

October 31, 2013

Index

Introduction, including Basel III Implementation	Pages 1 - 2
Regulatory Capital - Highlights	Page 3
Regulatory Capital - Definition of Capital Components	Page 4
Consolidated Balance Sheet: Source of Definition of Capital Components	Page 5
Regulatory Capital Continuity	Page 6
Regulatory Capital - Prior Periods	Page 7
Risk-Weighted Assets and Capital Ratios	Page 8
Exposure at Default and Risk-Weighted Assets for Credit Risk Portfolios	Pages 9 - 10
Credit Risk Exposures by Geography	Page 11
AIRB Credit Risk Exposures by Maturity	Page 12
Standardized Credit Risk Exposures by Risk-weight	Page 13
Risk Assessment of Credit Risk Exposures - Non-Retail AIRB Portfolio	Pages 14 - 15
Risk Assessment of Credit Risk Exposures - Retail AIRB Portfolio	Page 16
AIRB Credit Losses	Page 17
Credit Risk Mitigation	Page 18
Derivatives - Counterparty Credit Risk	Page 19
Risk-Weighted Assets for Securitization Exposures - Banking Book	Pages 20 - 21
Glossary	Page 22

Effective November 1, 2012, Canadian banks are subject to the revised capital adequacy requirements as published by the Basel Committee on Banking Supervision (BCBS) and commonly referred to as Basel III. Basel III builds on the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II). Refer to page 2 "Basel III Implementation" for further details.

The Basel III Framework is composed of three Pillars:

- Pillar 1 – the actual methodologies that must be applied to calculate the minimum capital requirements.
- Pillar 2 – the requirement that banks have internal processes to assess their capital adequacy in relation to their strategies, risk appetite and actual risk profile. Regulators are expected to review these internal capital adequacy assessments.
- Pillar 3 – reflects the market disclosures required by banks to assist users of the information to better understand the risk profile.

This Appendix reflects the Pillar 3 market disclosures based on information gathered as part of the Pillar 1 process, and should assist users in understanding the changes to the risk-weighted assets and capital requirements.

Basel III classifies risk into three broad categories: credit risk, market risk and operational risk and under Pillar 1 of the Basel III Framework, minimum capital for these three risks is calculated using one of the following approaches:

- Credit risk capital – Internal Ratings Based Approach (Advanced or Foundation) or Standardized Approach.
- Operational risk capital – Advanced Measurement Approach (AMA), Standardized Approach or Basic Indicator Approach.
- Market risk capital - Internal models or Standardized Approach.

Credit Risk

The credit risk component consists of on- and off- balance sheet claims. The Basel III rules are not applied to traditional balance sheet categories but to categories of on- and off- balance sheet exposures which represent general classes of assets/exposures (Corporate, Sovereign, Bank, Retail and Equity) based on their different underlying risk characteristics.

Generally, while calculating capital requirements, exposure types such as Corporate, Sovereign, Bank, Retail and Equity are analyzed by the following credit risk exposure sub-types: Drawn, Undrawn, Repo-style transactions, Over-the-counter (OTC) Derivatives, Exchange Traded Derivatives, Securitizations and Other off-balance sheet claims.

The Bank uses the Advanced Internal Ratings Based (AIRB) approach, for credit risk in its material Canadian, US and European portfolios and for a significant portion of international corporate and commercial portfolios. The Bank uses internal estimates, based on historical experience, for probability of default (PD), loss given default (LGD) and exposure at default (EAD).

- Under the AIRB approach, credit risk risk-weighted assets (RWA) are calculated by multiplying the capital requirement (K) by EAD times 12.5, where K is a function of the PD, LGD, maturity and prescribed correlation factors. This results in the capital calculations being more sensitive to underlying risks.
- Risk-weights for exposures which fall under the securitization framework are computed under the Ratings-Based Approach (RBA). Risk weights depend on the external rating grades given by two external credit assessment institutions (ECAI): S&P, Moody's and DBRS.
- A multiplier of 1.25 is applied to the correlation parameter of all exposures to all unregulated Financial Institutions, and regulated Financial Institutions with assets of at least US\$100 billion.
- Exchange-traded derivatives which previously were excluded from the capital calculation under BII, are risk-weighted under Basel III.
- An overall scaling factor of 6% is added to the credit risk RWA for all AIRB portfolios. For the remaining portfolios, the Standardized Approach is used to compute credit risk.
- The Standardized Approach applies regulator prescribed risk weight factors to credit exposures based on the external credit assessments (public ratings), where available, and also considers other additional factors (e.g. provision levels for defaulted exposures, loan-to-value for retail, eligible collateral, etc).

Operational Risk

The Bank uses the Standardized Approach for operational risk, where the capital charge is based on a fixed percentage of the average of the previous 3 years' gross income. The fixed percentages range from 12% - 18% and are based on the type of business, with retail banking activities at the low end of the range and investment banking and capital markets activities at the high end.

Market Risk

The Bank uses both internal models and standardized approaches to calculate market risk capital. Commencing Q1 2012, the Bank implemented additional market risk measures in accordance with Basel's Revisions of the Basel III market risk framework (July 2009). Additional measures include stressed value-at-risk, incremental risk charge and comprehensive risk measure.

IFRS

Effective Q1 2012, all amounts reflect the adoption of IFRS.

Prior period amounts have not been restated for IFRS or Basel III as they represent the actual amounts reported in that period for regulatory purposes.

BASEL III IMPLEMENTATION



Canadian banks are subject to the revised capital adequacy requirements as published by the Basel Committee on Banking Supervision (BCBS) - commonly referred to as Basel III - effective November 1, 2012. Basel III builds on the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" (Basel II). The Office of the Superintendent of Financial Institutions (OSFI) has issued guidelines, reporting requirements and disclosure guidance which are consistent with the Basel III reforms (except for implementation dates described below).

As compared to previous standards, Basel III places a greater emphasis on common equity by introducing a new category of capital, Common Equity Tier 1 (CET1), which consists primarily of common shareholders equity net of regulatory adjustments. These regulatory adjustments include goodwill, intangible assets, deferred tax assets, pension assets and investments in financial institutions over certain thresholds. Overall, the Basel III rules increase the level of regulatory deductions relative to Basel II. Basel III also increases the level of risk-weighted assets for significant investments and deferred tax amounts due to temporary timing differences under defined thresholds, exposures to large or unregulated financial institutions meeting specific criteria, exposures to centralized counterparties and exposures that give rise to wrong way risk. In December 2012, OSFI announced its decision to defer the implementation of the Credit Valuation Adjustment on Bilateral OTC derivatives until Q1 2014.

To enable banks to meet the new standards, Basel III contains transitional arrangements commencing January 1, 2013, through January 1, 2019. Transitional requirements result in a phase-in of new deductions to common equity over 5 years. Under the transitional rules, all CET1 deductions are multiplied by a factor during the transitional period, beginning with 0% in 2013, 20% in 2014, 40% in 2015, etc; through to 100% in 2018. The portion of the CET1 regulatory adjustments not deducted during the transitional period will continue to be subject to Basel II treatment. As a result the transitional Tier 1 and Total capital are generally aligned to Basel II ratios in the first year of adoption.

In addition, non-qualifying capital instruments will be phased out over 10 years and the capital conservation buffer will be phased in over 5 years.

As of January 2019, the banks will be required to meet new minimum requirements related to risk-weighted assets of: Common Equity Tier 1 ratio of 4.5% plus a capital conservation buffer of 2.5%, collectively 7%. Including the capital conservation buffer, the minimum Tier 1 ratio will be 8.5%, and the Total capital ratio will be 10.5%.

OSFI requires Canadian deposit-taking institutions to fully implement the 2019 Basel III reforms in 2013, without the transitional phase-in provisions for capital deductions, and achieve a minimum 7% common equity target, by the first quarter of 2013 along with a minimum Tier 1 ratio of 7% and the Total capital ratio of 10%. In the first quarter of 2014, the minimum Tier 1 ratio rises to 8.5% and the Total capital ratio rises to 10.5%.

Furthermore, on January 13, 2011, additional guidance was issued by the BCBS, with respect to requirements for loss absorbency of capital at the point of non-viability, effective January 1, 2013 for Canadian banks. These rules affect the eligibility of instruments for inclusion in regulatory capital and provide for a transition and phase-out of any non-eligible instruments.

As at January 31, 2013, all of the Bank's preferred shares, capital instruments and subordinated debentures do not meet these additional criteria and will be subject to phase-out commencing January 2013. Certain innovative Tier 1 capital instruments issued by the Bank contain regulatory event redemption rights. The Bank has no present intention of invoking any regulatory event redemption features in these capital instruments. However, the Bank reserves the right to redeem, call or repurchase any capital instruments within the terms of each offering at any time in the future.

The BCBS has issued the rules on the assessment methodology for global systemically important banks (G-SIBs) and their additional loss absorbency requirements. In their view, additional policy measures for G-SIBs are required due to negative externalities (i.e., adverse side effects) created by systemically important banks which are not fully addressed by current regulatory policies. The assessment methodology for G-SIBs is based on an indicator-based approach and comprises five broad categories: size, interconnectedness, lack of readily available substitutes, global (cross-jurisdictional) activity and complexity. Additional loss absorbency requirements may range from 1% to 3.5% Common Equity Tier 1 depending upon a bank's systemic importance and will be introduced in parallel with the Basel III capital conservation and countercyclical buffers from 2016 through to 2019. Scotiabank is not designated as a G-SIB.

Since similar externalities can apply at a domestic level, the BCBS extended the G-SIBs framework to domestic systemically important banks (D-SIBs) focusing on the impact that a distress or failure would have on a domestic economy. Given that the D-SIB framework complements the G-SIB framework, the Committee considers that it would be appropriate if banks identified as D-SIBs by their national authorities are required by those authorities to comply with the principles in line with phase-in arrangements for the G-SIB framework, i.e., January 2016. In a March 2013 advisory letter, OSFI designated the 6 largest banks in Canada as domestic systemically important banks (D-SIBs), increasing their minimum capital ratio requirements by 1% for the identified D-SIBs. This 1% surcharge is applicable to all minimum capital ratio requirements for CET1, Tier 1 and Total Capital, by no later than January 1, 2016, in line with the requirements for global systemically important banks.

Risk-weighted assets are computed on an all-in Basel III basis unless otherwise indicated. All-in is defined as capital calculated to include all of the regulatory adjustments that will be required by 2019 but retaining the phase-out rules for non-qualifying capital instruments.

This Regulatory Capital Disclosure Supplementary has been updated to reflect OSFI's Advisory, "Required Public Disclosure Requirements related to Basel III Pillar 3", (issued July 2, 2013) and effective Q3/13 for all Domestic Systemically Important Banks. The main features template that sets out a summary of information on the terms and conditions of the main features of all capital instruments is posted on the Bank's website as follows: <<<http://www.scotiabank.com/ca/en/0,,3066.00.html>>>

Prior period amounts have not been restated for Basel III as they represent the actual amounts reported in that period for regulatory purposes.

