NATIONAL BANK

Report to Shareholders — Third Quarter 2023

National Bank reports its results for the Third Quarter of 2023

The financial information reported in this document is based on the unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended July 31, 2023 and is prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS represent Canadian generally accepted accounting principles (GAAP). All amounts are presented in Canadian dollars.

MONTREAL, August 30, 2023 – For the third quarter of 2023, National Bank is reporting net income of $839 million, up 2% from $826 million in the third quarter of 2022. Third-quarter diluted earnings per share stood at $2.36 compared to $2.35 in the third quarter of 2022. For the third quarter of 2023, adjusted net income(1) totalled $790 million, down 4% from $826 million in the same quarter of 2022, and third-quarter adjusted diluted earnings per share(1) stood at $2.21 compared to $2.35 in the third quarter of 2022. Revenue growth in all of the business segments, aside from the Financial Markets segment, was partly offset by higher provisions for credit losses. Adjusted income before provisions for credit losses and income taxes(1) stood at $1,184 million in the third quarter of 2023, an increase from $1,179 million in the same quarter of 2022.

For the nine-month period ended July 31, 2023, the Bank's net income totalled $2,567 million, down 3% from $2,645 million in the same period of 2022. Nine-month diluted earnings per share stood at $7.23 versus $7.53 in the same nine-month period last year. These decreases were partly due to higher non-interest expenses and higher provisions for credit losses. For the first nine months of 2023, adjusted net income(1) totalled $2,542 million, down 4% year over year, and nine-month adjusted diluted earnings per share(1) stood at $7.15 compared to $7.53 in the first nine months of 2022. Revenue growth in all of the business segments was offset by higher non-interest expenses and higher provisions for credit losses. Nine-month adjusted income before provisions for credit losses and income taxes(1) rose 3% year over year.

"The Bank reported solid third-quarter results, supported by revenue and earnings growth, in our Personal and Commercial Banking, Wealth Management, and U.S. Specialty Finance and International segments, partly offset by a less constructive backdrop in the Financial Markets segment," said Laurent Ferreira, President and Chief Executive Officer of National Bank of Canada. He added that "The Bank's performance highlights the strength of our strategic positioning in a challenging macroeconomic environment. With our high capital levels, strong earnings power, and constant discipline on managing cost and credit, the Bank is well-positioned to navigate continued uncertainty and generate long-term profitable growth."

Highlights

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2023	2022(2)	% Change	**2023**	2022(2)	% Change
Net income	**839**	826	2	**2,567**	2,645	(3)
Diluted earnings per share *(dollars)*	**$ 2.36**	$ 2.35	–	**$ 7.23**	$ 7.53	(4)
Return on common shareholders' equity(3)	**16.2 %**	17.9 %		**17.2 %**	20.1 %	
Dividend payout ratio(3)	**41.3 %**	34.4 %		**41.3 %**	34.4 %	
Operating results – Adjusted(1)						
Net income – Adjusted	**790**	826	(4)	**2,542**	2,645	(4)
Diluted earnings per share – Adjusted *(dollars)*	**$ 2.21**	$ 2.35	(6)	**$ 7.15**	$ 7.53	(5)
Return on common shareholders' equity – Adjusted(4)	**15.3 %**	17.9 %		**17.0 %**	20.1 %	
Dividend payout ratio – Adjusted(4)	**41.6 %**	34.3 %		**41.6 %**	34.3 %	

	As at July 31, 2023	As at October 31, 2022
CET1 capital ratio under Basel III(5)	**13.5 %**	12.7 %
Leverage ratio under Basel III(5)	**4.2 %**	4.5 %

(1) See the Financial Reporting Method section on pages 4 to 10 for additional information on non-GAAP financial measures.
(2) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(3) See the Glossary section on pages 51 to 54 for details on the composition of these measures.
(4) See the Financial Reporting Method section on pages 4 to 10 for additional information on non-GAAP ratios.
(5) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.

Personal and Commercial

- Net income totalled $328 million in the third quarter of 2023 versus $319 million in the third quarter of 2022, a 3% increase that was driven by growth in total revenues, tempered by higher non-interest expenses and higher provisions for credit losses.
- Income before provisions for credit losses and income taxes totalled $527 million in the third quarter of 2023, up 9% from $483 million in the third quarter of 2022.
- At $1,140 million, third-quarter total revenues rose $97 million or 9% year over year due to an increase in net interest income (driven by growth in loan and deposit volumes) and to a higher net interest margin.
- Compared to a year ago, personal lending grew 2% and commercial lending grew 9%.
- The net interest margin(1) stood at 2.34% in the third quarter of 2023, up from 2.17% in the third quarter of 2022.
- Third-quarter non-interest expenses stood at $613 million, up 9% from the third quarter of 2022.
- Third-quarter provisions for credit losses rose $26 million from third-quarter 2022, mainly due to higher allowances for credit losses on impaired loans.
- At 53.8%, the third-quarter efficiency ratio(1) compares to 53.7% in the third quarter of 2022.

Wealth Management

- Net income totalled $183 million in the third quarter of 2023, a 5% increase from $175 million in the third quarter of 2022.
- Third-quarter total revenues amounted to $629 million compared to $591 million in third-quarter 2022, a $38 million or 6% increase driven by growth in net interest income and fee-based revenues.
- Third-quarter non-interest expenses stood at $375 million, up 7% from $351 million in third-quarter 2022.
- At 59.6%, the third-quarter efficiency ratio(1) compares to 59.4% in the third quarter of 2022.

Financial Markets

- Net income totalled $205 million in the third quarter of 2023, down 27% from $279 million in the third quarter of 2022.
- Third-quarter total revenues on a taxable equivalent basis amounted to $560 million, down $51 million or 8% year over year given a decrease in global markets revenues, partly offset by growth in corporate and investment banking revenues.
- Third-quarter non-interest expenses stood at $272 million compared to $254 million in third-quarter 2022, an increase that was partly due to wages and employee benefits as well as the segment's technological investments.
- Provisions for credit losses of $5 million were recorded in the third quarter of 2023 compared to credit loss recoveries of $23 million recorded in the third quarter of 2022.
- At 48.6%, the third-quarter efficiency ratio(1) on a taxable equivalent basis compares to 41.6% in the third quarter of 2022.

U.S. Specialty Finance and International

- Net income totalled $128 million in the third quarter of 2023 compared to $125 million in the third quarter of 2022, as growth in total revenues was offset by higher non-interest expenses.
- Third-quarter total revenues amounted to $292 million, a 7% year-over-year increase driven by revenue growth at both the Credigy and ABA Bank subsidiaries.
- Third-quarter non-interest expenses stood at $100 million, a 16% year-over-year increase attributable mainly to business growth at ABA Bank.
- Provisions for credit losses remained stable compared to the third quarter of 2022.
- At 34.2%, the third-quarter efficiency ratio(1) compares to 31.5% in the third quarter of 2022.

Other

- There was a net loss of $5 million in the third quarter of 2023 compared to a net loss of $72 million in the third quarter of 2022, a change arising mainly from a higher contribution from treasury activities as well as a gain of $91 million ($67 million net of income taxes) recorded in the third quarter of 2023 as a result of a fair value remeasurement of an equity interest, partly offset by an expense of $25 million ($18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act*.

Capital Management

- As at July 31, 2023, the Common Equity Tier 1 (CET1) capital ratio under Basel III(2) stood at 13.5%, up from 12.7% as at October 31, 2022, notably due to the positive impact of implementing the Basel III reforms.
- As at July 31, 2023, the Basel III(2) leverage ratio was 4.2%, down from 4.5% as at October 31, 2022.

(1) See the Glossary section on pages 51 to 54 for details on the composition of these measures.
(2) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.

Management's Discussion and Analysis

August 29, 2023

The following Management's Discussion and Analysis (MD&A) presents the financial condition and operating results of National Bank of Canada (the Bank). This analysis was prepared in accordance with the requirements set out in *National Instrument 51-102, Continuous Disclosure Obligations,* released by the Canadian Securities Administrators (CSA). It is based on the unaudited interim condensed consolidated financial statements (the consolidated financial statements) for the quarter and nine-month period ended July 31, 2023 and prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS represent Canadian generally accepted accounting principles (GAAP). This MD&A should be read in conjunction with the consolidated financial statements and accompanying notes for the quarter and nine-month period ended July 31, 2023 and with the *2022 Annual Report*. All amounts are presented in Canadian dollars. Additional information about the Bank, including the *Annual Information Form*, can be obtained from the Bank's website at nbc.ca and SEDAR's website at sedar.com. The information found in the various documents and reports published by the Bank or the information available on the Bank's website and mentioned herein is not and should not be considered incorporated by reference into the Report to Shareholders, the Management's Discussion and Analysis, or the Consolidated Financial Statements, unless expressly stated otherwise.

Caution Regarding Forward-Looking Statements

Certain statements in this document are forward-looking statements. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this document may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Bank's objectives, outlook and priorities for fiscal year 2023 and beyond, the strategies or actions that will be taken to achieve them, expectations for the Bank's financial condition, the regulatory environment in which it operates, the impacts of—and the Bank's response to—the COVID-19 pandemic, and certain risks it faces. These forward-looking statements are typically identified by verbs or words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend" and "plan", in their future or conditional forms, notably verbs such as "will", "may", "should", "could" or "would" as well as similar terms and expressions. Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank's vision, strategic objectives, and financial performance targets, and may not be appropriate for other purposes. These forward-looking statements are based on current expectations, estimates, assumptions and intentions and are subject to uncertainty and inherent risks, many of which are beyond the Bank's control.

Assumptions about the performance of the Canadian and U.S. economies in 2023 and how that performance will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives, including provisions for credit losses. In determining its expectations for economic conditions, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the governments of Canada, the United States and certain other countries in which the Bank conducts business, as well as their agencies.

Statements about the economy, market changes, and the Bank's objectives, outlook and priorities for fiscal 2023 and thereafter are based on a number of assumptions and are subject to risk factors, many of which are beyond the Bank's control and the impacts of which are difficult to predict. These risk factors include, among others, the general economic environment and financial market conditions in Canada, the United States, and other countries where the Bank operates; the impact of upheavals in the U.S. banking industry; exchange rate and interest rate fluctuations; inflation; disruptions in global supply chains; higher funding costs and greater market volatility; changes made to fiscal, monetary, and other public policies; changes made to regulations that affect the Bank's business; geopolitical and sociopolitical uncertainty; the transition to a low-carbon economy and the Bank's ability to satisfy stakeholder expectations on environmental and social issues; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Bank's ability to achieve its long-term strategies and key short-term priorities; the timely development and launch of new products and services; the Bank's ability to recruit and retain key personnel; technological innovation and heightened competition from established companies and from competitors offering non-traditional services; changes in the performance and creditworthiness of the Bank's clients and counterparties; the Bank's exposure to significant regulatory matters or litigation; changes made to the accounting policies used by the Bank to report financial information, including the uncertainty inherent to assumptions and critical accounting estimates; changes to tax legislation in the countries where the Bank operates, i.e., primarily Canada and the United States; changes made to capital and liquidity guidelines as well as to the presentation and interpretation thereof; changes to the credit ratings assigned to the Bank; potential disruptions to key suppliers of goods and services to the Bank; potential disruptions to the Bank's information technology systems, including evolving cyberattack risk as well as identity theft and theft of personal information; the risk of fraudulent activity; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises such as the COVID-19 pandemic, the evolution of which is difficult to predict and could continue to have repercussions on the Bank.

