

Supplementary Regulatory Capital Disclosure

For the Quarter Ended - July 31, 2014

Q3 | 14

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This report is unaudited and all amounts are in millions of Canadian dollars, unless otherwise indicated.

(\$ millions except as noted)		Cross reference (3)	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3
Common Equity Tier 1 Capital: instruments and reserves							
1	Directly issued qualifying common share capital plus related stock surplus	a+b	12,464	12,384	12,349	12,318	12,320
2	Retained earnings	c	16,724	16,162	15,617	15,224	14,780
3	Accumulated other comprehensive income (and other reserves)	d	991	1,100	1,425	602	274
6	Common Equity Tier 1 Capital before regulatory adjustments		30,179	29,646	29,391	28,144	27,374
Common Equity Tier 1 Capital: regulatory adjustments							
7	Prudential valuation adjustments		49				
8	Goodwill (net of related tax liability)	e+p1-f	5,192	3,847	3,905	3,757	3,708
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	g-h	1,561	1,213	1,165	1,153	1,183
10	Deferred tax assets excluding those arising from temporary differences (net of related tax liability)	i-j	1,514	1,572	1,645	1,578	1,600
11	Cash flow hedge reserve	k	82	55	109	(8)	(122)
12	Shortfall of provisions to expected losses	k1	-	-	7		
14	Gains and losses due to changes in own credit risk on fair valued liabilities (4)		(12)	11	24	17	29
15	Defined benefit pension fund net assets (net of related tax liability) (5)	l-m	162	219	192	328	322
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	n - o	35	1	4	19	27
22	Amount exceeding the 15% threshold						
23	of which: significant investments in the common stock financials	h1	-	-	-	30	-
24	of which: mortgage servicing rights	j1	-	-	-	1	-
25	of which: deferred tax assets arising from temporary differences	i1	-	-	-	42	-
28	Total regulatory adjustments to Common Equity Tier 1 Capital		8,583	6,918	7,051	6,917	6,747
29	Common Equity Tier 1 Capital (CET1)		21,596	22,728	22,340	21,227	20,627
Additional Tier 1 Capital: instruments							
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	o1	1,200	493	-	-	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1 (6)	p + r	3,332	3,332	3,446	3,770	3,758
34	Additional Tier 1 instruments (and CET1 instruments not otherwise included) issued by subsidiaries and held by third parties (amount allowed in group AT1)	s	10	10	11	11	11
35	of which: instruments issued by subsidiaries subject to phase out		10	10	11	11	11
36	Additional Tier 1 Capital before regulatory adjustments		4,542	3,835	3,457	3,781	3,769
Additional Tier 1 Capital: regulatory adjustments							
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	t	358	358	358	358	358
41	Other deductions from Tier 1 Capital as determined by OSFI		-	55	57	51	52
41a	of which: Reverse mortgages		-	55	57	51	52
43	Total regulatory adjustments applied to Additional Tier 1 Capital		358	413	415	409	410
44	Additional Tier 1 Capital (AT1)		4,184	3,422	3,042	3,372	3,359
45	Tier 1 Capital (T1 = CET1 + AT1)		25,780	26,150	25,382	24,599	23,986
Tier 2 Capital: instruments and provisions							
47	Directly issued capital instruments subject to phase out from Tier 2 Capital (7)		4,030	3,978	3,977	4,444	4,448
48	Tier 2 Capital instruments (and CET1 and AT1 instruments not included) issued by subsidiaries and held by third parties (amount allowed in group Tier 2 Capital)	v	77	129	130	176	172
49	of which: instruments issued by subsidiaries subject to phase out		77	129	130	176	172
50	Collective allowances	w	212	250	214	331	282
51	Tier 2 Capital before regulatory adjustments		4,319	4,357	4,321	4,951	4,902
Tier 2 Capital: regulatory adjustments							
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	x	50	50	50	50	50
57	Total regulatory adjustments to Tier 2 Capital		50	50	50	50	50
58	Tier 2 Capital (T2)		4,269	4,307	4,271	4,901	4,852
59	Total Capital (TC = T1 + T2)		30,049	30,457	29,653	29,500	28,838
60	Total risk-weighted Assets			234,774	240,076	215,094	214,233
60a	Common Equity Tier 1 (CET 1) Capital RWA		225,961				
60b	Tier 1 Capital RWA		226,289				
60c	Total Capital RWA		226,782				
Capital Ratios							
61	Common Equity Tier 1 (as percentage of risk-weighted assets)		9.6%	9.7%	9.3%	9.9%	9.6%
62	Tier 1 (as percentage of risk-weighted assets)		11.4%	11.1%	10.6%	11.4%	11.2%
63	Total Capital (as percentage of risk-weighted assets)		13.3%	13.0%	12.4%	13.7%	13.5%
64	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)		7.0%	7.0%	7.0%	7.0%	7.0%
65	of which: capital conservation buffer requirement		2.5%	2.5%	2.5%	2.5%	2.5%
68	Common Equity Tier 1 available to meet buffers (as percentage of risk weighted assets)		9.6%	9.7%	9.3%	9.9%	9.6%
OSFI all-in target							
69	Common Equity Tier 1 all-in target ratio		7.0%	7.0%	7.0%	7.0%	7.0%
Amounts below the thresholds for deduction							
72	Non-significant investments in the capital of other financials	y - z	379	266	164	288	268
73	Significant investments in the common stock of financials	a1	1,265	1,395	1,394	1,312	1,022
74	Mortgage servicing rights (net of related tax liability)	b1	39	39	41	37	37
75	Deferred tax assets arising from temporary differences (net of related tax liability)	c1 - d1	1,922	1,847	1,822	1,835	1,736
Applicable caps on the inclusion of provisions in Tier 2							
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)		188	206	214	214	238
77	Cap on inclusion of provisions in Tier 2 under standardised approach		188	206	214	214	238
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings based approach (prior to application of cap)		1,386	1,451	1,436	1,383	1,344
79	Cap on inclusion of provisions in Tier 2 under internal ratings-based approach		25	44	-	116	44
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)							
82	Current cap on AT1 instruments subject to phase out arrangements		3,457	3,457	3,457	3,890	3,890
83	Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)	e1 + f1	-	-	161	-	-
84	Current cap on T2 instruments subject to phase out arrangements		4,107	4,107	4,107	4,620	4,620
85	Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)		671	750	791	324	340

- (1) "All-in" regulatory capital assumes that all Basel III regulatory adjustments are applied effective January 1, 2013 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022.
- (2) Row numbering, as per OSFI July 2013 advisory, is provided for consistency and comparability in the disclosure of elements of capital among banks and across jurisdictions. Banks are required to maintain the same row numbering per OSFI advisory, however certain rows are removed because there are no values in such rows.
- (3) Cross reference to Consolidated Balance Sheet under regulatory scope (page 36).
- (4) For regulatory capital purposes only. Not included in consolidated balance sheet.
- (5) Net amount after deducting defined benefit pension assets to which the bank has unrestricted and unfettered access.
- (6) \$450MM capital trust securities that are deconsolidated under IFRS 10 but still qualify as Additional Tier 1 Capital are included in line 33.
- (7) \$688MM (after phase-out) Trust Subordinate note that is deconsolidated under IFRS but still qualify as Tier 2 Capital is included in line 47.

CONSOLIDATED BALANCE SHEET

	Balance sheet as in Report to Shareholders Q3 2014	Under regulatory scope of consolidation (1) Q3 2014	Cross Reference (2)		Balance sheet as in Report to Shareholders Q3 2014	Under regulatory scope of consolidation (1) Q3 2014	Cross Reference (2)
(\$ millions except as noted)					(\$ millions except as noted)		
Assets				Liabilities and Equity			
Cash and Cash Equivalents	38,250	38,275		Deposits			
Interest Bearing Deposits with Banks	5,800	5,784		Banks	22,865	22,865	
Securities	149,541	143,615		Business and governments	243,808	243,808	
Investment in own shares				Individuals	132,550	132,550	
Investments in own shares CET1 (if not already netted off paid-in capital on reported balance sheet)		35	n	Total deposits	399,223	399,223	
Non-significant investments in the capital of other financials below threshold (3)		11,445	y	Other Liabilities			
Significant investments in deconsolidated subsidiaries and other financial institutions (4)		1,673	t+x+a1	Derivative instruments	28,151	28,067	
Significant investment in capital of other financials				Acceptances	9,651	9,651	
Significant investments in capital of other financial institutions reflected in regulatory capital				Securities sold but not yet purchased	28,366	28,366	
Amount exceeding the 15% threshold		-	h1	Investments in own shares not derecognized for accounting purposes		0	o
Significant investment in common stock of financials below threshold		583		Non-significant investments in common equity of other financials		11,066	z
of which: portion related to embedded goodwill		89	p1	Other Securities sold but not yet purchased		-	
Securities Borrowed or Purchased Under Resale Agreements	49,452	49,452		Securities lent or sold under repurchase agreement	40,606	40,606	
Loans				Current tax liabilities	255	255	
Residential mortgages	99,484	99,484		Deferred tax liabilities (5)	185	185	
Consumer installment and other personal	64,286	64,286		related to goodwill		150	f
Credit cards	7,976	7,976		related to intangibles		459	h
Business and governments	115,812	115,646		related to deferred tax assets excluding those arising from temporary differences		85	j
Customers' liability under acceptances	9,651	9,651		related to defined-benefit pension fund net assets		44	
Allowance for credit losses	(1,768)	(1,768)		of which deducted from regulatory capital		44	m
Allowance reflected in Tier 2 regulatory capital		212	w	of which not deducted from regulatory capital		-	
Shortfall of provisions to expected loss		0	k1	related to deferred tax assets arising from temporary differences, excluding those realizable through net operating loss carryback		108	d1
Total net loans and acceptances	295,441	295,275		Other	42,147	35,283	
Other Assets				of which: liabilities of subsidiaries, other than deposits		90	
Derivative instruments	26,825	26,825		Less: amount (of liabilities of subsidiaries) phased out		(13)	
Premises and equipment	2,174	1,992	e	Liabilities of subsidiaries after phase out		77	v
Goodwill	5,253	5,253		Total other liabilities	149,361	142,413	
Intangible assets	2,020	2,020	g	Subordinated Debt			
Current tax assets	770	770		Non qualifying subordinated debt	3,948	3,948	
Deferred tax assets (5)	2,962	2,967		of which redemption has been announced (in the last month of the quarter)		-	
Deferred tax assets excluding those arising from temporary differences		1,599	i	Less: regulatory amortization		60	
Deferred tax assets arising from temporary differences		2,030	c1	Non qualifying subordinated debt subject to phase out		-	
of which Deferred tax assets arising from temporary differences under the threshold		2,030		Less: amount of subordinated debt phased out		546	
of which amount exceeding 15% threshold		-	i1	Non qualifying subordinated debt after phase out		3,342	
Other	8,344	7,656		Equity			
Defined-benefit pension fund net assets		272		Share capital	15,194	15,194	
of which Defined-benefit pension fund net assets as per regulatory capital (6)		206	i	Preferred shares			
of which the bank has unrestricted and unfettered access		67		Directly issued qualifying Additional Tier 1 instruments		1,200	o1
Mortgage servicing rights		39		Non-qualifying preferred shares for accounting purposes		0	
of which Mortgage servicing rights under the threshold		39	b1	Non-qualifying preferred shares subject to phase out		1,840	
of which amount exceeding the 15% threshold		-	j1	Less amount (of preferred shares) phased out		-	e1
Total Assets	586,832	579,884		Non qualifying preferred shares after phase out		1,840	p
				Common shares			
				Directly issued qualifying CET1		12,154	a
				Contributed surplus	310	310	b
				Retained earnings	16,724	16,724	c
				Accumulated other comprehensive income	991	991	d
				Cash flow hedges		82	k
				Other AOCI		909	
				Total shareholders' equity	33,219	33,219	
				Non-controlling interests in subsidiaries	1,081	1,081	
				of which portion allowed for inclusion into Tier 1 capital		1,042	
				less amount phased out		-	ft
				Innovative instruments after phase out		1,042	r
				Other additional Tier 1 issued by subs after phase out		10	s
				Total equity	34,300	34,300	
				Total Liabilities and Equity	586,832	579,884	

(1) Balance sheet under regulatory scope does not include the following entities: BMO Life Insurance Company and BMO Reinsurance Limited. BMO Life Insurance Company (\$6,820 million assets and nominal equity) covers the development and marketing of individual and group life, accident and health insurance and annuity products in Canada. BMO Reinsurance Limited (\$128 million assets, \$3 million equity) covers the reinsurance of life, health and disability insurance risks as well as property & casualty insurance risks, including catastrophe risks. The business reinsured is written by insurers and reinsurers principally in North America and Europe.

(2) Cross Reference to Basel III Regulatory Capital (All-in basis) (page 35).