REGULATORY CAPITAL HIGHLIGHTS⁽¹⁾


(\$MM)	Basel III - IFRS							
	Q4 2013		Q3 2013		Q2 2013		Q1 2013	
	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾	Transitional Approach	All-in Approach ⁽²⁾
Common Equity Tier 1 Capital	38,021	26,359	36,873	25,188	35,806	24,013	34,879	23,014
Tier 1 Capital	38,021	31,914	36,873	31,041	35,806	29,961	34,879	28,960
Total Capital	43,358	38,841	43,243	38,948	42,485	38,204	42,155	37,818
Total Risk-Weighted Assets	293,252	288,246	287,011	282,309	285,468	280,747	284,613	280,061
Capital Ratios								
Common Equity Tier 1 (as a percentage of risk-weighted assets)	13.0	9.1	12.8	8.9	12.5	8.6	12.3	8.2
Tier 1 (as a percentage of risk-weighted assets)	13.0	11.1	12.8	11.0	12.5	10.7	12.3	10.3
Total Capital (as a percentage of risk-weighted assets)	14.8	13.5	15.1	13.8	14.9	13.6	14.8	13.5
OSFI Target - All-in Basis								
Common Equity Tier 1 minimum ratio		7.0		7.0		7.0		7.0
Capital instruments subject to phase-out arrangements								
Current cap on Additional Tier 1 (AT1) instruments subject to phase-out arrangements	90%	90%	90%	90%	90%	90%	90%	90%
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	653	653	653	653
Current cap on Tier 2 (T2) instruments subject to phase-out arrangements	90%	90%	90%	90%	90%	90%	90%	90%
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-	-	-	-	878	878

⁽¹⁾ Prior quarters, which are under Basel II, are detailed on page 7.

⁽²⁾ 'All-in' approach is defined as capital calculated to include all of the regulatory adjustments that will be required by 2019 but retaining the phase-out rules for non-qualifying capital instruments.

REGULATORY CAPITAL - DEFINITION OF CAPITAL COMPONENTS



(\$MM)

Common Equity Tier 1 Capital: Instruments and Reserves		Cross-Reference ⁽¹⁾	All-in Q4 2013	All-in Q3 2013
1	Directly issued qualifying common share capital plus related stock surplus	u+y	14,709	14,382
2	Retained Earnings	v	25,315	24,502
3	Accumulated Other Comprehensive Income	w	545	233
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	aa	479	454
6	Common Equity Tier 1 capital before regulatory adjustments		41,048	39,571
Common Equity Tier 1 Capital: Regulatory Adjustments				
8	Goodwill (net of related tax liability)	g	(6,867)	(6,794)
9	Intangibles other than mortgage-servicing rights (net or related tax liability)	h-q+r	(2,905)	(2,883)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	k	(752)	(756)
11	Cash flow hedge reserve	x	43	(7)
14	Gains and losses due to changes in own credit risk on fair value liabilities	p	(152)	(143)
15	Defined-benefit pension fund net assets (net of related tax liability)	l-s	(387)	(337)
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	a	(39)	(15)
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	e	(2,727)	(2,724)
22	Amount exceeding the 15% threshold		(903)	(724)
23	of which: significant investments in the common stock of financials	f	(558)	(460)
25	of which: deferred tax assets arising from temporary differences	j	(345)	(264)
28	Total regulatory adjustments to Common Equity Tier 1		(14,689)	(14,383)
29	Common Equity Tier 1 capital (CET1)		26,359	25,188
Additional Tier 1 Capital: Instruments				
33	Directly issued capital instruments subject to phase out from Additional Tier 1	n+t+z+dd	5,484	5,784
34	Additional Tier 1 instruments (and CET1 instruments not included in row 4) issued by subsidiaries and held by third parties (amount allowed in group)	bb	86	83
36	Additional Tier 1 capital before regulatory adjustments		5,570	5,867
Additional Tier 1 Capital: Regulatory Adjustments				
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible)	b	(8)	(8)
41	Other deductions from Tier 1 capital as determined by OSFI	o	(7)	(6)
43	Total regulatory adjustments to Additional Tier 1 capital		(15)	(14)
44	Additional Tier 1 Capital (AT1)		5,555	5,853
45	Tier 1 Capital (T1=CET1 + AT1)		31,914	31,041

Tier 2 Capital: Instruments and Provisions		Cross-Reference ⁽¹⁾	All-in Q4 2013	All-in Q3 2013
47	Directly issued capital instruments subject to phase out from Tier 2	m	5,841	6,770
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	cc	115	110
50	Eligible Collective Allowance and Excess of allowance over expected loss	c+d	971	1,027
51	Tier 2 capital before regulatory adjustments		6,927	7,907
Tier 2 Capital: Regulatory Adjustments				
57	Total regulatory adjustments to Tier 2 capital		0	0
58	Tier 2 Capital (T2)		6,927	7,907
59	Total Capital (TC = T1 + T2)		38,841	38,948
60	Total Risk-Weighted Assets		288,246	282,309
Capital Ratios and Buffers				
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)		9.1	8.9
62	Tier 1 (as a percentage of risk-weighted assets)		11.1	11.0
63	Total capital (as a percentage of risk-weighted assets)		13.5	13.8
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk-weighted assets)		7.0%	7.0%
65	of which: capital conservation buffer requirement		2.5%	2.5%
66	Not applicable.			
67	of which: G-SIB buffer requirement			
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)		9.1	8.9
OSFI all-in target (minimum + capital conservation buffer + DSIB surcharge (if applicable))				
69	Common Equity Tier 1 all-in target ratio		7.0%	7.0%
70	Tier 1 capital all-in target ratio		8.5%	8.5%
71	Total capital all-in target ratio		10.5%	10.5%
Amounts below the thresholds for the deduction (before risk-weighting)				
72	Non-significant investments in the capital of other financial institutions		1,369	1,258
73	Significant investments in the common stock of financial institutions		2,441	2,403
75	Deferred tax assets arising from temporary differences (net of related tax liability)		1,513	1,375
Applicable caps on the inclusion of allowances in Tier 2				
76	Allowances eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)		875	872
77	Cap on inclusion of allowances in Tier 2 under standardized approach		932	922
78	Allowances eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		96	155
79	Cap for inclusion of allowances in Tier 2 under internal ratings-based approach		998	975
Capital instruments subject to phase-out arrangements (only applicable between Jan 1 2018 and Jan 1 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements		90%	90%
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		-	-
82	Current cap on AT1 instruments subject to phase out arrangements		90%	90%
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		-	-
84	Current cap on T2 instruments subject to phase out arrangements		90%	90%
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		-	-

(1) Q4 2013 is cross-referenced to Consolidated Balance Sheet for Q4 2013: Source of Definition of Capital Components on page 5 (refer to column: Under Regulatory Scope of Consolidation).

CONSOLIDATED BALANCE SHEET: SOURCE OF DEFINITION OF CAPITAL COMPONENTS



(\$MM)	Cross Reference to Page 4 Definition of Capital	Consolidated Statement of Financial Position (1)	Under regulatory scope of consolidation (2)
		Q4 2013	Q4 2013
Assets			
Cash and deposits with banks		53,338	53,210
Precious Metals		8,880	8,880
Trading Assets			
Trading Securities		84,196	84,196
- Investment in own shares	a	39	84,157
- Other trading securities			
Trading Loans		11,225	11,225
Other Trading Assets		1,068	1,068
		96,489	96,489
Financial assets designated at fair value through profit or loss		106	106
Securities Purchased Under Resale Agreements		82,533	82,533
Derivative Instruments		24,503	24,503
Investment Securities		34,303	33,681
- Significant investments in Additional Tier 1 capital of other financial institutions reflected in regulatory capital	b		8
- Other securities			33,673
Loans			
Residential Mortgages		209,865	209,769
Personal and Credit Cards		76,008	76,001
Business and Government		119,550	119,550
		405,423	405,320
Allowance For Credit Losses		3,273	3,273
- Collective Allowance reflected in Tier 2 capital	c		875
- Excess of allowances to expected loss	d		96
- Allowances not reflected in regulatory capital			2,302
		402,150	402,047
Other			
Customers' Liability Under Acceptances		10,556	10,556
Property and Equipment		2,228	2,224
Investments in Associates		5,294	5,818
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 10% regulatory thresholds	e		2,727
- Significant Investments in other financial institutions including deconsolidated subsidiaries exceeding 15% regulatory thresholds	f		558
- Significant Investments in other financial institutions including deconsolidated subsidiaries within regulatory thresholds			2,533
Goodwill & Other Intangibles		10,704	10,704
- Goodwill	g		6,867
- Intangibles (excl computer software)	h		2,916
- Computer software intangibles	i		921
Deferred tax assets		1,780	1,780
- Deferred tax assets arising from temporary differences exceeding the regulatory threshold	j		345
- Deferred tax assets that rely on future profitability	k		752
- Deferred tax assets not deducted from regulatory capital			683
Other Assets		10,924	10,832
- Defined pension fund assets	l		526
- Other assets			10,306
		41,486	41,914
Total Assets		743,788	743,363

	Cross Reference to Page 4 Definition of Capital	Consolidated Statement of Financial Position (1)	Under regulatory scope of consolidation (2)
		Q4 2013	Q4 2013
Liabilities			
Deposits			
Personal		171,048	171,048
Business and Government		312,487	312,487
Banks		33,019	33,019
		516,554	516,554
Other			
Acceptances		10,556	10,556
Obligations Related to Securities Sold Short		24,977	24,977
Derivative Instruments		29,255	29,255
Obligations Related to Securities Sold Under Repurchase Agreements		77,508	77,508
Subordinated Debentures		5,841	5,841
- Regulatory capital amortization of maturing debentures			-
- Subordinated debentures used for regulatory capital			-
- of which: are subject to phase out included in Tier 1 capital (90%)	m		5,841
- of which: are subject to phase out not included in Tier 1 capital			-
Capital Instrument Liabilities		650	650
- of which: are subject to phase out included in Tier 1 capital (90%)	n		650
- of which: are subject to phase out not included in Tier 1 capital			-
Other Liabilities		31,896	31,474
- Liquidity Reserves	o		7
- Gains/losses due to changes in own credit risk including DVA on derivatives	p		152
- Deferred tax liabilities			1,421
- Intangible assets (excl. computer software and mortgage servicing rights)	q		777
- Intangible assets - computer software	r		155
- Defined benefit pension fund assets	s		139
- Other deferred tax liabilities			350
- Other Liabilities			29,894
- Distributions Payable on Capital Instruments	t		7
- Other			29,887
		180,683	180,261
Total Liabilities		697,237	696,815
Shareholders' Equity			
Common Equity			
- Common Shares	u	14,516	14,516
- Retained Earnings	v	25,315	25,315
- Accumulated Other Comprehensive Income (Loss)	w	545	542
- Cash flow hedging reserve	x		(43)
- Other			585
- Other Reserves	y	193	193
Total Common Equity		40,569	40,566
Preferred Shares		4,084	4,084
- of which: are subject to phase out and included in Tier 1 capital (90%)	z		4,084
- of which: are subject to phase out and not included into Tier 1 capital			-
Total Equity Attributable to Equity Holders		44,653	44,650
Non-Controlling Interests			
Non-Controlling Interest in Subsidiaries			
- portion allowed for inclusion into CET1	aa	1,155	1,155
- portion allowed for inclusion into Tier 1 capital	bb		479
- portion allowed for inclusion into Tier 2 capital	cc		86
- portion not allowed for regulatory capital			115
Shareholders' Equity - Capital Instruments		743	743
- of which: are subject to phase out and included in Tier 1 capital (90%)	dd		743
- of which: are subject to phase out and not included into Tier 1 capital			-
Total Equity		46,551	46,548
Total Liabilities & Shareholders' Equity		743,788	743,363

(1) Consolidated Statement of Financial Position as reported in the 2013 Annual Report (page 114)

(2) Legal Entities that are within the accounting scope of consolidation but excluded from the regulatory scope of consolidation represent the Bank's insurance subsidiaries whose principle activities include insurance, reinsurance, property and casualty insurance. Key subsidiaries are Scotia Insurance Barbados Ltd (assets:\$546, equity:\$202), Scotia Life Insurance Company (assets: \$47, equity: \$147), Scotia Jamaica Life Insurance Co. Ltd (assets:\$505, equity:\$86), Scotia Life Trinidad and Tobago Ltd (assets:\$208, equity:\$42) and Scotia Seguros (assets: \$51, equity: \$22).