There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be confirmed and that its vision, strategic objectives and financial performance targets will not be achieved. The Bank recommends that readers not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ significantly from the expectations, estimates or intentions expressed in these forward-looking statements. These risk factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, environmental and social risk, and certain emerging risks or risks deemed significant, all of which are described in greater detail in the Risk Management section beginning on page 65 of the *2022 Annual Report.*

The foregoing list of risk factors is not exhaustive. Additional information about these risk factors is provided in the Risk Management section of the *2022 Annual Report* and the Risk Management section of this *Report to Shareholders* for the Third Quarter of 2023. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf. The Bank cautions investors that these forward-looking statements are not guarantees of future performance and that actual events or results may differ significantly from these statements due to a number of factors.

Financial Reporting Method

The Bank's consolidated financial statements are prepared in accordance with IFRS, as issued by the IASB. The financial statements also comply with section 308(4) of the *Bank Act* (Canada), which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions (Canada) (OSFI), the consolidated financial statements are to be prepared in accordance with IFRS, which represent Canadian GAAP. None of the OSFI accounting requirements are exceptions to IFRS.

The presentation of segment disclosures is consistent with the presentation adopted by the Bank for the fiscal year beginning November 1, 2022. This presentation reflects a revision to the method used for the sectoral allocation of technology investment expenses, which are now immediately allocated to the various business segments, whereas certain expenses, notably costs incurred during the research phase of projects, had previously been recorded in the *Other* heading of segment results. This revision is consistent with the accounting policy change applied in fiscal 2022 related to cloud computing arrangements. For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect this accounting policy change. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Non-GAAP and Other Financial Measures

The Bank uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with GAAP. *Regulation 52-112 Respecting Non-GAAP and Other Financial Measures Disclosure* (Regulation 52-112) prescribes disclosure requirements that apply to the following measures used by the Bank:

- non-GAAP financial measures;
- non-GAAP ratios;
- supplementary financial measures;
- capital management measures.

Non-GAAP Financial Measures

The Bank uses non-GAAP financial measures that do not have standardized meanings under GAAP and that therefore may not be comparable to similar measures used by other companies. Presenting non-GAAP financial measures helps readers to better understand how management analyzes results, shows the impacts of specified items on the results of the reported periods, and allows readers to better assess results without the specified items if they consider such items not to be reflective of the underlying performance of the Bank's operations. In addition, like many other financial institutions, the Bank uses the taxable equivalent basis to calculate net interest income, non-interest income, and income taxes. This calculation method consists of grossing up certain revenues taxed at lower rates (notably dividends) by the income tax to a level that would make it comparable to revenues from taxable sources in Canada. An equivalent amount is added to income taxes. This adjustment is necessary in order to perform a uniform comparison of the return on different assets regardless of their tax treatment.

The key non-GAAP financial measures used by the Bank to analyze its results are described below, and a quantitative reconciliation of these measures is presented in the tables in the Reconciliation of Non-GAAP Financial Measures section on pages 8 to 10 and in the Consolidated Results table on page 13. Note that, for the quarter and nine-month period ended July 31, 2023, a gain of $91 million ($67 million net of income taxes) recorded upon the fair value remeasurement of an equity interest and an expense related to the retroactive impact of the changes to the *Excise Tax Act* of $25 million ($18 million net of income taxes) were excluded from results. In addition, for the nine-month period ended July 31, 2023, a $24 million tax expense related to the Canadian government's 2022 tax measures was also excluded from results. No specified items had been excluded from results for the quarter and nine-month period ended July 31, 2022.

<u>Adjusted Net Interest Income</u>

This item represents net interest income on a taxable equivalent basis and excluding specified items, if any. A taxable equivalent is added to net interest income so that the performance of the various assets can be compared irrespective of their tax treatment, and specified items, if any, are excluded so that net interest income can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

<u>Adjusted Non-Interest Income</u>

This item represents non-interest income on a taxable equivalent basis and excluding specified items, if any. A taxable equivalent is added to non-interest income so that the performance of the various assets can be compared irrespective of their tax treatment, and specified items, if any, are excluded so that non-interest income can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

<u>Adjusted Total Revenues</u>

This item represents total revenues on a taxable equivalent basis and excluding specified items, if any. It consists of adjusted net interest income and adjusted non-interest income. A taxable equivalent is added to total revenues so that the performance of the various assets can be compared irrespective of their tax treatment, and specified items, if any, are excluded so that total revenues can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Non-Interest Expenses
This item represents non-interest expenses excluding specified items, if any. Specified items, if any, are excluded so that non-interest expenses can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Income Before Provisions for Credit Losses and Income Taxes
This item represents income before provisions for credit losses and income taxes on a taxable equivalent basis and excluding specified items, if any. It also represents the difference between adjusted total revenues and adjusted non-interest expenses. A taxable equivalent is added to income before provisions for credit losses and income taxes so that the performance of the various assets can be compared irrespective of their tax treatment, and specified items, if any, are excluded so that income before provisions for credit losses and income taxes can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Income Taxes
This item represents income taxes on a taxable equivalent basis and excluding income taxes on specified items, if any.

Adjusted Net Income
This item represents net income excluding specified items, if any. Specified items, if any, are excluded so that net income can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Net income Attributable to Common Shareholders
This item represents net income attributable to common shareholders excluding specified items, if any. Specified items, if any, are excluded so that net income attributable to common shareholders can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Basic Earnings Per Share
This item represents basic earnings per share excluding specified items, if any. Specified items, if any, are excluded so that basic earnings per share can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Diluted Earnings Per Share
This item represents diluted earnings per share excluding specified items, if any. Specified items, if any, are excluded so that diluted earnings per share can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

The Bank also uses the below-described measures to assess its results. A quantitative reconciliation of these non-GAAP financial measures is presented in the Reconciliation of Non-GAAP Financial Measures section on pages 8 to 10.

Adjusted Non-Trading Net Interest Income
This item represents non-trading net interest income on a taxable equivalent basis. It includes revenues related to financial assets and financial liabilities associated with non-trading activities, net of interest expenses and interest income related to the financing of these financial assets and liabilities, and is used to calculate adjusted non-trading net interest margin. A taxable equivalent is added to non-trading net interest income so that the performance of the various assets can be compared irrespective of their tax treatment.

Net Interest Income From Trading Activities on a Taxable Equivalent Basis
This item represents net interest income from trading activities plus a taxable equivalent. It comprises dividends related to financial assets and liabilities associated with trading activities, net of interest expenses and interest income related to the financing of these financial assets and liabilities. A taxable equivalent is added to net interest income from trading activities so that the performance of the various assets can be compared irrespective of their tax treatment.

Non-Interest Income Related to Trading Activities on a Taxable Equivalent Basis
This item represents non-interest income related to trading activities to which a taxable equivalent amount is added. It consists of realized and unrealized gains and losses as well as interest income on securities measured at fair value through profit or loss, income from held-for-trading derivative financial instruments, changes in the fair value of loans at fair value through profit or loss, changes in the fair value of financial instruments designated at fair value through profit or loss, certain commission income, other trading activity revenues, and any applicable transaction costs. A taxable equivalent amount is added to the non-interest income related to trading activities such that the returns of different assets can be compared regardless of their tax treatment.

Trading Activity Revenues on a Taxable Equivalent Basis
This item represents trading activity revenues plus a taxable equivalent. They comprise dividends related to financial assets and liabilities associated with trading activities, net of interest expenses and interest income related to the financing of these financial assets and liabilities, realized and unrealized gains and losses, and interest income on securities measured at fair value through profit or loss, income from held-for-trading derivative financial instruments, changes in the fair value of loans at fair value through profit or loss, changes in the fair value of financial instruments designated at fair value through profit or loss, certain commission income, other trading activity revenues, and any applicable transaction costs. A taxable equivalent is added to trading activity revenues so that the performance of the various assets can be compared irrespective of their tax treatment.

Non-GAAP Ratios
The Bank uses non-GAAP ratios that do not have standardized meanings under GAAP and that may therefore not be comparable to similar measures used by other companies. A non-GAAP ratio is a ratio in which at least one component is a non-GAAP financial measure. The Bank uses non-GAAP ratios to present aspects of its financial performance or financial position.

The key non-GAAP ratios used by the Bank are described below.

Adjusted Return on Common Shareholders' Equity (ROE)
This item represents ROE excluding specified items, if any. It is adjusted net income attributable to common shareholders expressed as a percentage of average equity attributable to common shareholders. It is a general measure of the Bank's efficiency in using equity. Specified items, if any, are excluded so that ROE can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Dividend Payout Ratio
This item represents the dividend payout ratio excluding specified items, if any. It is dividends on common shares (per share amount) expressed as a percentage of adjusted basic earnings per share. This ratio is a measure of the proportion of earnings that is paid out to shareholders in the form of dividends. Specified items, if any, are excluded so that the dividend payout ratio can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Operating Leverage
This item represents operating leverage on a taxable equivalent basis and excluding specified items, if any. It is the difference between the growth rate of adjusted total revenues and the growth rate of adjusted non-interest expenses, and it measures the sensitivity of the Bank's results to changes in its revenues. Adjusted operating leverage is presented on a taxable equivalent basis so that the performance of the various assets can be compared irrespective of their tax treatment, and specified items, if any, are excluded so that the efficiency ratio can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Efficiency Ratio
This item represents the efficiency ratio on a taxable equivalent basis and excluding specified items, if any. The ratio represents adjusted non-interest expenses expressed as a percentage of adjusted total revenues. It measures the efficiency of the Bank's operations. The adjusted efficiency ratio is presented on a taxable equivalent basis so that the performance of the various assets can be compared irrespective of their tax treatment, and specified items, if any, are excluded so that the efficiency ratio can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Net Interest Margin, Non-Trading
This item represents the non-trading net interest margin on a taxable equivalent basis. It is calculated by dividing net interest income related to adjusted non-trading activities by average non-trading interest-bearing assets. This ratio is a measure of the profitability of non-trading activities. The adjusted non-trading net interest margin includes adjusted non-trading net interest income, which includes a taxable equivalent amount so that the performance of the various assets can be compared irrespective of their tax treatment.

Supplementary Financial Measures
A supplementary financial measure is a financial measure that: (a) is not reported in the Bank's consolidated financial statements, and (b) is, or is intended to be, reported periodically to represent historical or expected financial performance, financial position, or cash flows. The composition of these supplementary financial measures is presented in table footnotes or in the Glossary section on pages 51 to 54 of this MD&A.

Capital Management Measures

The financial reporting framework used to prepare the financial statements requires disclosure that helps readers assess the Bank's capital management objectives, policies, and processes, as set out in IFRS in IAS 1 – *Presentation of Financial Statements.* The Bank has its own methods for managing capital and liquidity, and IFRS does not prescribe any particular calculation method. These measures are calculated using various guidelines and advisories issued by OSFI, which are based on the standards, recommendations, and best practices of the Basel Committee on Banking Supervision (BCBS), as presented in the following table.