(3) Includes synthetic holdings of non-significant capital investments in banking, financial and insurance entities

(4) Under Basel III, significant investments in financial services entities that are outside the scope of regulatory consolidation are deducted from a bank's capital using the corresponding deduction approach (e.g. investments in non-common Tier 1 are deducted from a bank's non-common Tier 1 capital) except that investments in common equity capital of a significant investment which represents less than 10% of the bank's CET1 are risk weighted at 250% and are not deducted provided the sum of such investments, deferred tax assets related to timing differences and mortgage servicing rights are less than 15% of the bank's CET1.

(5) Deferred tax assets and liabilities are presented on the balance sheet net by legal jurisdiction

(6) Net amount after deducting defined benefit pension assets to which the bank has unrestricted and unfettered access.

RISK-WEIGHTED ASSETS (RWA)

	Basel III Q3 2014						Basel III						Basel II	
	Exposure at Default (EAD)			RWA			Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
	Standardized approach	Advanced approach	Total	Standardized approach	Advanced approach (7)	Total	RWA	RWA	RWA	RWA	RWA	RWA	RWA	RWA
(\$ millions except as noted)														
Credit Risk														
Wholesale														
Corporate including specialized lending	16,144	171,061	187,205	16,163	64,614	80,777	81,037	85,270	78,671	75,411	74,172	75,164	70,841	70,394
Corporate small and medium enterprises (SMEs)	-	59,953	59,953	-	35,730	35,730	37,427	29,557	26,594	24,870	23,829	23,725	22,120	22,332
Sovereign	131	77,288	77,419	66	1,204	1,270	1,510	1,251	904	849	732	685	645	773
Bank	316	34,712	35,028	318	3,967	4,285	4,798	5,249	4,448	3,945	4,383	4,973	4,853	4,856
Retail														
Residential mortgages excluding home equity line of credits (HELOCs)	3,613	87,994	91,607	2,070	6,057	8,127	8,607	8,756	8,711	9,111	9,019	8,755	8,578	9,355
HELOCs	1,215	42,705	43,920	815	5,788	6,603	6,841	6,828	6,579	8,201	7,704	7,057	7,725	7,866
Qualifying revolving retail (QRR)	-	28,482	28,482	-	3,925	3,925	4,033	4,384	4,580	4,741	4,623	5,562	5,622	6,293
Other retail (excl. SMEs)	2,212	24,090	26,302	1,326	10,452	11,778	12,759	12,764	12,410	12,260	11,950	12,066	11,513	12,045
Retail SMEs	300	3,253	3,553	237	1,369	1,606	1,628	1,595	1,535	1,541	1,232	1,160	1,135	1,182
Equity	-	1,848	1,848	-	1,305	1,305	1,456	1,485	1,366	1,352	1,270	1,356	1,359	1,322
Trading book	84	123,874	123,958	84	6,793	6,877	8,477	11,075	6,137	6,376	7,182	7,881	6,332	6,451
Securitization	-	21,492	21,492	-	2,247	2,247	3,155	4,395	4,598	4,820	5,446	6,245	6,796	7,739
Other credit risk assets - non-counterparty managed assets	-	30,383	30,383	-	15,190	15,190	16,046	17,616	14,822	15,828	15,546	14,153	17,596	14,497
Scaling factor for credit risk assets under AIRB (1)	-	-	-	-	8,437	8,437	8,738	8,578	7,934	7,621	7,391	7,611	6,840	6,945
Total Credit Risk	24,015	707,135	731,150	21,079	167,078	188,157	196,512	198,803	179,289	176,926	174,479	176,393	171,955	172,050
Market Risk (2)	-	-	-	1,843	8,529	10,372	11,431	14,494	9,154	10,758	7,252	8,292	7,598	7,320
Operational Risk (9)	-	-	-	3,988	23,444	27,432	26,831	26,779	26,651	26,549	26,243	25,986	25,677	25,417
Common Equity Tier 1 (CET 1) Capital Risk-Weighted Assets (3) (4)	24,015	707,135	731,150	26,910	199,051	225,961	234,774	240,076	215,094	214,233	207,974	210,671	205,230	204,787
Additional CVA adjustment, prescribed by OSFI, for Tier 1 Capital (10)	-	-	-	-	328	328	-	-	-	-	-	-	-	-
Tier 1 Capital Risk-Weighted Assets				26,910	199,379	226,289	234,774	240,076	215,094	214,233	207,974	210,671	205,230	204,787
Additional CVA adjustment, prescribed by OSFI, for Total Capital (10)	-	-	-	-	493	493	-	-	-	-	-	-	-	-
Total Capital Risk Weighted Assets (RWA)				26,910	199,872	226,782	234,774	240,076	215,094	214,233	207,974	210,671	205,230	204,787

RWA CVA Phase-in Calculation (10)	CVA (A)	OSFI Scalars (B)	Total RWA Before CVA phase-in (C)	CVA phase-in Adjustments (D)=A*(100%-B)	RWA Net CVA phase-in (E)=C-D
Common Equity Tier 1 (CET 1) Capital RWA	4,108	57%	227,727	1,766	225,961
Tier 1 Capital RWA	4,108	65%	227,727	1,438	226,289
Total Capital RWA	4,108	77%	227,727	945	226,782

TRANSITIONAL CAPITAL DISCLOSURE	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Transitional Basis - Basel III (5)				
Common Equity Tier 1 capital (CET1)	28,621	28,348	27,926	28,153
Tier 1 capital (T1 = CET1 + AT1)	28,976	28,980	28,127	28,153
Total capital (TC = T1 + T2)	33,286	33,327	32,436	33,091
Total risk-weighted assets (3)	231,838	240,074	246,232	232,501
Common Equity Tier 1 ratio (as percentage of risk weighted assets)	12.3%	11.8%	11.3%	12.1%
Tier 1 ratio (as percentage of risk weighted assets)	12.5%	12.1%	11.4%	12.1%
Total capital ratio (as percentage of risk weighted assets)	14.4%	13.9%	13.2%	14.2%
Assets-to-Capital Multiple (6)	17.0x	16.8x	17.4x	15.6x

CAPITAL RATIOS FOR SIGNIFICANT BANK SUBSIDIARIES	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Bank of Montreal Mortgage Corporation - Basel III				
Transitional Basis - Basel III (5)				
Common Equity Tier 1 ratio	20.1%	18.4%	17.8%	17.8%
Tier 1 ratio	20.1%	18.4%	17.8%	17.8%
Total capital ratio	20.8%	19.1%	18.4%	18.5%
All-in Basis - Basel III (7)				
Common Equity Tier 1 ratio	20.0%	18.3%	17.6%	17.6%
Tier 1 ratio	20.0%	18.3%	17.6%	17.6%
Total capital ratio	20.8%	19.1%	18.4%	18.5%
BMO Harris Bank N.A. - Basel I (8)				
Tier 1 ratio	15.0%	15.2%	15.3%	15.2%
Total capital ratio	16.4%	16.7%	16.9%	16.8%

(1) The scaling factor is applied to the risk-weighted asset amounts for credit risk under the AIRB approach.

(2) Standardized market risk is comprised of interest rate issuer risk.

(3) Under Capital Adequacy Requirements (CAR), which governs advanced approaches, the bank calculates a transitional Capital Floor based on Basel I as required by OSFI rules and may be required to increase its risk weighted assets if the Capital Floor or any other minimum Basel III transitional requirements apply. The Capital Floor did not apply in any quarter shown above on an "all-in" basis but did apply to transitional RWA in Q4 2013, Q3 2013 and Q2 2013.

(4) To calculate the AIRB credit risk RWA for BMO Financial Corp., OSFI requires the bank to calculate a transitional floor based on Harris Bankcorp credit risk RWA determined under the Standardized Approach. The floor has been applicable since Q4 12.

(5) Transitional capital ratios assume that all Basel III regulatory capital adjustments are phased in from January 1, 2014 to January 1, 2018 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022.

(6) The Assets-to-Capital Multiple is calculated by dividing the institution's total assets, including specified off-balance sheet items, by Total capital calculated on a transitional basis, as set out in CAR.

(7) "All-in" capital ratios assume that all Basel III regulatory adjustments are applied effective January 1, 2013 and that the capital value of instruments which no longer qualify as regulatory capital under Basel III rules will be phased out at a rate of 10% per year from January 1, 2013 and continuing to January 1, 2022. OSFI expects all institutions to have attained an "all-in" target Common Equity Tier 1 ratio of 7% by the first quarter of 2013, and "all-in" target Tier 1 and Total Capital ratios of 8.5% and 10.5%, respectively, by the first quarter of 2014.

(8) Calculated using Basel I guidelines currently in effect for U.S. regulatory purposes and based on Harris N. A.'s calendar quarter-ends.

(9) BMO recently received approval for use of the Advanced Measurement Approach (AMA) in calculating operational risk capital for the majority of its businesses and now uses a blend of AMA and standardized approaches.

(10) Commencing Q1/2014, a new CVA regulatory capital charge has been applied to derivatives. For Q3/2014, OSFI introduced a new three tier capital approach with different scalars for each tier. See above for calculation and scalars percentages. For Q1/14 and Q2/14, CVA regulatory capital charge was calculated using the standardized method applied at a phased in factor of 57%.

BASEL II REGULATORY CAPITAL (1)

	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
Qualifying Regulatory Capital						
Gross regulatory common shareholders' equity	26,060	25,605	25,060	24,709	24,455	23,580
Non-cumulative preferred shares	2,465	2,465	2,465	2,464	2,861	2,861
Innovative Tier 1 Capital Instruments	1,859	1,847	1,866	1,857	2,156	2,126
Non-controlling interest in subsidiaries	16	16	21	26	38	33
Goodwill and excess intangible assets	(3,717)	(3,732)	(3,702)	(3,656)	(3,585)	(3,374)
Net Tier 1 Capital	26,683	26,201	25,710	25,400	25,925	25,226
Securitization-related deductions	(31)	(31)	(35)	(34)	(168)	(167)
Expected loss in excess of allowance - AIRB approach (2)	(65)	(75)	(164)	(233)	(205)	(270)
Substantial investments and investments in insurance subsidiaries (3)	(634)	(607)	(673)	(659)	(481)	(445)
Other deductions	(57)	(86)	(80)	(75)	-	-
Adjusted Tier 1 Capital	25,896	25,402	24,758	24,399	25,071	24,344
Subordinated debt	4,351	4,386	5,721	5,813	5,896	5,858
Trust subordinated notes	800	800	800	800	800	800
Accumulated net after tax unrealized gains on Available-For-Sale Equity Securities	34	68	65	1	7	12
Eligible portion of Collective allowance for credit losses	318	331	335	359	309	292
Total Tier 2 Capital	5,503	5,585	6,921	6,973	7,012	6,962
Securitization-related deductions	(31)	(31)	(35)	(34)	(31)	(29)
Expected loss in excess of allowance - AIRB approach (2)	(65)	(75)	(164)	(233)	(205)	(270)
Investments in non-consolidated subsidiaries and substantial investments (3)	(634)	(607)	(673)	(659)	(855)	(875)
Adjusted Tier 2 Capital	4,773	4,872	6,049	6,047	5,921	5,788
Total Capital	30,669	30,274	30,807	30,446	30,992	30,132

CAPITAL RATIOS	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
Common equity ratio - Basel II basis (4)	10.5%	10.3%	9.9%	9.7%	9.6%	9.1%
Total capital ratio	14.9%	14.8%	14.9%	14.6%	14.9%	14.2%
Tier 1 ratio	12.6%	12.4%	12.0%	11.7%	12.0%	11.5%
Assets-to-Capital Multiple	15.2x	15.8x	15.1x	15.4x	13.7x	14.3x
Capital Ratios for Significant Bank Subsidiaries						
Bank of Montreal Mortgage Corporation - Basel II basis						
Tier 1 ratio	15.9%	18.3%	22.5%	21.1%	24.2%	22.1%
Total capital ratio	16.7%	19.3%	23.7%	22.3%	25.5%	23.3%
BMO Harris Bank N.A. - Basel I basis (5)						
Tier 1 ratio	15.6%	14.8%	14.5%	14.3%	13.8%	16.0%
Total capital ratio	17.5%	17.0%	16.8%	16.7%	16.2%	17.8%

(1) 2011 figures have not been restated to reflect the adoption of IFRS, which was, for regulatory capital purposes, phased in over five quarters commencing Q1, 2012.

(2) Under Basel II, the collective allowance is attributed to Standardized and AIRB portfolios based on their respective proportion of RWA. When expected losses as calculated under the AIRB approach exceed total provisions attributed to the AIRB portfolio, 50% of the difference is deducted from Tier 1 capital and 50% is deducted from Tier 2 capital. When the expected losses as calculated under the AIRB approach are below total provisions attributed to the AIRB portfolio, the difference is added to Tier 2 up to a limit equal to the lower of 0.6% AIRB risk weighted assets or the amount of the collective allowances. The collective allowance attributed to the Standardized portfolio is included in Tier 2 capital up to 1.25% of credit risk-weighted assets subject to the Standardized Approach.