FLOW STATEMENT FOR REGULATORY CAPITAL



	2013 (Basel III All-in) ⁽¹⁾	
	Q4	Q3
(\$MM)		
Core tier 1 (CET1) capital		
Opening amount	25,188	24,013
New capital issues	-	-
Redeemed capital	-	-
Gross dividends	(800)	(773)
Share Purchase Plan	328	284
Profit for the quarter (attributable to shareholders of the parent company)	1,626	1,703
Removal of own credit spread (net of tax)	(8)	(6)
Movements in other comprehensive income, excluding cash flow hedges	363	(300)
<i>Currency translation differences</i>	297	(198)
<i>Available-for-sale investments</i>	66	(102)
<i>Other</i>	-	-
Goodwill and other intangible assets (deduction, net of related tax liability)	(97)	(125)
Other, including regulatory adjustments and transitional arrangements	(241)	392
<i>Deferred tax assets that rely on future probability</i>	(4)	(5)
<i>Prudential valuation adjustments</i>	-	-
<i>Other</i>	(237)	397
Closing Amount	26,359	25,188
Other 'non-core' tier 1 (additional tier 1) capital		
Opening amount	5,853	5,948
New non-core tier 1 (Additional tier 1) eligible capital issues		
Redeemed capital	(300)	(750)
Other, capital including regulatory adjustments and transitional arrangements	2	655
Closing Amount	5,555	5,853
Total tier 1 capital	31,914	31,041
Tier 2 capital		
Opening amount	7,907	8,243
New tier 2 eligible capital issues	-	-
Redeemed capital	(1,200)	-
Amortization adjustments	250	-
Other, including regulatory adjustments and transitional adjustments	(30)	(336)
Closing Amount	6,927	7,907
Total regulatory capital	38,841	38,948

⁽¹⁾ For prior quarters on a more summarized basis, refer to page 7.

REGULATORY CAPITAL ⁽¹⁾



(\$MM)	2013 (Basel III All-in)		2012 (Basel II)				2011 (Basel II)
	IFRS		IFRS				CGAAP
	Q2	Q1	Q4	Q3	Q2	Q1	Q4
REGULATORY CAPITAL:							
Common Shares, Contributed Surplus & Retained Earnings	37,661	36,556	35,283	32,555	31,011	28,399	33,094
Adjustment for transition to measurement base under IFRS	-	-	322	643	964	1,286	
Accumulated Other Comprehensive Income, excluding cash flow hedges	351	343					
Accumulated Foreign Currency Translation Losses			(528)	(563)	(848)	(555)	(5,162)
Non-Controlling Interest of Subsidiaries	447	437	966	918	887	823	640
Goodwill and Non-qualifying Intangibles			(5,239)	(5,363)	(5,375)	(4,586)	(4,662)
Other deductions	(14,446)	(14,322)					
CET1	24,013	23,014					
Non-Cumulative Preferred Shares	3,945	3,945	4,384	4,384	4,384	4,384	4,384
Innovative Capital Instruments	1,935	1,935	2,150	2,150	2,900	2,900	2,900
Other Capital Deductions ⁽²⁾	68	66	(2,902)	(2,850)	(2,949)	(3,773)	(2,705)
Net Tier 1 Capital	29,961	28,960	34,436	31,874	30,974	28,878	28,489
Accumulated Net Unrealized Gains (after-tax) on Available-For-Sale Equity Securities			305	288	296	254	152
Subordinated Debentures (net of Amortization)	7,087	7,902	9,893	6,699	6,695	6,730	6,723
Eligible Allowance for Credit Losses ⁽³⁾	1,048	853	454	444	401	391	353
Capital issued by consolidated subsidiaries to third parties	108	103					
Tier 2 Capital	8,243	8,858	10,652	7,431	7,392	7,375	7,228
Other Capital Deductions ⁽⁴⁾			(2,895)	(2,847)	(2,946)	(2,961)	(3,184)
Total Regulatory Capital	38,204	37,818	42,193	36,458	35,420	33,292	32,533
CHANGES IN REGULATORY CAPITAL:							
Total Capital, Beginning of Period	37,818	42,193	36,458	35,420	33,292	32,533	31,697
Internally Generated Capital							
Net Income attributable to Equity Holders of the Bank	1,534	1,559	1,453	2,001	1,391	1,398	1,222
Preferred and Common Share Dividends	(771)	(731)	(728)	(683)	(679)	(622)	(620)
	763	828	725	1,318	712	776	602
External Financing							
Subordinated Debentures (net of Amortization)	(1,710)	(1,362)	3,194	4	(35)	7	(31)
Innovative Capital Instruments	-	-	-	(750)	-	-	-
Preferred Shares	-	-	-	-	-	-	-
Common Shares Issued	352	413	1,976	199	1,895	733	194
	(1,358)	(949)	5,170	(547)	1,860	740	163
Other							
Net Change in Foreign Currency Translation Gains / (Losses) ⁽⁵⁾	-	-	34	285	(294)	142	239
Net Change in Net Unrealized Gains / Losses (after-tax) on Available-For-Sale Equity Securities	-	-	17	(8)	42	102	(78)
Non-Controlling Interest of Subsidiaries	-	-	48	31	64	183	39
Other ⁽⁶⁾	981	(4,254)	(259)	(41)	(256)	(1,184)	(129)
	981	(4,254)	(160)	267	(444)	(757)	71
Total Capital Generated / (Used)	386	(4,375)	5,735	1,038	2,128	759	836
Total Capital, End of Period	38,204	37,818	42,193	36,458	35,420	33,292	32,533

(1) Effective Q3 2013, this schedule has been replaced with pages 4 and 6 on a prospective basis.

(2) Under Basel III, Other Capital Deductions in Tier 1 and Tier 2 is comprised of Non-Controlling Interest of Subsidiaries. Under Basel II, Other Capital Deductions is comprised of 50% of all investments in certain specified corporations (includes insurance subsidiaries effective November 1, 2011) and other items.

(3) Under Basel II, eligible general allowances in excess of expected losses under AIRB approach and allocated allowances under Standardized approach can be included in capital, subject to certain limitations.

(4) Under Basel II, comprised of 50% of all investments in certain specified corporations (includes insurance subsidiaries effective November 1, 2011), 100% of investments in insurance subsidiaries prior to November 1, 2011 and other items.

(5) Q1 2012 excludes reclassification of \$4.5 billion from AOCI to Retained Earnings as a result of the adoption of IFRS, which is included in Other ⁽⁶⁾.

(6) Includes changes to eligible allowances for credit losses, regulatory capital deductions relating to goodwill, non-qualifying intangibles, investments in associated corporations and insurance entities. Effective Q1 2012, also includes the impact to retained earnings and AOCI Foreign Currency Translation from the adoption of IFRS. For Q1/13, includes transition amount for conversion from Basel II to Basel III

RISK-WEIGHTED ASSETS AND CAPITAL RATIOS



(\$B)	Basel III - All-in				Basel II				CGAAP	
	IFRS								2011	
	2013		2012		2012		2011		2011	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
RISK-WEIGHTED ASSETS:^(1,2)										
On- Balance Sheet Assets										
Cash Resources	2.9	3.1	3.0	2.6	2.7	2.9	4.1	3.0	3.5	4.4
Securities ⁽³⁾	15.4	15.9	16.3	17.5	12.6	12.7	17.1	17.4	13.7	14.2
Residential Mortgages	19.0	18.5	18.1	17.6	13.0	12.4	12.4	12.1	10.5	10.1
Loans										
- Personal Loans	36.3	34.3	33.4	32.5	30.8	29.7	28.6	28.6	26.4	25.0
- Non-Personal Loans	88.2	87.6	87.1	88.0	85.5	85.4	82.9	83.5	79.1	74.3
All Other ⁽⁴⁾	24.9	23.9	22.9	23.8	18.2	18.1	18.4	17.1	17.0	16.8
	186.7	183.3	180.8	182.0	162.8	161.2	163.5	161.7	150.2	144.8
Off- Balance Sheet Assets										
Indirect Credit Instruments	38.3	37.3	35.7	34.8	34.1	33.7	32.0	32.0	37.0	33.7
Derivative Instruments	7.6	7.6	7.6	8.0	5.6	5.9	5.8	6.0	5.9	5.6
	45.9	44.9	43.3	42.8	39.7	39.6	37.8	38.0	42.9	39.3
Total Credit Risk before AIRB scaling factor	232.6	228.2	224.1	224.8	202.5	200.8	201.3	199.7	193.1	184.0
AIRB Scaling factor ⁽⁵⁾	8.3	8.1	8.3	8.2	7.5	7.5	7.6	7.7	7.7	7.3
Total Credit Risk after AIRB scaling factor	240.9	236.3	232.4	233.0	210.0	208.3	208.9	207.4	200.8	191.3
Market Risk - Risk Assets Equivalent ⁽⁶⁾	15.4	14.5	17.4	16.5	13.8	14.8	14.8	16.5	5.9	6.7
Operational Risk - Risk Assets Equivalent	31.9	31.5	30.9	30.6	29.5	29.3	29.2	29.2	27.3	26.8
Total Risk-Weighted Assets	288.2	282.3	280.7	280.1	253.3	252.4	252.9	253.1	234.0	224.8
REGULATORY CAPITAL RATIOS (%):										
Common Equity Tier 1	9.1	8.9	8.6	8.2	n/a	n/a	n/a	n/a	n/a	n/a
Tier 1	11.1	11.0	10.7	10.3	13.6	12.6	12.2	11.4	12.2	12.3
Total	13.5	13.8	13.6	13.5	16.7	14.4	14.0	13.2	13.9	14.1

(1) For purposes of this presentation only, Risk-weighted Assets (RWA) is shown by balance sheet categories. Details by Basel III exposure type are shown on pages 9-10 entitled, "Exposure at Default and Risk-Weighted Assets for Credit Risk Portfolios".

(2) Effective Q1 2013, under Basel III, RWA computation includes a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

(3) Effective Q1 2013, under Basel III, Securities include amounts for trade exposures related to securities financing transactions.

(4) Effective Q1 2013, under Basel III, Other Assets include amounts for initial margin related to trade exposures, default fund contributions to QCCP and exchange-traded derivatives (previously were excluded for capital calculation under Basel II and are now risk-weighted as per OSFI guideline).

(5) The Basel Framework requires an additional 6% scaling factor to AIRB credit risk portfolios (excluding exposures with a risk-weight of 1250%).

(6) The Q4 2013 related capital charge for total comprehensive risk measure including securitization exposures is \$332MM (Q3 2013: \$252MM) broken down as follows: Market Simulation \$50MM (Q3 2013: \$52MM), Default & Migration Risk \$116MM (Q3 2013: \$87MM), and Surcharge \$166MM (Q3 2013: \$113MM).