OSFI guideline or advisory	Measure
Capital Adequacy Requirements	Common Equity Tier 1 (CET1) capital ratio Tier 1 capital ratio Total capital ratio CET1 capital Tier 1 capital Tier 2 capital Total capital Risk-weighted assets Maximum credit risk exposure under the Basel asset classes
Leverage Requirements	Leverage ratio Total exposure
Total Loss Absorbing Capacity (TLAC)	Key indicators – TLAC requirements Available TLAC TLAC ratio TLAC leverage ratio
Liquidity Adequacy Requirements	Liquid asset portfolio Encumbered assets and unencumbered assets Liquidity coverage ratio (LCR) High-quality liquid assets (HQLA) Cash inflows/outflows and net cash outflows Net stable funding ratio (NSFR) Available stable funding items Required stable funding items
Global Systemically Important Banks (G-SIBs) – Public Disclosure Requirements	G-SIB indicators

Reconciliation of Non-GAAP Financial Measures

Presentation of Results – Adjusted

(millions of Canadian dollars) Quarter ended July 31

						2023	2022[(1)]
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Net interest income	837	192	(397)	273	(35)	870	1,419
Taxable equivalent	–	–	86	–	2	88	60
Net interest income – Adjusted	837	192	(311)	273	(33)	958	1,479
Non-interest income	303	437	807	19	79	1,645	994
Taxable equivalent	–	–	64	–	–	64	11
Gain on the fair value remeasurement of an equity interest[(2)]	–	–	–	–	(91)	(91)	–
Non-interest income – Adjusted	303	437	871	19	(12)	1,618	1,005
Total revenues – Adjusted	1,140	629	560	292	(45)	2,576	2,484
Non-interest expenses	613	375	272	100	57	1,417	1,305
Expense related to changes to the *Excise Tax Act*[(3)]	–	–	–	–	(25)	(25)	–
Non-interest expenses – Adjusted	613	375	272	100	32	1,392	1,305
Income before provisions for credit losses and income taxes – Adjusted	527	254	288	192	(77)	1,184	1,179
Provisions for credit losses	75	1	5	29	1	111	57
Income before income taxes – Adjusted	452	253	283	163	(78)	1,073	1,122
Income taxes	124	70	(72)	35	(9)	148	225
Taxable equivalent	–	–	150	–	2	152	71
Income taxes on the gain on the fair value remeasurement of an equity interest[(2)]	–	–	–	–	(24)	(24)	–
Income taxes on the expense related to changes to the *Excise Tax Act*[(3)]	–	–	–	–	7	7	–
Income taxes – Adjusted	124	70	78	35	(24)	283	296
Net income – Adjusted	328	183	205	128	(54)	790	826
Specified items after income taxes	–	–	–	–	49	49	–
Net income	328	183	205	128	(5)	839	826
Non-controlling interests	–	–	–	–	(1)	(1)	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	328	183	205	128	(4)	840	826
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	328	183	205	128	(53)	791	826
Dividends on preferred shares and distributions on limited recourse capital notes						36	26
Net income attributable to common shareholders – Adjusted						755	800

(1) For the quarter ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

(2) During the quarter ended July 31, 2023, the Bank concluded that it had lost significant influence over TMX Group Limited (TMX) and therefore ceased using the equity method to account for this investment. The Bank designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of $191 million. Upon the fair value measurement, a gain of $91 million ($67 million net of income taxes) was recorded in the *Other* heading of segment results.

(3) During the quarter ended July 31, 2023, the Bank recorded a $25 million expense in the *Other* heading of segment results ($18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act*, indicating that payment card clearing services rendered by a payment card network operator are subject to the goods and services tax (GST) and the harmonized sales tax (HST).

(millions of Canadian dollars)						Nine months ended July 31	
						2023	2022[(1)]
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Net interest income	2,464	590	(851)	841	(193)	2,851	4,064
Taxable equivalent	–	–	237	–	5	242	169
Net interest income – Adjusted	2,464	590	(614)	841	(188)	3,093	4,233
Non-interest income	900	1,293	2,363	55	114	4,725	3,254
Taxable equivalent	–	–	172	–	–	172	18
Gain on the fair value remeasurement of an equity interest[(2)]	–	–	–	–	(91)	(91)	–
Non-interest income – Adjusted	900	1,293	2,535	55	23	4,806	3,272
Total revenues – Adjusted	3,364	1,883	1,921	896	(165)	7,899	7,505
Non-interest expenses	1,820	1,111	842	296	125	4,194	3,884
Expense related to changes to the *Excise Tax Act*[(3)]	–	–	–	–	(25)	(25)	–
Non-interest expenses – Adjusted	1,820	1,111	842	296	100	4,169	3,884
Income before provisions for credit losses and income taxes – Adjusted	1,544	772	1,079	600	(265)	3,730	3,621
Provisions for credit losses	173	1	15	90	3	282	58
Income before income taxes – Adjusted	1,371	771	1,064	510	(268)	3,448	3,563
Income taxes	377	212	(116)	107	(47)	533	731
Taxable equivalent	–	–	409	–	5	414	187
Income taxes on the gain on the fair value remeasurement of an equity interest[(2)]	–	–	–	–	(24)	(24)	–
Income taxes on the expense related to changes to the *Excise Tax Act*[(3)]	–	–	–	–	7	7	–
Income taxes related to the Canadian government's 2022 tax measures[(4)]	–	–	–	–	(24)	(24)	–
Income taxes – Adjusted	377	212	293	107	(83)	906	918
Net income – Adjusted	994	559	771	403	(185)	2,542	2,645
Specified items after income taxes	–	–	–	–	25	25	–
Net income	994	559	771	403	(160)	2,567	2,645
Non-controlling interests	–	–	–	–	(2)	(2)	(1)
Net income attributable to the Bank's shareholders and holders of other equity instruments	994	559	771	403	(158)	2,569	2,646
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	994	559	771	403	(183)	2,544	2,646
Dividends on preferred shares and distributions on limited recourse capital notes						106	77
Net income attributable to common shareholders – Adjusted						2,438	2,569

(1) For the nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

(2) During the nine-month period ended July 31, 2023, the Bank concluded that it had lost significant influence over TMX and therefore ceased using the equity method to account for this investment. The Bank designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of $191 million. Upon the fair value measurement, a gain of $91 million ($67 million net of income taxes) was recorded in the *Other* heading of segment results.

(3) During the nine-month period ended July 31, 2023, the Bank recorded a $25 million expense in the *Other* heading of segment results ($18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act*, indicating that payment card clearing services rendered by a payment card network operator are subject to the goods and services tax (GST) and the harmonized sales tax (HST).

(4) During the nine-month period ended July 31, 2023, the Bank recorded a $32 million tax expense in the *Other* heading of segment results with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above $1 billion, as well as an $8 million tax recovery related to the 1.5% increase in the statutory tax rate, which includes the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section on page 24.

Presentation of Basic and Diluted Earnings Per Share – Adjusted

(Canadian dollars)	Quarter ended July 31		Nine months ended July 31	
	2023	2022[1]	2023	2022[1]
Basic earnings per share	**$ 2.38**	$ 2.38	**$ 7.30**	$ 7.61
Gain on the fair value remeasurement of an equity interest[2]	**(0.20)**	–	**(0.20)**	–
Expense related to changes to the *Excise Tax Act*[3]	**0.05**	–	**0.05**	–
Income taxes related to the Canadian government's 2022 tax measures[4]	**–**	–	**0.07**	–
Basic earnings per share – Adjusted	**$ 2.23**	$ 2.38	**$ 7.22**	$ 7.61
Diluted earnings per share	**$ 2.36**	$ 2.35	**$ 7.23**	$ 7.53
Gain on the fair value remeasurement of an equity interest[2]	**(0.20)**	–	**(0.20)**	–
Expense related to changes to the *Excise Tax Act*[3]	**0.05**	–	**0.05**	–
Income taxes related to the Canadian government's 2022 tax measures[4]	**–**	–	**0.07**	–
Diluted earnings per share – Adjusted	**$ 2.21**	$ 2.35	**$ 7.15**	$ 7.53

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(2) During the quarter and nine-month period ended July 31, 2023, the Bank concluded that it had lost significant influence over TMX and therefore ceased using the equity method to account for this investment. The Bank designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of $191 million. Upon the fair value measurement, a gain of $91 million ($67 million net of income taxes) was recorded in the *Other* heading of segment results.
(3) During the quarter and nine-month period ended July 31, 2023, the Bank recorded a $25 million expense in the *Other* heading of segment results ($18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act*, indicating that payment card clearing services rendered by a payment card network operator are subject to the goods and services tax (GST) and the harmonized sales tax (HST).
(4) During the nine-month period ended July 31, 2023, the Bank recorded a $32 million tax expense in the *Other* heading of segment results with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above $1 billion, as well as an $8 million tax recovery related to the 1.5% increase in the statutory tax rate, which includes the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section on page 24.

Presentation of Non-Trading Net Interest Income – Adjusted

(millions of Canadian dollars)	Quarter ended July 31		Nine months ended July 31	
	2023	2022	2023	2022
Net interest income – Adjusted	**958**	1,479	**3,093**	4,233
Less: Net interest income (loss) related to trading activities on a taxable equivalent basis	**(430)**	293	**(948)**	895
Net interest income, non-trading – Adjusted	**1,388**	1,186	**4,041**	3,338

Highlights

(millions of Canadian dollars, except per share amounts)	Quarter ended July 31			Nine months ended July 31		
	2023	2022[1]	% Change	2023	2022[1]	% Change
Operating results						
Total revenues	2,515	2,413	4	7,576	7,318	4
Income before provisions for credit losses and income taxes	1,098	1,108	(1)	3,382	3,434	(2)
Net income	839	826	2	2,567	2,645	(3)
Return on common shareholders' equity[2]	16.2 %	17.9 %		17.2 %	20.1 %	
Earnings per share						
Basic	$ 2.38	$ 2.38	–	$ 7.30	$ 7.61	(4)
Diluted	$ 2.36	$ 2.35	–	$ 7.23	$ 7.53	(4)
Operating results – Adjusted[3]						
Total revenues – Adjusted[3]	2,576	2,484	4	7,899	7,505	5
Income before provisions for credit losses and income taxes – Adjusted[3]	1,184	1,179	–	3,730	3,621	3
Net income – Adjusted[3]	790	826	(4)	2,542	2,645	(4)
Return on common shareholders' equity – Adjusted[4]	15.3 %	17.9 %		17.0 %	20.1 %	
Operating leverage – Adjusted[4]	(3.0) %	1.4 %		(2.1) %	2.4 %	
Efficiency ratio – Adjusted[4]	54.0 %	52.5 %		52.8 %	51.8 %	
Earnings per share – Adjusted[3]						
Basic	$ 2.23	$ 2.38	(6)	$ 7.22	$ 7.61	(5)
Diluted	$ 2.21	$ 2.35	(6)	$ 7.15	$ 7.53	(5)
Common share information						
Dividends declared	$ 1.02	$ 0.92	11	$ 2.96	$ 2.66	11
Book value[2]	$ 58.75	$ 54.29		$ 58.75	$ 54.29	
Share price						
High	$ 103.28	$ 97.87		$ 103.45	$ 105.44	
Low	$ 94.62	$ 83.33		$ 91.02	$ 83.33	
Close	$ 103.28	$ 89.85		$ 103.28	$ 89.85	
Number of common shares *(thousands)*	338,228	336,456		338,228	336,456	
Market capitalization	34,932	30,231		34,932	30,231	

(millions of Canadian dollars)	As at July 31, 2023	As at October 31, 2022	% Change
Balance sheet and off-balance-sheet			
Total assets	426,015	403,740	6
Loans and acceptances, net of allowances	219,433	206,744	6
Deposits	282,323	266,394	6
Equity attributable to common shareholders	19,872	18,594	7
Assets under administration[2]	678,753	616,165	10
Assets under management[2]	125,603	112,346	12
Regulatory ratios under Basel III[5]			
Capital ratios			
Common Equity Tier 1 (CET1)	13.5 %	12.7 %	
Tier 1	16.1 %	15.4 %	
Total	16.9 %	16.9 %	
Leverage ratio	4.2 %	4.5 %	
TLAC ratio[5]	29.9 %	27.7 %	
TLAC leverage ratio[5]	7.9 %	8.1 %	
Liquidity coverage ratio (LCR)[5]	146 %	140 %	
Net stable funding ratio (NSFR)[5]	118 %	117 %	
Other information			
Number of employees – Worldwide (full-time equivalent)	28,901	27,103	7
Number of branches in Canada	372	378	(2)
Number of banking machines in Canada	940	939	–

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(2) See the Glossary section on pages 51 to 54 for details on the composition of these measures.
(3) See the Financial Reporting Method section on pages 4 to 10 for additional information on non-GAAP financial measures.
(4) See the Financial Reporting Method section on pages 4 to 10 for additional information on non-GAAP ratios.
(5) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.