(3) Under Basel II, substantial investments are deducted 50% from Tier 1 capital and 50% from Tier 2 capital except that investments in insurance subsidiaries held prior to January 1, 2007 are deducted from Tier 2 capital until the end of 2011. Effective 2012, these investments in insurance subsidiaries are deducted 50% from Tier 1 capital and 50% from Tier 2 capital.

(4) The Common equity ratio - Basel II basis is not a prescribed regulatory capital ratio and has been calculated by BMO as gross regulatory common equity less Basel II capital deductions divided by RWA. Sometimes this ratio is also referred to as the Basel II Tier 1 common ratio.

(5) Calculated using Basel I guidelines currently in effect for U.S. regulatory purposes and based on Harris N.A.'s calendar quarter-ends.

FLOW STATEMENT OF REGULATORY CAPITAL

(\$ millions except as noted)	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Common Equity Tier 1 Capital				
Opening Balance	22,728	22,340	21,227	20,626
New capital issues	83	38	30	55
Redeemed capital	-	(7)	-	(177)
Gross dividends (deduction)	(532)	(517)	(518)	(505)
Shares issued in lieu of dividends (add back)				
Profit for the quarter (attributable to shareholders of the parent company)	1,110	1,062	1,048	1,061
Removal of own credit spread (net of tax)	23	12	(7)	13
Movements in other comprehensive income				
– Currency Translation Differences	(98)	(303)	906	152
– Available-for-sale securities	59	11	(60)	62
– Other (1)	(98)	21	(140)	-
Goodwill and other intangible assets (deduction, net of related tax liability)	(1,693)	11	(161)	(19)
Other, including regulatory adjustments and transitional arrangements				
– Deferred tax assets that rely on future profitability (excluding those arising from temporary differences)	58	73	(67)	21
– Prudential Valuation Adjustments (3)	(49)		-	-
– Other (2)	5	(13)	82	(62)
Closing Balance	21,596	22,728	22,340	21,227
Other non-core Tier 1 (Additional Tier 1) Capital				
Opening Balance	3,422	3,042	3,372	3,359
New 'non-core' Tier 1 (Additional Tier 1) eligible capital issues	700	493	-	-
Redeemed capital	-	(275)	-	-
Other, including regulatory adjustments and transitional arrangements (4)	62	162	(330)	13
Closing Balance	4,184	3,422	3,042	3,372
Total Tier 1 Capital	25,780	26,150	25,382	24,599
Tier 2 Capital				
Opening Balance	4,307	4,271	4,901	4,853
New Tier 2 eligible capital issues	-	-	-	-
Redeemed capital	-	-	-	-
Amortization adjustments	(63)	-	-	-
Other, including regulatory adjustments and transitional arrangements (5)	25	36	(630)	48
Closing Balance	4,269	4,307	4,271	4,901
Total Regulatory Capital	30,049	30,457	29,653	29,500

(1) Includes: AOCI on pension and other post-employment benefits.

(2) Includes: Expected Loss in excess of allowances, defined benefit pension assets (net of related deferred tax liability) deductions, changes in contributed surplus and threshold deductions.

(3) Valuation adjustment for illiquid positions is now deducted from CET1 capital and was previously deducted from Tier 1 capital.

(4) Includes: Corresponding deductions from Additional Tier 1 Capital and adjustment due to the reclassification of Non-Cumulative 5-Year Rate Reset Preferred Shares Series 27 from liabilities to equity.

(5) Includes: Eligible allowances, transitional arrangements (phased-out amount) and corresponding deductions from Tier 2 Capital.

CREDIT RISK RISK-WEIGHTED ASSETS (RWA) MOVEMENT BY KEY DRIVERS

	2014	2014	2014	2013
(\$ millions except as noted)	Q3	Q2	Q1	Q4
Opening Credit RWA, beginning of quarter	196,512	198,803	179,289	176,926
Book size (1)	(2,660)	(226)	6,326	162
Book quality (2)	(2,620)	(2,407)	(711)	(2,219)
Model Updates (3)	(358)	1,804	1,489	3,154
Methodology and Policy (4)	(2,478)	-	6,351	-
Acquisitions and disposals	271	n.a.	n.a.	n.a.
Foreign exchange movements	(510)	(1,462)	6,059	1,266
Other	-	n.a.	n.a.	n.a.
Closing Credit RWA, end of quarter	188,157	196,512	198,803	179,289

(1) Book size includes organic changes in book size and composition (including new business and maturing loans).

(2) Book quality captures the quality of book changes caused by experience such as underlying customer behaviour or demographics, including changes through model calibrations/realignments.

(3) Model updates includes model implementation, change in model scope or any change to address model malfunctions.

(4) Methodology and policy includes methodology changes to the calculations driven by regulatory policy changes, such as new regulation.

MARKET RISK RISK-WEIGHTED ASSETS (RWA) MOVEMENT BY KEY DRIVERS

	2014	2014	2014	2013
(\$ millions except as noted)	Q3	Q2	Q1	Q4
Market Risk RWA, beginning of quarter	11,431	14,494	9,154	10,758
Movement in risk levels (1)	(892)	(2,208)	5,042	490
Model updates (2)	(167)	(855)	-	(2,094)
Methodology and policy (3)	-	-	298	-
Acquisition and disposals	-	-	-	-
Foreign exchange movement and others	-	-	-	-
Market Risk RWA, end of quarter	10,372	11,431	14,494	9,154

(1) Movement in risks levels includes changes in risk due to position changes and market movements.

(2) Model updates includes updates to the model to reflect recent experience, change in model scope.

(3) Methodology changes to the calculations driven by regulatory policy changes.

EQUITY SECURITIES EXPOSURE AMOUNT

(\$ millions except as noted)

	2014	2014	2014	2013	2013	2013
	Q3	Q2	Q1	Q4	Q3	Q2
Equity investments used for capital gains (Merchant Banking)	505	540	545	537	536	534
Equity investments used for mutual fund seed capital	19	28	30	37	40	40
Equity used for other (including strategic investments)	1,324	1,434	1,465	1,313	1,290	1,233
Total Equity Exposure	1,848	2,002	2,040	1,887	1,866	1,807

EQUITY INVESTMENT SECURITIES (1)

(\$ millions except as noted)

	Q3 2014			Q2 2014			Q1 2014			Q4 2013		
	Book Value	Market Value	Unrealized Gain (Loss)	Book Value	Market Value	Unrealized Gain (Loss)	Book Value	Market Value	Unrealized Gain (Loss)	Book Value	Market Value	Unrealized Gain (Loss)
Grandfathered												
Public	42	42	-	41	41	-	40	40	-	37	37	-
Private												
Direct funds	136	136	-	151	151	-	139	139	-	135	135	-
Indirect funds	63	63	-	70	70	-	74	74	-	76	76	-
Total Grandfathered	241	241	-	262	262	-	253	253	-	248	248	-
Non-grandfathered												
Public	25	25	-	31	31	-	50	50	-	58	58	-
Private												
Direct funds	252	252	-	402	402	-	431	431	-	385	385	-
Indirect funds	396	396	-	401	401	-	386	386	-	375	375	-
Other	934	765	(169)	906	582	(324)	920	591	(329)	821	547	(274)
Total Non-grandfathered	1,607	1,438	(169)	1,740	1,416	(324)	1,787	1,458	(329)	1,639	1,365	(274)
Total Equities	1,848	1,679	(169)	2,002	1,678	(324)	2,040	1,711	(329)	1,887	1,613	(274)

Total realized gains or losses arising from sales or liquidations in the reporting period			15			12			26			1
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(1) The schedule consists of corporate equity securities in the banking book only. Excluded are investments in deconsolidated subsidiaries and substantial investments, which are deducted (voluntarily in the case of merchant banking specialized financing entity investments) from capital for Basel II regulatory capital calculation purposes.

EXPOSURE COVERED BY CREDIT RISK MITIGATION (1)

(\$ millions except as noted)

	Q3 2014				Q2 2014				Q1 2014			
	Standardized		AIRB		Standardized		AIRB		Standardized		AIRB	
	Gross Exposure (2)	Exposure Amount Covered By Guarantees Or Credit Derivatives	Adjusted EAD	Exposure Amount Covered By Guarantees Or Credit Derivatives	Gross Exposure (2)	Exposure Amount Covered By Guarantees Or Credit Derivatives	Adjusted EAD	Exposure Amount Covered By Guarantees Or Credit Derivatives	Gross Exposure (2)	Exposure Amount Covered By Guarantees Or Credit Derivatives	Adjusted EAD	Exposure Amount Covered By Guarantees Or Credit Derivatives
Corporate (incl specialized lending and SMEs treated as corporate)	16,144	532	232,451	21,984	15,724	415	227,677	19,699	16,197	464	228,437	19,788
Sovereign	131	-	124,050	47,460	132	-	113,139	41,665	127	-	115,224	40,360
Bank	316	62	35,167	1,436	264	-	38,970	1,617	210	-	37,620	1,355
Total Corporate, Sovereign and Bank	16,591	594	391,668	70,880	16,120	415	379,786	62,981	16,534	464	381,281	61,503
Residential mortgages excluding home equity line of credits (HELOCs)	3,614	55	39,339	-	4,117	-	42,714	-	4,265	67	43,768	-
HELOCs	1,215	-	42,705	-	1,296	-	42,426	-	1,567	-	42,315	-
Other retail excl. SMEs and QRR	2,212	487	24,090	-	3,522	518	23,964	-	3,335	512	24,689	-
Qualifying revolving retail	-	-	28,482	-	-	-	29,807	-	-	-	33,884	-
Retail SMEs	300	-	3,253	-	322	-	3,277	-	356	-	3,236	-
Total Retail	7,341	542	137,869	-	9,257	518	142,188	-	9,523	579	147,892	-
Total Bank Banking Book Portfolios	23,932	1,136	529,537	70,880	25,377	933	521,974	62,981	26,057	1,043	529,173	61,503

(1) Credit risk mitigants herein include only credit derivatives and guarantees. Includes \$48.7 billion NHA or other mortgage insurance guarantees.

Commercial collateral is reflected in the risk parameters (PDs, LGDs) for AIRB exposures and risk weights for exposures under the Standardized approach. None of the Standardized exposures have eligible financial collateral.

(2) Gross exposure means gross of all allowances for credit loss.

CREDIT RISK EXPOSURE BY GEOGRAPHIC REGION (3)

(\$ millions except as noted)

	Q3 2014				Q2 2014				Q1 2014			
	Canada	U.S.	Other	Total	Canada	U.S.	Other	Total	Canada	U.S.	Other	Total
Corporate (incl specialized lending and SMEs treated as corporate)	129,635	111,126	6,397	247,158	124,734	111,903	6,098	242,735	127,430	105,448	11,188	244,066
Sovereign	24,201	48,422	4,796	77,419	22,290	44,970	4,357	71,617	23,032	47,443	4,766	75,241
Bank	7,547	10,637	16,844	35,028	8,842	11,574	18,439	38,855	10,177	9,308	17,945	37,430
Total Corporate, Sovereign and Bank	161,383	170,185	28,037	359,605	155,866	168,447	28,894	353,207	160,639	162,199	33,899	356,737
Residential mortgages excluding home equity line of credits (HELOCs)	81,743	9,864	-	91,607	79,175	10,355	-	89,530	78,501	10,610	-	89,111
HELOCs	35,590	8,330	-	43,920	35,401	8,321	-	43,722	35,286	8,596	-	43,882
Other retail excl. SMEs and QRR	17,230	9,072	-	26,302	18,791	8,695	-	27,486	19,414	8,610	-	28,024
Qualifying revolving retail	28,437	45	-	28,482	29,807	-	-	29,807	33,884	-	-	33,884
Retail SMEs	2,870	683	-	3,553	2,901	698	-	3,599	2,906	686	-	3,592
Total Retail	165,870	27,994	-	193,864	166,075	28,069	-	194,144	169,991	28,502	-	198,493
Total Bank	327,253	198,179	28,037	553,469	321,941	196,516	28,894	547,351	330,630	190,701	33,899	555,230

CREDIT RISK EXPOSURE BY INDUSTRY (3)

(\$ millions except as noted)

	Q3 2014						Q2 2014						Q1 2014	Q4 2013
	Drawn	Commitments (Undrawn)	OTCs	Other Off Balance Sheet Items	Repo Style Transactions	Total	Drawn	Commitments (Undrawn)	OTCs	Other Off Balance Sheet Items	Repo Style Transactions	Total	Total	Total
Agriculture	8,854	1,634	-	35	-	10,723	8,657	1,636	-	17	-	10,310	10,402	10,365
Communications	779	1,015	-	233	-	2,027	799	878	-	269	-	1,946	2,047	2,109
Construction	3,131	2,989	-	612	-	6,732	2,992	2,767	-	626	-	6,385	6,392	6,075
Financial (4)	76,434	14,252	1	2,596	40,867	134,150	73,427	14,151	1	2,403	39,543	129,525	138,077	103,634
Government	45,045	1,839	-	980	9,240	57,104	44,314	1,848	-	1,013	8,283	55,458	56,607	55,559
Manufacturing	13,117	8,901	60	1,151	-	23,229	12,856	8,915	30	1,145	-	22,946	23,341	21,817
Mining	1,015	1,917	1	433	-	3,366	849	2,120	-	466	-	3,435	3,570	3,204
Other	23,556	173	-	528	98	24,355	24,097	170	-	701	2,997	27,965	24,626	16,003
Real estate	19,063	6,199	-	1,131	-	26,393	18,948	6,177	-	1,176	-	26,301	26,298	24,293
Retail trade	11,108	4,665	-	564	-	16,337	11,708	4,516	-	574	-	16,798	16,592	14,601
Service industries	19,974	8,503	6	2,816	-	31,299	18,627	8,223	7	2,895	-	29,752	29,739	34,713
Transportation	2,501	1,485	1	533	-	4,520	2,448	1,467	-	539	-	4,454	4,520	4,253
Utilities	1,896	3,839	-	1,426	-	7,161	1,891	3,668	-	1,459	-	7,018	7,079	6,643
Wholesale trade	8,106	4,310	-	462	-	12,878	7,478	3,966	-	394	-	11,838	11,864	11,757
Individual	141,519	37,749	-	233	-	179,501	140,867	38,650	-	244	-	179,761	182,205	181,548
Oil and Gas	5,356	6,385	-	621	-	12,362	5,827	5,755	-	575	-	12,157	10,724	10,039
Forest products	687	574	-	71	-	1,332	732	512	-	58	-	1,302	1,147	1,019
Total	382,141	106,629	69	14,425	50,205	553,469	376,517	105,419	38	14,554	50,823	547,351	555,230	507,632

(3) Credit exposure excluding Equity, Securitization, Trading Book and other.