EXPOSURE AT DEFAULT AND RISK-WEIGHTED ASSETS FOR CREDIT RISK PORTFOLIOS



(\$MM)		Basel III - IFRS							
		Q4 2013						Q3 2013	
		AIRB		Standardized		Total		Total	
Exposure Type	Sub-type	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾
Non-Retail									
Corporate ⁽³⁾	Drawn	78,107	45,445	38,102	36,758	116,209	82,203	114,567	82,109
	Undrawn	42,811	18,608	2,947	2,939	45,758	21,547	45,477	21,329
	Other ⁽⁴⁾	22,981	7,651	1,921	1,869	24,902	9,520	22,156	8,532
	Total	143,899	71,704	42,970	41,566	186,869	113,270	182,200	111,970
Bank ⁽³⁾	Drawn	25,797	8,092	2,389	1,417	28,186	9,509	33,053	9,280
	Undrawn	12,388	3,922	75	46	12,463	3,968	12,374	4,114
	Other ⁽⁴⁾	10,971	1,681	390	390	11,361	2,071	12,772	1,779
	Total	49,156	13,695	2,854	1,853	52,010	15,548	58,199	15,173
Sovereign	Drawn	63,927	4,773	5,667	240	69,594	5,013	63,915	5,074
	Undrawn	1,568	234	-	-	1,568	234	1,276	247
	Other ⁽⁴⁾	4,837	84	-	-	4,837	84	2,549	5
	Total	70,332	5,091	5,667	240	75,999	5,331	67,740	5,326
Total Non-Retail	Drawn	167,831	58,310	46,158	38,415	213,989	96,725	211,535	96,463
	Undrawn	56,767	22,764	3,022	2,985	59,789	25,749	59,127	25,690
	Other ⁽⁴⁾	38,789	9,416	2,311	2,259	41,100	11,675	37,477	10,316
	Total	263,387	90,490	51,491	43,659	314,878	134,149	308,139	132,469
Retail									
Residential Mortgages	Drawn	188,395	9,681	21,186	9,275	209,581	18,956	208,604	18,464
	Undrawn	-	-	-	-	-	-	-	-
	Total	188,395	9,681	21,186	9,275	209,581	18,956	208,604	18,464
Secured Lines Of Credit	Drawn	18,241	4,802	-	-	18,241	4,802	18,346	4,512
	Undrawn	12,856	1,419	-	-	12,856	1,419	12,625	1,302
	Total	31,097	6,221	-	-	31,097	6,221	30,971	5,814
Qualifying Revolving Retail Exposures (QRRE)	Drawn	15,174	7,105	-	-	15,174	7,105	14,944	6,691
	Undrawn	12,900	1,672	-	-	12,900	1,672	12,500	1,473
	Total	28,074	8,777	-	-	28,074	8,777	27,444	8,164
Other Retail	Drawn	20,011	9,709	20,488	14,703	40,499	24,412	38,184	23,088
	Undrawn	735	90	-	-	735	90	720	87
	Total	20,746	9,799	20,488	14,703	41,234	24,502	38,904	23,175
Total Retail	Drawn	241,821	31,297	41,674	23,978	283,495	55,275	280,078	52,755
	Undrawn	26,491	3,181	-	-	26,491	3,181	25,845	2,862
	Total	268,312	34,478	41,674	23,978	309,986	58,456	305,923	55,617
Securitized		17,901	6,978	74	71	17,975	7,049	18,145	7,606
Trading Derivatives ⁽³⁾		20,623	6,977	-	-	20,623	6,977	21,848	7,309
Total Credit Risk (Excluding Equities & Other Assets)		570,223	138,923	93,239	67,708	663,462	206,631	654,055	203,001
Equities		3,728	3,728	-	-	3,728	3,728	3,629	3,629
Other Assets ⁽⁵⁾				55,910	22,250	55,910	22,250	53,664	21,594
Total Credit Risk (Before Scaling Factor)		573,951	142,651	149,149	89,958	723,100	232,609	711,348	228,224
Add-on for 6% Scaling Factor ⁽⁶⁾			8,331				8,331		8,119
Total Credit Risk		573,951	150,982	149,149	89,958	723,100	240,940	711,348	236,343

(1) Exposure at default, before credit risk mitigation for AIRB exposures, after related allowances for credit losses for Standardized exposures.

(2) Risk-Weighted Assets.

(3) Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

(4) Includes lending instruments such as letters of credit and letters of guarantee; banking book derivatives and repo-style exposures, net of related collateral.

(5) Effective Q1 2013, Other Assets include exchange-traded derivatives which were previously excluded for capital calculation under Basel II and are now risk-weighted under Basel III.

(6) The Basel Framework requires an additional 6% scaling factor to AIRB credit risk portfolios (excluding exposures with a risk-weight of 1250%).

EXPOSURE AT DEFAULT AND RISK-WEIGHTED ASSETS FOR CREDIT RISK PORTFOLIOS (CONTINUED)



(\$MM)		Basel III - IFRS				Basel II - IFRS						Basel II - CGAAP			
		2013				2012						2011			
		Q2		Q1		Q4		Q3		Q2		Q1		Q4	
Exposure Type	Sub-type	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾	EAD ⁽¹⁾	RWA ⁽²⁾
Non-Retail															
Corporate ⁽³⁾	Drawn	115,934	81,854	114,895	82,943	112,974	82,239	111,052	81,432	108,593	78,977	108,118	80,275	99,796	75,405
	Undrawn	42,956	20,029	42,742	19,656	43,056	20,311	42,226	20,017	41,356	19,239	42,114	19,118	42,509	20,783
	Other ⁽⁴⁾	21,444	8,604	21,602	8,854	16,765	7,095	17,710	7,488	16,325	6,514	15,472	6,837	15,222	7,307
	Total	180,334	110,487	179,239	111,453	172,795	109,645	170,988	108,937	166,274	104,730	165,704	106,230	157,527	103,495
Bank ⁽³⁾	Drawn	36,340	9,875	33,665	9,297	35,211	8,047	34,596	8,731	38,228	10,377	31,582	8,449	26,024	8,473
	Undrawn	11,930	3,810	11,130	3,479	11,060	2,754	10,731	2,631	10,731	2,583	11,825	2,778	11,341	2,851
	Other ⁽⁴⁾	11,955	1,723	9,159	1,694	7,842	1,190	11,435	1,769	11,555	1,657	10,432	1,403	10,425	1,536
	Total	60,225	15,408	53,954	14,470	54,113	11,991	56,762	13,131	60,514	14,617	53,839	12,630	47,790	12,860
Sovereign	Drawn	63,065	4,117	65,407	5,053	53,451	4,079	57,628	4,151	56,444	4,032	50,187	4,430	50,012	4,392
	Undrawn	1,539	306	1,605	269	1,281	220	1,412	249	1,288	235	1,142	218	1,128	225
	Other ⁽⁴⁾	2,278	5	281	6	291	27	438	25	380	29	356	42	236	17
	Total	66,882	4,428	67,293	5,328	55,023	4,326	59,478	4,425	58,112	4,296	51,685	4,690	51,376	4,634
Total Non-retail	Drawn	215,339	95,846	213,967	97,293	201,636	94,365	203,276	94,314	203,265	93,386	189,887	93,154	175,832	88,270
	Undrawn	56,425	24,145	55,477	23,404	55,397	23,285	54,369	22,897	53,375	22,057	55,081	22,114	54,978	23,859
	Other ⁽⁴⁾	35,677	10,332	31,042	10,554	24,898	8,312	29,583	9,282	28,260	8,200	26,260	8,282	25,883	8,860
	Total	307,441	130,323	300,486	131,251	281,931	125,962	287,228	126,493	284,900	123,643	271,228	123,550	256,693	120,989
Retail															
Residential Mortgages	Drawn	207,641	18,139	206,648	17,625	175,114	13,005	171,295	12,370	166,816	12,382	164,201	12,061	143,941	10,446
	Undrawn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	207,641	18,139	206,648	17,625	175,114	13,005	171,295	12,370	166,816	12,382	164,201	12,061	143,941	10,446
Secured Lines Of Credit	Drawn	18,475	4,540	18,328	4,530	18,404	4,701	18,144	4,502	17,841	4,428	17,767	4,484	17,937	4,651
	Undrawn	12,347	1,280	12,026	1,247	11,759	1,267	11,492	1,229	11,149	1,196	10,829	1,182	11,780	1,393
	Total	30,822	5,820	30,354	5,777	30,163	5,968	29,636	5,731	28,990	5,624	28,596	5,666	29,717	6,044
Qualifying Revolving	Drawn	14,711	6,553	14,517	6,489	14,414	6,444	14,194	6,128	14,371	6,058	14,243	6,095	14,239	5,867
	Undrawn	12,159	1,426	11,901	1,395	11,613	1,397	11,348	1,303	11,197	1,260	11,005	1,249	12,195	1,418
	Total	26,870	7,979	26,418	7,884	26,027	7,841	25,542	7,431	25,568	7,318	25,248	7,344	26,434	7,285
Other Retail	Drawn	36,497	22,326	35,018	21,501	32,938	19,642	32,002	19,047	30,109	18,088	29,923	18,020	27,209	15,911
	Undrawn	708	86	761	93	749	93	739	92	597	59	578	58	630	67
	Total	37,205	22,412	35,779	21,594	33,687	19,735	32,741	19,139	30,706	18,147	30,501	18,078	27,839	15,978
Total Retail	Drawn	277,324	51,558	274,511	50,145	240,870	43,792	235,635	42,047	229,137	40,956	226,134	40,660	203,326	36,875
	Undrawn	25,214	2,792	24,688	2,735	24,121	2,757	23,579	2,624	22,943	2,515	22,412	2,489	24,605	2,878
	Total	302,538	54,350	299,199	52,880	264,991	46,549	259,214	44,671	252,080	43,471	248,546	43,149	227,931	39,753
Securitized		18,183	7,857	18,046	8,036	17,636	4,170	16,955	4,404	15,240	4,060	14,258	3,606	14,466	4,423
Trading Derivatives ⁽³⁾		22,211	7,189	22,470	7,609	18,845	5,434	19,772	5,617	20,105	5,574	20,426	5,655	21,540	5,612
Total Credit risk (excl. Equities & Other Assets)		650,373	199,719	640,201	199,776	583,403	182,115	583,169	181,185	572,325	176,748	554,458	175,960	520,630	170,777
Equities⁽⁵⁾		3,678	3,678	-	-	-	-	-	-	1,298	1,298	1,315	1,315	1,309	1,309
	Grandfathered	-	-	-	-	-	-	-	-	1,298	1,298	1,315	1,315	1,309	1,309
	Simple Method	-	-	-	-	-	-	-	-	1,695	5,721	1,808	6,058	1,450	4,771
	PD/LGD Approach	-	-	-	-	-	-	-	-	433	510	434	520	425	526
	Other	-	-	3,539	3,539	3,155	3,155	3,055	3,055	-	-	-	-	-	-
	Total Equities	3,678	3,678	3,539	3,539	3,155	3,155	3,055	3,055	3,426	7,529	3,557	7,893	3,184	6,606
Other Assets⁽⁶⁾		51,101	20,800	51,040	21,472	41,514	17,197	37,760	16,477	38,970	16,894	39,863	15,876	35,968	15,622
		705,152	224,197	694,780	224,787	628,072	202,467	623,984	200,717	614,721	201,171	597,878	199,729	559,782	193,005
Add-on for 6% scaling factor ⁽⁷⁾			8,262		8,245		7,499		7,536		7,642		7,709		7,743
Total Credit Risk		705,152	232,459	694,780	233,032	628,072	209,966	623,984	208,253	614,721	208,813	597,878	207,438	559,782	200,748

(1) Exposure at default, before credit risk mitigation for AIRB exposures, after related allowances for credit losses for Standardized exposures.

(2) Risk-Weighted Assets.

(3) Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

(4) Includes lending instruments such as letters of credit and letters of guarantee, banking book derivatives and repo-style transactions net of related collateral.

(5) Effective July 31, 2012, the Bank's equity portfolio, including both preferred and grandfathered securities, qualified for the materiality threshold exemption under OSFI's Capital Adequacy Requirements for equities.

(6) Effective Q1 2013, Other Assets includes exchange-traded derivatives which previously were excluded for capital calculation under Basel II, are now risk-weighted under Basel III.

(7) The Basel Framework requires an additional 6% scaling factor to AIRB credit risk portfolios (excluding exposure with risk-weight of 1250%).

