MANAGEMENT'S DISCUSSION & ANALYSIS

The Management's Discussion and Analysis (MD&A) is provided to enable readers to assess the Bank's financial condition and results of operations as at and for the period ended January 31, 2017. The MD&A should be read in conjunction with the Bank's unaudited Condensed Interim Consolidated Financial Statements included in this Report to Shareholders, and the Bank's 2016 Annual Report. This MD&A is dated February 28, 2017.

Additional information relating to the Bank, including the Bank's 2016 Annual Report, are available on the Bank's website at www.scotiabank.com, as well, the Bank's 2016 Annual Report and Annual Information Form are available on SEDAR at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

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Forward-looking statements Our public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. All such statements are made pursuant to the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include, but are not limited to, statements made in this document, the Management's Discussion and Analysis in the Bank's 2016 Annual Report under the headings "Overview-Outlook," for Group Financial Performance "Outlook," for each business segment "Outlook" and in other statements regarding the Bank's objectives, strategies to achieve those objectives, the regulatory environment in which the Bank operates, anticipated financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, U.S. and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "may," "should," "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity and funding; significant market volatility and interruptions; the failure of third parties to comply with their obligations to the Bank and its affiliates; changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes to, and interpretations of tax laws and risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; changes to the Bank's credit ratings; operational (including technology) and infrastructure risks; reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; critical accounting estimates and the effects of changes in accounting policies and methods used by the Bank as described in the Bank's annual financial statements (See "Controls and Accounting Policies—Critical accounting estimates" in the Bank's 2016 Annual Report) and updated by this document; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; increasing cyber security risks which may include theft of assets, unauthorized access to sensitive information or operational disruption; consolidation in the financial services sector in Canada and globally; competition, both from new entrants and established competitors; judicial and regulatory proceedings; natural disasters, including, but not limited to, earthquakes and hurricanes, and disruptions to public infrastructure, such as transportation, communication, power or water supply; the possible impact of international conflicts and other developments, including terrorist activities and war; the effects of disease or illness on local, national or international economies; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the "Risk Management" section of the Bank's 2016 Annual Report.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2016 Annual Report under the heading "Overview-Outlook," as updated by this document; and for each business segment "Outlook". The "Outlook" sections are based on the Bank's views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections. The preceding list of factors is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

Non-GAAP Measures

The Bank uses a number of financial measures to assess its performance. Some of these measures are not calculated in accordance with Generally Accepted Accounting Principles (GAAP), which are based on International Financial Reporting Standards (IFRS), are not defined by GAAP and do not have standardized meanings that would ensure consistency and comparability between companies using these or similar measures. The Bank believes that certain non-GAAP measures are useful in assessing underlying ongoing business performance and provide readers with a better understanding of how management assesses performance. These non-GAAP measures are used throughout this report and defined below.

Adjusted diluted earnings per share

The adjusted diluted earnings per share is calculated as follows:

	For the three months ended		
($ millions)	**January 31 2017**	October 31 2016	January 31 2016
Net income attributable to common shareholders (diluted) (refer to Note 17)	**$ 1,928**	$ 1,925	$ 1,749
Adjusted for:			
Amortization of intangible assets, excluding software (after tax)	**18**	18	20
Adjusted net income attributable to common shareholders (diluted)	**$ 1,946**	$ 1,943	$ 1,769
Weighted average number of diluted common shares outstanding (*millions*)	**1,229**	1,226	1,225
Adjusted diluted earnings per share[(1)] *(in dollars)*	**$ 1.58**	$ 1.58	$ 1.44

(1) Adjusted diluted earnings per share calculations are based on full dollar and share amounts.

Core banking assets

Core banking assets are average earning assets excluding bankers' acceptances and average trading assets within Global Banking and Markets.

Core banking margin

This ratio represents net interest income divided by average core banking assets.

Group Financial Performance and Financial Condition

Financial results

The Bank's net income was $2,009 million compared to $1,814 million in the same period last year, and $2,011 million last quarter. Diluted earnings per share were $1.57 compared to $1.43 in the same period last year and $1.57 last quarter. Return on equity was 14.3% compared to 13.8% last year and 14.7% last quarter.

Impact of foreign currency translation

The table below reflects the estimated impact of foreign currency translation on key income statement items.

	Average exchange rate			% Change	
For the three months ended	**January 31, 2017**	October 31, 2016	January 31, 2016	January 31, 2017 vs. October 31, 2016	January 31, 2017 vs. January 31, 2016
U.S dollar/Canadian dollar	**0.750**	0.762	0.729	(1.7)%	2.9%
Mexican Peso/Canadian dollar	**15.503**	14.394	12.567	7.7%	23.4%
Peruvian Sol/Canadian dollar	**2.533**	2.565	2.466	(1.3)%	2.7%
Colombian Peso/Canadian dollar	**2,266**	2,239	2,317	1.2%	(2.2)%
Chilean Peso/Canadian dollar	**498.214**	505.809	517.459	(1.5)%	(3.7)%

Impact on net income[(1)] *($ millions except EPS)*	January 31, 2017 vs. October 31, 2016	January 31, 2017 vs. January 31, 2016
Net interest income	$ (7)	$ (108)
Non-interest income[(2)]	11	(58)
Non-interest expenses	8	86
Other items (net of tax)	(2)	28
Net income	$ 10	$ (52)
Earnings per share (diluted)	$0.01	$(0.04)
Impact by business line *($ millions)*		
Canadian Banking	$ 2	$ (1)
International Banking[(2)]	21	(22)
Global Banking and Markets	6	(11)
Other[(2)]	(19)	(18)
	$ 10	$ (52)

(1) Includes the impact of all currencies.
(2) Includes the impact of foreign currency hedges.

Financial results commentary

Net income

Q1 2017 vs Q1 2016

Net income was $2,009 million, up $195 million or 11%. Higher net interest income and increased banking, trading and underwriting fees were partly offset by higher non-interest expenses, income taxes and the impact of foreign currency translation.

Q1 2017 vs Q4 2016

Net income was $2,009 million compared to $2,011 million. Higher non-interest income, including trading, banking, and insurance fees, were more than offset by higher non-interest expenses and income taxes.

Net interest income

Q1 2017 vs Q1 2016

Net interest income was $3,643 million, an increase of $124 million or 3%. Net interest income increased 7% adjusting for the impact of foreign currency translation. The increase was due primarily from growth in residential mortgages, automotive loans and credit card loans in Canadian Banking, corporate loans in the U.S. and Canada, as well as growth in investment securities.

The core banking margin was 2.40%, up two basis points from 2.38% driven by wider margins across all business lines. Partially offsetting were lower contributions from asset/liability management activities.

Q1 2017 vs Q4 2016

Net interest income was $3,643 million compared to $3,653 million last quarter. Most of this modest decline was due to foreign exchange translation. Growth in residential mortgages in Canadian Banking and higher loan volumes in Global Banking and Markets were offset by lower levels of deposits with banks.

The core banking margin was stable at 2.40%. Lower margins in Global Banking and Markets and International Banking were offset by higher contributions from asset/liability management activities.

Non-interest income

Q1 2017 vs Q1 2016

Non-interest income was $3,225 million, up $379 million or 13%. This increase was due mainly to higher banking, trading, underwriting, and wealth management fees, as well as acquisitions. Gains on sale of real estate were offset by lower net gain on investment securities and the impact of foreign currency translation.

Q1 2017 vs Q4 2016

Non-interest income increased $127 million or 4% over last quarter. Higher trading, banking and insurance revenues were partially offset by lower advisory fees, net gain on investment securities, and contributions from investments in associates.

Provision for credit losses

Q1 2017 vs Q1 2016

Provision for credit losses was $553 million, an increase of $14 million or 3%. Higher retail and commercial provisions in Canadian and International Banking were mostly offset by lower provisions in Global Banking and Markets due to significantly lower provisions in the energy sector. The provision for credit losses ratio remains unchanged at 45 basis points.

Q1 2017 vs Q4 2016

Provision for credit losses was stable at $553 million compared to $550 million last quarter. Higher retail and commercial provisions in Canadian and International Banking were largely offset by lower provisions in Global Banking and Markets. The provision for credit losses ratio was 45 basis points in both periods.

Non-interest expenses

Q1 2017 vs Q1 2016

Non-interest expenses were $3,689 million, up 3% from $3,568 million. Non-interest expenses increased 6% adjusting for the impact of foreign currency translation. Investment in business initiatives continues to drive increases in digital and technology-related expenses. Additionally, higher performance-based compensation and employee pension and benefit expenses contributed to the increase. These costs were partially offset by benefits from cost reduction initiatives and lower advertising and other business expenses.

Operating leverage was positive 4.5%, leading to productivity improvements. The productivity ratio was 53.7% compared to 56.1%.

Q1 2017 vs Q4 2016

Non-interest expenses were $3,689 million up from $3,650 million or 1%. Higher salary, share-based compensation and employee pension and benefit expenses were the main drivers for the increase, largely offset by benefits from cost reduction initiatives and decreases in advertising and professional services. The productivity ratio was 53.7% compared to 54.1%.

Taxes

Q1 2017 vs Q1 2016

The effective tax rate increased to 23.5% from 19.7%, due primarily to higher tax-exempt income in the prior year.

Q1 2017 vs Q4 2016

The effective tax rate increased 2.3% from 21.2%, due primarily to higher taxes in foreign jurisdictions.

Risk management

The Bank's risk management policies and practices have not substantially changed from those outlined in the Bank's 2016 Annual Report. For a complete discussion of the risk management policies and practices and additional information on risk factors, refer to the "Risk Management" section in the 2016 Annual Report.

Credit risk

Allowance for credit losses

The allowance for credit losses was $4,274 million as at January 31, 2017 (excluding $234 million related to loans purchased under FDIC guarantee related to the acquisition of R-G Premier Bank of Puerto Rico) compared to $4,392 million (excluding $234 million related to R-G Premier Bank) as at October 31, 2016.

The allowance related to impaired loans was $2,833 million compared to $2,948 million as at October 31, 2016. The allowance against performing loans was $1,441 million compared to $1,444 million as at October 31, 2016.

In Canadian Banking, the allowance decreased to $810 million from $816 million as at October 31, 2016, due to higher write-offs in the commercial portfolios.

In International Banking, the allowance decreased to $1,872 million from $1,976 million as at October 31, 2016, due primarily to the impact of foreign currency translation and decreases in gross impaired loans in retail portfolios.

In Global Banking and Markets, the allowance decreased to $151 million from $156 million as at October 31, 2016, due primarily to the impact of foreign currency translation.

Impaired loans

Total gross impaired loans as at January 31, 2017, were $5,249 million, down $145 million from October 31, 2016, of which $124 million relates to the impact of foreign currency translation. The remainder of the decrease was in International Banking and Global Banking and Markets partially offset by an increase in Canadian Banking.

Total net impaired loans as at January 31, 2017, were $2,416 million, down $30 million from $2,446 million as at October 31, 2016. Net impaired loans in Canadian Banking were $451 million as at January 31, 2017, an increase of $36 million from October 31, 2016, due to increases in the retail portfolio. International Banking's net impaired loans of $1,645 million as at January 31, 2017, decreased from $1,652 million as at October 31, 2016, largely due to the impact of foreign currency translation and a decrease in the commercial portfolio partially offset by an increase in the retail portfolio. In Global Banking and Markets, net impaired loans decreased to $320 million as at January 31, 2017, from $379 million as at October 31, 2016, due to lower gross impaired loans.

Acquisition-related purchased loans

All purchased loans are initially measured at fair value on the date of acquisition, with no allowance for credit losses recorded in the Consolidated Statement of Financial Position on the date of acquisition. Consequently, none of the purchased loans are considered to be impaired on the date of acquisition. In arriving at the fair value, the Bank considers interest rate mark and credit rate mark adjustments.

The interest rate mark on the date of acquisition is principally set up for fixed interest rate loans and captures the impact of the interest rate differential between the contractual rate of interest on the loan and the prevailing interest rate on the loan on the date of acquisition for the remaining term. The interest rate mark is fully amortized into interest income in the Consolidated Statement of Income over the expected life of the loan using the effective interest method.

The credit mark captures management's best estimate of cash flow shortfalls on the loans over their lifetime as determined at the date of acquisition. Changes to the expected cash flows of these loans are recorded as a charge/recovery in the provision for credit losses in the Consolidated Statement of Income.

The total credit mark remaining on all acquired loans in Canadian Banking and International Banking as at January 31, 2017 was $216 million (October 31, 2016 – $259 million). Adjusting for the impact of foreign currency translation, the utilization of incurred and expected losses in the credit mark during the quarter was $36 million (October 31, 2016 – $60 million). The net benefit to net income attributable to common shareholders from the credit mark on acquired loans this quarter was $22 million (October 31, 2016 – $29 million).

Overview of loan portfolio

The Bank has a well diversified portfolio by product, business and geography. Details of certain portfolios of current focus are highlighted below.

Real estate secured lending

A large portion of the Bank's lending portfolio is comprised of residential mortgages and consumer loans, which are well diversified by borrower. As at January 31, 2017, these loans amounted to $322 billion or 65% of the Bank's total loans and acceptances outstanding (October 31, 2016 – $322 billion or 65%). Of these, $243 billion or 75% are real estate secured loans (October 31, 2016 – $242 billion or 75%). The tables below provide more details by portfolios.

Insured and uninsured mortgages and home equity lines of credit

The following table presents amounts of insured and uninsured residential mortgages and home equity lines of credit (HELOCs), by geographic areas.

	As at January 31, 2017											
	Residential mortgages						**Home equity lines of credit**					
	Insured [1]		**Uninsured**		**Total**		**Insured [1]**		**Uninsured**		**Total**	
($ millions)	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Canada:[2]												
Atlantic provinces	**$ 6,978**	**3.6%**	**$ 4,936**	**2.5%**	**$ 11,914**	**6.1%**	**$1**	**–%**	**$ 1,243**	**6.6%**	**$ 1,244**	**6.6%**
Quebec	**8,424**	**4.3**	**7,225**	**3.7**	**15,649**	**8.0**	**–**	**–**	**983**	**5.2**	**983**	**5.2**
Ontario	**51,168**	**26.3**	**43,930**	**22.5**	**95,098**	**48.8**	**1**	**–**	**9,591**	**50.5**	**9,592**	**50.5**
Manitoba & Saskatchewan	**5,870**	**3.0**	**3,283**	**1.7**	**9,153**	**4.7**	**1**	**–**	**827**	**4.4**	**828**	**4.4**
Alberta	**19,497**	**10.0**	**10,923**	**5.6**	**30,420**	**15.6**	**3**	**0.1**	**3,002**	**15.8**	**3,005**	**15.9**
British Columbia & Territories	**16,660**	**8.5**	**16,134**	**8.3**	**32,794**	**16.8**	**–**	**–**	**3,292**	**17.4**	**3,292**	**17.4**
Canada[3]	**$108,597**	**55.7%**	**$ 86,431**	**44.3%**	**$195,028**	**100%**	**$6**	**0.1%**	**$18,938**	**99.9%**	**$18,944**	**100%**
International	**–**	**–**	**29,057**	**100**	**29,057**	**100**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**$108,597**	**48.5%**	**$115,488**	**51.5%**	**$224,085**	**100%**	**$6**	**0.1%**	**$18,938**	**99.9%**	**$18,944**	**100%**
	As at October 31, 2016											
Canada[3]	$109,947	56.9%	$ 83,356	43.1%	$193,303	100%	$8	0.1%	$19,065	99.9%	$19,073	100%
International	–	–	29,585	100	29,585	100	–	–	–	–	–	–
Total	$109,947	49.3%	$112,941	50.7%	$222,888	100%	$8	0.1%	$19,065	99.9%	$19,073	100%

(1) *Default insurance is contractual coverage for the life of eligible facilities whereby the Bank's exposure to real estate secured lending is protected against potential shortfalls caused by borrower default. This insurance is provided by either government-backed entities or private mortgage insurers.*
(2) *The province represents the location of the property in Canada.*
(3) *Includes multi-residential dwellings (4+ units) of $2,527 (October 31, 2016 – $2,376) of which $1,490 are insured (October 31, 2016 – $1,392).*

Amortization period ranges for residential mortgages

The following table presents the distribution of residential mortgages by remaining amortization periods, and by geographic areas.