(4) Includes \$41.1 billion of deposits with Financial Institutions as at July 31, 2014 (\$38.5 billion as at April 30, 2014, \$37.6 billion as at January 31, 2014 and \$28.7 billion as at October 31, 2013).

CREDIT RISK EXPOSURE BY MAJOR ASSET CLASS (1)

(\$ millions except as noted)

	Q3 2014						Q2 2014						Q1 2014	Q4 2013
	Drawn	Commitments (Undrawn)	OTCs	Other Off Balance Sheet Items	Repo Style Transactions	Total	Drawn	Commitments (Undrawn)	OTCs	Other Off Balance Sheet Items	Repo Style Transactions	Total	Total	Total
Basel III Asset Classes														
Corporate (incl specialized lending and SMEs treated as corporate)	139,215	64,005	69	12,171	31,698	247,158	135,213	61,932	37	12,372	33,181	242,735	244,066	214,252
Sovereign	63,697	2,136	-	1,122	10,464	77,419	59,506	2,133	-	1,128	8,850	71,617	75,241	67,877
Bank	23,116	2,755	-	1,114	8,043	35,028	26,306	2,720	1	1,036	8,792	38,855	37,430	30,044
Total Corporate, Sovereign and Bank Exposure	226,028	68,896	69	14,407	50,205	359,605	221,025	66,785	38	14,536	50,823	353,207	356,737	312,173
Residential mortgages excluding home equity line of credits (HELOCs)	91,348	259	-	-	-	91,607	89,261	269	-	-	-	89,530	89,111	88,597
HELOCs	31,861	12,059	-	-	-	43,920	31,855	11,867	-	-	-	43,722	43,882	42,823
Other retail excl. SMEs and QRR	24,907	1,395	-	-	-	26,302	26,131	1,355	-	-	-	27,486	28,024	27,168
Qualifying revolving retail	6,320	22,162	-	-	-	28,482	6,543	23,264	-	-	-	29,807	33,884	33,314
Retail SMEs	1,677	1,858	-	18	-	3,553	1,702	1,879	-	18	-	3,599	3,592	3,557
Total Retail Exposures	156,113	37,733	-	18	-	193,864	155,492	38,634	-	18	-	194,144	198,493	195,459
Total Gross Credit Exposures	382,141	106,629	69	14,425	50,205	553,469	376,517	105,419	38	14,554	50,823	547,351	555,230	507,632

CREDIT RISK BY RESIDUAL CONTRACT MATURITY BREAKDOWN

(\$ millions except as noted)

	Q3 2014						Q2 2014						Q1 2014	Q4 2013
	Drawn	Commitments (Undrawn)	OTCs	Other Off Balance Sheet Items	Repo Style Transactions	Total	Drawn	Commitments (Undrawn)	OTCs	Other Off Balance Sheet Items	Repo Style Transactions	Total	Total	Total
Up to 1 year	158,207	65,021	64	9,498	49,949	282,739	151,779	65,263	33	9,128	50,693	276,896	294,100	254,096
1 to 5 years	184,551	38,317	5	4,885	256	228,014	184,569	36,941	5	5,386	130	227,031	218,923	214,659
Greater than 5 years	39,383	3,291	-	42	-	42,716	40,169	3,215	-	40	-	43,424	42,207	38,877
Total	382,141	106,629	69	14,425	50,205	553,469	376,517	105,419	38	14,554	50,823	547,351	555,230	507,632

PORTFOLIO BREAKDOWN BY BASEL APPROACHES

(\$ millions except as noted)

	Q3 2014				Q2 2014				Q1 2014			
	Standardized		AIRB		Standardized		AIRB		Standardized		AIRB	
	Drawn	Credit Equivalent Amount on Undrawn	Drawn	Credit Equivalent Amount on Undrawn	Drawn	Credit Equivalent Amount on Undrawn	Drawn	Credit Equivalent Amount on Undrawn	Drawn	Credit Equivalent Amount on Undrawn	Drawn	Credit Equivalent Amount on Undrawn
Corporate (incl specialized lending and SMEs treated as corporate)	13,327	2,212	125,888	61,793	12,996	2,046	122,217	59,886	13,291	2,123	115,147	62,146
Sovereign	24	106	63,673	2,030	25	106	59,481	2,027	27	99	62,953	2,137
Bank	176	33	22,940	2,722	178	15	26,128	2,705	181	21	25,608	2,705
Total Corporate, Sovereign & Bank	13,527	2,351	212,501	66,545	13,199	2,167	207,826	64,618	13,499	2,243	203,708	66,988
Residential mortgages excluding home equity line of credits (HELOCs)	3,613	-	87,735	259	4,117	-	85,144	269	4,265	-	84,582	264
HELOCs	1,215	-	30,646	12,059	1,296	-	30,559	11,867	1,567	-	30,603	11,712
Other retail excl. SMEs and QRR	2,212	-	22,695	1,395	3,522	-	22,609	1,355	3,335	-	22,517	2,172
Qualifying revolving retail	-	-	6,320	22,162	-	-	6,543	23,264	-	-	6,580	27,304
Retail SMEs	300	-	1,377	1,858	322	-	1,380	1,879	356	-	1,353	1,865
Total Retail	7,340	-	148,773	37,733	9,257	-	146,235	38,634	9,523	-	145,635	43,317
Total Bank	20,867	2,351	361,274	104,278	22,456	2,167	354,061	103,252	23,022	2,243	349,343	110,305

(1) Credit exposure excluding Equity, Securitization, Trading Book and other.

CREDIT EXPOSURE OF PORTFOLIOS UNDER STANDARDIZED APPROACH BY RISK WEIGHT (1)

(\$ millions)

Q3 2014								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios								
Corporate (incl SMEs treated as Corporate)	-	212	-	121	-	15,262	532	16,127
Sovereign	-	-	-	129	-	2	-	131
Bank	-	-	-	-	-	312	4	316
Total Wholesale portfolios	-	212	-	250	-	15,576	536	16,574
Total Retail portfolios								
Retail residential mortgages (including HELOCs)	3	55	2,392	-	1,367	1,012	-	4,829
Other retail	356	131	-	-	1,718	-	7	2,212
SME treated as retail	-	-	-	-	284	-	16	300
Total Retail portfolios	359	186	2,392	-	3,369	1,012	23	7,341
Total	359	398	2,392	250	3,369	16,588	559	23,915

Q2 2014								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios								
Corporate (incl SMEs treated as Corporate)	-	-	-	122	-	14,763	816	15,701
Sovereign	-	-	-	130	-	1	-	131
Bank	-	-	-	-	-	261	3	264
Total Wholesale portfolios	-	-	-	252	-	15,025	819	16,096
Total Retail portfolios								
Retail residential mortgages (including HELOCs)	-	-	3,142	-	1,589	683	-	5,414
Other retail	371	147	-	-	2,988	5	11	3,522
SME treated as retail	-	-	-	-	306	-	17	323
Total Retail portfolios	371	147	3,142	-	4,883	688	28	9,259
Total	371	147	3,142	252	4,883	15,713	847	25,355

Q1 2014								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios								
Corporate (incl SMEs treated as Corporate)	-	419	-	282	-	12,446	3,030	16,177
Sovereign	127	-	-	-	-	-	-	127
Bank	-	210	-	-	-	-	-	210
Total Wholesale portfolios	127	629	-	282	-	12,446	3,030	16,514
Total Retail portfolios								
Retail residential mortgages (including HELOCs)	-	67	3,413	-	1,655	696	-	5,831
Other retail	355	157	-	-	2,810	5	7	3,334
SME treated as retail	-	-	-	-	338	-	18	356
Total Retail portfolios	355	224	3,413	-	4,803	701	25	9,521
Total	482	853	3,413	282	4,803	13,147	3,055	26,035

Q4 2013								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios								
Corporate (incl SMEs treated as Corporate)	-	348	-	266	-	11,793	3,042	15,449
Sovereign	67	-	-	-	-	-	-	67
Bank	-	219	-	-	-	-	-	219
Total Wholesale portfolios	67	567	-	266	-	11,793	3,042	15,735
Total Retail portfolios								
Retail residential mortgages (including HELOCs)	-	67	3,330	-	1,637	660	-	5,694
Other retail	327	155	-	-	2,649	68	7	3,206
SME treated as retail	-	-	-	-	320	-	17	337
Total Retail portfolios	327	222	3,330	-	4,606	728	24	9,237
Total	394	789	3,330	266	4,606	12,521	3,066	24,972

Q3 2013								
Risk Weights	0%	20%	35%	50%	75%	100%	150%	Total
Total Wholesale portfolios								
Corporate (incl SMEs treated as Corporate)	-	490	-	178	-	12,421	3,870	16,959
Sovereign	243	-	-	-	-	-	-	243
Bank	-	182	-	-	-	-	-	182
Total Wholesale portfolios	243	672	-	178	-	12,421	3,870	17,384
Total Retail portfolios								
Retail residential mortgages (including HELOCs)	-	70	3,545	-	1,713	679	-	6,007
Other retail	174	187	-	-	2,667	69	8	3,105
SME treated as retail	-	-	-	-	333	-	16	349
Total Retail portfolios	174	257	3,545	-	4,713	748	24	9,461
Total	417	929	3,545	178	4,713	13,169	3,894	26,845

(1) Exposure amounts are net of all allowances for credit losses. Exposures reflect the risk weights of the guarantors, where applicable.