CREDIT RISK EXPOSURES BY GEOGRAPHY ^(1,2)


(\$MM)	Basel III - IFRS									
	Q4 2013					Q3 2013				
	Non-Retail			Retail	Total	Non-Retail			Retail	Total
Drawn	Undrawn	Other ⁽³⁾	Drawn			Undrawn	Other ⁽³⁾			
Canada	58,348	28,100	29,499	274,666	390,613	60,225	28,367	30,234	271,910	390,736
USA	54,548	19,467	30,213	138	104,366	52,313	18,704	29,607	170	100,794
Mexico	9,755	324	1,096	6,684	17,859	9,358	405	1,118	6,440	17,321
Other International										
Europe	13,919	5,118	11,035	-	30,072	14,637	5,170	9,920	-	29,727
Caribbean	17,167	1,685	1,911	13,271	34,034	16,965	1,544	1,692	12,964	33,165
Latin America (excl. Mexico)	29,390	1,194	3,838	15,137	49,559	28,440	1,245	2,642	14,349	46,676
All Other	30,862	3,901	2,106	90	36,959	29,597	3,692	2,257	90	35,636
Total	213,989	59,789	79,698	309,986	663,462	211,535	59,127	77,470	305,923	654,055

	Basel III - IFRS			Basel II - IFRS	
	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Canada	384,672	374,866	339,320	335,328	329,421
USA	102,702	107,243	94,784	98,898	95,142
Mexico	17,400	15,422	14,079	13,729	12,942
Other International					
Europe	31,636	30,526	27,723	28,098	31,494
Caribbean	32,718	33,790	32,700	32,637	31,904
Latin America (excl. Mexico)	45,967	44,108	42,312	40,809	39,248
All Other	35,278	34,246	32,485	33,670	32,174
Total	650,373	640,201	583,403	583,169	572,325

⁽¹⁾ Before credit risk mitigation, excluding AFS equity securities and other assets.

⁽²⁾ Geographic segmentation is based upon the location of the ultimate risk of the credit exposure.

⁽³⁾ Includes off-balance sheet lending instruments such as letters of credit and letters of guarantee, banking book derivatives, securitization and repo-style transactions net of related collateral.

AIRB CREDIT RISK EXPOSURES BY MATURITY ^(1,2)



NON-RETAIL AND RETAIL PORTFOLIO

(\$MM)	Basel III - IFRS							
	Q4 2013				Q3 2013			
	Drawn	Undrawn	Other ⁽³⁾	Total	Drawn	Undrawn	Other ⁽³⁾	Total
Non-Retail								
Less than 1 year	108,156	17,823	47,740	173,719	103,179	17,078	44,749	165,006
1 to 5 years	53,539	37,674	27,960	119,173	55,139	31,501	28,201	114,841
Over 5 Years	6,136	1,270	1,613	9,019	5,812	7,304	2,283	15,399
Total Non-Retail	167,831	56,767	77,313	301,911	164,130	55,883	75,233	295,246
Retail								
Less than 1 year	25,734	13,591		39,325	24,838	13,345		38,183
1 to 5 years	166,712	-		166,712	167,179	-		167,179
Over 5 Years	14,653	-		14,653	13,318	-		13,318
Revolving Credits ⁽⁴⁾	34,722	12,900		47,622	34,609	12,500		47,109
Total Retail	241,821	26,491		268,312	239,944	25,845		265,789
Total	409,652	83,258	77,313	570,223	404,074	81,728	75,233	561,035

	Basel III - IFRS		Basel II - IFRS	
	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Non-Retail				
Less than 1 year	164,157	156,107	138,958	150,492
1 to 5 years	121,923	123,231	120,812	116,108
Over 5 Years	9,275	8,772	9,746	10,313
Total Non-Retail	295,355	288,110	269,516	276,913
Retail				
Less than 1 year	38,671	40,063	31,904	28,946
1 to 5 years	165,596	163,625	145,232	144,623
Over 5 Years	11,655	10,679	6,241	5,420
Revolving Credits ⁽⁴⁾	46,667	46,145	45,853	45,131
Total Retail	262,589	260,512	229,230	224,120
Total	557,944	548,622	498,746	501,033

⁽¹⁾ Before credit risk mitigation, excluding AFS equity securities and other assets.

⁽²⁾ Remaining term to maturity of the credit exposure.

⁽³⁾ Off-balance sheet lending instruments such as letters of credit and letters of guarantee, securitization, banking book derivatives and repo-style transactions net of related collateral.

⁽⁴⁾ Credit cards and lines of credit with unspecified maturity.

STANDARDIZED CREDIT RISK EXPOSURES BY RISK-WEIGHT



EXPOSURE AT DEFAULT⁽¹⁾

(\$MM)	Basel III - IFRS													
	Q4 2013							Q3 2013						
	Non-Retail				Retail			Non-Retail				Retail		
	Corporate	Bank	Sovereign	Total	Res Mtgs	Other Retail	Total	Corporate	Bank	Sovereign	Total	Res Mtgs	Other Retail	Total
0%	1,167	8	5,053	6,228	16	1,077	1,093	1,175	8	5,329	6,512	31	1,023	1,054
20%	605	1,241	282	2,128	1,289	-	1,289	629	1,117	1,179	2,925	1,285	-	1,285
35%	-	-	-	-	15,238	499	15,737	-	-	-	-	14,866	524	15,390
50%	110	7	296	413	-	-	-	57	12	405	474	-	-	-
75%	-	-	-	-	3,840	18,412	22,252	-	-	-	-	3,505	17,632	21,137
100%	40,569	1,590	36	42,195	803	24	827	40,278	1,679	453	42,410	821	21	842
150%	593	8	-	601	-	476	476	558	7	-	565	-	426	426
Total	43,044	2,854	5,667	51,565	21,186	20,488	41,674	42,697	2,823	7,366	52,886	20,508	19,626	40,134

Risk-weight	Basel III - IFRS				Basel II - IFRS								Basel II - CGAAP	
	Q2 2013		Q1 2013		Q4 2012		Q3 2012		Q2 2012		Q1 2012		Q4 2011	
	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail	Non-Retail	Retail
	0%	7,196	1,067	7,967	923	4,850	911	4,515	1,006	3,874	809	3,100	813	2,656
20%	3,096	1,280	3,256	1,469	4,153	1,521	3,817	1,590	5,905	1,610	3,463	1,741	4,087	2,111
35%	-	15,219	-	11,072	-	14,412	-	13,965	-	13,197	-	13,387	-	11,961
50%	571	-	605	-	650	-	604	-	971	-	1,220	-	758	-
75%	-	21,076	-	23,945	-	18,433	-	18,054	-	17,207	-	17,344	-	14,602
100%	41,073	839	40,605	788	38,824	425	37,650	424	34,770	968	34,193	688	29,861	720
150%	544	468	459	490	419	59	456	55	1,053	60	691	69	607	67
Total	52,480	39,949	52,892	38,687	48,896	35,761	47,042	35,094	46,573	33,851	42,667	34,042	37,969	30,261

⁽¹⁾ Net of specific allowances for credit losses, after credit risk mitigation.

NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(SMM)			Basel III - IFRS												
			Q4 2013						Q3 2013						
Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	Drawn Exposure at Default ⁽³⁾	Undrawn Exposure at Default ⁽³⁾	Other Exposure at Default ⁽³⁾	Total Exposure at Default ⁽³⁾	RWA	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)	Total Exposure at Default ⁽³⁾	RWA	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)
			\$	\$	\$	\$		%	%	%	\$		%	%	%
Investment Grade															
<i>Corporate</i> ⁽⁸⁾															
AAA to AA+	99	0.00% - 0.06%	40,971	30,119	22,768	93,858	33,285	0.17	43	35	90,970	32,747	0.18	43	36
AAA to AA+	98	0.00% - 0.06%	192	33	219	444	110	0.03	53	25	458	105	0.03	53	23
AA to A+	95	0.06% - 0.17%	3,032	1,622	2,386	7,040	1,644	0.09	45	23	6,095	1,473	0.09	46	24
A to A-	90	0.10% - 0.22%	7,312	6,151	7,127	20,590	4,785	0.11	40	23	20,144	4,883	0.11	39	24
BBB+	87	0.12% - 0.30%	7,342	7,412	4,915	19,669	6,387	0.14	42	32	18,670	6,087	0.14	42	33
BBB	85	0.15% - 0.39%	9,789	7,629	4,565	21,983	8,621	0.19	43	39	20,472	7,933	0.19	43	39
BBB-	83	0.18% - 0.52%	13,186	7,020	3,495	23,701	11,678	0.28	45	49	24,764	12,210	0.28	45	49
<i>Bank</i> ⁽⁸⁾															
AAA to AA+	99	0.00% - 0.06%	20,943	12,245	21,195	54,383	14,419	0.15	35	27	61,801	14,243	0.13	34	23
AAA to AA+	98	0.00% - 0.06%	139	11	-	150	8	0.03	36	6	6,349	6	-	30	-
AA to A+	95	0.06% - 0.17%	92	1,445	1,184	2,721	213	0.06	24	8	4,599	338	0.06	28	7
A to A-	90	0.10% - 0.22%	5,988	5,595	10,842	22,425	4,644	0.08	36	21	23,590	5,326	0.08	36	23
BBB+	87	0.12% - 0.30%	6,492	2,976	2,976	14,703	3,999	0.14	35	27	13,110	3,335	0.14	34	25
BBB	85	0.15% - 0.39%	1,533	1,564	2,694	5,791	1,874	0.15	32	32	5,274	1,781	0.15	33	34
BBB-	83	0.18% - 0.52%	2,818	434	876	4,128	1,459	0.31	36	35	4,417	1,559	0.30	36	35
			3,881	220	364	4,465	2,222	0.50	40	50	4,462	1,898	0.50	40	43
<i>Sovereign</i>															
AAA to AA+	99	0.00% - 0.06%	146,917	1,527	7,202	155,646	3,376	0.03	15	2	147,147	2,914	0.03	15	2
AAA to AA+	98	0.00% - 0.06%	132,259	195	2,776	135,230	-	-	15	-	127,351	-	-	15	-
AA to A+	95	0.06% - 0.17%	1,145	77	2,925	4,147	252	0.06	6	6	1,277	130	0.06	15	10
A to A-	90	0.10% - 0.22%	3,725	584	1,329	5,638	583	0.09	16	10	9,599	564	0.09	16	6
BBB+	87	0.12% - 0.30%	1,576	193	92	1,861	268	0.20	19	14	1,502	228	0.21	19	15
BBB	85	0.15% - 0.39%	1,094	8	64	1,166	211	0.28	23	18	1,053	200	0.28	23	19
BBB-	83	0.18% - 0.52%	5,504	329	5	5,838	1,338	0.39	24	23	4,886	1,209	0.39	24	25
			1,614	141	11	1,766	724	0.52	30	41	1,479	583	0.52	29	39
Sub-Total			208,831	43,891	51,165	303,887	51,080	0.10	27	64	299,918	49,904	0.10	28	64
Non-Investment Grade															
<i>Corporate</i> ⁽⁸⁾															
BB+	80	0.30% - 0.69%	33,783	12,548	7,745	54,076	34,772	0.78	41	64	52,664	33,865	0.78	40	64
BB	77	0.50% - 0.92%	13,041	6,878	2,597	22,516	11,897	0.40	42	53	21,175	11,248	0.39	42	53
BB-	75	0.81% - 1.22%	8,797	2,601	1,344	12,742	8,303	0.63	41	65	13,249	8,437	0.62	40	64
B+	73	1.22% - 1.62%	8,008	1,981	2,855	12,844	9,125	0.94	39	71	12,409	8,849	0.95	39	71
B to B-	70	1.62% - 3.11%	2,444	680	724	3,848	3,090	1.60	35	80	3,707	2,958	1.60	35	80
			1,493	408	225	2,126	2,357	3.11	40	111	2,124	2,373	3.11	40	112
<i>Bank</i> ⁽⁸⁾															
BB+	80	0.30% - 0.69%	4,793	143	371	5,307	1,847	0.87	37	35	4,956	1,889	0.89	37	38
BB	77	0.50% - 0.92%	2,759	131	278	3,168	1,131	0.65	37	36	2,344	827	0.64	37	35
BB-	75	0.81% - 1.22%	1,413	1	42	1,456	617	0.92	39	42	1,906	774	0.91	38	41
B+	73	1.22% - 1.62%	242	9	34	285	83	1.15	35	29	374	169	1.10	30	45
B to B-	70	1.62% - 3.11%	206	-	9	215	11	1.60	28	5	154	95	1.62	38	62
			173	2	8	183	5	3.11	37	3	178	24	3.11	36	13
<i>Sovereign</i>															
BB+	80	0.30% - 0.69%	3,029	40	22	3,091	1,663	1.98	23	54	2,882	1,706	2.15	24	59
BB	77	0.50% - 0.92%	809	26	11	846	276	0.68	22	33	682	213	0.69	23	31
BB-	75	0.81% - 1.22%	257	3	8	268	80	0.92	18	30	84	18	0.62	18	21
B+	73	1.22% - 1.62%	238	-	-	238	52	1.22	24	22	206	121	1.22	24	59
B to B-	70	1.62% - 3.11%	265	6	3	274	140	1.62	25	51	340	182	1.62	26	54
			1,460	5	-	1,465	1,115	3.11	25	76	1,570	1,172	3.11	25	75
Sub-Total			41,605	12,731	8,138	62,474	38,282	0.84	37	64	60,502	37,460	0.65	37	64

(1) The cross references of the Bank's internal borrower grades (IG) with equivalent rating categories utilized by external rating agencies are outlined on page 182 of the Bank's 2013 Annual Report.

