	-	2,614	722	-	722
	Of which :									
2	Residential mortgages	-	-	-	2,092	-	2,092	210	-	210
3	Credit card	1,071	-	1,071	-	-	-	12	-	12
4	Other retail exposures	-	-	-	522	-	522	500	-	500
5	Re-securitization	-	-	-	-	-	-	-	-	-
6	Non-Retail	-	-	-	268	-	268	793	-	793
	Of which :									
7	Loans to corporates	-	-	-	-	-	-	-	-	-
8	Commercial mortgage	-	-	-	-	-	-	6	-	6
9	Lease and receivables	-	-	-	254	-	254	787	-	787
10	Other wholesale	-	-	-	14	-	14	-	-	-
11	Re-securitization	-	-	-	-	-	-	-	-	-

(1) Represents the investment positions purchased in third-party deals.

(2) The Bank has no synthetic securitization exposure.

SEC2 – Securitization Exposures in the Trading Book

(millions of Canadian dollars)

The following tables present the bank's securitization exposures in its trading book.

		Q2 2021								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor ⁽¹⁾		
		Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total
1	Retail	-	-	-	5	-	5	11	-	11
	Of which :									
2	Residential mortgages	-	-	-	4	-	4	-	-	-
3	Credit card	-	-	-	-	-	-	11	-	11
4	Other retail exposures	-	-	-	1	-	1	-	-	-
5	Re-securitization	-	-	-	-	-	-	-	-	-
6	Non-Retail	-	-	-	1	-	1	15	-	15
	Of which :									
7	Loans to corporates	-	-	-	-	-	-	-	-	-
8	Commercial mortgage	-	-	-	-	-	-	12	-	12
9	Lease and receivables	-	-	-	1	-	1	3	-	3
10	Other wholesale	-	-	-	-	-	-	-	-	-
11	Re-securitization	-	-	-	-	-	-	-	-	-

		Q1 2021								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor ⁽¹⁾		
		Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total
1	Retail	-	-	-	28	-	28	11	-	11
	Of which :									
2	Residential mortgages	-	-	-	22	-	22	-	-	-
3	Credit card	-	-	-	-	-	-	11	-	11
4	Other retail exposures	-	-	-	6	-	6	-	-	-
5	Re-securitization	-	-	-	-	-	-	-	-	-
6	Non-Retail	-	-	-	2	-	2	25	-	25
	Of which :									
7	Loans to corporates	-	-	-	-	-	-	-	-	-
8	Commercial mortgage	-	-	-	-	-	-	12	-	12
9	Lease and receivables	-	-	-	2	-	2	13	-	13
10	Other wholesale	-	-	-	-	-	-	-	-	-
11	Re-securitization	-	-	-	-	-	-	-	-	-

(1) Represents the investment positions purchased in third-party deals.

(2) The Bank has no synthetic securitization exposure.

SEC2 – Securitization Exposures in the Trading Book (continued)

(millions of Canadian dollars)

		Q4 2020								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor ⁽¹⁾		
		Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total
1	Retail	–	–	–	21	–	21	18	–	18
	Of which :									
2	Residential mortgages	–	–	–	17	–	17	–	–	–
3	Credit card	–	–	–	–	–	–	18	–	18
4	Other retail exposures	–	–	–	4	–	4	–	–	–
5	Re-securitization	–	–	–	–	–	–	–	–	–
6	Non-Retail	–	–	–	2	–	2	13	–	13
	Of which :									
7	Loans to corporates	–	–	–	–	–	–	–	–	–
8	Commercial mortgage	–	–	–	–	–	–	12	–	12
9	Lease and receivables	–	–	–	2	–	2	1	–	1
10	Other wholesale	–	–	–	–	–	–	–	–	–
11	Re-securitization	–	–	–	–	–	–	–	–	–

		Q3 2020								
		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor ⁽¹⁾		
		Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total	Traditional	Synthetic ⁽²⁾	Sub-total
1	Retail	–	–	–	4	–	4	8	–	8
	Of which :									
2	Residential mortgages	–	–	–	3	–	3	3	–	3
3	Credit card	–	–	–	–	–	–	5	–	5
4	Other retail exposures	–	–	–	1	–	1	–	–	–
5	Re-securitization	–	–	–	–	–	–	–	–	–
6	Non-Retail	–	–	–	–	–	–	14	–	14
	Of which :									
7	Loans to corporates	–	–	–	–	–	–	–	–	–
8	Commercial mortgage	–	–	–	–	–	–	12	–	12
9	Lease and receivables	–	–	–	–	–	–	2	–	2
10	Other wholesale	–	–	–	–	–	–	–	–	–
11	Re-securitization	–	–	–	–	–	–	–	–	–

(1) Represents the investment positions purchased in third-party deals.