CORPORATE, SOVEREIGN AND BANK CREDIT EXPOSURE BY RISK CATEGORY UNDER AIRB APPROACH (1)

Corporate Sovereign Bank Exposures
(\$ millions)

Risk Profile	Q3 2014						Q2 2014						Q1 2014						Q4 2013					
	Total			Total			Total			Total			Total			Total			Total					
	Drawn	Undrawn	Total Exposure (1)	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure (1)	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure (1)	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure (1)	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight				
Total investment grade	215,248	50,156	265,404	19.81%	16.97%	205,317	48,703	254,020	20.53%	18.14%	201,259	50,451	251,710	20.93%	15.93%	184,205	46,453	230,658	20.47%	15.34%				
Non-investment grade	42,897	15,788	58,685	34.32%	81.07%	42,336	15,483	57,819	34.46%	82.90%	39,681	15,992	55,673	36.25%	72.37%	36,779	14,880	51,659	36.60%	74.66%				
Watchlist	2,100	514	2,614	38.96%	177.65%	1,902	353	2,255	39.79%	201.90%	2,013	424	2,437	37.61%	150.95%	2,021	449	2,470	38.02%	151.07%				
Default (2)	911	87	998	51.86%	355.19%	970	79	1,049	52.99%	445.13%	1,834	121	1,955	117.31%	691.68%	1,961	105	2,066	104.70%	501.62%				
	261,156	66,545	327,701			250,525	64,618	315,143			244,787	66,988	311,775			224,986	61,887	286,873						

RETAIL CREDIT EXPOSURE BY PORTFOLIO AND RISK CATEGORY UNDER AIRB APPROACH (1)

Risk Profile	Q3 2014						Q2 2014						Q1 2014						Q4 2013					
	Total			Total			Total			Total			Total			Total			Total					
	Drawn	Undrawn	Total Exposure (1)	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure (1)	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure (1)	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight	Drawn	Undrawn	Total Exposure (1)	Exposure Weighted Average LGD%	Exposure Weighted Average Risk weight				
Residential Mortgages and HELOCs (\$ millions)																								
Exceptionally low	1,054	4,855	5,909	56.10%	5.17%	1,011	4,696	5,707	57.01%	5.26%	1,046	4,539	5,585	57.09%	5.26%	983	4,198	5,181	56.78%	5.24%				
Very low	44,283	6,533	50,816	14.29%	3.37%	46,703	6,491	53,194	14.37%	3.39%	48,188	6,512	54,700	14.31%	3.36%	47,622	6,294	53,916	14.20%	3.33%				
Low	11,570	577	12,147	24.03%	17.23%	11,111	597	11,698	24.08%	17.01%	11,738	566	12,306	24.22%	17.43%	11,216	512	11,728	23.34%	16.70%				
Medium	9,559	325	9,884	31.83%	57.54%	9,553	336	9,889	30.77%	55.70%	9,684	328	10,012	32.86%	59.63%	9,225	296	9,521	31.95%	57.92%				
High	3,472	22	3,494	16.68%	72.00%	3,736	19	3,755	16.96%	73.54%	3,533	24	3,557	17.44%	75.19%	3,503	15	3,518	17.64%	76.38%				
Default	788	6	794	49.51%	13.07%	890	7	897	48.78%	12.47%	917	5	922	47.11%	12.35%	829	4	833	46.98%	20.16%				
	69,726	12,318	82,044			73,004	12,136	85,140			74,106	11,976	86,082			73,078	11,319	84,397						
Qualifying Revolving Retail (\$ millions)																								
Exceptionally low	116	9,735	9,851	82.28%	1.88%	166	9,765	9,931	82.47%	1.88%	202	11,604	11,806	79.72%	1.79%	320	11,472	11,792	80.03%	1.81%				
Very low	559	5,711	6,270	79.38%	4.20%	599	6,748	7,347	82.28%	4.11%	1,689	10,535	12,224	75.15%	3.90%	1,711	9,904	11,615	74.41%	3.94%				
Low	2,971	5,021	7,992	78.22%	10.41%	2,940	5,090	8,030	78.01%	10.40%	2,561	3,364	5,925	86.71%	16.36%	2,578	3,165	5,743	87.30%	16.47%				
Medium	2,344	1,513	3,857	89.00%	47.73%	2,500	1,505	4,005	88.92%	48.51%	1,826	1,621	3,447	87.74%	57.45%	2,073	1,593	3,666	88.81%	58.88%				
High	290	177	467	80.55%	172.06%	299	151	450	80.49%	170.31%	263	170	433	77.96%	172.24%	293	160	453	80.88%	177.79%				
Default	40	5	45	64.67%	0.00%	39	5	44	63.59%	0.00%	39	10	49	61.89%	0.00%	36	9	45	61.66%	0.00%				
	6,320	22,162	28,482			6,543	23,264	29,807			6,580	27,304	33,884			7,011	26,303	33,314						
Other Retail and Retail SME (\$ millions)																								
Exceptionally low	80	338	418	89.66%	9.09%	75	336	411	89.29%	9.06%	71	626	697	75.21%	7.61%	71	585	656	74.46%	7.55%				
Very low	7,920	1,465	9,385	60.98%	19.98%	7,720	1,437	9,157	61.39%	20.10%	7,889	1,983	9,872	61.60%	19.55%	7,521	1,926	9,447	62.24%	19.76%				
Low	7,926	1,029	8,955	62.88%	40.15%	8,084	1,027	9,111	62.92%	40.15%	7,959	964	8,923	62.64%	41.59%	7,995	979	8,974	62.41%	41.29%				
Medium	7,859	343	8,202	59.90%	71.90%	7,556	352	7,908	60.02%	71.96%	7,499	380	7,879	59.31%	72.01%	7,255	371	7,626	59.46%	71.98%				
High	336	76	412	66.73%	128.58%	339	80	419	67.57%	128.51%	346	82	428	66.89%	128.58%	294	79	373	64.76%	125.54%				
Default	121	2	123	57.66%	2.82%	115	2	117	57.00%	0.60%	106	2	108	57.48%	0.35%	86	2	88	59.29%	0.87%				
	24,072	3,253	27,325			23,989	3,234	27,223			23,870	4,037	27,907			23,222	3,942	27,164						
Recap of AIRB and Standardized Portfolios (\$ millions)																								
Total AIRB wholesale credit exposure by risk ratings	261,156	66,545				250,525	64,618				244,787	66,988				224,986	61,887							
Retail AIRB credit exposure by portfolio and risk ratings																								
Residential mortgages	69,726	12,318				73,004	12,136				74,106	11,976				73,078	11,319							
Qualifying revolving retail	6,320	22,162				6,543	23,264				6,580	27,304				7,011	26,303							
Other retail and Retail SME	24,072	3,253				23,989	3,234				23,870	4,037				23,222	3,942							
Total Standardized portfolio	20,867	2,351				22,456	2,167				23,022	2,243				22,064	2,103							
Total Portfolio	382,141	106,629				376,517	105,419				372,365	112,548				350,361	105,554							

(1) Figures are adjusted exposure at default amounts (Post Credit Risk Mitigation)
 (2) Beginning in Q2 2014, the transitional floor RWA adjustment for Harris Bankcorp previously reported in default row has been assigned to the PD Ranges. Comparative figures have not been restated.

WHOLESALE CREDIT EXPOSURE BY PORTFOLIO AND RISK CATEGORY UNDER AIRB APPROACH (1), (3)

Risk Profile (\$ millions except as noted)	BMO Rating	PD Range	Moody's Investors Service implied equivalent	Standard & Poor's implied equivalent	Q3 2014					Q2 2014				
					Exposure at Default	Average PD (%)	Exposure Weighted Average LGD%	RWA	Exposure Weighted Average Risk weight	Exposure at Default	Average PD (%)	Exposure Weighted Average LGD%	RWA	Exposure Weighted Average Risk weight
Investment Grade														
I-1		≤0.02%	Aaa/Aa1	AAA/AA+	51,554	0.01%	0.65%	93	0.18%	87,507	0.01%	6.49%	53	0.06%
I-2		>0.02% to ≤0.03%	Aa2/Aa3	AA/AA-	19,887	0.03%	5.76%	515	2.59%	21,016	0.03%	6.18%	544	2.59%
I-3		>0.03% to ≤0.07%	A1/A2/A3	A+/A-	31,468	0.04%	17.91%	3,781	12.02%	31,250	0.04%	20.68%	4,227	13.53%
I-4		>0.07% to ≤0.11%	Baa1	BBB+	27,254	0.08%	27.24%	4,678	17.17%	28,010	0.08%	27.63%	5,021	17.92%
I-5		>0.11% to ≤0.19%	Baa2	BBB	25,260	0.14%	35.15%	8,078	31.98%	25,874	0.14%	37.22%	8,340	32.23%
I-6		>0.19% to ≤0.32%	Baa3	BBB-	30,942	0.24%	34.77%	11,981	38.72%	29,746	0.24%	35.27%	11,683	39.27%
I-7		>0.32% to ≤0.54%	Ba1	BB+	30,385	0.43%	34.17%	15,487	50.97%	30,617	0.43%	35.41%	16,205	52.97%
					216,750			44,613		254,020			46,073	
Non-investment grade														
S-1		>0.54% to ≤0.91%	Ba2	BB	27,752	0.80%	33.15%	18,357	66.15%	26,775	0.80%	32.77%	17,278	64.53%
S-2		>0.91% to ≤1.54%	Ba3	BB-	19,446	1.19%	35.19%	16,815	86.47%	18,355	1.19%	35.40%	16,113	87.79%
S-3		>1.54% to ≤2.74%	B1	B+	8,400	2.32%	34.86%	8,386	99.83%	9,177	2.32%	36.86%	10,346	112.74%
S-4		>2.74% to ≤5.16%	B2	B	3,087	4.05%	37.93%	4,017	130.10%	3,512	4.10%	36.20%	4,195	119.44%
					58,685			47,575		57,819			47,932	
Watchlist														
P-1		>5.16% to ≤9.70%	B3	B-	1,474	8.41%	33.74%	2,263	153.51%	1,000	8.27%	36.49%	1,684	168.38%
P-2		>9.70% to ≤18.23%	Caa1/Caa2/Caa3	CCC/CC	966	14.45%	40.47%	1,918	198.70%	1,093	14.43%	42.80%	2,426	221.92%
P-3		>18.23% to <100%			174	24.63%	44.57%	463	265.14%	162	24.55%	39.82%	443	273.75%
					2,614			4,644		2,255			4,553	
Default (2)														
T-1, D-1 to D-2		100%			997	100.00%	51.86%	3,543	355.19%	1,049	100.00%	52.99%	4,669	445.13%
					997			3,543		1,049			4,669	
Total					279,046			100,375		315,143			103,227	

(1) Figures are adjusted exposure at default amounts.

(2) Beginning in Q2 2014, the transitional floor RWA adjustment for Harris Bankcorp previously reported in default row has been assigned to the PD Ranges.

(3) Beginning in Q3 2014, certain insured mortgages previously reported in this table are included in the retail table below. Comparative figures have not been restated.

CREDIT QUALITY OF AIRB EXPOSURE - RETAIL PORTFOLIOS (1)

Risk Profile ((\$ millions except as noted)	PD Range	Q3 2014									
		EAD	Notional of undrawn commitments	Exposure weighted-average EAD %	Exposure weighted-average PD (%)	Exposure weighted-average LGD%	Exposure weighted-average risk weight %	RWA	Expected Losses (EL)	EL adjusted Average Risk weight % (2)	
Canadian Residential Mortgages and HELOCs											
Insured Drawn and Undrawn (3)											
Exceptionally low	≤0.05%	47,150	-	100.00%	0.00%	15.92%	0.14%	65	-	0.13%	
Very low	>0.05% to ≤0.20%	1,401	-	100.00%	0.08%	35.20%	24.23%	339	-	24.60%	
Low	>0.20% to ≤0.75%	-	-	0.00%	0.00%	0.00%	0.00%	-	-	0.00%	
Medium	>0.75% to ≤7.0%	-	-	0.00%	0.00%	0.00%	0.00%	-	-	0.00%	
High	>7.0% to ≤99.9%	-	-	0.00%	0.00%	0.00%	0.00%	-	-	0.00%	
Default	100%	-	-	0.00%	0.00%	0.00%	0.00%	-	-	0.00%	
		48,551	-					404	-		
Uninsured Undrawn (4)											
Exceptionally low	≤0.05%	1,897	5,203	26.71%	0.03%	14.20%	1.31%	25	-	1.36%	
Very low	>0.05% to ≤0.20%	6,513	15,314	29.84%	0.07%	14.34%	2.50%	163	1	2.63%	
Low	>0.20% to ≤0.75%	183	570	24.28%	0.63%	15.16%	13.96%	25	-	15.16%	
Medium	>0.75% to ≤7.0%	68	191	26.10%	3.02%	17.60%	44.41%	30	1	51.65%	
High	>7.0% to ≤99.9%	20	51	28.53%	34.08%	18.16%	83.20%	17	1	161.45%	
Default	100%	5	6	47.26%	100.00%	25.65%	0.00%	-	1	320.58%	
		8,686	21,335					260	4		
Uninsured Drawn (5)											
Exceptionally low	≤0.05%	-	-	-	0.03%	16.82%	1.53%	-	-	1.53%	
Very low	>0.05% to ≤0.20%	41,863	-	-	0.10%	13.25%	3.20%	1,340	6	3.37%	
Low	>0.20% to ≤0.75%	10,206	-	-	0.67%	14.67%	13.59%	1,387	10	14.78%	
Medium	>0.75% to ≤7.0%	4,706	-	-	1.91%	13.49%	25.71%	1,210	13	29.26%	
High	>7.0% to ≤99.9%	3,176	-	-	11.81%	11.57%	48.36%	1,536	50	68.21%	
Default	100%	200	-	-	100.00%	16.71%	47.44%	95	26	208.88%	
		60,151	-	-				5,568	105		
Qualifying Revolving Credit											
Exceptionally low	≤0.05%	9,851	26,810	26.87%	0.03%	82.28%	1.88%	185	3	2.20%	
Very low	>0.05% to ≤0.20%	6,271	6,664	48.48%	0.09%	79.38%	4.20%	263	4	5.06%	
Low	>0.20% to ≤0.75%	7,991	10,806	42.51%	0.26%	78.22%	10.41%	832	17	13.01%	
Medium	>0.75% to ≤7.0%	3,857	1,763	68.63%	1.72%	89.00%	47.73%	1,841	58	66.56%	
High	>7.0% to ≤99.9%	467	276	62.90%	20.02%	80.55%	172.08%	804	74	370.23%	
Default	100%	45	12	79.69%	100.00%	64.67%	0.00%	-	29	808.40%	
		28,482	46,331					3,925	185		
Other Retail (6)											
Exceptionally low	≤0.05%	4,430	4,334	50.55%	0.03%	77.21%	7.20%	319	-	7.49%	
Very low	>0.05% to ≤0.20%	11,751	1,618	87.90%	0.15%	55.14%	17.70%	2,080	10	18.70%	
Low	>0.20% to ≤0.75%	10,713	2,330	82.14%	0.42%	65.56%	39.93%	4,277	28	43.17%	
Medium	>0.75% to ≤7.0%	12,320	672	94.83%	1.99%	57.05%	78.63%	9,687	143	93.10%	
High	>7.0% to ≤99.9%	710	139	83.66%	23.23%	68.48%	210.21%	1,492	107	398.19%	
Default	100%	712	4	99.40%	100.00%	60.34%	1.71%	12	12	769.72%	
		40,636	9,097					17,867	225		
		186,506	76,763					28,024	1,019		