	Less than 20 years	20-24 years	25-29 years	30-34 years	35 years and greater	Total residential mortgages
	As at January 31, 2017					
	Residential mortgages by amortization period					
Canada	**35.2%**	**36.5%**	**26.7%**	**1.5%**	**0.1%**	**100%**
International	**68.0%**	**18.6%**	**11.2%**	**2.1%**	**0.1%**	**100%**
	As at October 31, 2016					
Canada	35.2%	36.3%	26.7%	1.7%	0.1%	100%
International	67.7%	19.0%	11.5%	1.7%	0.1%	100%

Loan to value ratios

The Canadian residential mortgage portfolio is 44% uninsured (October 31, 2016 – 43%). The average loan-to-value (LTV) ratio of the uninsured portfolio is 51% (October 31, 2016 – 50%).

The following table presents the weighted average LTV ratio for total newly originated uninsured residential mortgages and home equity lines of credit, which include mortgages for purchases, refinances with a request for additional funds and transfers from other financial institutions, by geographic areas in the current quarter.

	Residential mortgages LTV%	Home equity lines of credit[(2)] LTV%
	Uninsured LTV ratios[(1)]	
	For the three months ended January 31, 2017	
Canada:		
Atlantic provinces	69.1%	58.8%
Quebec	65.2	67.7
Ontario	62.9	63.6
Manitoba & Saskatchewan	68.0	64.2
Alberta	67.2	69.7
British Columbia & Territories	61.6	62.4
Canada	**63.6%**	**64.0%**
International	**71.2%**	**n/a**
	For the three months ended October 31, 2016	
Canada	63.4%	64.4%
International	69.6%	n/a

(1) The province represents the location of the property in Canada.

(2) Includes only home equity lines of credit (HELOC) under Scotia Total Equity Plan. LTV is calculated based on the sum of residential mortgages and the authorized limit for related HELOCs, divided by the value of the related residential property, and presented on a weighted average basis for newly originated mortgages and HELOCs.

Potential impact on residential mortgages and real estate home equity lines of credit in the event of an economic downturn

The Bank performs stress testing on its portfolio to assess the impact of increased levels of unemployment, rising interest rates, reduction in property values and changes in other relevant macro-economic variables. Potential losses in the mortgage portfolio under such economic downturn scenarios are considered manageable given the diversified composition of the portfolio, the high percentage of insured exposures, and the low LTV in the portfolio. This is further supported by sound risk management oversight and pro-active risk mitigation strategies.

European exposures

As a result of the Bank's broad international operations, the Bank has sovereign credit risk exposure to a number of countries. The Bank actively manages this sovereign risk, including the use of risk limits calibrated to the credit worthiness of the sovereign exposure.

The current European exposure is provided below:

	As at						
	January 31, 2017						October 31 2016
	Loans and loan equivalents						
($ millions)	Loans and acceptances[1]	Letters of credit and guarantees[2]	Undrawn commitments[3]	Securities and deposits with financial institutions[4]	Securities Financing Transactions (SFT) and derivatives[5]	**Total European exposure**	Total European exposure
Gross exposures	$10,419	$2,693	$14,758	$14,947	$2,069	**$44,886**	$41,597
Less: Undrawn commitments	–	–	14,758	–	–	**14,758**	12,472
Net funded exposures	$10,419	$2,693	$ –	$14,947	$2,069	**$30,128**	$29,125

(1) Individual allowances for credit losses are $35.9.
(2) Letters of credit and guarantees are included as funded exposure as they have been issued.
(3) Undrawn commitments represent an estimate of the contractual amount that may be drawn upon by the obligor.
(4) Exposures for securities are calculated taking into account derivative positions where the security is the underlying reference asset and short trading positions.
(5) SFT comprise of securities purchased under resale agreements, obligations related to securities sold under repurchase agreements and securities lending and borrowing transactions. Gross and net funded exposures represent all net positive positions after taking into account collateral. Collateral held against derivatives was $1,377 and collateral held against SFT was $10,530.

The Bank believes that its European exposures are manageable, are sized appropriately relative to the credit worthiness of the counterparties (85% of the exposures are to investment grade counterparties based on a combination of internal and external ratings), and are modest relative to the capital levels of the Bank. The Bank's European exposures are carried at amortized cost or fair value using observable inputs, with negligible amounts valued using models with unobservable inputs (Level 3). There were no significant events in the quarter that have materially impacted the Bank's exposures.

Below are the funded exposures related to all European countries:

	As at				
	January 31, 2017				October 31 2016
($ millions)	Sovereign[1]	Bank	Corporate[2]	**Total**	Total
Greece	$ –	$ –	$ 294	**$ 294**	$ 311
Ireland	32	26	225	**283**	350
Italy	–	48	25	**73**	191
Portugal	17	–	–	**17**	–
Spain	–	241	261	**502**	599
Total GIIPS	$ 49	$ 315	$ 805	**$ 1,169**	$ 1,451
U.K.	$ 4,274	$ 1,427	$ 6,288	**$ 11,989**	$11,028
Germany	1,935	411	1,628	**3,974**	4,080
France	2,027	968	652	**3,647**	3,742
Netherlands	31	693	1,434	**2,158**	2,105
Switzerland	72	120	929	**1,121**	1,599
Other	2,145	197	3,728	**6,070**	5,120
Total Non-GIIPS	$10,484	$ 3,816	$ 14,659	**$ 28,959**	$27,674
Total Europe	$10,533	$ 4,131	$ 15,464	**$ 30,128**	$29,125
Total Europe as at October 31, 2016	$ 7,336	$ 5,158	$ 16,631	$ 29,125	

(1) Includes $1,713 (October 31, 2016 – $1,959) in exposures to supra-national agencies.
(2) Corporate includes financial institutions that are not banks.

The Bank's exposure to certain European countries of focus – Greece, Ireland, Italy, Portugal and Spain (GIIPS) – is not significant. As of January 31, 2017, the Bank's current funded exposure to the GIIPS sovereign entities, as well as banks and non-bank financial institutions and corporations domiciled in these countries, totaled approximately $1.2 billion, down from $1.5 billion last quarter. Of the $1.2 billion, $1.0 billion was related to loans and loan equivalents.

Specific to sovereign exposures to GIIPS, the Bank's exposure to Ireland included central bank deposits of $31 million and $1 million in trading book securities. The Bank had no sovereign securities holdings of Greece, Italy, Portugal and Spain.

The Bank had exposures to Italian banks of $48 million, as at January 31, 2017 (October 31, 2016 – $181 million), primarily related to letters of credit. Greek exposure of $294 million (October 31, 2016 – $311 million) related primarily to secured loans to shipping companies.

The Bank's exposures are distributed as follows:

	As at					
	January 31, 2017					October 31 2016
($ millions)	Loans and loan equivalents	Deposits with financial institutions	Securities	SFT and derivatives	**Total**	Total
Greece	$ 293	$ –	$ 1	$ –	**$ 294**	$ 311
Ireland	116	32	100	35	**283**	350
Italy	98	–	(26)	1	**73**	191
Portugal	–	–	–	17	**17**	–
Spain	443	–	(14)	73	**502**	599
Total GIIPS	$ 950	$ 32	$ 61	$ 126	**$ 1,169**	$ 1,451
U.K.	$ 5,058	$ 3,101	$ 2,795	$ 1,035	**$ 11,989**	$ 11,028
Germany	1,015	317	2,531	111	**3,974**	4,080
France	702	399	2,502	44	**3,647**	3,742
Netherlands	1,153	111	668	226	**2,158**	2,105
Switzerland	764	20	101	236	**1,121**	1,599
Other	3,470	46	2,263	291	**6,070**	5,120
Total Non-GIIPS	$ 12,162	$ 3,994	$ 10,860	$ 1,943	**$ 28,959**	$ 27,674
Total Europe	$ 13,112	$ 4,026	$ 10,921	$ 2,069	**$ 30,128**	$ 29,125

Securities exposures to European sovereigns and banks (excluding GIIPS) were $8.3 billion as at January 31, 2017 (October 31, 2016 – $6.0 billion), predominantly related to issuers in France, Germany, the United Kingdom and Luxembourg. Securities are carried at fair value and substantially all holdings have strong market liquidity.

The largest portion of funded credit exposure is in the form of funded loans which are recorded on an accrual basis. As well, credit exposure to clients arises from client-driven derivative transactions and securities financing transactions (reverse repurchase agreements, repurchase agreements, and securities lending and borrowing). OTC derivative counterparty exposures are recorded on a fair value basis and security financing transactions are recorded on an accrual basis. As at January 31, 2017, credit exposure to banks in the form of issued letters of credit amounted to $1.3 billion (October 31, 2016 – $1.4 billion).

Undrawn commitments of $14.8 billion (October 31, 2016 – $12.5 billion) are comprised of unfunded loan commitments and commitments to issue letters of credit on behalf of other banks in a syndicated bank lending arrangement. Total unfunded loan commitments to corporations in Europe (excluding GIIPS) were $11.3 billion as at January 31, 2017 (October 31, 2016 – $9.1 billion). As at January 31, 2017, commitments related to letters of credit with banks amounted to $2.8 billion (October 31, 2016 – $2.7 billion). Unfunded commitments are detailed further by country in the table below.

The Bank's indirect exposure is also detailed in the table below and is defined as:

- Securities where the exposures are to non-European entities whose parent company is domiciled in Europe, and
- Letters of credit or guarantees (included as loan equivalents in the above table).

Included in the indirect exposure was securities exposure of $513 million related to GIIPS, $219 million to the United Kingdom and $41 million to Germany. Indirect exposure by way of letters of credit totaled $2,693 million at January 31, 2017 (October 31, 2016 – $2,890 million), of which $239 million (October 31, 2016 – $184 million) was indirect exposure to GIIPS. Indirect exposure is managed through the Bank's credit risk management framework, with a robust assessment of the counterparty.

In addition to the total indirect exposures detailed further below, the Bank had Euro-denominated collateral held for non-European counterparties of $264 million (October 31, 2016 – $295 million).

	Undrawn commitments		Indirect exposure[(1)]	
($ millions)	**January 31 2017**	October 31 2016	**January 31 2017**	October 31 2016
Greece	**$ –**	$ –	**$ –**	$ –
Ireland	**416**	421	**42**	35
Italy	**57**	49	**61**	73
Portugal	**–**	–	**–**	–
Spain	**158**	172	**649**	561
Total GIIPS	**$ 631**	$ 642	**$ 752**	$ 669
U.K.	**$ 6,894**	$ 4,958	**$ 1,248**	$ 1,270
Germany	**872**	798	**110**	154
France	**1,602**	1,583	**445**	459
Netherlands	**1,573**	1,364	**259**	291
Switzerland	**790**	701	**110**	146
Other	**2,396**	2,426	**640**	463
Total Non-GIIPS	**$ 14,127**	$ 11,830	**$ 2,812**	$ 2,783
Total Europe	**$ 14,758**	$ 12,472	**$ 3,564**	$ 3,452

(1) Amounts in brackets represent net short positions arising from trading transactions.

The Bank may on occasion use credit default swaps (CDS) to partially offset its banking book exposure. As part of the trading portfolio, the Bank may purchase or sell CDS. Specific to GIIPS as at January 31, 2017, the Bank had no CDS protection on funded loan exposures. All exposures, including CDS, are subject to risk limits and ongoing monitoring by the Bank's independent risk management department.

Like other banks, the Bank also provides settlement and clearing facilities for a variety of clients in these countries and actively monitors and manages these intra-day exposures. However, the Bank has no funded exposure in these countries to retail customers or small businesses.

Market risk

Value at Risk (VaR) is a key measure of market risk in the Bank's trading activities. VaR includes both general market risk and debt specific risk components. The Bank also calculates a Stressed VaR measure.

Risk factor (*$ millions*)	Average for the three months ended January 31 2017	October 31 2016
Credit spread plus interest rate	**$ 11.5**	$ 9.3
Credit spread	**7.4**	7.2
Interest rate	**8.9**	7.5
Equities	**2.0**	1.5
Foreign exchange	**1.9**	1.6
Commodities	**2.0**	2.4
Debt specific	**4.0**	4.0
Diversification effect	**(9.4)**	(8.4)
Total VaR	**$ 12.0**	$ 10.4
Total Stressed VaR	**$ 29.8**	$ 21.8

In the first quarter of 2017, the average one-day Total VaR increased to $12.0 million from $10.4 million in the previous quarter, primarily driven by increased exposure to interest rates.

The average one-day Total Stressed VaR during the quarter increased to $29.8 million from $21.8 million in the previous quarter, primarily due to increased exposure to rising interest rates. Stressed VaR is calculated using market volatility from a one-year period identified as stressful given the risk profile of the trading portfolio. The current period is the 2008/2009 credit crisis.

There were zero trading loss days in the first quarter, same as the previous quarter. The quality and accuracy of the VaR models are validated by backtesting, which compares daily actual and theoretical profit and loss with the daily output of the VaR model.

Market risk linkage to Consolidated Statement of Financial Position

Trading assets and liabilities are marked to market daily and included in trading risk measures such as VaR. Derivatives risk related to Global Banking and Markets' activities is captured under trading risk measures while derivatives used in asset/liability management are in the non-trading risk category. A comparison of Consolidated Statement of Financial Position items which are covered under the trading and non-trading risk measures is provided in the table below.