Economic Review and Outlook

Global Economy

After months of increases, inflation worldwide finally appears to be improving. And although this good news seems to have restored optimism, especially on the stock markets, the battle to bring inflation back into line with the goals of central banks is far from won. Recall that the recent decline in prices is essentially due to a significant slowdown in the goods sector, and particularly a decrease in energy prices. The price of a barrel of oil has recently soared, which could limit the cooling of inflation in the next few months. The Chinese economy could counterbalance this headwind, since a vast amount of data from China indicates that it is currently experiencing a significant slowdown. The decline in Chinese producers' prices suggests an upcoming decrease in import prices in the developed nations. On the other hand, in the services sector, there is still no sign of significant progress. In this context, it is not surprising that many central banks are still in tightening mode. In many regions of the world, however, the central bankers' efforts to curb inflation are coming up against lax fiscal policy. This situation risks forcing the central banks to tighten their monetary policy more than they would otherwise have done, which increases the risk of a hard landing and, at the very least, is likely to inflict unnecessary economic suffering. We anticipate growth of 2.9%[(1)] this year, followed by only 2.1%[(1)] in 2024.

In the United States, the economy has been in good shape since the beginning of the year, but there are numerous signs of difficulties on the horizon. Household spending remains resilient for the time being, thanks to the excess savings amassed by U.S. consumers during the pandemic. Nevertheless, this resource is being eroded fast, based on the savings rate, which has been well below the pre-pandemic level for several quarters. We foresee that, at this rate, the pandemic savings will be used up in the last quarter of this year, which should tamp down consumption. Another obstacle for consumers is that this will occur at the exact same time that 40.5 million Americans resume their monthly student debt payments, which average around US$390. At the national level, these payments will reduce disposable income by 1% per month. Even assuming the labour market remains stable, this combination of factors should lead to a significant decrease in consumption. According to this scenario, and considering that financial conditions are likely to become even tighter, we believe that the U.S. economy will slow down considerably in the coming months, and might even enter a technical recession at the start of 2024 that could last for three quarters. Thus, production should grow by 2.3%[(1)] through 2023 before stagnating in 2024.

Canadian Economy

The Bank of Canada has raised its policy rate twice since June, losing patience with the lack of progress in curbing inflation and with domestic demand that it considers to be overly high. In our view, this decision is a dangerous one since the economy is already demonstrating an underlying weakness, and it has not yet even absorbed the entire impact of the rate increases applied since the start of the cycle of tightening monetary policy. First of all, although real GDP per capita is continuing to grow in absolute terms, it has been contracting for 12 months, which is a situation that has never before coincided with an increase in interest rates. In addition, the labour market is starting to loosen up, according to the increase in the unemployment rate, the decline in the job vacancy rate and the softening of hiring intentions. This is hardly surprising considering that corporate earnings have been dropping for three quarters and a high proportion of SMEs say that wages are creating difficulties for them. The challenge of profitability will make businesses much more cautious in the coming months, particularly due to the economic slowdown that we are forecasting, considering that monetary policy is at its most restrictive, in real terms, since 2009 and the most restrictive of all the G7 nations. The third quarter should avoid a contraction thanks to the "grocery rebate," a federal government tax measure that is frustrating the Bank of Canada's efforts to cool the economy. Nevertheless, we doubt that excess savings can prevent a contraction of consumption thereafter in the context of a far from negligible interest payment shock. In real terms per capita, transaction and notice deposits are only 5% higher than in 2019, which is by no means the bonanza one might have expected. Therefore, we continue to forecast anemic economic growth rates of 1.4%[(1)] in 2023 and 0%[(1)] in 2024.

Quebec Economy

From an economic growth perspective, Quebec had a mixed start to the year compared with the rest of Canada. Over the past four months, the pace of provincial GDP growth has trailed or matched national growth. This underperformance resulted in particular from Quebec's record as the province with the slowest population growth. For the coming quarters, sluggish population growth and the rising impact of interest rate hikes will continue to rein in growth. However, we believe some factors will offset this source of weakness. First, Quebec households have a lower debt ratio than in the rest of Canada, which means the interest payment shock packs less of a punch than elsewhere. Also, Quebec has easier access to housing compared to the rest of the country, and Quebec's predominance of hydroelectricity means households are less exposed to soaring electricity costs. Quebec also has a highly diversified economy, and a variety of tax support measures are provided by the provincial government. In the labour market, weaker immigration is expected curb the rise in the unemployment rate in an environment that may prompt businesses to approach hiring with greater caution. What is more, we note that the Quebec labour market continued to report Canada's lowest unemployment rate in July (4.5%). In light of all these factors, we believe that a recession is still avoidable in Quebec. Our growth forecast for the province is 1.2%[(1)] in 2023 followed by stagnation in 2024.

(1) Actual GDP growth forecasts, National Bank Financial's Economics and Strategy group

Financial Analysis

Consolidated Results

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2023	2022[1]	% Change	**2023**	2022[1]	% Change
Operating results						
Net interest income	**870**	1,419	(39)	**2,851**	4,064	(30)
Non-interest income	**1,645**	994	65	**4,725**	3,254	45
Total revenues	**2,515**	2,413	4	**7,576**	7,318	4
Non-interest expenses	**1,417**	1,305	9	**4,194**	3,884	8
Income before provisions for credit losses and income taxes	**1,098**	1,108	(1)	**3,382**	3,434	(2)
Provisions for credit losses	**111**	57		**282**	58	
Income before income taxes	**987**	1,051	(6)	**3,100**	3,376	(8)
Income taxes	**148**	225	(34)	**533**	731	(27)
Net income	**839**	826	2	**2,567**	2,645	(3)
Diluted earnings per share *(dollars)*	**2.36**	2.35	–	**7.23**	7.53	(4)
Taxable equivalent basis[2]						
Net interest income	**88**	60		**242**	169	
Non-interest income	**64**	11		**172**	18	
Income taxes	**152**	71		**414**	187	
Impact of taxable equivalent basis on net income	**–**	–		**–**	–	
Specified items[2]						
Gain on the fair value remeasurement of an equity interest	**91**	–		**91**	–	
Expense related to changes to the *Excise Tax Act*	**(25)**	–		**(25)**	–	
Specified items before income taxes	**66**	–		**66**	–	
Income taxes related to the Canadian government's 2022 tax measures	**–**	–		**24**	–	
Income taxes related to other specified items	**17**	–		**17**	–	
Specified items after income taxes	**49**	–		**25**	–	
Operating results – Adjusted[2]						
Net interest income – Adjusted	**958**	1,479	(35)	**3,093**	4,233	(27)
Non-interest income – Adjusted	**1,618**	1,005	61	**4,806**	3,272	47
Total revenues – Adjusted	**2,576**	2,484	4	**7,899**	7,505	5
Non-interest expenses – Adjusted	**1,392**	1,305	7	**4,169**	3,884	7
Income before provisions for credit losses and income taxes – Adjusted	**1,184**	1,179	–	**3,730**	3,621	3
Provisions for credit losses	**111**	57		**282**	58	
Income before income taxes – Adjusted	**1,073**	1,122	(4)	**3,448**	3,563	(3)
Income taxes – Adjusted	**283**	296	(4)	**906**	918	(1)
Net income – Adjusted	**790**	826	(4)	**2,542**	2,645	(4)
Diluted earnings per share – Adjusted *(dollars)*	**2.21**	2.35	(6)	**7.15**	7.53	(5)
Average assets[3]	**434,121**	391,966	11	**426,821**	388,463	10
Average loans and acceptances[3]	**218,115**	197,650	10	**213,823**	191,092	12
Average deposits[3]	**283,477**	260,355	9	**282,395**	255,525	11
Operating leverage[4]	**(4.4) %**	0.5 %		**(4.5) %**	2.1 %	
Operating leverage – Adjusted[5]	**(3.0) %**	1.4 %		**(2.1) %**	2.4 %	
Efficiency ratio[4]	**56.3 %**	54.1 %		**55.4 %**	53.1 %	
Efficiency ratio – Adjusted[5]	**54.0 %**	52.5 %		**52.8 %**	51.8 %	
Net interest margin, non-trading – Adjusted[5]	**2.18 %**	1.99 %		**2.15 %**	1.93 %	

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(2) See the Financial Reporting Method section on pages 4 to 10 for additional information on non-GAAP financial measures.
(3) Represents an average of the daily balances for the period.
(4) See the Glossary section on pages 51 to 54 for details on the composition of these measures.
(5) See the Financial Reporting Method section on pages 4 to 10 for additional information on non-GAAP ratios.

Financial Results
For the third quarter of 2023, the Bank reported net income of $839 million, up 2% from $826 million in the third quarter of 2022. Third-quarter diluted earnings per share stood at $2.36 compared to $2.35 in the third quarter of 2022. Revenue growth in all of the business segments, aside from the Financial Markets segment, was partly offset by higher provisions for credit losses.

For the third quarter of 2023, adjusted net income totalled $790 million, which excludes a gain of $91 million on the fair value remeasurement of an equity interest ($67 million net of income taxes) and an expense of $25 million ($18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act,* down 4% from $826 million in the third quarter of 2022. Third-quarter adjusted diluted earnings per share stood at $2.21 compared to $2.35 in the third quarter of 2022. Revenue growth in all of the business segments, aside from the Financial Markets segment, was partly offset by higher provisions for credit losses. Adjusted income before provisions for credit losses and income taxes stood at $1,184 million in the third quarter of 2023, an increase from $1,179 million in the same quarter of 2022.

For the nine-month period ended July 31, 2023, the Bank's net income totalled $2,567 million, down 3% from $2,645 million in the same period of 2022. Diluted earnings per share stood at $7.23 for the nine-month period ended July 31, 2023 versus $7.53 for the nine months ended July 31, 2022. These decreases were partly due to higher non-interest expenses, higher provisions for credit losses, and the impact of a tax expense arising from the Canadian government's 2022 tax measures recorded in the first quarter of 2023.