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

(2) EL adjusted average risk weight is calculated as (RWA + 12.5 x EL) / EAD

(3) Includes insured drawn and undrawn Canadian residential mortgages and home equity lines of credit (e.g. CMHC insured mortgages)

(4) Includes only uninsured undrawn Canadian residential mortgages and home equity lines of credit

(5) Includes only uninsured drawn Canadian residential mortgages and home equity lines of credit

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

WHOLESALE CREDIT EXPOSURE BY RISK RATING (1)
(Canadian \$ in millions)

	Q3 2014							Q2 2014						
	Drawn			Undrawn			Total Exposures	Drawn			Undrawn			Total Exposures
	Bank	Corporate	Sovereign	Bank	Corporate	Sovereign		Bank	Corporate	Sovereign	Bank	Corporate	Sovereign	
Total investment grade	19,182	85,877	110,189	2,687	45,410	2,059	265,404	22,144	83,261	99,913	2,662	43,975	2,065	254,020
Non-investment grade	3,951	38,740	206	247	15,535	6	58,685	4,129	37,041	1,166	177	15,298	8	57,819
Watchlist	10	2,086	4	4	510	-	2,614	38	1,854	10	16	337	-	2,255
Default	16	895	-	-	87	-	998	-	970	-	-	79	-	1,049
	23,159	127,598	110,399	2,938	61,542	2,065	327,701	26,311	123,126	101,089	2,855	59,689	2,073	315,143

(1) Figures are adjusted exposures at default amounts (Post Credit Risk Mitigation)

RETAIL CREDIT DRAWN EXPOSURE EXPOSURE BY PORTFOLIO AND RISK RATING (2)
(Canadian \$ in millions)

	Q3 2014			Q2 2014		
	Residential mortgages and home equity lines of credit	Qualifying revolving retail	Other retail and retail small and medium-sized enterprises	Residential mortgages and home equity lines of credit	Qualifying revolving retail	Other retail and retail small and medium-sized enterprises
Risk profile (probability of default):						
Exceptionally Low ($\leq 0.05\%$)	5,909	9,852	418	5,707	9,931	411
Very low (> 0.05% to 0.20%)	50,816	6,270	9,385	53,194	7,347	9,157
Low (> 0.20% to 0.75%)	12,147	7,992	8,955	11,698	8,030	9,111
Medium (> 0.75% to 7.00%)	8,884	3,856	8,032	9,889	4,005	8,008
High (> 7.00% to 99.99%)	3,494	467	412	3,755	450	419
Default (100%)	794	45	123	897	44	117
	82,044	28,482	27,325	85,140	29,807	27,223

(2) Figures are adjusted exposures at default amounts (Post Credit Risk Mitigation)

Basel III Asset Classes	Q3 2014		Q2 2014		Q1 2014		Q4 2013	
	Actual loss rate (1)(2)	Expected loss rate (1)(2)	Actual loss rate (1)(2)	Expected loss rate (1)(2)	Actual loss rate (1)(2)	Expected loss rate (1)(2)	Actual loss rate (1)(2)	Expected loss rate (1)(2)
Non-retail								
Total Corporate (incl specialized lending and corporate SMEs)	0.13%	0.77%	0.11%	0.84%	0.07%	0.88%	0.06%	1.00%
Sovereign	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.01%
Bank	0.00%	0.12%	0.00%	0.07%	0.00%	0.08%	0.00%	0.09%
Retail								
Residential retail incl. HELOCs	0.09%	0.53%	0.10%	0.56%	0.13%	0.56%	0.19%	0.62%
Other retail incl. SBE	0.38%	1.07%	0.42%	1.07%	0.44%	1.13%	0.49%	1.05%
Qualifying revolving retail	1.12%	3.19%	1.35%	3.18%	1.67%	3.46%	1.97%	3.29%

General

Expected Loss rates which represent the loss rate predicted at the beginning of the most recent four quarter period are calculated using "through the cycle" risk parameters while actual loss rates are determined at a "point in time" and reflect more current economic conditions. "Through the cycle" parameters are conservatively estimated to include a long time horizon and as a result, actual losses may exceed expected losses during an economic downturn and may fall below expected losses during times of economic growth.

1. Non-retail actual and expected loss rates are measured as follows:

Actual loss rate represents the 'point in time' credit losses (change in specific allowance plus write-offs) less recoveries for the current and last three quarters divided by the quarterly average of outstandings for the same period beginning 15 months ago.

Expected loss rate is calculated using Basel III 'through the business cycle' parameters (PDxLGDxEAD) plus Best Estimate of Expected Loss for defaulted assets (BEEL), divided by outstanding balances at the beginning of the applicable four-quarter period.

2. Retail actual and expected loss rates are measured as follows:

Actual loss rate represents write-offs net of recoveries for the current and prior three quarters divided by the quarterly average of outstanding balances for the same period beginning 15 months ago.

Expected loss rate is calculated using Basel III parameters PDxLGDxEAD plus Best Estimate of Expected Losses for defaulted assets (BEEL) divided by outstanding balances at the beginning of the applicable four-quarter period.

- For residential mortgages, actual loss rate also includes changes in specific allowances for the applicable four-quarter period.

Commentary**Non-Retail**

Corporate Portfolios – Actual Losses for Q3 F2014 continued to be low, reflecting more benign economic environment. EL measures were also stable quarter over quarter. Results for the current quarter are in line with observations over the past two years and are reflective of the overall stability of underlying credit risk parameters in the Corporate portfolio during that time.

Bank and Sovereign – Actual Losses continued to be \$nil. EL measures have remained stable.

Retail

Overall, the Actual Loss rates for all retail asset classes are well below Expected Loss rates. Actual losses for Residential Retail and Other Retail asset classes are relatively stable. For Qualifying Revolving Retail (QRR) asset class, the actual loss rate has declined due to changes in portfolio mix generated by growth and certain securitization transactions over time. Expected Loss rates are stable quarter over quarter for all asset classes.

ESTIMATED AND ACTUAL LOSS PARAMETERS UNDER AIRB APPROACH



Risk Profile (\$ millions except as noted)	Q3 2014						Q2 2014					
	PD (1) (2)		LGD (3) (4)		EAD (5) (6)		PD (1) (2)		LGD (3) (4)		EAD (5) (6)	
	Average estimated %	Actual %	Average estimated %	Actual %	Estimated \$	Actual \$	Average estimated %	Actual %	Average estimated %	Actual %	Estimated \$	Actual \$
Wholesale												
Corporate including specialized lending (7)	1.33%	0.58%	36.97%	52.74%	167	141	1.41%	0.64%	38.43%	45.45%	261	247
Corporate small and medium enterprises (SMEs)	1.41%	0.56%	35.88%	23.41%	129	84	1.49%	0.67%	35.91%	25.97%	115	71
Sovereign	0.27%	0.00%	8.24%	0.00%	-	-	0.28%	0.00%	9.31%	0.00%	-	-
Bank	0.58%	0.00%	17.00%	0.00%	-	-	0.61%	0.00%	17.75%	0.00%	-	-
Retail												
Residential mortgages excluding home equity line of credits (HELOCs) - Uninsured only (8)	1.02%	1.13%	48.02%	41.73%	320	320	1.09%	1.26%	53.65%	48.17%	340	340
HELOCs	0.64%	0.66%	65.74%	52.47%	226	216	0.68%	0.65%	70.09%	59.65%	226	215
Qualifying revolving retail (QRR)	1.29%	1.25%	94.64%	81.00%	412	394	1.24%	1.17%	94.88%	82.11%	414	396
Other retail (excl. SMEs)	4.34%	4.34%	90.34%	85.33%	229	230	4.38%	4.42%	90.60%	85.88%	221	222
Retail SMEs	1.14%	0.90%	98.58%	92.18%	20	15	1.16%	0.85%	98.53%	92.28%	20	15

(1) Wholesale PDs are based on a borrower weighted average. There have been no Bank or Sovereign defaults in the past 12 months.

(2) Retail PD is based on account weighted average.

(3) Wholesale LGDs are expressed as an exposure weighted average.

(4) Retail LGD is based on weighted average of LGD eligible accounts.

(5) Wholesale EAD represented predicted vs. realized comparison for defaults in the previous 12 months. Term products are not included. No defaults in the Bank and Sovereign asset classes within the past 12 months.

(6) Retail EAD represents predicted vs. realized comparison for defaults in the previous 12 months.

(7) Realized LGD was higher than predicted LGD as a result of a small number of Corporate facilities resolved at the end of F2013. This has an immaterial effect on the overall LGD calibration that is based on more than 10 years of data. The impact has become more prominent in recent quarters because other low loss facilities have moved out of the 12 month rolling average. Excluding the outlier, realized LGD aligns with predicted.

(8) Mortgages insured by Canada Mortgage And Housing Corporation and private mortgage insurers are primarily included in Sovereign.

REGULATORY CAPITAL CHARGES FOR SECURITIZATION EXPOSURES RETAINED OR PURCHASED BY RISK WEIGHTS

(\$ millions)

Traditional Securitizations Risk Weights	Q3 2014		Q2 2014		Q1 2014		Q4 2013		Q3 2013	
	Exposure Amount (1)	Capital Required	Exposure Amount (1)	Capital Required	Exposure Amount (1)	Capital Required	Exposure Amount (1)	Capital Required	Exposure Amount (1)	Capital Required
Bank Assets										
7%	1,965	11	1,598	9	1,448	8	1,448	8	1,448	8
7.01% - 25%	17	-	17	-	17	-	37	-	36	-
25.01% - 50%	-	-	-	-	-	-	-	-	-	-
Greater than 50%	-	-	-	-	-	-	-	-	-	-
Less amount excluded from capital requirements for exceeding maximum KIRB capital (2)	-	-	-	-	-	-	-	-	-	-
Total Exposures, net of deductions	1,982	11	1,615	9	1,465	8	1,485	8	1,484	8
Exposures Deducted:										
From Tier 1 Capital:										
Credit Card Receivables (3)	-	-	-	-	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	-	-	-	-	-	-
From Total Capital:										
Residential Mortgages	-	-	-	-	-	-	-	-	-	-
Total Exposures Deducted	-	-	-	-	-	-	-	-	-	-
Bank Assets Total Exposures	1,982	11	1,615	9	1,465	8	1,485	8	1,484	8
Third Party Assets										
7%	15,204	85	17,814	100	16,548	93	8,147	46	7,975	45
7.01% - 25%	3,811	32	4,329	33	3,231	26	11,824	77	13,681	88
25.01% - 50%	3	-	9	-	65	3	110	4	101	3
50.01% - 100%	200	13	211	14	117	6	55	3	71	3
Greater than 100%	-	-	-	-	-	-	-	-	124	42
Default	-	-	49	49	164	164	177	177	182	182
Total Exposures, net of deductions	19,218	130	22,412	196	20,125	292	20,313	307	22,134	363
Exposures Deducted:										
From Total Capital:										
Collateralized Debt Obligations (AAA/R-1 (High) Securities)	-	-	-	-	-	-	-	-	-	-
Montreal Accord Assets	-	-	-	-	-	-	-	-	-	-
Residential Mortgages (Uninsured)	-	-	-	-	-	-	-	-	-	-
Other Pool Type	-	-	-	-	-	-	-	-	-	-
Trading Securities Reclassified to AFS	-	-	-	-	-	-	-	-	-	-
Total Exposures Deducted	-	-	-	-	-	-	-	-	-	-
Third Party Assets Total Exposures	19,218	130	22,412	196	20,125	292	20,313	307	22,134	363
Total Exposures	21,200	141	24,027	205	21,590	300	21,798	315	23,618	371

(1) Exposure amounts are on balance sheet values and the credit equivalent amount for off-balance sheet exposures.

(2) KIRB - IRB capital of underlying assets as though they had not been securitized.

(3) Since inception, no capital has been assessed for the Bank's early amortization provisions associated with the investors' interest in Master Credit Card Trust because the excess spread of the underlying portfolio has remained above the threshold at which capital charges would be incurred.