(2) PD ranges overlap across IG codes as the Bank utilizes two risk rating systems for its AIRB portfolios, and each risk rating system has its own separate IG to PD mapping.

(3) Amounts are after certain credit risk mitigation (i.e. guarantees accounted for under the PD substitution approach), includes all non-retail exposures except securitization, equity and other assets; includes government guaranteed residential mortgages.

(4) PD - Probability of Default, see glossary for details.

(5) LGD - Loss Given Default including a certain conservative factor as per Basel accord; see glossary for details.

(6) RW - risk-weight.

(7) Exposure at default (EAD) used as basis for estimated weightings, see glossary for details.

(8) Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

RISK ASSESSMENT OF CREDIT RISK EXPOSURES



NON-RETAIL AIRB PORTFOLIO - CREDIT QUALITY (CONTINUED)

(SMM)			Basel III - IFRS												
			Q4 2013							Q3 2013					
Category external ratings ⁽¹⁾	Internal grades	PD bands ⁽²⁾	Drawn Exposure at Default ⁽³⁾	Undrawn Exposure at Default ⁽³⁾	Other Exposure at Default ⁽³⁾	Total Exposure at Default ⁽³⁾	RWA	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)	Total Exposure at Default ⁽³⁾	RWA	Weighted Average PD ^(4,7)	Weighted Average LGD ^(5,7)	Weighted Average RW ^(6,7)
			\$	\$	\$	\$		%	%	%	\$		%	%	%
Watch List (CCC+ to CC)															
Corporate ⁽⁸⁾	65-30	3.11% - 61.42%	1,961	110	63	2,134	4,508	20.92	44	211	2,279	4,767	20.12	44	209
Bank ⁽⁸⁾	65-30	3.11% - 61.42%	12	-	2	14	27	18.12	47	208	21	28	27.59	47	134
Sovereign	65-30	3.11% - 61.42%	189	-	1	190	242	10.92	32	128	22	29	10.92	33	131
Sub-Total			2,162	110	66	2,338	4,777	20.09	43	204	2,322	4,824	20.10	44	208
Default ⁽⁹⁾															
Corporate	27-21	+100%	1,393	35	42	1,470	3,291	100.00	44	224	1,550	3,556	100.00	43	229
Bank	27-21	+100%	48	-	-	48	2	100.00	31	5	48	2	100.00	31	5
Sovereign	27-21	+100%	8	-	1	9	34	100.00	30	380	100	35	100.00	26	35
Sub-Total			1,449	35	43	1,527	3,327	100.00	43	218	1,698	3,593	100.00	42	212
Total			254,047	56,767	59,412	370,226	97,466	0.76	30	26	364,440	95,781	0.78	29	26

(1) The cross references of the Bank's internal borrower grades (IG) with equivalent rating categories utilized by external rating agencies are outlined on page 182 of the Bank's 2013 Annual Report.

(2) PD ranges overlap across IG codes as the Bank utilizes two risk rating systems for its AIRB portfolios, and each risk rating system has its own separate IG to PD mapping.

(3) Amounts are after certain credit risk mitigation (i.e. guarantees accounted for under the PD substitution approach), includes all non-retail exposures except securitization, equity and other assets; includes government guaranteed residential mortgages.

(4) PD - Probability of Default, see glossary for details.

(5) LGD - Loss Given Default including a certain conservative factor as per Basel accord, see glossary for details.

(6) RW - risk-weight.

(7) Exposure at default (EAD) used as basis for estimated weightings, see glossary for details.

(8) Effective Q1 2013, under Basel III, risk-weight computations include a multiplier of 1.25 to the correlation parameter of all credit exposures to certain large or unregulated financial institutions meeting specific criteria.

(9) EAD for defaulted exposures before related specific provisions and write-offs.

NON-RETAIL AIRB PORTFOLIO - CREDIT COMMITMENTS

(SMM)		Basel III - IFRS			
		Q4 2013		Q3 2013	
Exposure Type	Notional Undrawn	Weighted Average EAD (%)		Notional Undrawn	Weighted Average EAD (%)
Corporate	73,254	58		72,742	58
Bank	19,779	63		19,551	63
Sovereign	2,426	65		1,744	64
Total	95,459	59		94,037	59

RETAIL AIRB PORTFOLIO - CREDIT QUALITY

(\$MM)		Basel III - IFRS																			
Category of PD Grades ^(1,2)	PD Range ⁽²⁾	Q4 2013					Q3 2013					Q2 2013					Q1 2013				
		EAD ^(3,6)	RWA	PD ^(2,6)	LGD ^(4,6,8)	RW ^(5,6)	EAD ^(3,6)	RWA	PD ^(2,6)	LGD ^(4,6,8)	RW ^(5,6)	EAD ^(3,6)	RWA	PD ^(2,6)	LGD ^(4,6,8)	RW ^(5,6)	EAD ^(3,6)	RWA	PD ^(2,6)	LGD ^(4,6,8)	RW ^(5,6)
		\$	\$	%	%	%	\$	\$	%	%	%	\$	\$	%	%	%	\$	\$	%	%	%
Real Estate Secured																					
Exceptionally Low	0.0000% to 0.0499%	16,003	184	0.03	12	1	15,672	180	0.03	12	1	15,050	174	0.03	12	1	15,124	177	0	12	1
Very Low	0.0500% to 0.1999%	74,081	3,669	0.12	19	5	73,478	3,652	0.12	19	5	71,917	3,576	0.12	19	5	71,375	3,220	0.00	17	5
Low	0.2000% to 0.9999%	27,928	4,000	0.51	19	14	27,782	3,943	0.51	19	14	27,438	3,856	0.51	19	14	27,635	3,173	1.00	15	11
Medium Low	1.0000% to 2.9999%	7,388	2,657	1.49	22	36	7,529	2,710	1.50	22	36	7,655	2,753	1.51	22	36	7,501	2,557	2.00	21	34
Medium	3.0000% to 9.9999%	6,045	3,785	4.12	21	63	5,529	3,311	4.08	20	60	5,398	3,202	4.09	20	59	5,277	2,812	4.00	18	53
High	10.0000% to 19.9999%	303	393	12.02	27	130	332	432	12.06	27	130	349	456	12.11	27	131	330	433	12.00	27	131
Extremely High	20.0000% to 99.9999%	1,254	1,214	30.87	18	97	1,238	1,139	31.01	17	92	1,185	1,074	31.33	17	91	1,263	998	32.00	15	79
Default ⁽⁷⁾	100%+	274	0	100.00	37	-	256	0	100.00	38	-	257	0	100.00	37	-	278	0	100.00	36	-
Sub-total		133,276	15,902	0.97	19	12	131,816	15,367	0.95	18	12	129,249	15,091	0.96	19	13	128,783	13,370	1.00	17	11
Qualifying Revolving Retail Exposures(QRRE)																					
Exceptionally Low	0.0000% to 0.0499%	16	0	0.03	79	2	14	0	0.03	79	2	14	0	0.03	78	2	15	0	0.03	78	2
Very Low	0.0500% to 0.1999%	11,433	507	0.09	82	4	11,399	515	0.09	82	5	11,106	502	0.09	81	5	10,869	494	0.09	81	5
Low	0.2000% to 0.9999%	6,578	954	0.39	80	14	6,594	958	0.39	80	15	6,445	936	0.39	80	15	6,357	922	0.39	80	14
Medium Low	1.0000% to 2.9999%	6,073	2,823	1.84	79	46	6,130	2,871	1.85	79	47	6,066	2,829	1.85	79	47	5,965	2,791	1.85	79	47
Medium	3.0000% to 9.9999%	2,718	2,636	5.34	76	97	2,164	2,162	5.45	78	100	2,106	2,103	5.45	78	100	2,080	2,070	5.42	78	100
High	10.0000% to 19.9999%	630	1,058	13.27	77	168	625	1,051	13.27	77	168	639	1,072	13.29	77	168	608	1,021	13.25	77	168
Extremely High	20.0000% to 99.9999%	423	799	39.77	66	189	329	608	41.44	65	185	293	537	42.35	65	183	319	585	40.76	66	183
Default ⁽⁷⁾	100%+	203	0	100.00	85	-	189	0	100.00	85	-	202	0	100.00	85	-	205	1	100.00	85	-
Sub-total		28,074	8,777	2.66	80	31	27,444	8,165	2.46	80	30	26,871	7,979	2.50	80	30	26,418	7,884	2.55	80	30
Other Retail																					
Exceptionally Low	0.0000% to 0.0499%	559	23	0.04	32	4	576	24	0.04	32	4	575	24	0.04	32	4	611	26	0.04	32	4
Very Low	0.0500% to 0.1999%	1,741	234	0.14	43	13	1,676	222	0.14	43	13	1,670	220	0.14	42	13	1,790	236	0.14	43	13
Low	0.2000% to 0.9999%	11,552	3,936	0.39	55	34	10,434	3,579	0.39	55	34	9,375	3,248	0.39	55	35	8,855	3,076	0.40	55	35
Medium Low	1.0000% to 2.9999%	4,467	3,374	1.87	61	76	4,414	3,305	1.86	60	75	4,056	3,042	1.87	60	75	3,806	2,858	1.89	60	75
Medium	3.0000% to 9.9999%	1,906	1,674	6.29	57	88	1,712	1,505	6.38	57	88	1,582	1,388	6.35	57	88	1,056	832	4.78	54	79
High	10.0000% to 19.9999%	1	1	12.03	27	48	1	1	12.15	27	48	2	2	11.84	47	83	474	499	10.09	63	105
Extremely High	20.0000% to 99.9999%	400	557	40.04	59	139	354	493	40.56	59	139	327	453	40.97	59	139	331	452	41.88	59	136
Default ⁽⁷⁾	100%+	120	0	100.00	86	-	111	0	100.00	86	-	109	0	100.00	86	-	110	0	100.00	86	-
Sub-total		20,746	9,799	2.56	55	47	19,278	9,129	2.54	55	47	17,696	8,377	2.59	55	47	17,033	7,979	2.68	55	47
Total Retail																					
Exceptionally Low	0.0000% to 0.0499%	16,578	207	0.03	13	1	16,262	204	0.03	13	1	15,639	198	0.03	13	1	15,750	203	0.03	13	1
Very Low	0.0500% to 0.1999%	87,255	4,410	0.12	28	5	86,553	4,389	0.12	28	5	84,693	4,298	0.12	28	5	84,034	3,950	0.12	226	5
Low	0.2000% to 0.9999%	46,058	8,890	0.46	37	19	44,810	8,480	0.46	36	19	43,258	8,040	0.47	36	19	42,847	7,171	0.47	33	17
Medium Low	1.0000% to 2.9999%	17,928	8,854	1.70	51	49	18,073	8,886	1.71	51	49	17,777	8,624	1.71	50	49	17,272	8,206	1.71	49	48
Medium	3.0000% to 9.9999%	10,669	8,095	4.82	41	76	9,405	6,978	4.82	40	74	9,086	6,693	4.80	40	74	8,413	5,714	4.50	37	68
High	10.0000% to 19.9999%	934	1,452	12.86	61	156	958	1,484	12.85	60	155	990	1,530	12.87	59	154	1,412	1,953	11.93	61	138
Extremely High	20.0000% to 99.9999%	2,077	2,570	34.45	36	124	1,921	2,240	34.55	33	177	1,805	2,064	34.87	33	114	1,913	2,035	35.12	31	106
Default ⁽⁷⁾	100%+	597	0	100.00	63	-	556	0	100.00	64	-	568	0	100.00	63	-	593	1	100.00	62	-
Total		182,096	34,478	1.41	32	19	178,538	32,661	1.35	32	18	173,816	31,447	1.36	32	18	172,234	29,233	1.40	30	17