Market risk linkage to Consolidated Statement of Financial Position of the Bank

As at January 31, 2017	**Market risk measure**				
(*$ millions*)	**Consolidated Statement of Financial Position**	**Trading risk**	**Non-trading risk**	**Not subject to market risk**	**Primary risk sensitivity of non-trading risk**
Precious metals	**$ 7,198**	**$ 7,198**	**$ –**	**$ –**	**n/a**
Trading assets	**106,518**	**106,518**	**–**	**–**	**n/a**
Financial instruments designated at fair value through profit or loss	**236**	**–**	**236**	**–**	**Interest rate**
Derivative financial instruments	**34,963**	**31,782**	**3,181**	**–**	**Interest rate, FX, equity**
Investment securities	**72,721**	**–**	**72,721**	**–**	**Interest rate, equity**
Loans	**477,353**	**–**	**477,353**	**–**	**Interest rate, FX**
Assets not subject to market risk[(1)]	**188,003**	**–**	**–**	**188,003**	**n/a**
Total assets	**$886,992**	**$145,498**	**$553,491**	**$188,003**	
Deposits	**$604,698**	**$ –**	**$571,829**	**$ 32,869**	**Interest rate, FX, equity**
Financial instruments designated at fair value through profit or loss	**1,681**	**–**	**1,681**	**–**	**Interest rate, equity**
Obligations related to securities sold short	**26,381**	**26,381**	**–**	**–**	**n/a**
Derivative financial instruments	**39,257**	**34,822**	**4,435**	**–**	**Interest rate, FX, equity**
Trading liabilities[(2)]	**5,974**	**5,974**	**–**	**–**	**n/a**
Pension and other benefit liabilities	**2,004**	**–**	**2,004**	**–**	**Interest rate, credit spread, equity**
Liabilities not subject to market risk[(3)]	**149,165**	**–**	**–**	**149,165**	**n/a**
Total liabilities	**$829,160**	**$ 67,177**	**$579,949**	**$182,034**	

(1) Includes goodwill, intangibles, other assets and securities purchased under resale agreements and securities borrowed.
(2) Gold and silver certificates and bullion included in other liabilities.
(3) Includes obligations related to securities sold under repurchase agreements and securities lent and other liabilities.

As at October 31, 2016		Market risk measure			
($ millions)	Consolidated Statement of Financial Position	Trading risk	Non-trading risk	Not subject to market risk	Primary risk sensitivity of non-trading risk
Precious metals	$ 8,442	$ 8,442	$ –	$ –	n/a
Trading assets	108,561	108,561	–	–	n/a
Financial instruments designated at fair value through profit or loss	221	–	221	–	Interest rate
Derivative financial instruments	41,657	36,401	5,256	–	Interest rate, FX, equity
Investment securities	72,919	–	72,919	–	Interest rate, equity
Loans	480,164	–	480,164	–	Interest rate, FX
Assets not subject to market risk[(1)]	184,302	–	–	184,302	n/a
Total assets	$ 896,266	$ 153,404	$ 558,560	$ 184,302	
Deposits	$ 611,877	$ –	$ 580,814	$ 31,063	Interest rate, FX, equity
Financial instruments designated at fair value through profit or loss	1,459	–	1,459	–	Interest rate, equity
Obligations related to securities sold short	23,312	23,312	–	–	n/a
Derivative financial instruments	42,387	38,213	4,174	–	Interest rate, FX, equity
Trading liabilities[(2)]	8,430	8,430	–	–	n/a
Pension and other benefit liabilities	3,011	–	3,011	–	Interest rate, credit spread, equity
Liabilities not subject to market risk[(3)]	147,969	–	–	147,969	n/a
Total liabilities	$ 838,445	$ 69,955	$ 589,458	$ 179,032	

(1) Includes goodwill, intangibles, other assets and securities purchased under resale agreements and securities borrowed.
(2) Gold and silver certificates and bullion included in other liabilities.
(3) Includes obligations related to securities sold under repurchase agreements and securities lent and other liabilities.

Liquidity risk

Effective liquidity risk management is essential to maintain the confidence of depositors and counterparties, manage the Bank's cost of funds and to support core business activities, even under adverse circumstances.

Liquidity risk is managed within a framework of policies and limits that are approved by the Board of Directors, as outlined in Note 18 to the condensed interim consolidated financial statements and in Note 35 of the audited consolidated financial statements in the Bank's 2016 Annual Report. Liquid assets are a key component of this framework.

The determination of the appropriate levels for liquid asset portfolios is based on the amount of liquidity the Bank might need to fund expected cash flows in the normal course of business, as well as what might be required in periods of stress to meet cash outflows. Stress events include periods when there are disruptions in the capital markets or events which may impair the Bank's access to funding markets or liquidity. The Bank uses stress testing to assess the impact of stress events and to assess the amount of liquid assets that would be required in various stress scenarios.

Liquid assets

Liquid assets are a key component of liquidity management and the Bank holds these types of assets in sufficient quantity to meet potential needs for liquidity management.

Liquid assets can be used to generate cash either through sale, repurchase transactions or other transactions where these assets can be used as collateral to generate cash, or by allowing the asset to mature. Liquid assets include deposits with central banks, deposits with financial institutions, call and other short-term loans, marketable securities, precious metals and securities received as collateral from securities financing and derivative transactions. Liquid assets do not include liquidity which may be obtained from central bank facilities.

Marketable securities are securities traded in active markets, which can be converted to cash within a timeframe that is in accordance with the Bank's liquidity management framework. Assets are assessed considering a number of factors, including the expected time it would take to convert them to cash.

Marketable securities included in liquid assets are comprised of securities specifically held as a liquidity buffer or for asset/liability management purposes; trading securities, which are primarily held by Global Banking and Markets; and collateral received for securities financing and derivative transactions.

The Bank maintains large holdings of unencumbered liquid assets to support its operations. These assets generally can be sold or pledged to meet the Bank's obligations. As at January 31, 2017, unencumbered liquid assets were $184 billion (October 31, 2016 – $183 billion). Securities including NHA mortgage-backed securities, comprised 73% of liquid assets (October 31, 2016 – 74%). Other unencumbered liquid assets, comprising cash and deposits with central banks, deposits with financial institutions, precious metals and call and short loans, was 27% (October 31, 2016 – 26%).

The carrying values outlined in the liquid asset table are consistent with the carrying values in the Bank's Consolidated Statement of Financial Position as at January 31, 2017. The liquidity value of the portfolio will vary under different stress events as different assumptions are used for the stress scenarios.

The Bank's liquid asset pool is summarized in the following table:

	As at January 31, 2017						
				Encumbered liquid assets		**Unencumbered liquid assets**	
($ millions)	**Bank-owned liquid assets**	**Securities received as collateral from securities financing and derivative transactions**	**Total liquid assets**	**Pledged as collateral**	**Other[1]**	**Available as collateral**	**Other**
Cash and deposits with central banks	**$ 39,499**	**$ –**	**$ 39,499**	**$ –**	**$7,198**	**$ 32,301**	**$ –**
Deposits with financial institutions	**8,930**	**–**	**8,930**	**–**	**111**	**8,819**	**–**
Precious metals	**7,198**	**–**	**7,198**	**–**	**170**	**7,028**	**–**
Securities:							
Canadian government obligations	**44,932**	**10,362**	**55,294**	**30,871**	**–**	**24,423**	**–**
Foreign government obligations	**49,614**	**40,667**	**90,281**	**62,400**	**–**	**27,881**	**–**
Other securities	**63,928**	**62,724**	**126,652**	**75,634**	**–**	**51,018**	**–**
Loans							
NHA mortgage-backed securities[2]	**34,082**	**–**	**34,082**	**2,751**	**–**	**31,331**	**–**
Call and short loans	**1,522**	**–**	**1,522**	**–**	**–**	**1,522**	**–**
Total	**$249,705**	**$113,753**	**$363,458**	**$171,656**	**$7,479**	**$184,323**	**$ –**

	As at October 31, 2016						
				Encumbered liquid assets		Unencumbered liquid assets	
($ millions)	Bank-owned liquid assets	Securities received as collateral from securities financing and derivative transactions	Total liquid assets	Pledged as collateral	Other[1]	Available as collateral	Other
Cash and deposits with central banks	$ 35,396	$ –	$ 35,396	$ –	$7,917	$ 27,479	$ –
Deposits with financial institutions	10,948	–	10,948	–	196	10,752	–
Precious metals	8,442	–	8,442	–	115	8,327	–
Securities:							
Canadian government obligations	45,825	12,482	58,307	27,187	–	31,120	–
Foreign government obligations	50,761	36,822	87,583	58,680	–	28,903	–
Other securities	58,833	60,745	119,578	76,394	–	43,184	–
Loans							
NHA mortgage-backed securities[2]	33,072	–	33,072	1,993	–	31,079	–
Call and short loans	1,673	–	1,673	–	–	1,673	–
Total	$244,950	$110,049	$354,999	$164,254	$8,228	$182,517	$ –

(1) Assets which are restricted from being used to secure funding for legal or other reasons.
(2) These mortgage-backed securities, which are available-for-sale, are reported as residential mortgage loans on the balance sheet.

A summary of total unencumbered liquid assets held by the parent bank and its branches, and domestic and foreign subsidiaries, is presented below:

	As at	
($ millions)	**January 31 2017**	October 31 2016
Bank of Nova Scotia (Parent)	**$136,626**	$135,335
Bank domestic subsidiaries	**12,454**	13,871
Bank foreign subsidiaries	**35,243**	33,311
Total	**$184,323**	$182,517

The Bank's liquidity pool is held across major currencies, mostly comprised of Canadian and U.S. dollar holdings. As shown above, the vast majority (81%) of liquid assets are held by the Bank's corporate office, branches of the Bank, and Canadian subsidiaries of the Bank. To the extent a liquidity reserve held in a foreign subsidiary of the Bank is required for regulatory purposes, it is assumed to be unavailable to the rest of the Group. Other liquid assets held by a foreign subsidiary are assumed to be available only in limited circumstances. The Bank monitors and ensures compliance in relation to minimum levels of liquidity required and assets held within each entity, and/or jurisdiction.

Encumbered assets

In the course of the Bank's day-to-day activities, securities and other assets are pledged to secure an obligation, participate in clearing or settlement systems, or operate in a foreign jurisdiction. Securities may also be pledged under repurchase agreements. A summary of encumbered and unencumbered assets is presented below:

	As at January 31, 2017						
				Encumbered assets		Unencumbered assets	
($ millions)	Bank-owned assets	Securities received as collateral from securities financing and derivative transactions	Total assets	Pledged as collateral	Other[1]	Available as collateral[2]	Other[3]
Cash and deposits with central banks	$ 39,499	$ –	$ 39,499	$ –	$ 7,198	$ 32,301	$ –
Deposits with financial institutions	8,930	–	8,930	–	111	8,819	–
Precious metals	7,198	–	7,198	–	170	7,028	–
Liquid securities:							
Canadian government obligations	44,932	10,362	55,294	30,871	–	24,423	–
Foreign government obligations	49,614	40,667	90,281	62,400	–	27,881	–
Other liquid securities	63,928	62,724	126,652	75,634	–	51,018	–
Other securities	2,843	4,083	6,926	3,220	–	–	3,706
Loans classified as liquid assets:							
NHA mortgage-backed securities	34,082	–	34,082	2,751	–	31,331	–
Call and short loans	1,522	–	1,522	–	–	1,522	–
Other loans	458,413	–	458,413	5,546	58,954	11,976	381,937
Other financial assets[4]	149,231	(87,867)	61,364	3,820	–	–	57,544
Non-financial assets	26,800	–	26,800	–	–	–	26,800
Total	**$ 886,992**	**$ 29,969**	**$ 916,961**	**$ 184,242**	**$ 66,433**	**$ 196,299**	**$ 469,987**

	As at October 31, 2016						
				Encumbered assets		Unencumbered assets	
($ millions)	Bank-owned assets	Securities received as collateral from securities financing and derivative transactions	Total assets	Pledged as collateral	Other[1]	Available as collateral[2]	Other[3]
Cash and deposits with central banks	$ 35,396	$ –	$ 35,396	$ –	$ 7,917	$ 27,479	$ –
Deposits with financial institutions	10,948	–	10,948	–	196	10,752	–
Precious metals	8,442	–	8,442	–	115	8,327	–
Liquid securities:							
Canadian government obligations	45,825	12,482	58,307	27,187	–	31,120	–
Foreign government obligations	50,761	36,822	87,583	58,680	–	28,903	–
Other liquid securities	58,833	60,745	119,578	76,394	–	43,184	–
Other securities	5,007	4,149	9,156	3,615	–	–	5,541
Loans classified as liquid assets:							
NHA mortgage-backed securities	33,072	–	33,072	1,993	–	31,079	–
Call and short loans	1,673	–	1,673	–	–	1,673	–
Other loans	464,840	–	464,840	5,934	60,311	11,596	386,999
Other financial assets[4]	151,916	(84,399)	67,517	5,316	–	–	62,201
Non-financial assets	29,553	–	29,553	–	–	–	29,553
Total	$896,266	$ 29,799	$926,065	$179,119	$68,539	$194,113	$484,294

(1) *Assets which are restricted from being used to secure funding for legal or other reasons.*
(2) *Assets that are readily available in the normal course of business to secure funding or meet collateral needs including central bank borrowing immediately available.*
(3) *Other unencumbered assets are not subject to any restrictions on their use to secure funding or as collateral but the Bank would not consider them to be readily available. These include loans, a portion of which may be used to access central bank facilities outside of the normal course or to raise secured funding through the Bank's secured funding programs.*
(4) *Securities received as collateral against other financial assets are included within liquid securities and other securities.*

As of January 31, 2017, total encumbered assets of the Bank were $251 billion (October 31, 2016 – $248 billion). Of the remaining $666 billion (October 31, 2016 – $678 billion) of unencumbered assets, $196 billion (October 31, 2016 – $194 billion) are considered readily available in the normal course of business to secure funding or meet collateral needs as detailed above.

In some over-the-counter derivative contracts, the Bank would be required to post additional collateral or receive less collateral in the event its credit rating was downgraded. The Bank maintains access to sufficient collateral to meet these obligations in the event of a downgrade of its ratings by one or more of the rating agencies. As at January 31, 2017 the potential adverse impact on derivatives collateral that would result from a one-notch or two-notch downgrade of the Bank's rating below its lowest current rating, was $108 million or $285 million, respectively.

Encumbered liquid assets are not considered to be available for liquidity management purposes. Liquid assets which are used to hedge derivative positions in trading books or for hedging purposes are considered to be available for liquidity management provided they meet the criteria discussed in liquid assets above.

Liquidity coverage ratio

The Liquidity Coverage Ratio measure (LCR) is based on a 30-day liquidity stress scenario, with assumptions defined in the OSFI Liquidity Adequacy Requirements (LAR) Guideline. The LCR is calculated as the ratio of high quality liquid assets (HQLA) to net cash outflows. The Bank is subject to a regulatory minimum LCR of 100%.

HQLA are defined in the LAR Guideline, and are grouped into three main categories, with varying haircuts applied to arrive at the amount included in the total weighted value in the table that follows.

The total weighted values for net cash outflows for the next 30 days are derived by applying the assumptions specified in the LAR Guideline to specific items, including loans, deposits, maturing debt, derivative transactions and commitments to extend credit.

The following table presents the Bank's LCR for the quarter ended January 31, 2017, based on the average of end of day positions of the 62 business days in the quarter.