REGULATORY CAPITAL CHARGES FOR RESECURITIZATION EXPOSURES RETAINED OR PURCHASED BY RISK WEIGHTS

(\$ millions)	Q3 2014		Q2 2014		Q1 2014		Q4 2013	
	Exposure Amount ⁽¹⁾	Capital Required	Exposure Amount ⁽¹⁾	Capital Required	Exposure Amount ⁽¹⁾	Capital Required	Exposure Amount ⁽¹⁾	Capital Required
Traditional Securitizations								
Risk Weights								
Bank Assets								
7%	-	-	-	-	-	-	-	-
7.01% - 25%	-	-	-	-	-	-	-	-
25.01% - 50%	-	-	-	-	-	-	-	-
Greater than 50%	-	-	-	-	-	-	-	-
Less amount excluded from capital requirements for exceeding maximum KIRB capital ⁽²⁾	-	-	-	-	-	-	-	-
Total Exposures, net of deductions	-	-	-	-	-	-	-	-
Exposures Deducted:								
From Tier 1 Capital:								
Credit Card Receivables ⁽³⁾	-	-	-	-	-	-	-	-
Residential Mortgages	-	-	-	-	-	-	-	-
From Total Capital:								
Residential Mortgages	-	-	-	-	-	-	-	-
Total Exposures Deducted	-	-	-	-	-	-	-	-
Bank Assets Total Exposures	-	-	-	-	-	-	-	-
Third Party Assets								
7%	-	-	-	-	-	-	-	-
7.01% - 25%	205	4	292	5	384	7	464	9
25.01% - 50%	-	-	-	-	-	-	21	1
50.01% - 100%	-	-	-	-	10	1	19	2
Greater than 100%	87	34	104	42	108	43	105	42
Default	-	-	-	-	-	-	-	-
Total Exposures, net of deductions	292	38	396	47	502	51	609	54
Exposures Deducted:								
From Total Capital:								
Collateralized Debt Obligations (AAA/R-1 (High) Securities)	-	-	-	-	-	-	-	-
Commerical Mortgages	-	-	-	-	-	-	-	-
Montreal Accord Assets	-	-	-	-	-	-	-	-
Residential Mortgages (Uninsured)	-	-	-	-	-	-	-	-
Other Pool Type	-	-	-	-	-	-	-	-
Equipment Loans/Leases	-	-	-	-	-	-	-	-
Total Exposures Deducted	-	-	-	-	-	-	-	-
Third Party Assets Total Exposures	292	38	396	47	502	51	609	54
Total Exposures	292	38	396	47	502	51	609	54

(1) Exposure amounts are on balance sheet values and the credit equivalent amount for off-balance sheet exposures. Unrated positions and positions with ratings below investment-grade are deducted from capital.

(2) KIRB - IRB capital of underlying assets as though they had not been securitized.

(3) Since inception, no capital has been assessed for the Bank's early amortization provisions associated with the investors' interest in Master Credit Card Trust because the excess spread of the underlying portfolio has remained above the threshold at which capital charges would be incurred.

**REGULATORY CAPITAL CHARGES FOR TRADING SECURITIZATION EXCLUDING RESECURITIZATION
RETAINED OR PURCHASED BY RISK WEIGHTS**

(\$ millions)	Q3 2014		Q2 2014		Q1 2014		Q4 2013	
	RBA/Inferred Rating/IAA Exposure Exposure Amount	Capital Required	RBA/Inferred Rating/IAA Exposure Exposure Amount	Capital Required	RBA/Inferred Rating/IAA Exposure Exposure Amount	Capital Required	RBA/Inferred Rating/IAA Exposure Exposure Amount	Capital Required
Trading Securitizations Excluding Resecuritization Exposures								
Risk Weights (#1669)								
Exposures Included In Risk-Weighted Assets								
7%	-	-	-	-	-	-	-	-
7.01% - 25%	152	2	131	2	156	2	115	2
25.01% - 50%	2	-	6	-	2	-	1	-
50.01% - 100%	18	18	5	4	3	-	5	-
Greater than 100%	-	-	-	-	-	-	-	-
Default	-	-	-	-	-	-	-	-
Less amount excluded from capital requirements for exceeding maximum KIRB capital	-	-	-	-	-	-	-	-
Total Exposures excluding Resecuritization, net of deductions (1)	172	20	142	6	161	2	121	2
Exposures Deducted From Tier 1 Capital:								
Auto loans/leases	-	-	-	-	-	-	-	-
Credit card receivables	-	-	-	-	-	-	-	-
Residential mortgages (insured)	-	-	-	-	-	-	-	-
Residential mortgages (uninsured)	-	-	-	-	-	-	-	-
Commercial mortgages	-	-	-	-	-	-	-	-
Personal line of credit	-	-	-	-	-	-	-	-
Equipment loans/leases	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
Corporate loans	-	-	-	-	-	-	-	-
Daily auto rental	-	-	-	-	-	-	-	-
Floorplan finance receivables	-	-	-	-	-	-	-	-
Collateralized debt obligations (AAA/R-1 (high) securities)	-	-	-	-	-	-	-	-
Other pool type	-	-	-	-	-	-	-	-
Total Trading Exposures excluding Resecuritization Deducted from Tier 1 Capital	-	-	-	-	-	-	-	-
Exposures Deducted from Total Capital:								
Auto loans/leases	-	-	-	-	-	-	-	-
Credit card receivables	-	-	-	-	-	-	-	-
Residential mortgages (insured)	-	-	-	-	-	-	-	-
Residential mortgages (uninsured)	-	-	-	-	-	-	-	-
Commercial mortgages	-	-	-	-	-	-	-	-
Personal line of credit	-	-	-	-	-	-	-	-
Equipment loans/leases	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
Corporate loans	-	-	-	-	-	-	-	-
Daily auto rental	-	-	-	-	-	-	-	-
Floorplan finance receivables	-	-	-	-	-	-	-	-
Collateralized debt obligations (AAA/R-1 (high) securities)	-	-	-	-	-	-	-	-
Other pool type	-	-	-	-	-	-	-	-
Total Trading Exposures excluding Resecuritization Deducted from Total Capital	-	-	-	-	-	-	-	-
Total Trading Exposures Excluding Resecuritization	172	20	142	6	161	2	121	2

(1) Excluding Resecuritization Exposures of \$254 million in Q3'14.

**AGGREGATE AMOUNT OF TRADING SECURITIZATION EXCLUDING RESECURITIZATION EXPOSURES RETAINED
OR PURCHASED BY EXPOSURE TYPE**

(\$ millions except as noted)	Q3 2014 Exposure	Q2 2014 Exposure	Q1 2014 Exposure	Q4 2013 Exposure
Asset Classes				
Auto loans/leases	-	-	-	1
Credit card receivables	99	117	141	92
Residential mortgages (insured)	-	-	-	-
Residential mortgages (uninsured)	1	3	-	3
Commercial mortgages	-	-	-	-
Personal line of credit	-	-	-	-
Equipment loans/leases	1	1	1	-
Trade receivables	-	-	-	-
Corporate loans	-	-	-	-
Daily auto rental	18	5	17	18
Floorplan finance receivables	-	-	-	-
Collateralized debt obligations (AAA/R-1 (high) securities)	-	-	-	-
Other pool type	53	16	2	7
Total Trading Securitization Excluding Resecuritization	172	142	161	121

DEBT ISSUED BY BANK SPONSORED VEHICLES FOR THIRD PARTY ASSETS

	Q3 2014				Q2 2014				Q1 2014				Q4 2013			
	Canadian Conduits (1)	US Conduit (2)	SIVs/Credit Protection Vehicles	Total	Canadian Conduits (1)	US Conduit (2)	SIVs/Credit Protection Vehicles	Total	Canadian Conduits (1)	US Conduit (2)	SIVs/Credit Protection Vehicles	Total	Canadian Conduits (1)	US Conduit (2)	SIVs/Credit Protection Vehicles	Total
(\$ millions except as noted)																
Auto loans/leases	1,316	581	-	1,897	1,469	404	-	1,873	1,523	395	-	1,918	1,061	291	-	1,352
Credit card receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential mortgages (insured)	1,343	-	-	1,343	1,100	-	-	1,100	1,231	-	-	1,231	1,214	-	-	1,214
Residential mortgages (uninsured)	25	4	-	29	13	5	-	18	28	5	-	33	12	6	-	18
Commercial mortgages (uninsured)	-	115	-	115	-	137	-	137	-	142	-	142	-	137	-	137
Commercial mortgages (insured)	133	-	-	133	108	-	-	108	100	-	-	100	88	-	-	88
Personal line of credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment loans/leases	154	262	-	416	336	230	-	566	240	269	-	509	363	212	-	575
Trade receivables	-	270	-	270	-	247	-	247	-	272	-	272	-	245	-	245
Corporate loans	-	250	-	250	-	430	-	430	-	501	-	501	-	516	-	516
Daily auto rental	290	338	-	628	208	263	-	471	116	269	-	385	154	83	-	237
Floorplan finance receivables	200	456	-	656	224	429	-	653	200	290	-	490	202	244	-	446
Collateralized debt obligations	-	110	-	110	-	179	-	179	-	199	-	199	-	275	-	275
Other pool type	250	563	-	813	250	1,256	-	1,506	250	1,841	-	2,091	250	1,487	-	1,737
SIV assets (financial institutions debt and securitized assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit protection vehicle	-	-	396	396	-	-	396	396	-	-	386	386	-	-	2,187	2,187
Total	3,711	2,949	396	7,056	3,708	3,580	396	7,684	3,688	4,183	386	8,257	3,344	3,496	2,187	9,027

(1) Canadian Conduit totals include amounts pertaining to conduits that have been directly funded by the Bank (\$789.4 million as at Q3, 2014, \$849.1 million as at Q2, 2014, \$804.6 million as at Q1, 2014 and \$722.4 million as at Q4, 2013).

(2) US Conduit totals include amounts pertaining to conduits that have been funded by the Bank through liquidity draws (\$186.3 million as at Q3, 2014, \$304.7 million as at Q2, 2014, \$328.5 million as at Q1, 2014 and \$326.0 million as at Q4, 2013).

AGGREGATE AMOUNT OF SECURITIZATION EXPOSURES RETAINED OR PURCHASED BY EXPOSURE TYPE

	Q3 2014				Q2 2014				Q1 2014				Q4 2013			
	Undrawn Committed Facilities and Notional Amounts (2)	Drawn Loan Facilities and Securities Held (4)	First Loss Positions (5)	Total	Undrawn Committed Facilities and Notional Amounts (2)	Drawn Loan Facilities and Securities Held (4)	First Loss Positions (5)	Total	Undrawn Committed Facilities and Notional Amounts (2)	Drawn Loan Facilities and Securities Held (4)	First Loss Positions (5)	Total	Undrawn Committed Facilities and Notional Amounts (2)	Drawn Loan Facilities and Securities Held (4)	First Loss Positions (5)	Total
(\$ millions except as noted)																
Bank Assets (6)																
Credit card receivables (7)	-	1,982	-	1,982	-	1,615	-	1,615	-	1,465	-	1,465	-	1,485	-	1,485
Residential mortgages (uninsured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bank Assets	-	1,982	-	1,982	-	1,615	-	1,615	-	1,465	-	1,465	-	1,485	-	1,485
Third Party Assets (8)																
Auto loans/leases	1,998	1,456	-	3,454	2,011	2,674	-	4,685	2,095	2,491	-	4,586	2,137	2,567	-	4,704
Credit card receivables	205	217	-	422	1,551	676	-	2,227	-	667	-	667	-	479	-	479
Residential mortgages (insured)	2,040	-	-	2,040	2,040	-	-	2,040	1,530	-	-	1,530	1,530	-	-	1,530
Residential mortgages (uninsured)	-	4	-	4	-	5	-	5	-	5	-	5	-	6	-	6
Commercial mortgages (uninsured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial mortgages (insured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal line of credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment loans/leases	732	449	-	1,181	620	757	-	1,377	556	874	-	1,430	523	806	-	1,329
Trade receivables	69	270	-	339	94	247	-	341	75	272	-	347	72	252	-	324
Corporate loans	109	450	-	559	53	442	-	495	60	498	-	558	69	505	-	574
Daily auto rental	512	338	-	850	633	263	-	896	606	269	-	875	511	90	-	601
Floorplan finance receivables	485	642	-	1,127	508	513	-	1,021	383	364	-	747	396	329	-	725
Collateralized debt obligations	95	110	-	205	84	179	-	263	120	213	-	333	68	241	-	309
Other pool type	2,111	518	-	2,629	1,501	1,152	-	2,653	937	1,699	-	2,636	681	1,289	-	1,970
SIV assets (financial institutions debt and securitized assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit protection vehicle (9)	6,400	-	-	6,400	6,400	-	-	6,400	6,400	-	-	6,400	7,749	-	-	7,749
Trading securities reclassified to AFS	-	8	-	8	-	9	-	9	-	11	-	11	-	13	-	13
Montreal Accord Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Third Party Assets	14,756	4,462	-	19,218	15,495	6,917	-	22,412	12,762	7,363	-	20,125	13,736	6,577	-	20,313
Total	14,756	6,444	-	21,200	15,495	8,532	-	24,027	12,762	8,828	-	21,590	13,736	8,062	-	21,798

(3) External Credit Assessment Institutions (ECAIs) used for securitizations liquidity facility ratings are S&P, Moody's and Fitch.