⁽¹⁾ The general relationship between probability of default (PD) ranges and the category of PD grades is detailed on page 183 of the Bank's 2013 Annual Report.

⁽²⁾ PD - Probability of Default, see glossary for details.

⁽³⁾ After credit risk mitigation, includes drawn and undrawn commitments; excludes government guaranteed residential mortgages.

⁽⁴⁾ LGD - Loss Given Default, see glossary for details.

⁽⁵⁾ RW - risk-weight.

⁽⁶⁾ Weighted averages provided based on exposure at default (EAD) for estimated weightings.

⁽⁷⁾ Gross defaulted exposures, before any related specific provisions.

⁽⁸⁾ The Bank uses PD substitution to account for the CMHC guarantee, whereas ING Direct Canada, its wholly owned subsidiary (acquired on November 15, 2012), utilizes LGD substitution. CMHC guarantees under the PD substitution are reclassified to sovereign.

Exposure Type	Basel III - IFRS								Basel II - IFRS	
	Q4 2013		Q3 2013		Q2 2013		Q1 2013		Q4 2012	
	Actual Loss Rate (%)	Expected Loss Rate (%)	Actual Loss Rate (%)	Expected Loss Rate (%)	Actual Loss Rate (%)	Expected Loss Rate (%)	Actual Loss Rate (%)	Expected Loss Rate (%)	Actual Loss Rate (%)	Expected Loss Rate (%)
Non-Retail⁽¹⁾										
Corporate	0.12	1.13	0.09	1.09	0.12	1.15	0.13	1.31	0.15	1.38
Sovereign	-	0.41	-	0.38	-	0.31	-	0.15	-	0.35
Bank	-	0.40	-	0.40	-	0.54	-	0.52	-	0.53
Retail⁽²⁾										
Real Estate Secured	0.01	0.14	0.01	0.14	0.01	0.14	0.02	0.15	0.02	0.14
QRRE	1.84	3.27	1.90	3.17	1.87	3.10	1.92	3.15	1.91	2.90
Other Retail	0.47	1.72	0.48	1.74	0.49	1.80	0.53	1.91	0.57	1.80

(1) Non-retail actual loss rates represent the credit losses net of recoveries for the current and prior three quarters divided by the 5 point average of outstanding loan balances for the same four-quarter period beginning 12 months ago. Expected loss rates represent the expected losses, that were predicted at the beginning of the four-quarter period divided by outstanding loan balances at the beginning of the four-quarter period. Prior periods have been restated to conform with the current presentation.

(2) Retail actual loss rates represent write-offs net of recoveries for the current and prior three-quarters divided by the 5 point average of outstanding loan balances for the same four-quarter period beginning 12 months ago. Expected loss rates represent the expected losses that were predicted at the beginning of the four-quarter period divided by outstanding loan balances at the beginning of the four-quarter period.

EXPOSURE AT DEFAULT⁽¹⁾

(SMM)	Basel III - IFRS											
	Q4 2013			Q3 2013			Q2 2013			Q1 2013		
	Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives		Financial Collateral	Guarantees / Credit Derivatives	
Basel II Exposure type	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach	Standardized Approach	Standardized Approach	AIRB Approach
Non-Retail												
Corporate	501	1,171	4,489	552	1,169	3,752	542	1,277	3,997	610	699	3,429
Bank	-	8	1,132	-	8	7,445	-	8	7,884	-	-	7,192
Sovereign	-	-	5,481	-	-	360	-	-	499	-	9	496
Total Non-Retail	501	1,179	11,102	552	1,177	11,557	542	1,285	12,380	610	708	11,117
Retail												
Residential Mortgages ⁽²⁾	-	3,284	98,981	1	3,242	101,190	83	3,175	103,920	77	2,043	104,088
Secured Lines of Credit												
Qualifying Revolving Retail Exposures (QRRE)												
Other Retail	570	1,007	-	561	985	-	556	938	-	566	707	-
Total Retail	570	4,291	98,981	562	4,227	101,190	639	4,113	103,920	643	2,750	104,088
Total	1,071	5,470	110,083	1,114	5,404	112,747	1,181	5,398	116,300	1,253	3,458	115,205

⁽¹⁾ Includes drawn, undrawn and other off balance sheet exposures (e.g., letters of credit, letters of guarantee) covered by eligible collateral and guarantees.

⁽²⁾ Primarily includes residential mortgages guaranteed by Canada Mortgage Housing Corporation (CMHC). The Bank uses PD substitution to account for the CMHC guarantee, whereas ING Direct Canada, a wholly owned subsidiary (acquired on November 15, 2012), utilizes LGD substitution. CMHC guarantees under the PD substitution are reclassified to sovereign.

DERIVATIVES - COUNTERPARTY CREDIT RISK^(1,2)


(\$MM)	Basel III - IFRS															
	Q4 2013				Q3 2013				Q2 2013				Q1 2013			
	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾	Notional Amount	Credit Risk Amount	Credit Risk Equivalent Amount	Risk-weighted Amount ⁽²⁾
Contract Types																
Interest Rate Contracts:																
Futures and Forward Rate Agreements	379,882	7	883	29	376,466	3	488	10	275,858	-	576	20	363,919	2	1,111	97
Swaps	2,085,682	1,764	8,639	1,744	1,905,681	1,907	7,832	1,561	1,719,603	2,983	8,255	1,946	1,776,882	2,221	7,451	1,764
Options Purchased	60,127	13	54	16	67,047	22	345	15	40,230	3	187	39	39,741	2	187	39
Options Written	55,410	-	-	-	69,429	-	-	-	49,176	-	-	-	47,937	-	-	-
Total	2,581,101	1,784	9,576	1,789	2,418,623	1,932	8,665	1,586	2,084,867	2,986	9,018	2,005	2,228,479	2,225	8,749	1,900
Foreign Exchange Contracts:																
Futures, Spots and Forwards	293,658	1,338	3,946	1,067	284,562	1,523	4,510	1,215	319,153	1,203	4,316	1,092	294,077	11	4,619	1,044
Swaps	206,298	916	4,171	1,181	188,888	1,115	4,123	1,070	190,757	1,439	4,525	1,275	187,633	2,800	4,672	1,224
Options Purchased	2,484	16	47	13	2,312	21	67	17	2,379	18	61	15	2,386	19	76	18
Options Written	2,050	-	-	-	1,813	-	-	-	1,766	-	-	-	1,788	-	-	-
Total	504,490	2,270	8,164	2,261	477,575	2,659	8,700	2,302	514,055	2,660	8,902	2,382	485,884	2,830	9,367	2,286
Other Derivatives Contracts:																
Equity	42,791	460	4,017	1,775	46,631	539	4,353	1,819	45,715	473	3,814	1,478	52,136	509	4,088	1,864
Credit	77,497	539	3,273	587	74,264	589	3,113	592	70,079	564	2,623	558	71,882	499	2,915	603
Other	88,929	830	7,409	1,434	80,456	839	6,388	1,550	77,167	649	5,753	1,346	72,682	736	5,872	1,499
Total	209,217	1,829	14,699	3,796	201,351	1,967	13,854	3,961	192,961	1,686	12,190	3,382	196,700	1,744	12,875	3,966
Total Derivatives after Netting and Collateral	3,294,808	5,883	32,439	7,846	3,097,549	6,558	31,219	7,849	2,791,883	7,332	30,110	7,769	2,911,063	6,799	30,991	8,152

Contract Types	Basel II - IFRS											
	Q4 2012			Q3 2012			Q2 2012			Q1 2012		
	Notional Amount	Credit Risk Equivalent Amount		Notional Amount	Credit Risk Equivalent Amount		Notional Amount	Credit Risk Equivalent Amount		Notional Amount	Credit Risk Equivalent Amount	
Interest Rate Contracts:												
Futures and Forward Rate Agreements	352,329	144		346,402	128		328,482	125		276,007	29	
Swaps	1,660,618	4,993		1,572,021	5,676		1,548,000	5,142		1,453,482	5,785	
Options Purchased	32,760	23		46,315	24		96,702	17		70,853	16	
Options Written	35,503	-		57,675	-		105,572	-		76,399	-	
Total	2,081,210	5,160		2,022,413	5,828		2,078,756	5,284		1,876,741	5,830	
Foreign Exchange Contracts:												
Futures, Spots and Forwards	315,453	3,812		323,391	4,266		293,832	3,219		294,268	3,498	
Swaps	184,996	4,268		188,577	4,440		193,910	4,557		189,869	4,876	
Options Purchased	3,265	60		3,361	70		3,937	61		4,077	40	
Options Written	3,001	-		3,202	-		3,992	-		4,322	-	
Total	506,715	8,140		518,531	8,776		495,671	7,837		492,536	8,414	
Other Derivatives Contracts:												
Equity	44,037	1,750		43,042	1,740		43,546	3,024		35,949	2,309	
Credit	68,384	2,171		70,400	2,331		69,746	2,404		72,828	2,504	
Other	65,719	2,422		54,255	2,055		54,339	2,509		52,379	2,360	
Total	178,140	6,343		167,697	6,126		167,631	7,937		161,156	7,173	
Total Derivatives	2,766,065	19,643		2,708,641	20,730		2,742,058	21,058		2,530,433	21,417	
Risk-weighted Amount		5,634			5,856			5,822			5,974	

⁽¹⁾ The impact of Master Netting Agreements and Collateral have been incorporated within the various contracts, as a result risk-weighted amounts are reported net of impact of collateral and master netting arrangements.

⁽²⁾ Under Basel III, risk-weighted assets for derivatives include the impact of wrong way risk. In addition, exchange-traded derivatives, which were previously excluded for capital calculations under Basel II, are now risk-weighted as per OSFI guideline and are included above.