(2) The Bank has no synthetic securitization exposure.

SEC 3 – Securitization Exposures in the Banking Book and Associated Regulatory Capital Requirements⁽¹⁾ – Bank Acting as Originator or as Sponsor

(millions of Canadian dollars)

The following tables present securitization in the banking book when the bank acts as originator or sponsor and the associated capital requirements.

		Q2 2021																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)				Exposure values (by regulatory approach)				RWA (by regulatory approach) ⁽²⁾				Capital charge after cap				
		≤ 20% RW	> 20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%
1	Total exposures	4,480	–	–	–	–	1,446	3,034	–	–	163	303	–	–	13	25	–	–
2	Traditional securitization	4,480	–	–	–	–	1,446	3,034	–	–	163	303	–	–	13	25	–	–
3	Of which securitization	4,480	–	–	–	–	1,446	3,034	–	–	163	303	–	–	13	25	–	–
4	Of which retail underlying	4,104	–	–	–	–	1,446	2,658	–	–	163	265	–	–	13	22	–	–
5	Of which wholesale	376	–	–	–	–	–	376	–	–	–	38	–	–	–	3	–	–
6	Of which re-securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

		Q1 2021																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)				Exposure values (by regulatory approach)				RWA (by regulatory approach) ⁽²⁾				Capital charge after cap				
		≤ 20% RW	> 20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%
1	Total exposures	4,423	–	–	–	–	1,321	3,102	–	–	145	309	–	–	11	25	–	–
2	Traditional securitization	4,423	–	–	–	–	1,321	3,102	–	–	145	309	–	–	11	25	–	–
3	Of which securitization	4,423	–	–	–	–	1,321	3,102	–	–	145	309	–	–	11	25	–	–
4	Of which retail underlying	4,182	–	–	–	–	1,321	2,861	–	–	145	285	–	–	11	23	–	–
5	Of which wholesale	241	–	–	–	–	–	241	–	–	–	24	–	–	–	2	–	–
6	Of which re-securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(1) The Bank has no synthetic securitization exposure.

(2) RWA amounts do not include the transitional arrangement related amount.

SEC 3 – Securitization Exposures in the Banking Book and Associated Regulatory Capital Requirements⁽¹⁾ – Bank Acting as Originator or as Sponsor (continued)

(millions of Canadian dollars)

		Q4 2020																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach) ⁽²⁾				Capital charge after cap			
		≤ 20% RW	> 20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%
1	Total exposures	4,546	-	-	-	-	1,320	3,226	-	-	144	322	-	-	12	25	-	-
2	Traditional securitization	4,546	-	-	-	-	1,320	3,226	-	-	144	322	-	-	12	25	-	-
3	Of which securitization	4,546	-	-	-	-	1,320	3,226	-	-	144	322	-	-	12	25	-	-
4	Of which retail underlying	4,299	-	-	-	-	1,320	2,979	-	-	144	297	-	-	12	23	-	-
5	Of which wholesale	247	-	-	-	-	-	247	-	-	-	25	-	-	-	2	-	-
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		Q3 2020																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach) ⁽²⁾				Capital charge after cap			
		≤ 20% RW	> 20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%
1	Total exposures	3,953	-	-	-	-	1,321	2,632	-	-	144	263	-	-	11	21	-	-
2	Traditional securitization	3,953	-	-	-	-	1,321	2,632	-	-	144	263	-	-	11	21	-	-
3	Of which securitization	3,953	-	-	-	-	1,321	2,632	-	-	144	263	-	-	11	21	-	-
4	Of which retail underlying	3,685	-	-	-	-	1,321	2,364	-	-	144	236	-	-	11	19	-	-
5	Of which wholesale	268	-	-	-	-	-	268	-	-	-	27	-	-	-	2	-	-
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) The Bank has no synthetic securitization exposure.

(2) RWA amounts do not include the transitional arrangement related amount.

SEC 4 – Securitization Exposures in the Banking Book and Associated Capital Requirements⁽¹⁾ – Bank Acting as Investor

(millions of Canadian dollars)

The following tables present securitization exposures in the banking book where the bank acts as investor and the associated capital requirements.