For the quarter ended January 31, 2017 *($ millions)*	Total unweighted value (Average)(1)	Total weighted value (Average)(2)
High-quality liquid assets		
Total high-quality liquid assets (HQLA)	*	**$125,053**
Cash outflows		
Retail deposits and deposits from small business customers, of which:	$163,369	$ 11,137
Stable deposits	76,568	2,457
Less stable deposits	86,801	8,680
Unsecured wholesale funding, of which:	155,285	80,911
Operational deposits (all counterparties) and deposits in networks of cooperative banks	36,595	8,822
Non-operational deposits (all counterparties)	97,368	50,767
Unsecured debt	21,322	21,322
Secured wholesale funding	*	32,498
Additional requirements, of which:	178,755	43,903
Outflows related to derivative exposures and other collateral requirements	27,941	19,247
Outflows related to loss of funding on debt products	6,243	6,243
Credit and liquidity facilities	144,571	18,413
Other contractual funding obligations	3,170	1,545
Other contingent funding obligations(3)	436,415	7,165
Total cash outflows	**$ ***	**$177,159**
Cash inflows		
Secured lending (e.g. reverse repos)	$119,594	$ 27,682
Inflows from fully performing exposures	22,503	13,994
Other cash inflows	40,692	40,692
Total cash inflows	**$182,789**	**$ 82,368**
		Total adjusted value(4)
Total HQLA	*	**$125,053**
Total net cash outflows	*	**$ 94,791**
Liquidity coverage ratio (%)	*	**132%**

For the quarter ended October 31, 2016 *($ millions)*(5)		Total adjusted value(4)
Total HQLA	*	$136,401
Total net cash outflows	*	$107,822
Liquidity coverage ratio (%)	*	127%

* *Disclosure is not required under regulatory guideline.*
(1) *Unweighted values represent outstanding balances maturing or callable within the next 30 days.*
(2) *Weighted values represent balances calculated after the application of HQLA haircuts or inflow and outflow rates, as prescribed by the OSFI LAR guidelines.*
(3) *Total unweighted values includes uncommitted credit and liquidity facilities, guarantees and letters of credit, outstanding debt securities with remaining maturity greater than 30 days, and other contractual cash outflows.*
(4) *Total adjusted value represents balances calculated after the application of both haircuts and inflow and outflow rates and any applicable caps.*
(5) *Based on the average of end of month positions for August, September and October 2016. Reporting of LCR using daily average effective Q1 2017.*

HQLA is substantially comprised of Level 1 assets (as defined in the LAR guideline), such as cash, deposits with central banks, central bank reserves available to the Bank in times of stress and securities with a 0% risk weight, as defined under OSFI Capital Adequacy guidelines.

The increase in the Bank's average LCR for the quarter ended January 31, 2017 versus the average of the previous quarter was attributable to normal business activity.

The Bank's significant operating currencies are Canadian and U.S. dollars. The Bank monitors its significant currency exposures in accordance with its liquidity risk management framework and risk appetite.

Funding

The Bank ensures that its funding sources are well diversified. Funding concentrations are regularly monitored and analyzed by type. The sources of funding are capital, deposits from retail and commercial clients sourced through the Canadian and international branch network, deposits from financial institutions as well as wholesale debt issuances.

Capital and personal deposits are key components of the Bank's core funding and these amounted to $266 billion as at January 31, 2017, unchanged since October 31, 2016, as internal capital generation was substantially offset by repurchases of common shares and redemptions of preferred shares. A portion of commercial deposits, particularly those of an operating or relationship nature, would be considered part of the Bank's core funding. Furthermore, core funding is augmented by longer-term wholesale debt issuances (original maturity over 1 year) of $134 billion (October 31, 2016 – $141 billion). Longer-term wholesale debt issuances include medium-term notes, deposit notes, mortgage securitizations, asset-backed securities and covered bonds.

The Bank operates in many different currencies and countries. From a funding perspective, the most significant currencies are Canadian and U.S. dollars. With respect to the Bank's operations outside Canada, there are different funding strategies depending on the nature of the activities in a country. For those countries where the Bank operates a branch banking subsidiary, the strategy is for the subsidiary to be substantially self-funding in its local market. For other subsidiaries or branches outside Canada where local deposit gathering capability is not sufficient, funding is provided through the wholesale funding activities of the Bank.

From an overall funding perspective the Bank's objective is to achieve an appropriate balance between the cost and the stability of funding. Diversification of funding sources is a key element of the funding strategy.

The Bank's wholesale debt diversification strategy is primarily executed via the Bank's main wholesale funding centres, located in Toronto, New York, London and Singapore. The majority of these funds are sourced in Canadian and U.S. dollars. Where required, these funds are swapped to fund assets in different currencies. The funding strategy deployed by wholesale funding centres and the management of associated risks, such as geographic and currency risk, is managed centrally within the framework of policies and limits that are approved by the Board of Directors.

In the normal course, the Bank uses a mix of unsecured and secured wholesale funding instruments across a variety of markets. The choice of instruments and markets is based on a number of factors, including relative cost and market capacity as well as an objective of maintaining a diversified mix of funding sources. Market conditions can change over time, impacting cost and capacity in particular markets or instruments. Changing market conditions can include periods of stress where the availability of funding in particular markets or instruments is constrained. In these circumstances, the Bank would increase its focus on sources of funding in functioning markets and secured funding instruments. Should a period of extreme stress exist such that all wholesale funding sources are constrained, the Bank maintains a pool of liquid assets to mitigate its liquidity risk. This pool includes cash, deposits with central banks and securities.

In Canada, the Bank raises short- and longer-term wholesale debt through the issuance of senior unsecured deposit notes. Additional longer-term wholesale debt may be generated through the Bank's Canadian Debt and Equity Shelf, the securitization of Canadian insured residential mortgages through CMHC securitization programs (such as Canada Mortgage Bonds), uninsured residential mortgages through the Bank's Covered Bond Program, unsecured personal lines of credit through the Hollis Receivables Term Trust II Shelf and retail credit card receivables through the Trillium Credit Card Trust II Shelf. While the Bank includes CMHC securitization programs in its view of wholesale debt issuance, this source of funding does not entail the run-off risk that can be experienced in funding raised from capital markets.

Outside of Canada, short-term wholesale debt is raised through the issuance of negotiable certificates of deposit in the United States, Hong Kong and Australia and the issuance of commercial paper in the United States. The Bank operates longer-term wholesale debt issuance registered programs in the United States, such as its SEC Registered Debt and Equity Shelf and non-registered programs, such as the securitization of retail indirect auto loan receivables through the Securitized Term Auto Receivables Trust program and the securitization of retail credit card receivables through the Trillium Credit Card Trust II program. The Bank's Covered Bond Program is listed with the U.K. Listing Authority, and the Bank may issue under the program in Europe, the United States, Australia and Switzerland. The Bank also raises longer-term funding across a variety of currencies through its Australian Medium Term Note Programme, European Medium Term Note Programme and Singapore Medium Term Note Programme. The Bank's European Medium Term Note Programme is listed with the U.K. Listing Authority, Swiss Stock Exchange and the Tokyo Pro-Bond Market. The Bank's Singapore Medium Term Note Programme is listed with the Singapore Exchange and the Taiwan Exchange.

The table below provides the remaining contractual maturities of funding raised through wholesale funding sources. In the Consolidated Statement of Financial Position, these liabilities are primarily included in Business and Government Deposits.

Wholesale funding sources[(1)]

	As at January 31, 2017									
($ millions)	**Less than 1 month**	**1-3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**Sub-Total ≤ 1 Year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Deposit by banks[(2)]	**$ 3,179**	**$ 326**	**$ 226**	**$ 37**	**$ 197**	**$ 3,965**	**$ 180**	**$ 147**	**$ –**	**$ 4,292**
Bearer deposit notes, commercial paper and certificate of deposits	**10,183**	**18,291**	**20,143**	**12,784**	**5,592**	**66,993**	**3,083**	**620**	**–**	**70,696**
Asset-backed commercial paper[(3)]	**2,438**	**4,914**	**1,616**	**–**	**–**	**8,968**	**–**	**–**	**–**	**8,968**
Medium term notes and deposit notes	**1,999**	**2,502**	**3,626**	**3,875**	**3,810**	**15,812**	**20,595**	**31,078**	**9,132**	**76,617**
Asset-backed securities	**–**	**12**	**17**	**75**	**2**	**106**	**1,406**	**1,311**	**367**	**3,190**
Covered bonds	**–**	**2,626**	**–**	**–**	**2,657**	**5,283**	**3,430**	**17,506**	**1,318**	**27,537**
Mortgage securitization[(4)]	**–**	**663**	**950**	**1,047**	**569**	**3,229**	**2,300**	**7,418**	**3,889**	**16,836**
Subordinated debt[(5)]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**125**	**8,617**	**8,742**
Total wholesale funding sources	**$ 17,799**	**$ 29,334**	**$ 26,578**	**$ 17,818**	**$ 12,827**	**$ 104,356**	**$ 30,994**	**$ 58,205**	**$ 23,323**	**$ 216,878**
Of Which:										
Unsecured funding	**$ 15,361**	**$ 21,119**	**$ 23,995**	**$ 16,696**	**$ 9,599**	**$ 86,770**	**$ 23,858**	**$ 31,970**	**$ 17,749**	**$ 160,347**
Secured funding	**2,438**	**8,215**	**2,583**	**1,122**	**3,228**	**17,586**	**7,136**	**26,235**	**5,574**	**56,531**

	As at October 31, 2016									
($ millions)	Less than 1 month	1-3 months	3-6 months	6-9 months	9-12 months	Sub-Total ≤ 1 Year	1-2 years	2-5 years	>5 years	Total
Deposit by banks[(2)]	$ 2,958	$ 571	$ 187	$ 148	$ 31	$ 3,895	$ 103	$ 149	$ –	$ 4,147
Bearer deposit notes, commercial paper and certificate of deposits	11,434	16,838	25,324	8,181	7,357	69,134	3,151	333	–	72,618
Asset-backed commercial paper[(3)]	2,625	3,978	1,906	–	–	8,509	–	–	–	8,509
Medium term notes and deposit notes	1,573	5,700	4,576	3,681	3,962	19,492	21,935	31,195	7,576	80,198
Asset-backed securities	–	451	25	26	189	691	1,218	1,555	417	3,881
Covered bonds	–	3,353	2,707	–	–	6,060	3,413	19,160	1,381	30,014
Mortgage securitization[(4)]	–	1,376	663	950	1,063	4,052	2,102	7,834	3,782	17,770
Subordinated debt[(5)]	22	30	62	1	3	118	–	109	8,767	8,994
Total wholesale funding sources	$ 18,612	$ 32,297	$ 35,450	$ 12,987	$ 12,605	$ 111,951	$ 31,922	$ 60,335	$ 21,923	$ 226,131
Of Which:										
Unsecured funding	$ 15,987	$ 23,139	$ 30,149	$ 12,011	$ 11,353	$ 92,639	$ 25,189	$ 31,786	$ 16,343	$ 165,957
Secured funding	2,625	9,158	5,301	976	1,252	19,312	6,733	28,549	5,580	60,174

(1) *Wholesale funding sources exclude repo transactions and bankers acceptances, which are disclosed in the contractual maturities table below. Amounts are based on remaining term to maturity.*
(2) *Only includes commercial bank deposits raised by Group Treasury.*
(3) *Wholesale funding sources also exclude asset-backed commercial paper (ABCP) issued by certain ABCP conduits that are not consolidated for financial reporting purposes.*
(4) *Represents residential mortgages funded through Canadian Federal Government agency sponsored programs. Funding accessed through such programs does not impact the funding capacity of the Bank in its own name.*
(5) *Although subordinated debentures are a component of regulatory capital, they are included in this table in accordance with EDTF recommended disclosures.*

Wholesale funding generally bears a higher risk of run-off in a stressed environment than other sources of funding. The Bank mitigates this risk through funding diversification, ongoing engagement with investors and by maintaining a large holding of unencumbered liquid assets. Unencumbered liquid assets of $184 billion as at January 31, 2017 (October 31, 2016 – $183 billion) were well in excess of wholesale funding sources which mature in the next 12 months.

Contractual maturities

The table below provides the maturity of assets and liabilities as well as the off-balance sheet commitments as at January 31, 2017, based on the contractual maturity date. From a liquidity risk perspective the Bank considers factors other than contractual maturity in the assessment of liquid assets or in determining expected future cash flows. In particular, for securities with a fixed maturity date, the ability and time horizon to raise cash from these securities is more relevant to liquidity management than contractual maturity. For other assets and deposits the Bank uses assumptions about rollover rates to assess liquidity risk for normal course and stress scenarios. Similarly, the Bank uses assumptions to assess the potential drawdown of credit commitments in various scenarios.

	As at January 31, 2017									
($ millions)	Less than one month	One to three months	Three to six months	Six to nine months	Nine to twelve months	One to two years	Two to five years	Over five years	No specific maturity	Total
Assets										
Cash and deposits with financial institutions and precious metals	$ 38,870	$ 1,107	$ 245	$ 118	$ 689	$ 365	$ 497	$ 80	$ 13,656	$ 55,627
Trading assets	6,055	6,125	3,276	1,823	4,068	4,585	15,043	20,176	45,367	106,518
Financial instruments designated at fair value through profit or loss	–	–	–	221	–	–	15	–	–	236
Securities purchased under resale agreements and securities borrowed	74,771	17,172	4,052	606	716	10	–	–	–	97,327
Derivative financial instruments	2,179	2,373	1,742	1,384	1,763	3,096	7,859	14,567	–	34,963
Investment securities – available-for-sale	2,485	5,041	4,791	1,459	1,385	8,166	20,095	5,363	2,426	51,211
Investment securities – held-to-maturity	870	261	491	990	1,812	4,161	12,637	288	–	21,510
Loans	23,518	24,069	26,206	23,468	25,576	81,810	191,067	30,648	50,991	477,353
Residential mortgages	2,506	5,102	10,643	10,633	8,456	48,540	117,064	19,462	1,679[1]	224,085
Personal and credit cards	3,839	1,951	3,277	2,840	3,048	10,407	19,504	4,856	48,488	98,210
Business and government	17,173	17,016	12,286	9,995	14,072	22,863	54,499	6,330	5,332[2]	159,566
Allowance for credit losses	–	–	–	–	–	–	–	–	(4,508)	(4,508)
Customers' liabilities under acceptances	8,998	1,976	129	6	76	–	–	–	–	11,185
Other assets	–	–	–	–	–	–	–	–	31,062	31,062
Total assets	$157,746	$58,124	$40,932	$30,075	$36,085	$102,193	$247,213	$71,122	$143,502	$886,992
Liabilities and equity										
Deposits	$ 56,823	$53,892	$44,014	$27,784	$25,173	$ 49,847	$ 71,932	$14,268	$260,965	$604,698
Personal	6,875	6,822	8,263	6,325	8,691	15,362	14,747	645	131,415	199,145
Non-personal	49,948	47,070	35,751	21,459	16,482	34,485	57,185	13,623	129,550	405,553
Financial instruments designated at fair value through profit or loss	–	–	–	2	2	107	1,200	370	–	1,681
Acceptances	8,998	1,976	129	6	76	–	–	–	–	11,185
Obligations related to securities sold short	70	293	436	79	28	2,372	6,758	10,368	5,977	26,381
Derivative financial instruments	2,164	2,879	1,801	1,400	2,112	3,673	9,362	15,866	–	39,257
Obligations related to securities sold under repurchase agreements and securities lent	89,644	5,254	3,646	2,281	12	–	–	–	–	100,837
Subordinated debentures	–	–	–	–	–	–	–	7,507	–	7,507
Other liabilities	1,099	806	603	368	128	1,601	2,269	3,818	26,922	37,614
Total equity	–	–	–	–	–	–	–	–	57,832	57,832
Total liabilities and equity	$158,798	$65,100	$50,629	$31,920	$27,531	$ 57,600	$ 91,521	$52,197	$351,696	$886,992
Off-balance sheet commitments										
Operating leases	$ 29	$ 60	$ 87	$ 86	$ 83	$ 291	$ 633	$ 516	$ –	$ 1,785
Credit commitments[3]	4,548	8,700	15,559	16,048	15,426	18,020	85,792	12,461	–	176,554
Financial guarantees[4]	–	–	–	–	–	–	–	–	35,082	35,082
Outsourcing obligations	18	36	50	49	50	165	108	–	1	477

(1) Includes primarily impaired mortgages.
(2) Includes primarily overdrafts and impaired loans.
(3) Includes the undrawn component of committed credit and liquidity facilities.
(4) Includes outstanding balances of guarantees, standby letters of credit and commercial letters of credit which may expire undrawn.