RISK-WEIGHTED ASSETS FOR SECURITIZATION EXPOSURES - BANKING BOOK⁽¹⁾


(\$MM)			Basel III - IFRS															
			Q4 2013 ⁽²⁾				Q3 2013 ⁽²⁾				Q2 2013 ⁽²⁾				Q1 2013			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets
			On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total	
Securitization																		
Investment Grade	AAA to A	7 - 25	6,537	9,696	16,233	1,418	6,424	9,887	16,311	1,452	6,732	9,504	16,236	1,448	6,536	9,112	15,648	1,375
	A- to BBB-	35 - 100	712	113	825	560	769	110	879	600	842	115	957	624	1,365	19	1,384	730
Non-Investment Grade	BB+ to BB-	150 - 650	50	-	50	234	56	-	56	267	67	-	67	311	79	-	79	367
	Below BB-	1250 - (Capital Deduction) ⁽⁴⁾	158	-	158	1,981	189	-	189	2,364	187	-	187	2,339	190	-	190	2,374
			7,457	9,809	17,266	4,193	7,438	9,997	17,435	4,683	7,828	9,619	17,447	4,722	8,170	9,131	17,301	4,846
Resecuritization																		
Investment Grade	AAA to A	20 - 65	140	197	337	209	127	197	324	200	113	197	310	192	107	197	304	186
	A- to BBB-	100 - 350	164	-	164	334	172	-	172	338	167	-	167	253	176	-	176	242
Non-Investment Grade	BB+ to BB-	500 - 850	63	-	63	495	62	-	62	490	97	-	97	668	99	-	99	692
	Below BB-	1250 - (Capital Deduction) ⁽⁴⁾	145	-	145	1,818	152	-	152	1,895	162	-	162	2,022	166	-	166	2,070
			512	197	709	2,856	513	197	710	2,923	539	197	736	3,135	548	197	745	3,190
Total			7,969	10,006	17,975	7,049	7,951	10,194	18,145	7,606	8,367	9,816	18,183	7,857	8,718	9,328	18,046	8,036

(\$MM)		Basel III - IFRS															
		Q4 2013 ⁽²⁾				Q3 2013 ⁽²⁾				Q2 2013 ⁽²⁾				Q1 2013 ⁽²⁾			
Underlying Asset		Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%) ⁽⁴⁾	Exposure at Default ⁽³⁾			Exposures at Default (RW=1250%) ⁽⁴⁾	Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾	Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾
		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total	
Residential Mortgages		169	1,275	1,444	-	169	1,020	1,189	-	108	1,020	1,128	-	122	510	632	-
Commercial Mortgages		13	-	13	-	14	-	14	-	15	-	15	-	59	-	59	-
Credit cards/Consumer receivables		547	37	584	-	525	51	576	-	517	49	566	-	517	42	559	-
Auto loans/Leases		3,167	4,234	7,401	152	3,131	4,717	7,848	183	3,317	4,153	7,470	181	3,666	4,563	8,229	184
Diversified asset-backed securities		287	197	484	147	305	197	502	153	318	197	515	164	325	197	522	168
Business Loans		637	-	637	5	640	-	640	4	940	-	940	4	931	-	931	4
Trade receivables		2,034	4,227	6,261	-	2,039	4,172	6,211	-	1,994	4,367	6,361	-	1,958	3,980	5,938	-
Other		1,115	36	1,151	-	1,128	37	1,165	-	1,158	30	1,188	-	1,140	36	1,176	-
Total		7,969	10,006	17,975	304	7,951	10,194	18,145	340	8,367	9,816	18,183	349	8,718	9,328	18,046	356

(1) Effective Q1 2012, the Bank implemented the revised regulatory guidance as outlined in the BIS Enhancements to the Basel II Framework, issued July 2009. Capital charges related to trading book securitization exposures are based upon the Bank's internal market risk models including its

(2) Q4 2013 amounts include securitization under standardized approach: externally rated A+:\$13MM (Q3 2013:\$14MM), Resecuritization A-:\$57MM (Q3 2013:\$71MM) and BBB: \$4MM (Q3 2013:\$3MM).

(3) Includes banking book on-balance sheet investments in asset backed securities (ABS), collateralized loan obligations (CLOs), collateralized debt obligations (CDOs), and off-balance sheet liquidity lines and credit enhancements to Bank sponsored and non-bank sponsored ABCP conduits.

(4) Under Basel III, Non-investment grade exposures externally rated below BB- are risk-weighted at 1250%, whereas under Basel II, these exposures were deducted at 50% from Tier 1 capital and 50% from Tier 2 capital.

RISK-WEIGHTED ASSETS FOR SECURITIZATION EXPOSURES - BANKING BOOK⁽¹⁾(CONTINUED)


(SMM)			Basel 2.5 - IFRS ⁽²⁾															
			Q4 2012				Q3 2012				Q2 2012				Q1 2012			
Risk Category	External Rating (S&P)	Risk-Weight %	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets	Exposure at Default ⁽³⁾			Risk-Weighted Assets
			On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total	
<u>Securitization</u>																		
Investment Grade	AAA to A	7 - 25	6,335	8,979	15,314	1,318	5,919	8,626	14,545	1,258	5,202	7,625	12,827	1,103	5,449	6,493	11,942	1,080
	A- to BBB-	35 - 100	1,309	89	1,398	689	1,266	22	1,288	652	1,221	20	1,241	648	1,064	16	1,080	568
Non-Investment Grade	BB+ to BB-	150 - 650	40	-	40	140	41	-	41	150	55	-	55	196	49	-	49	164
	Below BB-	Capital Deduction ⁽⁴⁾	198	-	198	-	210	-	210	n/a	210	-	210	n/a	215	-	215	n/a
			7,882	9,068	16,950	2,147	7,436	8,648	16,084	2,060	6,688	7,645	14,333	1,947	6,777	6,509	13,286	1,812
<u>Resecuritization</u>																		
Investment Grade	AAA to A	20 - 65	75	197	272	168	161	200	361	204	67	200	267	163	126	200	326	136
	A- to BBB-	100 - 350	133	-	133	244	210	-	210	439	303	-	303	855	288	-	288	486
Non-Investment Grade	BB+ to BB-	500 - 850	220	-	220	1,611	234	-	234	1,701	155	-	155	1,095	168	-	168	1,172
	Below BB-	Capital Deduction ⁽⁴⁾	61	-	61	-	66	-	66	n/a	182	-	182	n/a	190	-	190	n/a
			489	197	686	2,023	671	200	871	2,344	707	200	907	2,113	772	200	972	1,794
Total			8,371	9,265	17,636	4,170	8,107	8,848	16,955	4,404	7,395	7,845	15,240	4,060	7,549	6,709	14,258	3,606

(SMM)		Basel 2.5 - IFRS ⁽²⁾															
		Q4 2012				Q3 2012				Q2 2012				Q1 2012			
Underlying Asset		Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾	Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾	Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾	Exposure at Default ⁽³⁾			Capital Deduction ⁽⁴⁾
		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total		On - Balance Sheet	Off - Balance Sheet	Total	
Residential Mortgages		161	510	671	-	218	510	728	2	232	510	742	1	149	204	353	-
Credit cards/Consumer receivables		520	41	561	-	509	53	562	-	11	39	50	-	23	28	51	-
Auto loans/Leases		3,664	4,776	8,440	192	3,476	4,720	8,196	203	3,556	3,862	7,418	203	3,755	3,251	7,006	209
Diversified asset-backed securities		265	197	462	67	440	200	640	71	451	200	651	167	485	200	685	175
Business Loans		924	-	924	-	928	-	928	-	1,039	-	1,039	10	1,067	-	1,067	10
Trade receivables		1,697	3,699	5,396	-	1,847	3,328	5,175	-	1,557	3,214	4,771	-	1,614	3,007	4,621	-
Other		1,140	42	1,182	-	689	37	726	-	549	20	569	11	456	19	475	11
Total		8,371	9,265	17,636	259	8,107	8,848	16,955	276	7,395	7,845	15,240	392	7,549	6,709	14,258	405

(1) Effective Q1 2012, the Bank implemented the revised regulatory guidance as outlined in the BIS Enhancements to the Basel II Framework, issued July 2009. Capital charges related to trading book securitization exposures are based upon the Bank's internal market risk models including its comprehensive risk measure. Prior periods have been restated to conform with

(2) Effective Q1 2012, certain special purpose vehicles have been consolidated under IFRS, however, will continue to fall under the securitization framework for capital purposes.

(3) Includes banking book on-balance sheet investments in asset backed securities (ABS), collateralized loan obligations (CLOs), collateralized debt obligations (CDOs), and off-balance sheet liquidity lines and credit enhancements to Bank sponsored and non-bank sponsored ABCP conduits.

(4) Securitization related deductions are 50% from Tier 1 capital and 50% from Tier 2 capital.

Credit Risk Parameters	
Exposure at Default (EAD)	Generally represents the expected gross exposures at default and includes outstanding amounts for on-balance sheet exposures and loan equivalent amounts for off-balance sheet exposures.
Probability of Default (PD)	Measures the likelihood that a borrower will default within a 1-year time horizon, expressed as a percentage.
Loss Given Default (LGD)	Measures the severity of loss on a facility in the event of a borrower's default, expressed as a percentage of exposure at default.
Exposure Types	
Non-retail	
Corporate	Defined as a debt obligation of a corporation, partnership, or proprietorship.
Bank	Defined as a debt obligation of a bank or bank equivalent (including certain public sector entities (PSEs) treated as Bank equivalent exposures).
Sovereign	Defined as a debt obligation of a sovereign, central bank, certain Multi Development Banks (MDBs) and certain PSEs treated as Sovereign.
Securitization	On-balance sheet investments in asset backed securities (ABS), mortgage backed securities (MBS), collateralized loan obligations (CLOs) and collateralized debt obligations (CDOs). Off-balance sheet liquidity lines including credit enhancements to Bank's sponsored ABCP conduits and liquidity lines to non-bank sponsored ABCP conduits.
Retail	
Real Estate Secured	
Residential Mortgages	Loans to individuals against residential property (four units or less).
Secured Lines Of Credit	Revolving personal lines of credit secured by first charge on residential real estate.
Qualifying Revolving Retail Exposures (QRRE)	Credit cards and unsecured line of credit for individuals.
Other Retail	All other personal loans.
Exposure Sub-types	
Drawn	Outstanding amounts for loans, leases, acceptances, deposits with banks and available-for-sale debt securities.
Undrawn	Unutilized portion of an authorized credit line.
Other Exposures	
Repo-Style Transactions	Reverse repurchase agreements (reverse repos) and repurchase agreements (repos), securities lending and borrowing.
OTC Derivatives	Over-the-counter derivatives contracts.
ETD	Exchange-traded derivative contracts are derivative contracts (e.g. futures contracts and options) that are transacted on an organized futures exchange. These include Futures contracts (both Long and Short positions), Purchased options and Written Options.
Other Off Balance Sheet	Direct credit substitutes such as standby letters of credits and guarantees, trade letters of credits, and performance letters of credits and guarantees.
QCCP	A qualifying central counterparty (QCCP) is licensed as a central counterparty and is also considered to as "qualifying" when it is compliant with CPSS-IOSCO standards and is able to assist clearing member banks in properly capitalizing for CCP exposures by either undertaking the calculations and/or making available sufficient information to its clearing members, or others, to enable the completion of capital calculations.
NQCCP	Non-qualifying central counterparties (NQCCPs) are defined as those which are not compliant with CPSS-IOSCO standards as outlined under qualifying CCP's. The exposures to NQCCP will follow standardized treatment under the Basel accord.
Other	
Asset Value Correlation Multiplier (AVC)	Basel III has increased the risk-weights on exposures to certain Financial Institutions (FIs) relative to the non-financial corporate sector by introducing an Asset Value Correlation multiplier (AVC). The correlation factor in the risk-weight formula is multiplied by this AVC factor of 1.25 for all exposures to regulated FIs whose total assets are greater than or equal to US \$100 billion and all exposures to unregulated FIs.
Specific Wrong-Way Risk (WWR)	Specific Wrong-Way Risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of the transactions with the counterparty.