For the nine months ended July 31, 2023, adjusted net income totalled $2,542 million, which excludes a $24 million tax expense arising from the Canadian government's 2022 tax measures, a gain of $91 million on the fair value remeasurement of an equity interest ($67 million net of income taxes), and an expense of $25 million ($18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act,* down 4% from $2,645 million in the same nine-month period of 2022. Nine-month adjusted diluted earnings per share stood at $7.15 compared to $7.53 in the nine-month period of 2022. Revenue growth in all of the business segments was offset by higher non-interest expenses and higher provisions for credit losses. Nine-month adjusted income before provisions for credit losses and income taxes rose 3% year over year.

Return on common shareholders' equity was 17.2% for the nine-month period ended July 31, 2023 compared to 20.1% in the same nine-month period of 2022.

Total Revenues
For the third quarter of 2023, the Bank's total revenues amounted to $2,515 million, rising $102 million or 4% year over year. In the Personal and Commercial segment, third-quarter total revenues rose 9% year over year owing to growth in loans and deposits, to a higher net interest margin resulting from interest rate hikes, and to increases in credit card revenues and revenues from bankers' acceptances, partly offset by a decrease in insurance revenues and revenues from foreign exchange activities. In the Wealth Management segment, third-quarter total revenues grew 6% year over year, mainly due to higher net interest income resulting from higher interest rates as well as fee-based revenues, notably revenues from mutual funds and from investment management and trust service fees. This growth was tempered by securities brokerage commissions, which decreased year over year given lower commissions on transactions. In the Financial Markets segment, third-quarter total revenues on a taxable equivalent basis decreased by 8% year over year due to a decrease in global markets revenues, partly offset by growth in corporate and investment banking revenues. In the USSF&I segment, third-quarter total revenues were up 7% year over year owing to sustained revenue growth at ABA Bank as a result of business growth as well as to an increase in Credigy's revenues. In addition, during the third quarter of 2023, a gain of $91 million was recorded in other revenues following a fair value remeasurement of an equity interest.

For the nine-month period ended July 31, 2023, the Bank's total revenues amounted to $7,576 million, up 4% or $258 million from $7,318 million in the same period of 2022. In the Personal and Commercial segment, nine-month total revenues rose $401 million or 14% year over year owing to an increase in net interest income (as both loans and deposits grew), a higher net interest margin (resulting from higher interest rates) as well as to increases in credit card revenues and revenues from bankers' acceptances. In the Wealth Management segment, nine-month total revenues grew 7%, mainly due to an increase in net interest income, partly offset by a decrease in fee-based revenues and transaction-based and other revenues given weak market performance compared to the first nine months of 2022. In the Financial Markets segment, nine-month total revenues on a taxable equivalent basis were up $16 million or 1% year over year given growth in corporate and investment banking revenues, partly offset by a decrease in global markets revenues. In the USSF&I segment, nine-month total revenues were up 6% year over year owing to revenue growth, driven by business growth, at ABA Bank. In addition, nine-month other revenues included a gain of $91 million recorded upon the fair value remeasurement of an equity interest.

Non-Interest Expenses

For the third quarter of 2023, non-interest expenses stood at $1,417 million, up 9% from the third quarter of 2022. The increase was essentially attributable to higher compensation and employee benefits, notably due to wage growth and a greater number of employees, partly offset by a decrease in variable compensation. Occupancy expense was also up, partly related to expansion of the ABA Bank network. An increase in technology expenses, including amortization, was attributable to significant investments made to support the Bank's technological evolution and business development plan. Other expenses were also up, notably due to an increase in travel and business development expenses (as activities with clients resumed) and to an increase in advertising expenses. Other expenses also included a $25 million expense related to the retroactive impact of the changes to the *Excise Tax Act.* Third-quarter adjusted non-interest expenses stood at $1,392 million, up 7% from $1,305 million in third-quarter 2022.

Nine-month non-interest expenses stood at $4,194 million, an 8% year-over-year increase that was due to the same reasons provided above for the third quarter. The increase was also due to a higher occupancy expense related to the Bank's new head office building as well as to a reversal of the provision for the compensatory tax on salaries paid in Quebec of $20 million in the first quarter of 2022. Nine-month adjusted non-interest expenses stood at $4,169 million, a 7% year-over-year increase from $3,884 million in the same nine-month period of 2022.

Provisions for Credit Losses

For the third quarter of 2023, the Bank recorded $111 million in provisions for credit losses compared to $57 million in the same quarter of 2022. An increase in provisions for credit losses on non-impaired loans of $5 million was due to loan origination and the migration of credit risk. Third-quarter provisions for credit losses on impaired loans, excluding purchased or originated credit-impaired (POCI) loans[(1)] rose $68 million year over year. This increase came from Personal Banking (including credit card receivables) reflecting a normalization of credit performance, from Commercial Banking, from the Financial Markets segment, and from Credigy (excluding POCI loans). These increases were partly offset by a decrease in provisions for credit losses on Credigy's POCI loans of $19 million compared to the third quarter of 2022 due to a favourable remeasurement of certain portfolios.

For the nine-month period ended July 31, 2023, the Bank recorded $282 million in provisions for credit losses compared to $58 million in the same period of 2022. This increase stems mainly from higher provisions for credit losses on non-impaired loans recorded to reflect new loan origination, credit risk migration, and a less favourable macroeconomic outlook (notably, rising inflation and geopolitical instability). As for provisions for credit losses on impaired loans excluding POCI loans[(1)], they were also up, due to Personal Banking (including credit card receivables), Commercial Banking, the Financial Markets segment, and the Credigy subsidiary. These increases were partly offset by a decrease in provisions for credit losses on impaired loans at ABA Bank. Nine-month provisions for credit losses on Credigy's POCI loans were also down given a favourable remeasurement of certain portfolios during the first nine months of 2023.

Income Taxes

For the third quarter of 2023, income taxes stood at $148 million compared to $225 million in the same quarter of 2022. The 2023 third-quarter effective income tax rate was 15% compared to 21% in the same quarter of 2022. The year-over-year change in effective income tax rate stems mainly from a higher level and proportion of tax-exempt dividend income and from higher income in lower tax-rate jurisdictions, factors that were partly offset by the additional 1.5% tax on banks and life insurers.

For the nine-month period ended July 31, 2023, the effective income tax rate stood at 17% compared to 22% in the same period of 2022. The year-over-year change in effective income tax rate stems from the same reasons as those mentioned for the quarter, partly offset by the impact of the Canadian government's 2022 tax measures recorded in the first quarter of 2023, namely, the Canada Recovery Dividend and the additional 1.5% tax on banks and life insurers.

(1) See the Glossary section on pages 51 to 54 for details on the composition of these measures.

Results by Segment

The Bank carries out its activities in four business segments: Personal and Commercial, Wealth Management, Financial Markets, and U.S. Specialty Finance and International, which comprises the activities of the Credigy Ltd. (Credigy) and Advanced Bank of Asia Limited (ABA Bank) subsidiaries. Other operating activities, certain specified items, Treasury activities, and the operations of the Flinks Technology Inc. (Flinks) subsidiary are grouped in the *Other* heading of segment results. Each reportable segment is distinguished by services offered, type of clientele, and marketing strategy.

Personal and Commercial

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2023	2022[1]	% Change	**2023**	2022[1]	% Change
Operating results						
Net interest income	**837**	741	13	**2,464**	2,080	18
Non-interest income	**303**	302	–	**900**	883	2
Total revenues	**1,140**	1,043	9	**3,364**	2,963	14
Non-interest expenses	**613**	560	9	**1,820**	1,667	9
Income before provisions for credit losses and income taxes	**527**	483	9	**1,544**	1,296	19
Provisions for credit losses	**75**	49	53	**173**	55	
Income before income taxes	**452**	434	4	**1,371**	1,241	10
Income taxes	**124**	115	8	**377**	329	15
Net income	**328**	319	3	**994**	912	9
Net interest margin[2]	**2.34 %**	2.17 %		**2.34 %**	2.11 %	
Average interest-bearing assets[2]	**141,939**	135,396	5	**140,493**	132,018	6
Average assets[3]	**148,934**	142,241	5	**147,462**	138,670	6
Average loans and acceptances[3]	**148,142**	141,517	5	**146,660**	137,934	6
Net impaired loans[2]	**246**	168	46	**246**	168	46
Net impaired loans as a % of total loans and acceptances[2]	**0.2 %**	0.1 %		**0.2 %**	0.1 %	
Average deposits[3]	**86,852**	83,012	5	**85,310**	80,680	6
Efficiency ratio[2]	**53.8 %**	53.7 %		**54.1 %**	56.3 %	

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been reclassified, notably due to a revised method for the sectoral allocation of technology investment expenses. In addition, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements (for additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022).
(2) See the Glossary section on pages 51 to 54 for details on the composition of these measures.
(3) Represents an average of the daily balances for the period.

In the Personal and Commercial segment, net income totalled $328 million in the third quarter of 2023, up 3% from $319 million in the third quarter of 2022. The segment's third-quarter income before provisions for credit losses and income taxes grew 9% year over year. Third-quarter net interest income rose 13% year over year owing to growth in personal and commercial loans and deposits as well as to a higher net interest margin, which was 2.34% in third-quarter 2023 compared to 2.17% in third-quarter 2022. This growth reflects the interest rate hikes and was mainly attributable to the deposit margin. As for third-quarter non-interest income, it remained relatively stable year over year.

Personal Banking's third-quarter total revenues increased by $40 million year over year. This increase came from an increase in net interest income driven by loan and deposit growth, from an improved margin on deposits, and from higher card revenues, partly offset by a decrease in insurance revenues. Commercial Banking's third-quarter total revenues grew $57 million year over year, mainly due to an increase in net interest income that was driven by loan and deposit growth and an improved deposit margin as well as to increases in revenues from bankers' acceptances, partly offset by a decrease in revenues from foreign exchange activities and derivative financial instruments.

For the third quarter of 2023, the segment's non-interest expenses stood at $613 million, a 9% year-over-year increase that was mainly due to higher compensation and employee benefits (given wage growth and a greater number of employees), greater investments made as part of the segment's technological evolution, and higher operations support charges. At 53.8%, the third-quarter efficiency ratio compares to 53.7% in the third quarter of 2022. The segment recorded $75 million in provisions for credit losses in the third quarter of 2023 compared to $49 million in the same quarter of 2022. The increase was mainly due to higher provisions for credit losses on impaired Personal Banking loans (including credit card receivables), reflecting continued normalization of credit performance, as well as on impaired Commercial Banking loans. Furthermore, provisions for credit losses on non-impaired loans were down year over year.

For the nine-month period ended July 31, 2023, Personal and Commercial's net income totalled $994 million, up from $912 million for the first nine months of last year. This increase was mainly due to 14% growth in the segment's total revenues. The segment's nine-month income before provisions for credit losses and income taxes stood at $1,544 million, rising 19% year over year. Personal Banking's nine-month total revenues were up, mainly due to growth in loans and deposits and to a higher deposit margin (partly offset by a lower margin on loans) as well as to increases in credit card revenues, partly offset by a decrease in insurance revenues. In addition, Commercial Banking's nine-month total revenues rose 23% owing to growth in loans and deposits, to a higher net interest margin, as well as to increases in revenues from bankers' acceptances, from letters of credit and guarantee, and from derivative financial instruments.