	As at October 31, 2016									
($ millions)	Less than one month	One to three months	Three to six months	Six to nine months	Nine to twelve months	One to two years	Two to five years	Over five years	No specific maturity	Total
Assets										
Cash and deposits with financial institutions and precious metals	$ 37,703	$ 1,071	$ 320	$ 237	$ 1,198	$ 932	$ 537	$ 38	$ 12,750	$ 54,786
Trading assets	8,579	7,984	2,485	2,754	2,762	4,683	17,149	20,109	42,056	108,561
Financial instruments designated at fair value through profit or loss	–	–	–	–	205	–	16	–	–	221
Securities purchased under resale agreements and securities borrowed	70,343	13,250	6,156	1,541	839	–	–	–	–	92,129
Derivative financial instruments	2,311	3,041	1,210	1,218	900	3,694	9,986	19,297	–	41,657
Investment securities – available-for-sale	1,933	4,088	3,265	2,641	1,301	5,666	23,587	5,945	2,083	50,509
Investment securities – held-to-maturity	207	439	1,162	522	1,003	4,347	14,434	296	–	22,410
Loans	23,431	24,057	26,091	25,375	26,331	81,473	190,391	31,851	51,164	480,164
Residential mortgages	3,382	5,485	8,771	12,693	10,796	48,038	112,675	19,265	1,783[(1)]	222,888
Personal and credit cards	2,790	2,484	2,902	3,154	2,777	10,277	20,914	5,813	48,391	99,502
Business and government	17,259	16,088	14,418	9,528	12,758	23,158	56,802	6,773	5,616[(2)]	162,400
Allowance for credit losses	–	–	–	–	–	–	–	–	(4,626)	(4,626)
Customers' liabilities under acceptances	9,899	1,816	248	9	6	–	–	–	–	11,978
Other assets	–	–	–	–	–	–	–	–	33,851	33,851
Total assets	$154,406	$55,746	$40,937	$34,297	$34,545	$100,795	$256,100	$77,536	$141,904	$896,266
Liabilities and equity										
Deposits	$ 55,066	$59,091	$55,977	$24,792	$22,794	$ 50,504	$ 75,096	$13,125	$255,432	$611,877
Personal	6,944	8,892	9,131	7,392	6,501	15,206	16,317	549	128,370	199,302
Non-personal	48,122	50,199	46,846	17,400	16,293	35,298	58,779	12,576	127,062	412,575
Financial instruments designated at fair value through profit or loss	–	4	–	–	3	110	1,038	304	–	1,459
Acceptances	9,899	1,816	248	9	6	–	–	–	–	11,978
Obligations related to securities sold short	80	200	388	897	22	2,755	4,544	9,039	5,387	23,312
Derivative financial instruments	1,711	2,237	1,399	1,399	1,035	4,267	10,473	19,866	–	42,387
Obligations related to securities sold under repurchase agreements and securities lent	87,130	7,050	215	335	2,352	1	–	–	–	97,083
Subordinated debentures	–	–	–	–	–	–	–	7,633	–	7,633
Other liabilities	568	819	591	316	550	1,434	2,432	4,094	31,912	42,716
Total equity	–	–	–	–	–	–	–	–	57,821	57,821
Total liabilities and equity	$154,454	$71,217	$58,818	$27,748	$26,762	$ 59,071	$ 93,583	$54,061	$350,552	$896,266
Off-balance sheet commitments										
Operating leases	$ 28	$ 60	$ 88	$ 85	$ 83	$ 291	$ 631	$ 536	$ –	$ 1,802
Credit commitments[(3)]	5,081	5,170	12,498	15,381	20,870	15,723	93,842	5,680	–	174,245
Financial guarantees[(4)]	–	–	–	–	–	–	–	–	35,297	35,297
Outsourcing obligations	17	35	50	49	49	197	114	–	1	512

(1) Includes primarily impaired mortgages.
(2) Includes primarily overdrafts and impaired loans.
(3) Includes the undrawn component of committed credit and liquidity facilities.
(4) Includes outstanding balances of guarantees, standby letters of credit and commercial letters of credit which may expire undrawn.

Credit ratings

Credit ratings are one of the factors that affect the Bank's access to capital markets and borrowing costs, as well as the terms on which the Bank can conduct derivatives and hedging transactions and obtain related borrowings. The credit ratings and outlook that the rating agencies assign to the Bank are based on their own views and methodologies.

There have been no changes made to the Bank's credit ratings during the quarter. The Bank continues to have strong credit ratings and is rated AA by DBRS, Aa3 by Moody's, AA- by Fitch and A+ by Standard and Poor's (S&P). Fitch and S&P have a stable outlook on the Bank. Meanwhile, DBRS and Moody's continue to maintain their negative outlook for all Canadian banks citing the uncertainty around the federal government's proposed new bail-in regime for senior unsecured debt, to reflect the greater likelihood that such debt may incur losses in the unlikely event of a distress scenario.

Financial position

The Bank's total assets as at January 31, 2017 were $887 billion, down $9 billion or 1% from October 31, 2016. Adjusting for the impact of foreign currency translation, total assets were up $6 billion.

Cash and deposits with financial institutions increased $2 billion due primarily to higher balances with the U.S. Federal Reserve. Securities purchased under resale agreements and securities borrowed increased $5 billion.

Trading assets decreased $2 billion or 2% from October 31, 2016, due primarily to a decrease in trading loans and the negative impact of foreign currency translation, partially offset by an increase in trading securities.

Investment securities were unchanged from October 31, 2016. Adjusting for the impact of foreign currency translation, investment securities increased $2 billion. As of January 31, 2017, the unrealized gain on available-for-sale securities, after the impact of qualifying hedges, decreased $67 million to an unrealized loss of $41 million due mainly to decline in the fair value of U.S. government bonds reflecting the impact of higher interest rates, as well as realized gains in the quarter.

Loans decreased $3 billion or 1% from October 31, 2016. Adjusting for the impact of foreign currency translation, loans increased $3 billion. Residential mortgages increased $2 billion, mainly in Canada and Latin America. Business and government loans were up $1 billion.

Derivative instrument assets decreased $7 billion due primarily to lower mark-to-market amounts related to foreign exchange contracts. Other assets decreased $2 billion due primarily to lower derivative margin requirements.

Total liabilities were $829 billion as at January 31, 2017, down $9 billion or 1% from October 31, 2016. Adjusting for the impact of foreign currency translation, total liabilities were up $6 billion.

Total deposits decreased $7 billion. Adjusting for the impact of foreign currency translation, total deposits increased $3 billion. Personal deposits grew by $1 billion mainly in Canada and Latin America and deposits by financial institutions increased by $2 billion mainly in Canada.

Obligations related to securities sold short increased by $3 billion. Obligations related to securities sold under repurchase agreements and securities lent increased by $4 billion, or $6 billion after adjusting for the impact of foreign currency translation. These increases were mostly in line with higher trading securities and securities purchased under resale agreements. Derivative instrument liabilities decreased by $3 billion due primarily to smaller commodity positions as well as mark-to-market fluctuations. Other liabilities decreased $5 billion due primarily to a reduction in gold and silver certificates.

Total shareholders' equity increased $11 million from October 31, 2016. This increase was driven by current year earnings of $2,009 million reduced by dividends paid of $934 million, redemption of preferred shares of $345 million, other comprehensive loss of $669 million, due primarily to reduction in unrealized foreign currency translation gains on the Bank's investments in its foreign operations. Partly offsetting was a decrease in the net pension obligation from a higher rate environment.

Capital management

We continue to manage our capital in accordance with the capital management framework as described on pages 31 to 42 of the Bank's 2016 Annual Report. In addition, we continue to monitor and prepare for new regulatory capital developments to ensure compliance with these requirements.

Regulatory capital requirements under Basel III

Effective this quarter, the following new OSFI requirements were implemented that did not have a material impact to the Bank's capital ratios:

- *Capital requirements for uninsured loans secured by residential real estate* - The new requirements for loss given default (LGD) capital models under the Advanced Internal Ratings Based (AIRB) Approach introduced a risk-sensitive floor which is tied to increases in local property prices and/or to house prices that are high relative to borrower income. The changes apply to new originations, refinances and renewals of all uninsured real estate secured products on a go-forward basis.
- *Incorporation of the Basel Committee on Banking Supervision's international countercyclical buffer (CCyB) requirements* - At present, only three international jurisdictions apply a CCyB. The Bank's exposures within these three jurisdictions are not material.
- *The Advanced Measurement Approach (AMA) model for operational risk, risk-weighted assets (RWA)* - Under AMA, regulatory capital measurement more directly reflects the Bank's operational risk environment through the use of a loss distribution approach model which uses internal loss events, external loss events, scenario analysis and other adjustments to arrive at a final operational risk regulatory capital calculation.

Capital ratios

The Bank's various regulatory capital measures consist of the following:

	As at	
	January 31 2017	October 31 2016
($ millions)	**All-in**	All-in
Common Equity Tier 1 capital	**$ 40,540**	$ 39,989
Tier 1 capital	**45,247**	45,066
Total regulatory capital	**53,400**	53,330
CET1 risk-weighted assets(1)	**$ 359,611**	$ 364,048
Tier 1 risk-weighted assets(1)	**359,942**	364,504
Total risk-weighted assets(1)	**360,208**	364,894
Capital ratios (%):		
Common Equity Tier 1 capital	**11.3**	11.0
Tier 1 capital ratio	**12.6**	12.4
Total capital ratio	**14.8**	14.6
Leverage:		
Leverage exposures	**$1,005,757**	$1,010,987
Leverage ratio (%)	**4.5**	4.5

(1) *CVA risk-weighted assets were calculated using scalars of 0.72, 0.77 and 0.81 to compute CET1, Tier1 and Total capital ratios, respectively, in 2017 (October 31, 2016 – scalars of 0.64, 0.71 and 0.77).*

The Bank continues to maintain a strong capital position. The Bank's Common Equity Tier 1 capital ratio of 11.3% increased 30 basis points from last quarter, due mainly to strong internal capital generation, prudent management of asset growth and the favourable impact of higher pension liability discount rates and higher pension plan asset returns.

As at January 31, 2017, the CET1, Tier 1, Total capital and Leverage ratios were well above Basel III all-in minimum requirements.

Changes in regulatory capital

The Bank's Common Equity Tier 1 capital was $40.5 billion, as at January 31, 2017, an increase of approximately $0.5 billion during the quarter, primarily from internal capital generation of $1.0 billion, partly offset by lower accumulated other comprehensive income of $0.5 billion, excluding the impact from cash flow hedges.

The Bank's Tier 1 and Total capital ratios also benefited from the above changes, partly offset by the $345 million redemption of non-qualifying preferred shares which do not contain Basel III non-viability contingent capital (NVCC) provisions and the additional 10% phase-out of non-qualifying preferred shares.

Risk-weighted assets

CET1 risk-weighted assets (RWA) decreased by $4.4 billion or 1.2% during the quarter to $359.6 billion, primarily due to the impact of a stronger Canadian dollar, partly offset by higher credit and operational risk RWA.

Global Systemically Important Bank (G-SIB) Disclosures

In 2013, the Basel Committee on Banking Supervision (BCBS), in conjunction with the Financial Stability Board (FSB), issued "Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement" which assesses the systemic importance of banks to the global financial system and wider economy. Banks with Basel III leverage exposures in excess of EUR 200 billion or those classified as a G-SIB in the past year are required to participate in the annual survey.

The G-SIB indicators as defined by the BCBS are intended to reflect the size of banks, their interconnectedness, the amount of financial institution infrastructure they provide, their cross-jurisdictional activity and their complexity. As a result, the G-SIB indicators provided below are calculated based on specific instructions issued by the BCBS and may not be directly comparable against other disclosed information.

According to the most recent assessment by the FSB communicated in November 2016, the Bank is not considered to be a G-SIB based on October 31, 2015, indicators. However, the Bank is required to disclose the values of its indicators in accordance with the "Global systemically important banks – Public disclosure requirements" as revised by OSFI in 2015. The disclosures below are presented as of October 31, 2016 and October 31, 2015.

As at and for the year ended October 31 *($ millions)*[1]

Category[2]	**Indicator**[2]	**2016**	2015
Cross-jurisdictional activity	Cross-jurisdictional claims	**$ 374,813**	$ 377,002
	Cross-jurisdictional liabilities	**302,569**	296,266
Size	Total exposures as defined for use in the Basel III leverage ratio	**1,023,953**	992,591
Interconnectedness	Intra-financial system assets	**104,838**	134,859
	Intra-financial system liabilities	**65,522**	62,395
	Securities outstanding	**278,032**	264,446
Substitutability/financial institution infrastructure	Payments activity	**14,609,548**	13,645,943
	Assets under custody	**267,669**	262,976
	Underwritten transactions in debt and equity markets	**55,247**	51,001
Complexity	Notional amount of over-the-counter derivatives	**3,666,271**	4,646,428
	Trading and available-for-sale securities	**42,980**	43,938
	Level 3 assets	**2,246**	3,190

(1) Disclosures are based on the regulatory definition of consolidation.
(2) As defined by the BCBS publication "Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement" (July 2013).

Changes in G-SIB Indicators

During 2016, notional amounts for over-the-counter derivatives decreased mainly due to lower volumes in interest rate contracts. Payment activity increased mainly due to higher volumes of Euro dollar and British pound payments. Other year-over-year movements primarily reflect changes in business activity and from foreign currency translation.

Normal Course Issuer Bid

On May 31, 2016, the Bank announced that OSFI and the Toronto Stock Exchange (TSX) approved a normal course issuer bid (NCIB) pursuant to which it may repurchase for cancellation up to 12 million of the Bank's common shares. Purchases under the NCIB will terminate upon the earlier of: (i) the Bank purchasing the maximum number of common shares under the NCIB, (ii) the Bank providing a notice of termination, or (iii) June 1, 2017. On a quarterly basis, the Bank will consult with OSFI prior to making purchases.