		Q2 2021																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach) ⁽²⁾				Capital charge after cap			
		≤ 20% RW	> 20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%
1	Total exposures	1,395	22	43	–	–	51	709	700	–	8	104	105	–	1	8	8	–
2	Traditional securitization	1,395	22	43	–	–	51	709	700	–	8	104	105	–	1	8	8	–
3	Of which securitization	1,395	22	43	–	–	51	709	700	–	8	104	105	–	1	8	8	–
4	Of which retail underlying	795	18	–	–	–	51	62	700	–	8	15	105	–	1	1	8	–
5	Of which wholesale	600	4	43	–	–	–	647	–	–	–	89	–	–	–	–	–	–
6	Of which re-securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

		Q1 2021																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach) ⁽²⁾				Capital charge after cap			
		≤ 20% RW	> 20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%
1	Total exposures	1,398	4	45	–	–	53	694	700	–	8	99	105	–	1	8	8	–
2	Traditional securitization	1,398	4	45	–	–	53	694	700	–	8	99	105	–	1	8	8	–
3	Of which securitization	1,398	4	45	–	–	53	694	700	–	8	99	105	–	1	8	8	–
4	Of which retail underlying	798	–	–	–	–	53	45	700	–	8	8	105	–	1	1	8	–
5	Of which wholesale	600	4	45	–	–	–	649	–	–	–	91	–	–	–	–	–	–
6	Of which re-securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(1) The Bank has no synthetic securitization exposure.

(2) RWA amounts do not include the transitional arrangement related amount.

SEC 4 – Securitization Exposures in the Banking Book and Associated Capital Requirements⁽¹⁾

– Bank Acting as Investor (continued)

(millions of Canadian dollars)

		Q4 2020																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach) ⁽²⁾				Capital charge after cap			
		≤ 20% RW	> 20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%
1	Total exposures	1,380	61	67	–	–	203	805	500	–	28	120	80	–	2	10	6	–
2	Traditional securitization	1,380	61	67	–	–	203	805	500	–	28	120	80	–	2	10	6	–
3	Of which securitization	1,380	61	67	–	–	203	805	500	–	28	120	80	–	2	10	6	–
4	Of which retail underlying	660	55	–	–	–	203	12	500	–	28	2	80	–	2	–	6	–
5	Of which wholesale	720	6	67	–	–	–	793	–	–	–	118	–	–	–	10	–	–
6	Of which re-securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

		Q3 2020																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach) ⁽²⁾				Capital charge after cap			
		≤ 20% RW	> 20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%	IRBA	ERBA/IAA	SA/SSFA	1250%
1	Total exposures	1,397	51	67	–	–	210	805	500	–	32	120	80	–	3	10	6	–
2	Traditional securitization	1,397	51	67	–	–	210	805	500	–	32	120	80	–	3	10	6	–
3	Of which securitization	1,397	51	67	–	–	210	805	500	–	32	120	80	–	3	10	6	–
4	Of which retail underlying	677	45	–	–	–	210	12	500	–	32	2	80	–	3	1	6	–
5	Of which wholesale	720	6	67	–	–	–	793	–	–	–	118	–	–	–	9	–	–
6	Of which re-securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Of which senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	Of which non-senior	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(1) The Bank has no synthetic securitization exposure.

(2) RWA amounts do not include the transitional arrangement related amount.

Glossary

Advanced Internal Ratings-Based (AIRB) approach	See risk-weighted assets below.
Banking Book Equities	Banking book equities comprise mainly exposures held for strategic and other reasons.
Capital Ratio	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.
Common Equity Tier 1 (CET1) capital	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.
Corporate	All direct credit risk exposures to corporations, partnerships and proprietorships, exposures guaranteed by those entities.
Credit Risk	Credit risk is the risk of a financial loss if an obligor does not fully honor its contractual commitments to the Bank. Obligor 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.
Drawn exposure	The amount of credit risk exposure resulting from loans already advanced to the customer.
Exposure at default (EAD)	An estimate of the amount of exposure to a customer at the event of, and at the time of, default.
Financial institutions	All direct credit risk exposures to deposit-taking institutions and regulated securities firms, and exposures guaranteed by those entities.
Leverage ratio	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.
Loss given default (LGD)	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.
Market risk	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.
Operational risk	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.
Other off-balance sheet	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.
Other retail	This exposure class includes consumer loans, SME credit card receivables, SME loans (excluding mortgages of five units or more), and other personal loans.
Over-the-counter derivatives (OTC)	The amount of credit risk exposure resulting from derivatives that trade directly between two counterparties, rather than through exchanges.
Probability of default (PD)	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.
Qualifying revolving retail (QRR)	This exposure class includes lines of credit and credit card receivables.
Repo-style transactions	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.
Retail Residential Mortgage	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).
Risk-weighted assets (RWA)	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.
Scaling Factor	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.
Sovereign	All direct credit risk exposures to governments, central banks and certain public sector entities, and exposures guaranteed by those entities.
Standardized approach	See risk-weighted assets.
Tier 1 capital	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.
Tier 2 capital	Tier 2 capital mainly includes the qualifying portion of the subordinated debentures and the collective allowance on non-impaired loans eligible for credit risk.
Total capital	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.
Undrawn commitments	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.