Nine-month non-interest expenses stood at $1,820 million, a 9% year-over-year increase that was due to the same reasons provided above for the third quarter. The efficiency ratio was 54.1% for the nine-month period, an improvement of 2.2 percentage points from the same period in 2022. The segment's nine-month provisions for credit losses stood at $173 million compared to $55 million in the same period of 2022. This increase came from higher provisions for credit losses on non-impaired loans recorded to reflect new loan origination and a less favourable macroeconomic outlook. In addition, nine-month provisions for credit losses on impaired loans were also up year over year.

Wealth Management

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2023	2022[1]	% Change	**2023**	2022[1]	% Change
Operating results						
Net interest income	**192**	161	19	**590**	407	45
Fee-based revenues	**364**	351	4	**1,061**	1,082	(2)
Transaction-based and other revenues	**73**	79	(8)	**232**	273	(15)
Total revenues	**629**	591	6	**1,883**	1,762	7
Non-interest expenses	**375**	351	7	**1,111**	1,068	4
Income before provisions for credit losses and income taxes	**254**	240	6	**772**	694	11
Provisions for credit losses	**1**	1	–	**1**	1	–
Income before income taxes	**253**	239	6	**771**	693	11
Income taxes	**70**	64	9	**212**	185	15
Net income	**183**	175	5	**559**	508	10
Average assets[2]	**8,702**	8,518	2	**8,582**	8,394	2
Average loans and acceptances[2]	**7,711**	7,455	3	**7,602**	7,287	4
Net impaired loans[3]	**6**	12	(50)	**6**	12	(50)
Average deposits[2]	**40,028**	34,881	15	**40,194**	34,569	16
Assets under administration[3]	**678,753**	621,126	9	**678,753**	621,126	9
Assets under management[3]	**125,603**	113,904	10	**125,603**	113,904	10
Efficiency ratio[3]	**59.6 %**	59.4 %		**59.0 %**	60.6 %	

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been reclassified, notably due to a revised method for the sectoral allocation of technology investment expenses. In addition, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements (for additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022).
(2) Represents an average of the daily balances for the period.
(3) See the Glossary section on pages 51 to 54 for details on the composition of these measures.

In the Wealth Management segment, net income totalled $183 million in the third quarter of 2023, a 5% increase from $175 million in the third quarter of 2022. The segment's third-quarter total revenues amounted to $629 million, up $38 million or 6% from $591 million in the third quarter of 2022. This increase in revenues was driven by a $31 million or 19% increase in net interest income resulting from the interest rate hikes. Third-quarter fee-based revenues increased by 4%, as there was stronger stock market performance year over year and positive net inflows into various solutions. As for transaction-based and other revenues, they decreased 8% year over year as a result of lower commissions on transactions in the third quarter of 2023.

For the third quarter of 2023, the segment's non-interest expenses stood at $375 million, a $24 million or 7% year-over-year increase that was due to higher compensation and employee benefits and higher technology expenses related to the segment's initiatives. The efficiency ratio was 59.6% in the third quarter of 2023 compared to 59.4% in the same quarter of 2022. Provisions for credit losses were $1 million, stable compared to the third quarter of 2022.

For the first nine months of 2023, Wealth Management's net income totalled $559 million, up 10% from $508 million in the same period of 2022. The segment's nine-month total revenues amounted to $1,883 million, up 7% from $1,762 million in the same period of 2022. Its nine-month net interest income grew $183 million or 45% year over year owing to higher interest rates. Nine-month fee-based revenues decreased by 2%, as there was weaker stock market performance year over year, partly offset by positive net inflows into various solutions. As for transaction-based and other revenues, they decreased 15% year over year. Nine-month non-interest expenses stood at $1,111 million compared to $1,068 million in the first nine months of 2022; this increase was due to higher compensation and employee benefits and to an increase in technology expenses related to the segment's initiatives, partly offset by a decrease in variable compensation and external management fees. The segment's nine-month efficiency ratio was 59.0%, an improvement of 1.6 percentage points from 60.6% in the same period of 2022. Nine-month provisions for credit losses stood at $1 million, stable compared to the same period in 2022.

Financial Markets

(taxable equivalent basis)(1)
(millions of Canadian dollars)

	Quarter ended July 31			Nine months ended July 31		
	2023	2022(2)	% Change	2023	2022(2)	% Change
Operating results						
Global markets						
Equities	171	202	(15)	585	772	(24)
Fixed-income	85	117	(27)	333	296	13
Commodities and foreign exchange	21	50	(58)	141	130	8
	277	369	(25)	1,059	1,198	(12)
Corporate and investment banking	283	242	17	862	707	22
Total revenues(1)	560	611	(8)	1,921	1,905	1
Non-interest expenses	272	254	7	842	775	9
Income before provisions for credit losses and income taxes	288	357	(19)	1,079	1,130	(5)
Provisions for credit losses	5	(23)		15	(55)	
Income before income taxes	283	380	(26)	1,064	1,185	(10)
Income taxes(1)	78	101	(23)	293	314	(7)
Net income	205	279	(27)	771	871	(11)
Average assets(3)	186,236	149,653	24	176,575	152,183	16
Average loans and acceptances(3) (Corporate Banking only)	29,974	22,991	30	28,613	21,549	33
Net impaired loans(4)	56	1		56	1	
Net impaired loans as a % of total loans and acceptances(4)	0.2 %	– %		0.2 %	– %	
Average deposits(3)	59,287	46,761	27	56,803	46,486	22
Efficiency ratio(4)	48.6 %	41.6 %		43.8 %	40.7 %	

(1) The *Total revenues* and *Income taxes* items of the Financial Markets segment are presented on a taxable equivalent basis. Taxable equivalent basis is a calculation method that consists in grossing up certain revenues taxed at lower rates by the income tax to a level that would make it comparable to revenues from taxable sources in Canada. For the quarter ended July 31, 2023, *Total revenues* were grossed up by $150 million ($70 million in 2022) and an equivalent amount was recognized in *Income taxes*. For the nine-month period ended July 31, 2023, *Total revenues* were grossed up by $409 million ($183 million in 2022) and an equivalent amount was recognized in *Income taxes*. The effect of these adjustments is reversed under the *Other* heading in the segment results.
(2) For the quarter and nine-month period ended July 31, 2022, certain amounts have been reclassified, notably due to a revised method for the sectoral allocation of technology investment expenses. In addition, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements (for additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022).
(3) Represents an average of the daily balances for the period.
(4) See the Glossary section on pages 51 to 54 for details on the composition of these measures.

In the Financial Markets segment, net income totalled $205 million in the third quarter of 2023, down 27% from $279 million in the third quarter of 2022. Third-quarter total revenues amounted to $560 million, down $51 million or 8% from $611 million in the third quarter of 2022. Global markets revenues were down 25% given decreases across all of its revenue categories. Third-quarter corporate and investment banking revenues grew 17% year over year given an increase in revenues from capital markets activity and banking service revenues, partly offset by a decrease in revenues from merger and acquisition activity.

For the third quarter of 2023, non-interest expenses stood at $272 million, a 7% year-over-year increase that was due to higher wages and employee benefits, technology investments made by the segment, and professional fees. This increase was partly offset by a decrease in variable compensation resulting from the decrease in the segment's third-quarter revenues. At 48.6%, the third-quarter efficiency ratio deteriorated when compared to 41.6% in the third quarter of 2022. The segment recorded $5 million in provisions for credit losses in the third quarter of 2023 compared to $23 million in recoveries of credit losses in the third quarter of 2022. This increase came from higher recoveries for credit losses on impaired loans in the third quarter of 2022 as well as from an increase in provisions for credit losses on non-impaired loans of $8 million related to loan origination and a less favourable macroeconomic environment in the third quarter of 2023.

For the nine-month period ended July 31, 2023, the Financial Markets segment's net income totalled $771 million, down 11% from the same period of 2022. As for nine-month total revenues, they amounted to $1,921 million, up $16 million or 1% from $1,905 million in the same period of 2022. Global markets revenues were down 12% due to a 24% decrease in revenues from equity securities, whereas revenues from fixed-income securities rose 13% and revenues from commodities and foreign exchange activities rose 8%. Nine-month corporate and investment banking revenues grew 22% year over year given an increase in revenues from merger and acquisition activity and in banking service revenues.

For the first nine months of 2023, non-interest expenses rose 9% year over year as a result of higher compensation and employee benefits (notably wage growth) as well as higher technology investment expenses, higher professional fees, and other expenses related to the segment's business growth. The efficiency ratio was 43.8% for the nine-month period compared to 40.7% in the same period of 2022. The segment recorded $15 million in provisions for credit losses during the first nine months of 2023 compared to $55 million in recoveries of credit losses in the same nine-month period of 2022. This increase came from higher recoveries for credit losses on impaired loans recorded in the nine-month period ended July 31, 2022 as well as from an increase in provisions for credit losses on non-impaired loans related to loan origination and a less favourable macroeconomic environment compared to the same period in 2022.

U.S. Specialty Finance and International (USSF&I)

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2023	2022	% Change	**2023**	2022	% Change
Total revenues						
Credigy	**112**	105	7	**357**	351	2
ABA Bank	**181**	168	8	**539**	490	10
International	**(1)**	–		**–**	2	
	292	273	7	**896**	843	6
Non-interest expenses						
Credigy	**33**	31	6	**102**	99	3
ABA Bank	**66**	55	20	**192**	154	25
International	**1**	–		**2**	1	
	100	86	16	**296**	254	17
Income before provisions for credit losses and income taxes	**192**	187	3	**600**	589	2
Provisions for credit losses						
Credigy	**20**	19	5	**71**	37	92
ABA Bank	**9**	10	(10)	**19**	19	–
	29	29	–	**90**	56	61
Income before income taxes	**163**	158	3	**510**	533	(4)
Income taxes						
Credigy	**12**	11	9	**38**	45	(16)
ABA Bank	**23**	22	5	**69**	63	10
	35	33	6	**107**	108	(1)
Net income						
Credigy	**47**	44	7	**146**	170	(14)
ABA Bank	**83**	81	2	**259**	254	2
International	**(2)**	–		**(2)**	1	
	128	125	2	**403**	425	(5)
Average assets(1)	**23,589**	18,941	25	**22,586**	18,383	23
Average loans and receivables(1)	**19,103**	15,438	24	**18,472**	14,826	25
Purchased or originated credit-impaired (POCI) loans	**532**	336	58	**532**	336	58
Net impaired loans excluding POCI loans(2)	**229**	120		**229**	120	
Average deposits(1)	**10,966**	8,722	26	**10,454**	8,320	26
Efficiency ratio(2)	**34.2 %**	31.5 %		**33.0 %**	30.1 %	

(1) Represents an average of the daily balances for the period.
(2) See the Glossary section on pages 51 to 54 for details on the composition of these measures.

In the USSF&I segment, net income totalled $128 million in the third quarter of 2023, up 2% from $125 million in the same quarter of 2022. For the first nine months of 2023, the segment recorded net income of $403 million compared to $425 million in the same nine-month period of 2022, a 5% decrease that was attributable to Credigy's business activities.