During the quarter ended January 31, 2017, the Bank repurchased and cancelled 2 million common shares as part of the NCIB at a price of $68.95 per share for a total amount of approximately $138 million, all pursuant to a private agreement with an arm's length third-party seller which shares were purchased at a discount to the prevailing market price of its common shares on the TSX at the time of the purchase. The intention to repurchase common shares pursuant to a private agreement (for up to 3 million common shares) was previously announced on January 6, 2017. No other purchases have been made under the NCIB since its inception (June 2, 2016).

Common dividend

The Board of Directors, at its meeting on February 27, 2017, approved a dividend of 76 cents per share, an increase of 2 cents per share. This quarterly dividend is payable to shareholders of record as of April 4, 2017 on April 26, 2017.

Financial instruments

Given the nature of the Bank's main business activities, financial instruments make up a substantial portion of the balance sheet and are integral to the Bank's business. There are various measures that reflect the level of risk associated with the Bank's portfolio of financial instruments. Further discussion of some of these risk measures is included in the Risk Management section on page 6. The methods of determining the fair value of financial instruments are detailed on page 153 of the Bank's 2016 Annual Report.

Management's judgment on valuation inputs is necessary when observable market data is not available, and in the selection of appropriate valuation models. Uncertainty in these estimates and judgments can affect fair value and financial results recorded. During the quarter, changes in the fair value of financial instruments generally arose from normal economic, industry and market conditions.

Many financial instruments are traded products such as derivatives, and are generally transacted under industry standard International Swaps and Derivatives Association (ISDA) master netting agreements with counterparties, which allow for a single net settlement of all transactions covered by that agreement in the event of a default or early termination of the transactions. ISDA agreements are frequently accompanied by an ISDA Credit Support Annex (CSA), the terms of which may vary according to each party's view of the other party's creditworthiness. CSAs can require one party to post initial margin at the onset of each transaction. CSAs also allow for variation margin to be called if total uncollateralized mark-to-market exposure exceeds an agreed upon threshold. Such variation margin provisions can be one-way (only one party will ever post collateral) or bi-lateral (either party may post depending upon which party is in-the-money). The CSA will also detail the types of collateral that are acceptable to each party, and the haircuts that will be applied against each collateral type. The terms of the ISDA master netting agreements and CSAs are taken into consideration in the calculation of counterparty credit risk exposure (see also page 73 of the Bank's 2016 Annual Report).

Total derivative notional amounts were $3,758 billion as at January 31, 2017, compared to $3,895 billion as at October 31, 2016. The quarterly change was primarily due to the impact of foreign currency translation and a decline in the volume of interest rate contracts, partially offset by an increase in volume of commodities and equity derivatives. The total notional amount of over-the-counter derivatives was $3,505 billion (October 31, 2016 – $3,666 billion), of which $1,972 billion were settled through central counterparties as at January 31, 2017 (October 31, 2016 – $2,110 billion). The credit equivalent amount, after taking master netting arrangements into account, was $32.8 billion, compared to $33.4 billion at October 31, 2016. The decrease was largely due to the impact of foreign currency translation, partially offset by an overall increase in volume.

Selected credit instruments

A complete discussion of selected credit instruments which markets regarded as higher risk during the financial crisis was provided on page 46 of the Bank's 2016 Annual Report. The Bank's net exposures have substantially remained unchanged from year end.

Off-balance sheet arrangements

In the normal course of business, the Bank enters into contractual arrangements that are either consolidated or not required to be consolidated in its financial statements, but could have a current or future impact on the Bank's financial performance or financial condition. These arrangements can be classified into the following categories: structured entities, securitizations and guarantees and other commitments.

No material contractual obligations were entered into this quarter by the Bank with the structured entities that are not in the ordinary course of business. Processes for review and approval of these contractual arrangements are unchanged from last year.

For a complete discussion of these types of arrangements, please refer to pages 42 to 44 of the Bank's 2016 Annual Report.

Structured entities

The Bank sponsors two Canadian multi-seller conduits that are not consolidated. These multi-seller conduits purchase high-quality financial assets and finance these assets through the issuance of highly rated commercial paper.

Although the Bank has power over the relevant activities of the conduits, it has limited exposure to variability in returns, which results in the Bank not consolidating the two Canadian conduits.

A significant portion of the conduits' assets have been structured to receive credit enhancements from the sellers, including overcollateralization protection and cash reserve accounts. Each asset purchased by the conduits is supported by a backstop liquidity facility provided by the Bank in the form of a liquidity asset purchase agreement (LAPA). The primary purpose of the backstop liquidity facility is to provide an alternative source of financing in the event the conduits are unable to access the commercial paper market. Under the terms of the LAPA, in most cases, the Bank is not obliged to purchase defaulted assets.

The Bank's primary exposure to the Canadian-based conduits is the liquidity support provided, with total liquidity facilities of $5.9 billion as at January 31, 2017 (October 31, 2016 – $5.8 billion). As at January 31, 2017, total commercial paper outstanding for these conduits was $4.4 billion (October 31, 2016 – $4.4 billion). Funded assets purchased and held by these conduits as at January 31, 2017, as reflected at original cost, were $4.4 billion (October 31, 2016 – $4.4 billion). The fair value of these assets approximates original cost. There has been no significant change in the composition or risk profile of these conduits since October 31, 2016.

Other off-balance sheet arrangements

Overall guarantees and other indirect commitments remained stable compared to October 31, 2016. The increase in guarantees and undrawn commitments was partially offset by a decrease in securities lending activities. Fees from guarantees and loan commitment arrangements recorded as credit fees in non-interest income – banking were $148 million for the three months ended January 31, 2017, compared to $147 million in the previous quarter.

Regulatory developments

The Bank continues to respond to global regulatory developments, such as capital and liquidity requirements under the Basel Committee on Banking Supervision global standards (Basel III), over-the-counter derivatives reform, consumer protection measures and specific financial reforms, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). The Bank continues to monitor these and other developments and is working to ensure business impacts, if any, are minimized.

Bank Recapitalization Regime

On June 22, 2016, the Federal Government passed legislation to implement a "bail-in" regime, in accordance with regulations to the Canada Deposit Insurance Corporation Act that have not yet been prescribed (the "CDIC Act Regulations"), for the largest six Canadian banks, including The Bank of Nova Scotia, designated as domestic systemically important banks (D-SIBs). This bail-in regime is aimed at ensuring that in the unlikely event of a failure of a D-SIB, it is the D-SIB's shareholders and creditors (other than depositors) that are responsible for the institution's risks and not taxpayers. The shares and liabilities that will be subject to conversion, as well as the terms and conditions of conversion, will be prescribed under the CDIC Act Regulations. D-SIBs would also be subject to minimum loss absorbency requirements to ensure they can withstand significant losses and emerge from a conversion well capitalized, as well as comprehensive disclosure and reporting requirements. The regime would apply only to eligible shares and liabilities issued after the implementation of the proposed regime with no retroactive application to existing debt. The proposed "bail-in" regime has not yet been finalized, much of the detail will be set out in the CDIC Act Regulations, and timing for implementation has yet to be determined, but these proposed changes could adversely impact the Bank's cost of funding.

Synthetic Equity Arrangement Rules

The synthetic equity arrangement rules, which impact the tax deductibility of Canadian dividends in certain circumstances are not expected to materially affect the Bank's overall financial results.

Dodd-Frank Act

The Dodd-Frank Act was enacted in the U.S. in July 2010. The Dodd-Frank Act contains many broad reforms impacting the financial services industry. These reforms impact every financial institution in the U.S. and many financial institutions that operate outside the U.S. Certain portions of the Dodd-Frank Act became effective immediately, and many are now effective following transition periods or final rulemakings, while the effectiveness of some other portions is still subject to final rulemakings by U.S. government agencies, or the expiration of transition periods. The Bank is subject to a number of specific requirements, including, among other things, (i) mandatory clearing, trade reporting and registration of OTC derivative trading activities, (ii) heightened capital liquidity and prudential standards, such as the enhanced prudential standards and early remediation requirements under Sections 165 and 166 of the Dodd-Frank Act, (iii) mandatory risk retention rules, which became effective in December 2016, applicable to sponsors of asset-backed securities and securitizations and (iv) restrictions on proprietary trading, private equity and hedge fund activities, commonly known as the Volcker Rule. The Bank continues to devote resources necessary to ensure that it implements the requirements in compliance with all applicable regulations under the Dodd-Frank Act. The Bank continually monitors developments to prepare for rulemakings that have the potential to impact its operations in the U.S. and elsewhere, including upcoming changes in laws or regulations that may be enacted by the new U.S. government administration.

Over-The-Counter Derivatives Reform

Capital requirements for derivatives dealers are currently being considered by international regulators, and margin requirements for non-centrally cleared derivatives have been adopted in a number of jurisdictions, including Canada, Europe and the United States. In March 2015, the Basel Committee on Banking Supervision and the International Organization of Securities Commissions published a framework establishing minimum standards for margin requirements for non-centrally cleared derivatives for financial firms and systemically important non-financial entities ("BCBS Framework"). On February 29, 2016, the Office of the Superintendent of Financial Institutions ("OSFI") issued the final version of Guideline E-22 to implement the BCBS Framework for federally regulated financial institutions. The Guideline is effective September 1, 2016 with compliance to be phased in over the next four years in accordance with the BCBS Framework, and the margin requirements are designed to be coordinated with the rules established in the U.S., the European Union and other relevant jurisdictions with respect to cross-border activities. Margin rules require the exchange of variation margin and initial margin, both of which are designed to secure performance of non-centrally cleared derivatives transactions between covered entities. The Bank will become subject to variation margin rules beginning March 1, 2017 and initial margin rules beginning no earlier than September 1, 2018 and no later than September 1, 2019. In February 2017, various regulatory authorities including the Board of Governors of the Federal Reserve System, the CFTC, the European Supervisory Authorities and OSFI issued guidance concerning the implementation of their variation margin rules, affirming the importance of timely effectiveness while recognizing the operational challenges of achieving market-wide participation, especially with respect to smaller counterparty relationships. The Bank is continuing with its efforts to meet all obligations imposed by the variation margin rules in accordance with the guidance received from OSFI and other relevant supervisory authorities.

Automatic Exchange of Information – Organisation for Economic Co-operation and Development (OECD)

Under the initiative of the OECD, many countries have committed to automatic exchange of information relating to accounts held by tax residents of signatory countries, using a Common Reporting Standard (CRS). CRS was implemented in "early adopter" countries in January 2016, with other countries, including Canada agreeing to implementation in subsequent years, through the adoption of local legislation. Proposed legislation to implement the CRS in Canada was released by the Department of Finance on April 15, 2016. The Bank will meet all obligations imposed under the CRS, in accordance with local law, in all applicable jurisdictions in which it operates.

United Kingdom's Membership in the European Union (Brexit)

On June 23, 2016, the United Kingdom (UK) held a referendum to decide on its membership in the European Union. The resulting vote was to leave the European Union. A formal notice of the UK Government's intention to withdraw must be provided to the European Council, triggering a two-year negotiation period during which the terms of the UK's exit will be determined. Until those negotiations are concluded or the negotiation period expires, the UK will remain an EU Member State, subject to all EU legislation.

There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union, until the terms and timing of the UK's exit from the European Union are clearer, it is difficult to determine the potential longer term impact on the Bank. The UK's exit from the European Union may result in significant changes in law, which may impact the Bank's business, financial condition and results of operations and could adversely impact the Bank's cost of funding in Europe. The Bank continually monitors developments to prepare for changes that have the potential to impact its operations in the UK and elsewhere in Europe.

Regulatory developments relating to liquidity

The Net Stable Funding Ratio (NSFR) is expected to become a minimum standard in OSFI's liquidity framework by November 1, 2017, following a consultation process with banks and the public. The NSFR is aimed at reducing structural funding risk by requiring banks to fund their activities with sufficiently stable sources of funding. The Bank is well positioned to meet these requirements.

Accounting Policies and Controls

Accounting policies and estimates

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The significant accounting policies used in the preparation of the condensed interim consolidated financial statements are consistent with those used in the Bank's audited consolidated financial statements for the year ended October 31, 2016. Note 3 of the Bank's consolidated financial statements in the 2016 Annual Report describes the Bank's significant accounting policies.

Future accounting developments

There are no significant updates to the future accounting developments disclosed in Note 4 of the Bank's audited consolidated financial statements in the 2016 Annual Report.

Changes in internal control over financial reporting

There have been no changes in the Bank's internal control over financial reporting during the three months ended January 31, 2017, that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

Related party transactions

There were no changes to the Bank's procedures and policies for related party transactions from those outlined in the Bank's 2016 Annual Report. All transactions with related parties continued to be at market terms and conditions.

Economic Outlook

The global economy is projected to register its best performance since 2014 this year. Though geopolitical risks abound, recent economic data point to strengthening growth prospects in most areas of the world. This has translated into higher equity valuations in many countries, a re-evaluation of the likely interest rate path in the U.S. and yield curves globally, and significant increases in both household and business confidence. Risks, however, remain very important. The outcome related to the U.S. approach to trade policy may result in a risk to the global recovery.

The U.S. appears set for a solid economic performance this year as growth in most sectors of the economy appears to be accelerating. Most importantly, there is evidence that business investment is on the rise, as indicators of both business confidence and activity, and orders for capital goods, point to a modest rebound in capital spending in the U.S. Building price pressure is likely to require significant monetary tightening. Higher interest rates in the U.S, which are not yet fully priced by markets, and improved growth prospects, should lead to a generally stronger U.S. dollar against most major currencies.

Canadian growth is expected to accelerate in 2017 as the economy benefits from stronger U.S. growth, an increase in oil prices, a weaker currency against the U.S. dollar, and public infrastructure programs. Adding to these factors, businesses appear cautiously confident in their prospects, with firms expanding their hiring while tentatively considering increased investment. Owing to the slack remaining in the Canadian economy, inflation should converge to the Bank of Canada's target on a sustained basis in mid-2018.

In Europe data suggest an acceleration in growth in continental European countries. As in the U.S. and Canada, household and business confidence is rising. Furthermore, retail sales are strong, exports appear to be responding to stronger global demand and the weaker euro, and monetary policy continues to be highly stimulative. In the UK, growth in 2017 is expected to moderate from last year's torrid pace, but still remain reasonably strong. The key risk and challenge remains the Brexit negotiations and their impact on economic activity.

In the Pacific Alliance countries, growth in Colombia and Chile is projected to pick up from 2016. Adding to the positive effects of stronger global growth and higher commodity prices, increased investment is anticipated following the peace agreement in Colombia, and infrastructure plans and a more pro-growth approach in Peru. In Mexico, a modest slowdown is expected to materialize owing to a combination of factors: fiscal consolidation as the government moves aggressively to improve its fiscal position, higher interest rates stemming from the weaker currency, and a slower pace of investment given uncertainties related to potential U.S. policy actions.