(4) ECAIs used for securitization notes are S&P & Moody's.

(5) First Loss Positions reflect deferred purchase price amounts for securitization of the Bank's own credit cards and conventional mortgages net of servicing liabilities and tax impacts.

(6) The exposures for the Residential Mortgages (uninsured) are treated under the lending AIRB Framework as if the securitized assets remained on the Bank's balance sheet.

(7) The credit card receivable securities held from Bank asset securitizations represent the Bank's seller's interest in investment grade subordinated notes issued by Master Credit Card Trust and Master Credit Card Trust II. The Securitization Framework is applied.

(8) Third party asset securitizations that are externally rated and Montreal Accord assets are assessed under the RBA, with unrated and below BB- positions being deducted from capital. The Supervisory Formula (SF) has been applied for all other positions.

(9) Amounts reported for credit protection vehicle assets under Undrawn Committed Facilities and Notional Amounts represent aggregate notional amounts of the credit default swap exposures and do not represent committed funding obligations.

AGGREGATE AMOUNT OF RESECURITIZATION EXPOSURES RETAINED OR PURCHASED BY EXPOSURE TYPE

	Q3 2014				Q2 2014				Q1 2014				Q4 2013			
	Undrawn Committed Facilities and Notional Amounts (1)	Drawn Loan Facilities and Securities Held (2)	First Loss Positions (3)	Total	Undrawn Committed Facilities and Notional Amounts (1)	Drawn Loan Facilities and Securities Held (2)	First Loss Positions (3)	Total	Undrawn Committed Facilities and Notional Amounts (1)	Drawn Loan Facilities and Securities Held (2)	First Loss Positions (3)	Total	Undrawn Committed Facilities and Notional Amounts (1)	Drawn Loan Facilities and Securities Held (2)	First Loss Positions (3)	Total
(\$ millions except as noted)																
Bank Assets (4)																
Credit card receivables (5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential mortgages (uninsured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bank Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Third Party Assets (6)																
Auto loans/leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit card receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential mortgages (insured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential mortgages (uninsured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial mortgages	-	87	-	87	-	104	-	104	-	108	-	108	-	105	-	105
Personal line of credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment loans/leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate loans	5	105	-	110	12	161	-	173	12	174	-	186	12	169	-	181
Daily auto rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Floorplan finance receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized debt obligations (AAA/R-1 (high) securities)	-	-	-	-	-	-	-	-	-	10	-	10	2	89	-	91
Other pool type	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SIV assets (financial institutions debt and securitized assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit protection vehicle (7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading securities reclassified to AFS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Montreal Accord Assets	95	-	-	95	119	-	119	-	198	-	198	-	232	-	-	232
Total Third Party Assets	100	192	-	292	131	265	-	396	210	292	-	502	246	363	-	609
Total	100	192	-	292	131	265	-	396	210	292	-	502	246	363	-	609

(1) External Credit Assessment Institutions (ECAIs) used for securitizations liquidity facility ratings are S&P, Moody's and Fitch.

(2) ECAIs used for securitization notes are S&P & Moody's.

(3) First Loss Positions reflect deferred purchase price amounts for securitization of the Bank's own credit cards and conventional mortgages net of servicing liabilities and tax impacts.

(4) The exposures for the Residential Mortgages (uninsured) are treated under the lending AIRB Framework as if the securitized assets remained on the Bank's balance sheet.

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(6) Third party asset securitizations that are externally rated and Montreal Accord assets are assessed under the RBA, with unrated and below BB- positions being deducted from capital. The Supervisory Formula (SF) has been applied for all other positions.

(7) Amounts reported for credit protection vehicle assets under Undrawn Committed Facilities and Notional Amounts represent aggregate notional amounts of the credit default swap exposures and do not represent committed funding obligations.

DERIVATIVE INSTRUMENTS (\$ millions)	As at July 31, 2014				As at April 30, 2014				As at January 31, 2014				As at October 31, 2013			
	Notional Amount	Replacement Cost	Credit risk Equivalent	Basel Risk-weighted Assets (1)	Notional Amount	Replacement Cost	Credit risk Equivalent	Basel Risk-weighted Assets (1)	Notional Amount	Replacement Cost	Credit risk Equivalent	Basel Risk-weighted Assets (1)	Notional Amount	Replacement Cost	Credit risk Equivalent	Basel Risk-weighted Assets (1)
Interest Rate Contracts																
Over-the-counter Swaps	2,467,001	17,142	21,254		2,572,498	18,321	22,831		2,496,283	21,739	26,735		2,224,786	21,621	26,813	
Forward rate agreements	397,366	6	83		300,197	6	49		466,399	10	38		399,751	5	40	
Purchased options	19,339	618	647		17,718	611	638		18,274	604	668		18,283	589	657	
Written options	24,397	-	-		22,448	-	-		23,355	-	-		23,020	-	-	
	2,908,103	17,766	21,984	986	2,912,861	18,938	23,518	1,275	3,004,311	22,353	27,441	1,749	2,665,840	22,215	27,510	1,758
Exchange traded																
Futures	135,320	-	-		131,778	-	-		127,468	-	-		111,913	-	-	
Purchased options	19,240	-	-		19,810	-	-		16,918	-	-		16,534	-	-	
Written options	17,859	-	-		17,073	-	-		13,765	-	-		15,429	-	-	
	172,419	-	-		168,661	-	-		158,151	-	-		143,876	-	-	
Total Interest Rate Contracts	3,080,522	17,766	21,984	986	3,081,522	18,938	23,518	1,275	3,162,462	22,353	27,441	1,749	2,809,716	22,215	27,510	1,758
Foreign Exchange Contracts																
Over-the-counter																
Cross-currency swaps	50,610	1,560	4,476		48,696	1,660	5,009		46,850	1,922	5,096		44,834	1,156	4,091	
Cross-currency interest rate swaps	261,173	3,461	15,609		262,821	3,972	9,082		267,286	7,162	20,068		255,337	3,459	15,671	
Forward foreign exchange contracts	272,092	2,198	4,330		277,971	2,200	4,320		259,352	4,265	5,932		263,607	1,957	3,854	
Purchased options	15,845	157	339		15,484	142	314		13,060	241	391		10,923	90	227	
Written options	19,036	-	-		18,661	-	-		18,071	-	-		13,530	-	-	
	618,756	7,376	24,754	1,466	623,633	7,974	18,725	1,591	604,619	13,590	31,487	2,622	588,231	6,662	23,843	2,448
Exchange traded																
Futures	905	-	-		406	-	-		214	-	-		621	-	-	
Purchased options	448	-	-		744	-	-		1,503	-	-		2,608	-	-	
Written options	435	-	-		608	-	-		709	-	-		616	-	-	
	1,788	-	-		1,758	-	-		2,426	-	-		3,845	-	-	
Total Foreign Exchange Contracts	620,544	7,376	24,754	1,466	625,391	7,974	18,725	1,591	607,045	13,590	31,487	2,622	592,076	6,662	23,843	2,448
Commodity Contracts																
Over-the-counter																
Swaps	15,556	555	2,331		17,011	763	2,709		16,727	624	2,557		15,122	501	2,289	
Purchased options	8,772	80	1,135		9,206	189	1,273		9,000	126	1,199		8,081	66	1,045	
Written options	4,538	-	-		4,713	-	-		4,846	-	-		4,285	-	-	
	28,866	635	3,466	662	30,930	952	3,982	949	30,573	750	3,756	730	27,488	567	3,334	621
Exchange traded																
Futures	25,359	-	-		27,776	-	-		26,976	-	-		24,037	-	-	
Purchased options	7,147	-	-		7,537	-	-		8,102	-	-		8,044	-	-	
Written options	8,781	-	-		9,545	-	-		9,972	-	-		9,894	-	-	
	41,287	-	-		44,858	-	-		45,050	-	-		41,975	-	-	
Total Commodity Contracts	70,153	635	3,466	662	75,788	952	3,982	949	75,623	750	3,756	730	69,463	567	3,334	621
Equity Contracts																
Over-the-counter																
Swaps	49,235	776	3,420		44,314	729	3,529		39,664	510	3,392		39,360	520	3,054	
Exchange traded	8,343	-	-		7,756	-	-		6,257	-	-		5,851	-	-	
Total Equity Contracts	57,578	776	3,420	307	52,070	729	3,529	230	45,921	510	3,392	104	45,211	520	3,054	113
Credit Default Swaps																
Over-the-counter																
Purchased	8,852	65	429		8,247	77	429		8,068	82	433		8,835	90	448	
Written	11,342	-	-		11,972	-	-		12,182	-	-		13,288	-	-	
Total Credit Default Swaps	20,194	65	429	82	20,219	77	429	168	20,250	82	433	359	22,123	90	448	310
Sub-total	3,848,991	26,618	54,053	3,503	3,854,990	28,670	50,183	4,213	3,911,301	37,285	66,509	5,564	3,538,589	30,054	58,189	5,250
Impact of master netting agreements	n.a.	(24,340)	(35,174)		n.a.	(25,598)	(32,893)		n.a.	(33,666)	(45,084)		n.a.	(27,493)	(38,607)	
Total	3,848,991	2,278	18,879	3,503	3,854,990	3,072	17,290	4,213	3,911,301	3,619	21,425	5,564	3,538,589	2,561	19,582	5,250

(1) Risk-weighted Assets are reported after the impact of master netting agreements.

BASEL GLOSSARY

Adjusted EAD: Represents EAD that has been redistributed to a more favourable PD band or a different Basel Asset Class as a result of collateral (Credit Risk Mitigation - CRM). All AIRB disclosures aggregated into PD (probability of default) bands use Adjusted EAD values.

AIRB (Advanced Internal Ratings Based approach): The AIRB approach is the most advanced of the range of options for determining the capital requirements for credit risk. This option allows banks to use their own internal model to measure credit risk capital requirements, subject to regulatory approval. OSFI has indicated that it expects the largest Canadian Banks to adopt the AIRB approach.

Capital Adequacy Requirements (CAR): OSFI's Capital Adequacy Requirements guideline dated December 2012.

Capital Floor: A capital floor based on Basel I is calculated by banks which use the AIRB approach to credit risk, as required by our regulator.

Commitments (Undrawn): The EAD on the difference between the authorized and drawn amounts (e.g., the unused portion of a line of credit) before adjustments for credit risk mitigation.

Credit Equivalent Amount (CEA) on Undrawn: An estimate of the amount of credit risk exposure on off-balance items under the Standardized Approach for credit risk.

Drawn: The amount of funds invested or advanced to a customer. Does not include adjustments for credit risk mitigation.

Exposure at Default (EAD): EAD for on-balance sheet amounts represents outstandings, grossed up by specific provisions and write-offs. EAD for Off balance sheet and Undrawn are estimates.

Exposure at Default OTC Derivatives: Represent the net gross positive replacement costs plus the potential credit exposure amount.

Exposure Weighted Average LGD represents the $(\sum (\text{Adjusted EAD of each exposure} \times \text{its LGD}))$ divided by the total Adjusted EAD.

Exposure Weighted Average Risk Weight is the $(\sum \text{pre-scaled RWA for each exposure} / \text{Total Adjusted EAD})$.

Grandfathered Equity Securities in the Banking Book: Under Basel II OSFI exempts equity investments held as of October 31, 2007 from the AIRB approach for a period of 10 years starting November 1, 2007 to October 31, 2017. During that time, these "grandfathered" holdings will be risk weighted at 100%.

HELOCs: Home Equity Lines of Credit comprise lines of credit secured by equity in a residential property.

OSFI: Office of the Superintendent of Financial Institutions.

Other Off Balance Sheet Items: All off-balance sheet arrangements other than derivatives and undrawn commitments such as Standby Letters of Credit and Documentary Credits.

QRR (Qualifying Revolving Retail): Includes exposures that are revolving, unsecured and uncommitted to individuals up to a maximum amount of \$125,000 to a single individual.

Repo Style Transactions: Includes repurchase and reverse repurchase agreements and securities lending and borrowing.

Scaling Factor: The scaling factor is applied to the risk weighted assets amount for credit risk assessed under the AIRB approach. The objective of the scaling factor is to broadly maintain the aggregate level of Basel I minimum capital requirements, while also providing incentives to adopt the more advanced risk-sensitive approaches.

Standardized Approach: This approach is the least complicated of the range of options available to banks to measure credit risk capital requirements. This option allows banks to measure credit risk capital requirements by multiplying exposures by defined percentages based on the exposures product type and external credit rating (if applicable).