Credigy

The Credigy subsidiary's net income totalled $47 million in the third quarter of 2023, up $3 million or 7% year over year. Its third-quarter total revenues amounted to $112 million compared to $105 million in the same quarter of 2022, an increase that was due to loan volume growth as well as to growth in non-interest income given the unfavourable impact of remeasuring certain portfolios at fair value during the third quarter of 2022. These items were partly offset by a lower net interest margin related to the portfolio mix. Credigy's third-quarter non-interest expenses stood at $33 million, a $2 million year-over-year increase that was mainly due to compensation and employee benefits. Provisions for credit losses increased by $1 million compared to the same quarter of 2022, due to an increase in provisions for credit losses on non-impaired loans associated with growth in the loan portfolio and a deterioration in certain risk parameters as well as to impaired loans, with these increases being offset by a decrease in provisions for credit losses on POCI loans.

For the first nine months of 2023, Credigy recorded net income of $146 million, a 14% year-over-year decrease that was due to an increase in provisions for credit losses. The subsidiary's nine-month income before provisions for credit losses and income taxes stood at $255 million, up 1% year over year. Its nine-month total revenues amounted to $357 million compared to $351 million in the same period of 2022. A decrease in net interest income was more than offset by growth in non-interest income, related to an unfavourable impact of remeasuring the fair value of certain portfolios during the first nine months of 2022. Nine-month non-interest expenses stood at $102 million, a 3% year-over-year increase. Nine-month provisions for credit losses rose $34 million year over year, mainly due to the same reasons provided above for the third quarter.

ABA Bank

The ABA Bank subsidiary's net income totalled $83 million in the third quarter of 2023, up $2 million or 2% year over year. The subsidiary's third-quarter total revenues rose 8%, due mainly to sustained loan growth as well as to the impact of exchange rate changes, factors that were partly offset by an increase in interest expenses on deposits. Non-interest expenses for the third quarter of 2023 stood at $66 million, an $11 million or 20% year-over-year increase attributable essentially to higher compensation and employee benefits (notably due to wage growth given a greater number of employees) and to higher occupancy expenses resulting from the subsidiary's business growth and opening of new branches. Third-quarter provisions for credit losses, which stood at $9 million in the third quarter of 2023, decreased $1 million year over year.

For the first nine months of 2023, ABA Bank recorded net income of $259 million, a 2% year-over-year increase. Growth in the subsidiary's business activities, mainly sustained growth in loans, explains a 10% year-over-year increase in its nine-month total revenues. This increase was, however, partly offset by higher interest rates on deposits and lower interest rates on loans given a competitive environment in Cambodia. The subsidiary's nine-month non-interest expenses stood at $192 million, a 25% year-over-year increase that was due to the same reasons provided above for the third quarter. Nine-month provisions for credit losses stood at $19 million, stable compared to the same period in 2022.

Other

(millions of Canadian dollars)	Quarter ended July 31		Nine months ended July 31	
	2023	2022[1]	**2023**	2022[1]
Operating results				
Net interest income[2]	**(121)**	(141)	**(430)**	(381)
Non-interest income[2]	**15**	36	**(58)**	226
Total revenues	**(106)**	(105)	**(488)**	(155)
Non-interest expenses	**57**	54	**125**	120
Income before provisions for credit losses and income taxes	**(163)**	(159)	**(613)**	(275)
Provisions for credit losses	**1**	1	**3**	1
Income before income taxes	**(164)**	(160)	**(616)**	(276)
Income taxes (recovery)[2]	**(159)**	(88)	**(456)**	(205)
Net loss	**(5)**	(72)	**(160)**	(71)
Non-controlling interests	**(1)**	–	**(2)**	(1)
Net income (loss) attributable to the Bank's shareholders and holders of other equity instruments	**(4)**	(72)	**(158)**	(70)
Less: Specified items after income taxes[3]	**49**	–	**25**	–
Net loss – Adjusted[3]	**(54)**	(72)	**(185)**	(71)
Average assets[4]	**66,660**	72,613	**71,616**	70,833

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been reclassified, notably due to a revised method for the sectoral allocation of technology investment expenses. In addition, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements (for additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022).

(2) For the quarter ended July 31, 2023, an amount of $88 million ($60 million in 2022) was deducted from *Net interest income*, an amount of $64 million ($11 million in 2022) was deducted from *Non-interest income*, and an equivalent amount was recorded in *Income taxes (recovery)*. For the nine-month period ended July 31, 2023, *Net interest income* was reduced by $242 million ($169 million in 2022), *Non-interest income* was reduced by $172 million ($18 million in 2022), and an equivalent amount was recognized in *Income taxes (recovery)*. These adjustments include a reversal of the taxable equivalent of the Financial Markets segment and the *Other* heading. Taxable equivalent basis is a calculation method that consists of grossing up certain revenues taxed at lower rates by the income tax to a level that would make it comparable to revenues from taxable sources in Canada.

(3) See the Financial Reporting Method section on pages 4 to 10 for additional information on non-GAAP financial measures.

(4) Represents an average of the daily balances for the period.

For the *Other* heading of segment results, there was a reduction in net loss of $67 million. This change came essentially from a $91 million gain ($67 million net of income taxes) recorded upon the fair value remeasurement of an equity interest in the third quarter of 2023 as well as from a higher contribution from treasury activities. Non-interest expenses grew year over year, notably due to a $25 million expense related to the retroactive impact of the changes to the *Excise Tax Act,* partly offset by a decrease in variable compensation. Adjusted net loss was $54 million for the third quarter of 2023 compared to $72 million in the same quarter of 2022.

For the first nine months of 2023, net loss stood at $160 million compared to $71 million in the same period of 2022. The change came from a decrease in total revenues, notably due to lower gains on investments during the nine months ended July 31, 2023. As for the specified items after income taxes recorded for the nine-month period, they had a favourable impact of $25 million on net loss. Adjusted net loss was $185 million for the first nine months of 2023 compared to a net loss of $71 million in the same period of 2022.

Consolidated Balance Sheet

Consolidated Balance Sheet Summary

(millions of Canadian dollars)	As at July 31, 2023	As at October 31, 2022	% Change
Assets			
Cash and deposits with financial institutions	**39,808**	31,870	25
Securities	**127,705**	109,719	16
Securities purchased under reverse repurchase agreements and securities borrowed	**12,368**	26,486	(53)
Loans and acceptances, net of allowances	**219,433**	206,744	6
Other	**26,701**	28,921	(8)
	426,015	403,740	6
Liabilities and equity			
Deposits	**282,323**	266,394	6
Other	**119,920**	114,101	5
Subordinated debt	**748**	1,499	(50)
Equity attributable to the Bank's shareholders and holders of other equity instruments	**23,022**	21,744	6
Non-controlling interests	**2**	2	–
	426,015	403,740	6

Assets

As at July 31, 2023, the Bank had total assets of $426.0 billion, a $22.3 billion or 6% increase from $403.7 billion as at October 31, 2022. At $39.8 billion as at July 31, 2023, cash and deposits with financial institutions were up $7.9 billion, mainly due to an increase in deposits with the Bank of Canada and the U.S. Federal Reserve. The high level of cash and deposits with financial institutions was partly due to the excess liquidity related to the accommodative monetary policies that have been applied by central banks since 2020.

As at July 31, 2023, securities totalled $127.7 billion, increasing $18.0 billion since October 31, 2022. Securities at fair value through profit or loss increased by $19.2 billion or 22%, essentially due to equity securities and securities issued or guaranteed by the Canadian government, partly offset by a decrease in securities issued or guaranteed by the U.S. Treasury, other U.S. agencies and other foreign governments. Securities other than those measured at fair value through profit or loss were down, decreasing by $1.2 billion. Securities purchased under reverse repurchase agreements and securities borrowed decreased by $14.1 billion since October 31, 2022, mainly due to the activities of the Financial Markets segment and Treasury.

Totalling $219.4 billion as at July 31, 2023, loans and acceptances, net of allowances for credit losses, rose $12.7 billion or 6% since October 31, 2022. The following table provides a breakdown of the main loan and acceptance portfolios.

(millions of Canadian dollars)	As at July 31, 2023	As at October 31, 2022	As at July 31, 2022
Loans and acceptances			
Residential mortgage and home equity lines of credit	**114,481**	109,648	107,105
Personal	**16,088**	15,804	15,669
Credit card	**2,491**	2,389	2,318
Business and government	**87,493**	79,858	76,784
	220,553	207,699	201,876
Allowances for credit losses	**(1,120)**	(955)	(952)
	219,433	206,744	200,924

Since October 31, 2022, residential mortgages (including home equity lines of credit) rose $4.9 billion or 4% given the activities of the Personal and Commercial segment, the Financial Markets segment, and the Credigy subsidiary. Also since October 31, 2022, personal loans and credit card receivables were up, loans and acceptances to business and government rose $7.6 billion or 10%, mainly due to business growth at Commercial Banking, corporate banking financial services, Treasury activities, and ABA Bank, partly offset by Credigy's repayment of loan portfolios.

Since July 31, 2022, loans and acceptances, net of allowances for credit losses, grew $18.5 billion or 9%. Residential mortgages (including home equity lines of credit) rose $7.4 billion or 7% due to sustained demand for mortgage credit in the Personal and Commercial segment and to business growth in the Financial Markets segment and at the ABA Bank and Credigy subsidiaries. Also since July 31, 2022, personal loans and credit card receivables were up and loans and acceptances to business and government rose $10.7 billion or 14%, owing essentially to the activities of Commercial Banking, corporate financial services, Treasury, and ABA Bank.

Impaired loans include loans classified in Stage 3 of the expected credit loss model and the purchased or originated credit-impaired (POCI) loans of the Credigy subsidiary. As at July 31, 2023, gross impaired loans stood at $1,444 million compared to $1,271 million as at October 31, 2022. As for net impaired loans, they totalled $1,156 million as at July 31, 2023 compared to $1,030 million as at October 31, 2022. Net impaired loans excluding POCI loans amounted to $537 million, rising $58 million from $479 million as at October 31, 2022. This increase was due to an increase in the net impaired loans of the loan portfolios of Personal and Commercial Banking and of the Credigy (excluding POCI loans) and ABA Bank subsidiaries, partly offset by a decrease in the net impaired loans of the loan portfolios of the Wealth Management and Financial Markets segments. Net POCI loans stood at $619 million as at July 31, 2023 compared to $551 million as at October 31, 2022, an increase due to acquisitions of portfolios during the third quarter of 2023.

As at July 31, 2023, other assets totalled $26.7 billion, a $2.2 billion decrease since October 31, 2022 that was mainly due to a decrease in derivative financial instruments, which were down $4.1 billion. This decrease was partly offset by increases in other assets, notably receivables, prepaid expenses and other items, interest and dividends receivable as well as current tax assets.

Liabilities
As at July 31, 2023, the Bank had total liabilities of $403.0 billion compared to $382.0 billion as at October 31, 2022.

The Bank's total deposit liability stood at $282.3 billion as at July 31, 2023, rising $15.9 billion or 6% from $266.4 billion as at October 31, 2022. As at July 31, 2023, personal deposits stood at $86.6 billion, rising $7.8 billion since October 31, 2022. This increase came mainly from business growth at Personal Banking, in the Wealth Management segment, in the Financial Markets segment, and at ABA Bank.