Business Segment Review

Business segment results are presented on a taxable equivalent basis, adjusted for the following

- The Bank analyzes revenues on a taxable equivalent basis (TEB) for business lines. This methodology grosses up tax-exempt income earned on certain securities reported in either net interest income or non-interest income to an equivalent before tax basis. A corresponding increase is made to the provision for income taxes; hence, there is no impact on net income. Management believes that this basis for measurement provides a uniform comparability of net interest income and non-interest income arising from both taxable and non-taxable sources and facilitates a consistent basis of measurement. While other banks may also use TEB, their methodology may not be comparable to the Bank's methodology. A segment's revenue and provision for income taxes are grossed up by the taxable equivalent amount. The elimination of the TEB gross up is recorded in the Other segment.
- For business line performance assessment and reporting, net income from associated corporations, which is an after tax number, is adjusted to normalize for income taxes. The tax normalization adjustment grosses up the amount of net income from associated corporations and normalizes the effective tax rate in the business lines to better present the contribution of the associated corporations to the business line results.

Canadian Banking

(Unaudited) ($ millions) *(Taxable equivalent basis)*	For the three months ended		
	January 31 2017	October 31 2016	January 31 2016
Business segment income			
Net interest income	**$1,809**	$1,798	$1,738
Non-interest income[1]	**1,377**	1,314	1,239
Total revenue	**3,186**	3,112	2,977
Provision for credit losses	**235**	217	194
Non-interest expenses	**1,629**	1,612	1,596
Income tax expense	**341**	329	312
Net income	**$ 981**	$ 954	$ 875
Net income attributable to non-controlling interest in subsidiaries	**–**	–	–
Net income attributable to equity holders of the Bank	**$ 981**	$ 954	$ 875
Other measures			
Return on equity	**22.4%**	22.4%	20.8%
Net interest margin[2]	**2.39%**	2.39%	2.35%
Provision for credit losses as a percentage of loans and acceptances	**0.30%**	0.28%	0.26%
Assets under administration *($ billions)*	**$ 324**	$ 318	$ 304
Assets under management *($ billions)*	**$ 148**	$ 145	$ 135
Average assets *($ billions)*	**$ 316**	$ 313	$ 307
Average liabilities *($ billions)*	**$ 242**	$ 237	$ 229

(1) Includes income (on a taxable equivalent basis) from investments in associated corporations of $13 (October 31, 2016 – $25; January 31, 2016 – $15).
(2) Net interest income (TEB) as percentage of average earning assets excluding bankers acceptances.

Net income

Q1 2017 vs Q1 2016

Net income attributable to equity holders was $981 million, an increase of $106 million or 12%. This was due to growth in net interest income, including a higher margin, and higher banking and wealth management revenues, partially offset by increases in non-interest expenses and provision for credit losses. This quarter also included a gain on sale of real estate that contributed to an increase in net income of 5%.

Q1 2017 vs Q4 2016

Net income attributable to equity holders increased $27 million or 3%. Higher banking and wealth management fees were offset by increases in provision for credit losses and non-interest expenses. This quarter benefitted from higher gains on sale of real estate.

Average assets

Q1 2017 vs Q1 2016

Average assets grew $9 billion or 3% to $316 billion. Adjusting for the impact of the Tangerine broker-originated and white label mortgage run-off portfolios, assets increased $12 billion or 4%. The growth included $3 billion or 4% in personal loans primarily in consumer auto lending and lines of credit, $7 billion or 4% in residential mortgages, and $3 billion or 7% in business loans and acceptances.

Q1 2017 vs Q4 2016

Average assets rose $3 billion or 1%, due mainly to the growth of $2 billion or 1% in residential mortgages, and $1 billion or 2% in business loans and acceptances.

Average liabilities

Q1 2017 vs Q1 2016

Average liabilities increased $13 billion or 6%, including strong growth of $8 billion or 12% in retail banking savings deposits and $1 billion or 8% in chequing accounts. As well, there was growth of $4 billion or 8% in small business and commercial banking business operating accounts. This was partially offset by a decline in lower margin GICs of $4 billion or 6%.

Q1 2017 vs Q4 2016

Average liabilities increased $5 billion or 2%, primarily driven by strong growth of $3 billion or 3% in retail banking savings accounts and $2 billion or 4% in small business and commercial banking business operating accounts. Partially offsetting was a decline of $2 billion or 3% in lower margin GICs.

Assets under management (AUM) and assets under administration (AUA)

Q1 2017 vs Q1 2016

AUM of $148 billion increased $13 billion or 9% from the same quarter last year driven by market appreciation and net sales.
AUA of $324 billion increased $20 billion or 7% from the same quarter last year driven by market appreciation.

Q1 2017 vs Q4 2016

AUM of $148 billion increased $3 billion or 2% from the previous quarter driven by market appreciation and net sales. AUA of $324 billion increased $6 billion or 2% from previous quarter driven by market appreciation.

Net interest income

Q1 2017 vs Q1 2016

Net interest income of $1,809 million was up $71 million or 4%. This was driven by a four basis point increase in the net interest margin to 2.39% and solid growth in assets and deposits. The margin increase was primarily driven by margin expansion in deposits, higher yields on unsecured lending and the run-off of lower spread Tangerine mortgages.

Q1 2017 vs Q4 2016

Net interest income increased $11 million or 1% due mainly to the growth in both assets and deposits, while the net interest margin remained stable.

Non-interest income

Q1 2017 vs Q1 2016

Non-interest income of $1,377 million increased 11%. The increase was due primarily to growth in card revenues, higher insurance revenues, and mutual fund fees. As well, higher gains on sale of real estate this quarter contributed to 4% of the year-over-year growth.

Q1 2017 vs Q4 2016

Non-interest income increased $63 million or 5%. The increase was due primarily to higher card revenues, foreign exchange revenues, mutual fund and brokerage fees. As well, higher gains on sale of real estate this quarter contributed to 2% of the quarter-over-quarter growth.

Provision for credit losses

Q1 2017 vs Q1 2016

The provision for credit losses was $235 million, up $41 million or 21%, due mainly to higher provisions in the retail portfolio driven by growth in relatively higher spread loans and a single account in the commercial portfolio. The provision for credit losses ratio was 30 basis points, an increase of four basis points.

Q1 2017 vs Q4 2016

Provision for credit losses of $235 million was up $18 million or 8% due to higher provisions in retail and a single account in the commercial portfolio. The provision for credit losses ratio was 30 basis points, an increase of two basis points.

Non-interest expenses

Q1 2017 vs Q1 2016

Non-interest expenses were $1,629 million, an increase of $33 million or 2%, primarily reflecting higher spending on digital and technology to support business growth and salary increases. These were partially offset by benefits realized from cost reduction initiatives.

Q1 2017 vs Q4 2016

Non-interest expenses were $1,629 million, an increase of $17 million or 1%. Seasonally higher share-based compensation and investments in digital and technology were partially offset by lower marketing costs and benefits realized from cost reduction initiatives.

Taxes

Q1 2017 vs Q1 2016

The effective tax rate was 25.8% compared to 26.3%, due primarily to the gain on sale of real estate this quarter.

Q1 2017 vs Q4 2016

The effective tax rate was 25.8% compared to 25.6% in the previous quarter.

International Banking

	For the three months ended		
(Unaudited) ($ millions) *(Taxable equivalent basis)*	**January 31 2017**	October 31 2016	January 31 2016
Business segment income			
Net interest income	**$1,611**	$1,615	$1,558
Non-interest income[1]	**975**	883	892
Total revenue	**2,586**	2,498	2,450
Provision for credit losses	**310**	294	291
Non-interest expenses	**1,430**	1,413	1,411
Income tax expense	**209**	172	187
Net income	**$ 637**	$ 619	$ 561
Net income attributable to non-controlling interest in subsidiaries	**$ 61**	$ 72	$ 56
Net income attributable to equity holders of the Bank	**$ 576**	$ 547	$ 505
Other measures			
Return on equity	**14.2%**	13.5%	13.1%
Net interest margin[2]	**4.73%**	4.77%	4.57%
Provision for credit losses as a percentage of loans and acceptances	**1.21%**	1.15%	1.14%
Average assets *($ billions)*	**$ 143**	$ 142	$ 143
Average liabilities *($ billions)*	**$ 109**	$ 109	$ 108

(1) Includes income (on a taxable equivalent basis) from investments in associated corporations of $119 (October 31, 2016 – $130; January 31, 2016 – $122).
(2) Net interest income (TEB) as percentage of average earning assets excluding bankers acceptances.

Net income

Q1 2017 vs Q1 2016

Net income attributable to equity holders was $576 million, up 14%, or 18% adjusting for the impact of foreign currency translation. The increase reflects good retail loan and deposit growth, strong net interest margin and fee growth, and benefits from cost reduction initiatives.

Q1 2017 vs Q4 2016

Net income attributable to equity holders was up 5%, or 2% adjusting for the impact of foreign currency translation. The increase was driven by strong fee growth, trading revenues, and a security gain in Colombia, partly offset by higher expenses and provision for credit losses.

Average assets

Q1 2017 vs Q1 2016

Average assets of $143 billion were unchanged with good retail loan growth, primarily in Latin America, offset by the impact of foreign currency translation. Adjusting for the impact of foreign currency translation, average asset growth was 5%. Retail loan growth was 9%, with Latin America growing at 12%, and the Caribbean and Central America at 6% mainly from acquisitions.

Q1 2017 vs Q4 2016

Average assets were $143 billion compared to $142 billion. Adjusting for the impact of foreign currency translation, retail loan growth was 1%, driven by good growth in Latin America. Commercial loan growth in Peru, Chile and the Caribbean was offset by reductions in Mexico and Colombia.

Average liabilities

Q1 2017 vs Q1 2016

Average liabilities increased $1 billion or 1% due to strong growth in demand, savings and term deposits largely offset by the impact of foreign currency translation.

Q1 2017 vs Q4 2016

Average liabilities were in line with the prior quarter, as growth in deposits was offset by the impact of foreign currency translation.

Net interest income

Q1 2017 vs Q1 2016

Net interest income rose 3% to $1,611 million, or 9% adjusting for the impact of foreign currency translation. This growth was largely due to retail loan growth, acquisitions and an increase in net interest margin. The net interest margin rose by 16 basis points to 4.73%, driven by an improvement in business mix, acquisitions, and repricing following recent rate increases.

Q1 2017 vs Q4 2016

Net interest income was down $4 million to $1,611 million. The decline in net interest margin this quarter was due mainly to financial instrument negative valuations, which were offset by financial instrument gains in non-interest income. The underlying margin was stable.

Non-interest income

Q1 2017 vs Q1 2016

Non-interest income increased 9% to $975 million, or 11% adjusting for the impact of foreign currency translation, driven mainly by strong fee growth, a security gain in Colombia, higher trading revenues, and the positive mark-to-market impact on financial instruments. Fees increased 8%, or 11% adjusting for the impact of foreign currency translation and acquisitions, primarily driven by higher transaction fees and card revenues, in Latin America and the Caribbean.

Q1 2017 vs Q4 2016

Non-interest income increased $92 million or 10% to $975 million driven primarily by strong fee growth, a security gain in Colombia, higher trading revenues, and the positive mark-to-market impact on financial instruments, partly offset by a lower contribution from investments in associated corporations.

Provision for credit losses

Q1 2017 vs Q1 2016

The provision for credit losses was $310 million, up $19 million or 7%. Retail provisions increased mainly in Colombia and Peru partially offset by lower provisions in Mexico and the Caribbean region. Commercial provisions also increased, mostly in the Caribbean region, Chile and Peru partially offset by lower provisions in Colombia. The provision for credit losses ratio was 121 basis points compared to 114 basis points.

Q1 2017 vs Q4 2016

The provision for credit losses increased $16 million or 6% driven primarily by higher retail provisions. Retail provisions increased in the Caribbean and Central America due to lower acquisition-related benefits and recoveries. Commercial provisions remained largely unchanged with higher provisions in the Caribbean and Central America offset by lower provisions in Colombia and Peru. Provision for credit losses ratio was 121 basis points compared to 115 basis points.

Non-interest expenses

Q1 2017 vs Q1 2016

Non-interest expenses were $1,430 million, an increase of 1%, or 6% adjusting for the impact of foreign currency translation, driven by acquisitions, business volumes and inflationary increases, partly offset by benefits realized from cost reduction initiatives.

Q1 2017 vs Q4 2016

Non-interest expenses were $17 million or 1% higher, or 2% adjusting for the impact of foreign currency translation, due to inflation, business growth and higher seasonal business taxes in the Caribbean, partly offset by benefits realized from cost reduction initiatives.

Taxes

Q1 2017 vs Q1 2016

The effective tax rate was 24.6%, a decrease from 25.1% primarily from changes in business mix.

Q1 2017 vs Q4 2016

The effective tax rate was 24.6%, an increase from 21.7% as last quarter had higher tax benefits in Peru.

Global Banking and Markets

(Unaudited) ($ millions) (Taxable equivalent basis)	For the three months ended January 31 2017	October 31 2016	January 31 2016
Business segment income			
Net interest income	**$ 323**	$ 345	$ 302
Non-interest income	**892**	830	746
Total revenue	**1,215**	1,175	1,048
Provision for credit losses	**8**	39	54
Non-interest expenses	**560**	533	507
Income tax expense	**178**	142	121
Net income	**$ 469**	$ 461	$ 366
Net income attributable to non-controlling interest in subsidiaries	**$ –**	$ –	$ –
Net income attributable to equity holders of the Bank	**$ 469**	$ 461	$ 366
Other measures			
Return on equity	**15.8%**	15.5%	11.4%
Net interest margin(1)	**1.63%**	1.78%	1.58%
Provision for credit losses as a percentage of loans and acceptances	**0.04%**	0.19%	0.27%
Average assets *($ billions)*	**$ 346**	$ 351	$ 358
Average liabilities *($ billions)*	**$ 268**	$ 273	$ 265

(1) Net interest income (TEB) as percentage of average earning assets excluding bankers acceptances.

Net income

Q1 2017 vs Q1 2016

Net income attributable to equity holders was $469 million, an increase of $103 million or 28%, driven mainly by higher contributions from fixed income, European and Canadian lending businesses, as well as lower provision for credit losses. This was partly offset by lower results in investment banking and the Asia lending business.

Q1 2017 vs Q4 2016

Net income attributable to equity holders increased by $8 million or 2%. This was due mainly to higher contributions from fixed income, equities, commodities, and foreign exchange, as well as lower provision for credit losses. This was mostly offset by lower contributions from investment banking, corporate banking and precious metals, as well as higher non-interest expenses.

Average assets

Q1 2017 vs Q1 2016

Average assets were $346 billion, a decrease of $12 billion or 3%. Adjusting for the impact of foreign currency translation, assets were in line with the prior year, as increases in corporate loans and acceptances and trading assets were more than offset by lower deposits with banks and securities purchased under resale agreements.

Q1 2017 vs Q4 2016

Average assets decreased by $5 billion or 1%. This was mainly due to a decrease of $3 billion in securities purchased under resale agreements, and lower deposits with banks.

Average liabilities

Q1 2017 vs Q1 2016

Average liabilities of $268 billion were higher by $3 billion or 1% due mainly to an increase of $13 billion in securities sold under repurchase agreements, partly offset by lower derivative-related liabilities and deposits by banks.

Q1 2017 vs Q4 2016

Average liabilities decreased by $5 billion or 2% mainly due to a decline in deposits by banks.

Net interest income

Q1 2017 vs Q1 2016

Net interest income of $323 million grew $21 million or 7%. Higher lending volumes and deposits in Canada, the U.S. and Europe and higher loan origination fees were partly offset by lower volumes in Asia and margin compression in the U.S., Canada and Asia.

Q1 2017 vs Q4 2016

Net interest income was down $22 million or 6% due mainly to lower loan origination fees and lower interest margins in the U.S., Canadian and Asia lending businesses.

Non-interest income

Q1 2017 vs Q1 2016

Non-interest income was $892 million, an increase of $146 million or 20%. This was due mainly to higher trading revenues in fixed income and foreign exchange, as well as higher underwriting and advisory fees.

Q1 2017 vs Q4 2016

Non-interest income increased $62 million or 7% driven by higher trading revenues across the capital markets businesses and higher underwriting fees, partly offset by lower advisory fees and lower banking fees.

Provision for credit losses

Q1 2017 vs Q1 2016

The provision for credit losses was $8 million, compared to $54 million, due primarily to lower provisions in the energy sector. The provision for credit losses ratio was four basis points, compared to 27 basis points.

Q1 2017 vs Q4 2016

The provision for credit losses was down $31 million. The decrease was due primarily to lower provisions in the energy sector. The provision for credit losses ratio was four basis points, compared to 19 basis points.

Non-interest expenses

Q1 2017 vs Q1 2016

Non-interest expenses of $560 million were up $53 million or 10% due mainly to higher performance-based compensation, as well as higher technology and regulatory expenses.

Q1 2017 vs Q4 2016

Non-interest expenses increased $27 million or 5%. This was driven by seasonally higher share-based compensation costs and benefits, as well as higher performance-based compensation, technology and regulatory expenses.

Taxes

Q1 2017 vs Q1 2016

The effective tax rate of 27.5% was higher than the prior year by 2.7%, mainly due to a higher level of income in higher tax jurisdictions.

Q1 2017 vs Q4 2016

The effective tax rate was higher than the prior quarter by 4.0%. This was mainly due to a higher level of income in higher tax jurisdictions.

Other[(1)]

	For the three months ended		
(Unaudited) ($ millions) *(Taxable equivalent basis)*	**January 31 2017**	October 31 2016	January 31 2016
Business segment income			
Net interest income[(2)]	**$ (100)**	$ (105)	$ (79)
Non-interest income[(2)(3)]	**(19)**	71	(31)
Total revenue	**(119)**	(34)	(110)
Provision for credit losses	**–**	–	–
Non-interest expenses	**70**	92	54
Income tax expense[(2)]	**(111)**	(103)	(176)
Net income	**$ (78)**	$ (23)	$ 12
Net income attributable to non-controlling interest in subsidiaries	**$ –**	$ –	$ –
Net income attributable to equity holders	**$ (78)**	$ (23)	$ 12
Other measures			
Average assets *($ billions)*	**$ 107**	$ 113	$ 103
Average liabilities *($ billions)*	**$ 235**	$ 244	$ 254

(1) Includes all other smaller operating segments and corporate adjustments, such as the elimination of the tax-exempt income gross-up reported in net interest income, non-interest income and provision for income taxes and differences in the actual amount of costs incurred and charged to the operating segments.
(2) Includes the elimination of the tax-exempt income gross-up reported in net interest income, non-interest income and provision for income taxes of $47 (October 31, 2016 – $47; January 31, 2016 – $149) to arrive at the amounts reported in the Consolidated Statement of Income.
(3) Income (on a taxable equivalent basis) from investments in associated corporations and the provision for income taxes in each period include the tax normalization adjustments related to the gross-up of income from associated companies of $(33) (October 31, 2016 – $(38); January 31, 2016 – $(35)).

The Other segment includes Group Treasury, smaller operating segments and other corporate items which are not allocated to a business line.

Net interest income, other operating income, and the provision for income taxes in each period include the elimination of tax-exempt income gross-up. This amount is included in the operating segments, which are reported on a taxable equivalent basis. The elimination was $47 million in the first quarter, compared to $149 million in the same period last year and $47 million last quarter.

Net income from investments in associated corporations and the provision for income taxes in each period include the tax normalization adjustments related to the gross-up of income from associated companies. This adjustment normalizes the effective tax rate in the divisions to better present the contribution of the associated companies to the divisional results.

Q1 2017 vs Q1 2016

Net loss attributable to equity holders was $78 million in the quarter, compared to net income of $12 million in the same period last year. This was due mainly to lower net gains on investment securities, the impact of foreign currency translation (including hedges) and higher expenses.

Q1 2017 vs Q4 2016

Net loss attributable to equity holders was $78 million, compared to a loss of $23 million last quarter. This was due mainly to the impact of foreign currency translation (including hedges), lower net gains on investment securities, and higher net gains on sale of real estate last quarter. Partially offsetting were lower non-interest expenses.

Geographic Highlights

	For the three months ended		
(Unaudited) ($ millions)	**January 31 2017**	October 31 2016	January 31 2016
Geographic segment income			
Canada	**$ 1,144**	$ 1,150	$ 997
United States	**99**	139	128
Mexico	**97**	107	70
Peru	**153**	142	158
Chile	**92**	101	68
Colombia	**49**	48	35
Other international	**420**	346	372
Corporate adjustments	**(45)**	(22)	(14)
Net income	**$ 2,009**	$ 2,011	$ 1,814
Average assets *($ billions)*			
Canada	**$ 541**	$ 532	$ 520
United States	**111**	125	129
Mexico	**24**	26	28
Peru	**23**	23	24
Chile	**21**	21	19
Colombia	**11**	11	10
Other international	**167**	167	168
Corporate adjustments	**14**	14	13
Total	**$ 912**	$ 919	$ 911

Quarterly Financial Highlights

	For the three months ended							
(Unaudited)	**January 31 2017**	October 31 2016	July 31 2016	April 30 2016	January 31 2016	October 31 2015	July 31 2015	April 30 2015
Total revenue *($ millions)*	**$ 6,868**	$ 6,751	$ 6,640	$ 6,594	$ 6,365	$ 6,125	$ 6,124	$ 5,937
Net income *($ millions)*	**2,009**	2,011	1,959	1,584	1,814	1,843	1,847	1,797
Basic earnings per share *($)*	**1.58**	1.58	1.55	1.24	1.44	1.46	1.46	1.43
Diluted earnings per share *($)*	**1.57**	1.57	1.54	1.23	1.43	1.45	1.45	1.42

Share Data

As at January 31, 2017	**Amount** ***($ millions)***	**Dividends declared per share[1]**	**Number outstanding** ***(000s)***	**Conversion feature**
Common shares[2]	$15,625	$ 0.76	1,208,217	n/a
Preferred shares				
Preferred shares Series 16[3]	–	–	–	–
Preferred shares Series 17[4]	230	0.350000	9,200	n/a
Preferred shares Series 18[4][5]	187	0.209375	7,498	Series 19
Preferred shares Series 19[4][5]	158	0.159375	6,302	Series 18
Preferred shares Series 20[4][5]	201	0.225625	8,039	Series 21
Preferred shares Series 21[4][5]	149	0.137500	5,961	Series 20
Preferred shares Series 22[4][5]	234	0.239375	9,377	Series 23
Preferred shares Series 23[4][5]	66	0.148750	2,623	Series 22
Preferred shares Series 30[4][5]	154	0.113750	6,143	Series 31
Preferred shares Series 31[4][5]	111	0.093750	4,457	Series 30
Preferred shares Series 32[4][5]	279	0.128938	11,162	Series 33
Preferred shares Series 33[4][5]	130	0.113425	5,184	Series 32
Preferred shares Series 34[4][5][6]	350	0.343750	14,000	Series 35
Preferred shares Series 36[4][5][6]	500	0.343750	20,000	Series 37
Preferred shares Series 38[4][5][6]	500	0.303125	20,000	Series 39

Trust securities	**Amount** ***($ millions)***	**Distribution**	**Yield *(%)***	**Number outstanding** ***(000s)***
Scotiabank Trust Securities – Series 2006-1 issued by Scotiabank Capital Trust[7a,c,d]	$ 750	28.25	5.650	750
Scotiabank Tier 1 Securities – Series 2009-1 issued by Scotiabank Tier 1 Trust[7b,c,d]	650	39.01	7.802	650

NVCC Subordinated debentures	**Amount ($ millions)**	**Interest rate (%)**
Subordinated debentures due March 2027	$ 1,250	2.58
Subordinated debentures due December 2025	750	3.37
Subordinated debentures due December 2025	US$ 1,250	4.50

Options	**Number outstanding** ***(000s)***
Outstanding options granted under the Stock Option Plans to purchase common shares[2][8]	18,648

(1) Dividends declared as at February 28, 2017.

(2) Dividends on common shares are paid quarterly, if and when declared. As at February 17, 2017, the number of outstanding common shares and options were 1,209,028 thousand and 17,837 thousand, respectively. The Board of Directors, at its meeting on February 27, 2017, approved a dividend of 76 cents per share payable to shareholders of record as of April 4, 2017 on April 26, 2017.

(3) On January 27, 2017, the Bank redeemed all outstanding Non-cumulative Preferred shares Series 16 and paid a dividend of $0.328125 per share.

(4) These preferred shares are entitled to non-cumulative preferential cash dividends payable quarterly. Refer to Note 23 of the Consolidated Financial Statements in the Bank's 2016 Annual Report for further details.

(5) These preferred shares have conversion features, subject to certain conditions. If converted, the holders have the option to covert back to the original preferred shares, subject to certain conditions on subsequent redemption dates. Refer to Note 23 of the Consolidated Financial Statements in the Bank's 2016 Annual Report for further details.

(6) These preferred shares contain Non-Viability Contingent Capital (NVCC) provisions necessary for the shares to qualify as Tier 1 regulatory capital under Basel III. Refer to Note 23 of the Consolidated Financial Statements in the Bank's 2016 Annual Report and below for further details.

(7)(a) On September 28, 2006, Scotiabank Capital Trust issued 750,000 Scotiabank Trust Securities – Series 2006-1 (Scotia BaTS II Series 2006-1). The holders of Scotia BaTS II Series 2006-1 are entitled to receive non-cumulative fixed cash distributions payable semi-annually in an amount of $28.25 per security. With regulatory approval, these securities may be redeemed in whole upon the occurrence of certain tax or regulatory capital changes, or in whole or in part on December 30, 2011 and on any distribution date thereafter at the option of Scotiabank Capital Trust. The holder has the right at any time to exchange their security into Non-cumulative Preferred Shares Series S of the Bank. The Series S shares will be entitled to cash dividends payable semi-annually in an amount of $0.4875 per $25.00 share. Refer to Note 23 in the Bank's 2016 Annual Report for further details. Under the circumstances outlined in 7(c) below, the Scotia BaTS II Series 2006-1 would be automatically exchanged without the consent of the holder, into Non-cumulative Preferred Shares Series T of the Bank. The Series T shares will be entitled to non-cumulative cash dividends payable semi-annually in an amount of $0.625 per $25.00 share. If there is an automatic exchange of the Scotia BaTS II Series 2006-1 into Preferred Shares Series T of the Bank, then the Bank would become the sole beneficiary of the Trust.

(7)(b) On May 7, 2009, Scotiabank Tier 1 Trust issued 650,000 Scotiabank Tier 1 Securities Series 2009-1 (Scotia BaTS III Series 2009-1). Interest is payable semi-annually in an amount of $39.01 per Scotia BaTS III Series 2009-1 on the last day of June and December until June 30, 2019. After June 30, 2019 and on every fifth anniversary thereafter until June 30, 2104, the interest rate on the Scotia BaTS III Series 2009-1 will be reset at an interest rate per annum equal to the then prevailing 5-year Government of Canada Yield plus 7.05%. On or after June 30, 2014, the Trust may, at its option redeem the Scotia BaTS III Series 2009-1, in whole or in part, subject to regulatory approval. Under the circumstances outlined in 7(c) below, the Scotia BaTS III Series 2009-1, including accrued and unpaid interest thereon, would be exchanged automatically without the consent of the holder, into newly issued Non-cumulative Preferred Shares Series R of the Bank. In addition, in certain circumstances, holders of Scotia BaTS III Series 2009-1 may be required to invest interest paid on the Scotia BaTS III Series 2009-1 in a series of newly-issued preferred shares of the Bank with non-cumulative dividends (each such series is referred to as Bank Deferral Preferred Shares). If there is an automatic exchange of the Scotia BaTS Preferred Shares, then the Bank would become the sole beneficiary of the Trust.

(7)(c) The Scotia BaTS II Series 2006-1 and Scotia BaTS III Series 2009-1 may be automatically exchanged, without the consent of the holder, into Non-cumulative Preferred Shares of the Bank in the following circumstances: (i) proceedings are commenced for the winding-up of the Bank; (ii) the Superintendent takes control of the Bank or its assets; (iii) the Bank has a Tier 1 Capital ratio of less than 5% or a Total Capital ratio of less than 8%; or (iv) the Superintendent has directed the Bank to increase its capital or provide additional liquidity and the Bank elects such automatic exchange or the Bank fails to comply with such direction.

(7)(d) No cash distributions will be payable on the Scotia BaTS II Series 2006-1 and Scotia BaTS III Series 2009-1 in the event that the regular dividend is not declared on the Bank's preferred shares and, if no preferred shares are outstanding, the Bank's common shares. In such a circumstance the net distributable funds of the Trust will be payable to the Bank as the holder of the residual interest in the Trust. Should the Trust fail to pay the semi-annual distributions on the Scotia BaTS II Series 2006-1 and Scotia BaTS III Series 2009-1 in full, the Bank will not declare dividends of any kind on any of its preferred or common shares for a specified period of time. Refer to Note 23 of the Consolidated Financial Statements in the Bank's 2016 Annual Report.

(8) Included are 35,260 stock options with tandem stock appreciation rights (Tandem SAR) features.

NVCC provisions require the conversion of capital instruments into a variable number of common shares if OSFI announces that the Bank has ceased, or is about to cease, to be viable, or if a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent thereof without which the Bank would have been determined by OSFI to be non-viable. If such a conversion were to occur, NVCC preferred shares Series 34, Series 35, Series 36, Series 37, Series 38 and Series 39, if outstanding, would be converted into common shares pursuant to an automatic conversion formula defined as 100% times the share value of $25.00 plus declared and unpaid dividends divided by the conversion price. NVCC subordinated debentures due March 30, 2027, December 8, 2025, and December 16, 2025, would be converted into common shares pursuant to an automatic conversion formula defined as 150% of the par value plus accrued and unpaid interest divided by the conversion price. The conversion price is based on the greater of: (i) a floor price of $5.00 or, where applicable, the U.S. dollar equivalent of $5.00 (subject in each case to adjustments in certain events as set out in their respective prospectus supplements), and (ii) the current market price of the Bank's common shares at the time of the trigger event (10-day weighted average). Based on the floor price, excluding the impact of accrued and unpaid interest (if any) and declared but unpaid dividends (if any), the maximum number of common shares issuable on conversion of the subordinated debentures and preferred shares would be 1,358 million common shares.

For further details on outstanding securities of the Bank, including convertibility features, refer to Notes 20, 23 and 25 of the Bank's Consolidated Financial Statements in the 2016 Annual Report.

Condensed Interim Consolidated Financial Statements (unaudited)

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