Business and government deposits stood at $192.8 billion as at July 31, 2023, rising $8.6 billion since October 31, 2022. This increase came from the Financial Markets segment and Treasury funding activities, including $4.3 billion in deposits subject to bank recapitalization (bail-in) conversion regulations, partly offset by a decrease in deposits from the activities of Wealth Management. Deposits from deposit-taking institutions stood at $3.0 billion as at July 31, 2023, decreasing $0.4 billion since October 31, 2022 due to Treasury funding activities.

Other liabilities, totalling $119.9 billion as at July 31, 2023, increased by $5.8 billion since October 31, 2022, resulting essentially from a $4.9 billion increase in obligations related to securities sold under repurchase agreements and securities loaned, a $1.0 billion increase in obligations related to securities sold short, and a $0.7 billion increase in other liabilities, notably interest and dividends payable. These increases were partly offset by a $0.8 billion decrease in derivative financial instruments.

Subordinated debt decreased since October 31, 2022 as a result of the Bank's redemption, on February 1, 2023, of $750 million in medium-term notes.

Equity
As at July 31, 2023, equity attributable to the Bank's shareholders and holders of other equity instruments was $23.0 billion, rising $1.3 billion since October 31, 2022. This increase was due to net income net of dividends and to issuances of common shares under the stock option plan and to accumulated other comprehensive income, notably gains (losses) on cash flow hedges. These increases were partly offset by remeasurements of pension plans and other post-employment benefit plans as well as by the net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss.

Related Party Transactions

The Bank's policies and procedures regarding related party transactions have not significantly changed since October 31, 2022. For additional information, see Note 28 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Securitization and Off-Balance-Sheet Arrangements

In the normal course of business, the Bank is party to various financial arrangements that, under IFRS, are not required to be recorded on the Consolidated Balance Sheet or are recorded under amounts other than their notional or contractual values. These arrangements include, among others, transactions with structured entities, derivative financial instruments, issuances of guarantees, credit instruments, and financial assets received as collateral. A complete analysis of these types of arrangements, including their nature, business purpose, and importance, is provided on pages 53 and 54 of the *2022 Annual Report*.

For additional information on financial assets transferred but not derecognized, guarantees, commitments, and structured entities, see Notes 8, 26, and 27 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Income Taxes

Notice of Assessment
In March 2023, the Bank was reassessed by the Canada Revenue Agency (CRA) for additional income tax and interest of approximately $90 million (including estimated provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2018 taxation year.

In prior fiscal years, the Bank had been reassessed for additional income tax and interest of approximately $875 million (including provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2012-2017 taxation years.

In the reassessments, the CRA alleges that the dividends were received as part of a "dividend rental arrangement".

The CRA may issue reassessments to the Bank for taxation years subsequent to 2018 in regard to certain activities similar to those that were the subject of the above-mentioned reassessments. The Bank remains confident that its tax position was appropriate and intends to vigorously defend its position. As a result, no amount has been recognized in the consolidated financial statements as at July 31, 2023.

Canadian Government's 2022 Tax Measures
On November 4, 2022, the Government of Canada introduced Bill C-32 – *An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 3, 2022 and certain provisions of the budget tabled in Parliament on April 7, 2022* to implement tax measures applicable to certain entities of banking and life insurer groups, as presented in its April 7, 2022 budget. These tax measures include the Canada Recovery Dividend (CRD), which is a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above $1 billion, as well as a 1.5% increase in the statutory tax rate. On December 15, 2022, Bill C-32 received royal assent. Given that these tax measures were in effect at the financial reporting date, a $32 million tax expense for the CRD and an $8 million tax recovery for the tax rate increase, including the impact related to current and deferred taxes for fiscal 2022, were recognized in the consolidated financial statements as at July 31, 2023.

Proposed Legislation

In its March 28, 2023 budget, the Government of Canada proposed to introduce certain tax measures applicable to the Bank. The measures include the denial of the deduction in respect of dividends received after 2023 on shares that are mark-to-market property for tax purposes, the application of a 2% tax on the net value of equity repurchases occurring as of January 1, 2024, as well as the government's intention to implement the Pillar Two rules (global minimum tax) published by the Organization for Economic Co-operation and Development (OECD) for fiscal years beginning as of December 31, 2023. The proposed measures have not yet been included in a bill at the reporting date.

The federal budget of March 28, 2023 also included another tax measure on amendments to the *Excise Tax Act*, indicating that payment card clearing services rendered by a payment card network operator are subject to the goods and services tax (GST) and the harmonized sales tax (HST). On April 20, 2023, the Government of Canada tabled Bill C-47 – *An Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023* to implement, among other things, these amendments to the GST/HST for payment cards. On June 22, 2023, Bill C-47 received royal assent. Given that the amendment to the *Excise Tax Act* had been adopted at the reporting date, an expense of $25 million was recognized in the consolidated financial statements as at July 31, 2023.

Capital Management

Capital management has a dual role of ensuring a competitive return to the Bank's shareholders while maintaining a solid capital foundation that covers the risks inherent to the Bank's business activities, supports its business segments, and protects its clients. The Bank's capital management policy defines the guiding principles as well as the roles and responsibilities of its internal capital adequacy assessment process. This process aims to determine the capital that the Bank needs to maintain to pursue its business activities and accommodate unexpected losses arising from extremely adverse economic and operational conditions. For additional information on the capital management framework, see the Capital Management section on pages 55 to 64 of the Bank's *2022 Annual Report*.

Basel Accord

The Bank and all other major Canadian banks have to maintain the following minimum capital ratios established by OSFI: a CET1 capital ratio of at least 11.0%, a Tier 1 capital ratio of at least 12.5%, and a Total capital ratio of at least 14.5%. For additional information on the ratio calculations, see page 56 of the *2022 Annual Report*. All of these ratios include a capital conservation buffer of 2.5% established by the BCBS and OSFI, a 1.0% surcharge applicable solely to Domestic Systemically Important Banks (D-SIBs), and a 3.0% domestic stability buffer established by OSFI. On December 8, 2022, OSFI expanded the domestic stability buffer range, setting it at 0% to 4.0% instead of the previous range of 0% to 2.5%, and it announced that the buffer would rise from 2.5% to 3.0% effective February 1, 2023. On June 20, 2023, OSFI announced that the domestic stability buffer will rise from 3.0% to 3.5% effective November 1, 2023. The domestic stability buffer consists exclusively of CET1 capital. A D-SIB that fails to meet this buffer requirement is not subject to automatic constraints to reduce capital distributions but must provide a remediation plan to OSFI. Lastly, OSFI requires D-SIBs to maintain a Basel III leverage ratio of at least 3.5%. Effective February 1, 2023, OSFI increased the leverage ratio minimum requirement by imposing a Tier 1 capital buffer of 0.5% applicable only to D-SIBs. For additional information on the leverage ratio calculation, see page 57 of the *2022 Annual Report*.

In the second quarter of 2023, the Bank implemented OSFI's finalized guidance relating to the Basel III reforms, consisting primarily of:

- a revised Standardized Approach and Internal Ratings-Based (IRB) Approach for credit risk;
- a revised Standardized Approach for operational risk;
- a revised capital output floor;
- a revised Leverage Ratio Framework; and
- revised Pillar 3 disclosure requirements.

The Basel III reforms also affected the market risk and credit valuation adjustment (CVA) risk frameworks, which will be implemented in the first quarter of 2024.

The Basel Accord proposes a range of approaches of varying complexity, the choice of which determines the sensitivity of capital to risks. A less complex approach, such as the Standardized Approach, uses regulatory weightings, while a more complex approach uses the Bank's internal estimates of risk components to establish risk-weighted assets (RWA) and calculate regulatory capital.

As required under Basel, RWA is calculated for each credit risk, market risk, and operational risk. The Bank uses the IRB Approaches for credit risk to determine minimum regulatory capital requirements for a majority of its portfolios. The Bank must use the Foundation Internal Ratings-Based (FIRB) Approach for certain specific exposure types such as large corporates and financial institutions. For all other exposure types treated under an IRB Approach, the Bank uses the Advanced Internal Ratings-Based (AIRB) Approach. Under the FIRB Approach, the Bank can use its own estimate of probability of default (PD) but must also rely on OSFI estimates for loss given default (LGD) and exposure at default (EAD) risk parameters. Under the AIRB Approach, the Bank can use its own estimates for all risk parameters: PD, LGD, EAD. Under both IRB Approaches, risk parameters are subject to specific input floors. The credit risk of certain portfolios considered to be less significant is weighted according to the revised Standardized Approach, which uses prescribed regulatory weightings. Exposure to banking book equity securities is also weighted according to the revised Standardized Approach. With respect to the capital requirements related to securitization operations, the risk weighting methodologies remain significantly unchanged.

For operational risk, the Bank is applying the revised Standardized Approach, which now incorporates the Bank's internal operational risk loss experience in the calculation of RWA.

Market risk and CVA capital requirement weighting methodologies will remain unchanged until the first quarter of 2024. Market risk-weighted assets are primarily determined using the Internal Model-Based Approach, while the Standardized Approach is used to assess interest-rate-specific risk. CVA risk-weighted assets are determined under a prescribed Standardized Approach.

The Bank must also meet the requirements of an updated capital output floor that will ensure that its total calculated RWA is not below 72.5% of the total RWA as calculated under the Basel III Standardized Approaches. OSFI is allowing a phase-in of the floor factor over three years, starting at 65.0% in the second quarter of 2023 and rising 2.5% per year to reach 72.5% in fiscal 2026. If the capital requirement is less than the capital output floor requirement after applying the floor factor, the difference is added to the total RWA.

The implementation of the Basel III reforms in the second quarter of 2023 had a positive impact of 44 bps on the Bank's CET1 capital ratio. As at April 30, 2023 and July 31, 2023, the Bank was not impacted by the implementation of the updated capital output floor. Lastly, the implementation of the revised leverage ratio framework did not have a significant impact on the Bank.

In addition, OSFI requires that regulatory capital instruments other than common equity must have a non-viability contingent capital (NVCC) clause to ensure that investors bear losses before taxpayers should the government determine that rescuing a non-viable financial institution is in the public interest. As at July 31, 2023, all of the Bank's regulatory capital instruments, other than common shares, have an NVCC clause.

OSFI's *Total Loss Absorbing Capacity* (TLAC) *Guideline*, which applies to all D-SIBs under the federal government's bail-in regulations, is to ensure that a D-SIB has sufficient loss-absorbing capacity to support its internal recapitalization in the unlikely event it becomes non-viable. Available TLAC includes total capital as well as certain senior unsecured debts that satisfy all of the eligibility criteria of OSFI's TLAC guideline. OSFI requires D-SIBs to maintain a risk-based TLAC ratio of at least 24.5% (including the domestic stability buffer) of risk-weighted assets and a TLAC leverage ratio of at least 7.25%. The TLAC ratio is calculated by dividing available TLAC by risk-weighted assets, and the TLAC leverage ratio is calculated by dividing available TLAC by total exposure. As at July 31, 2023, outstanding liabilities of $17.1 billion ($12.8 billion as at October 31, 2022) were subject to conversion under the bail-in regulations.

Requirements – Regulatory Capital(1), Leverage(1), and TLAC(2) Ratios

	Requirements as at July 31, 2023							
	Minimum	Capital conservation buffer	Minimum set by BCBS	D-SIB surcharge	Minimum set by OSFI(3)	Domestic stability buffer(4)	Minimum set by OSFI(3), including the domestic stability buffer	Ratios as at July 31, 2023
Capital ratios								
CET1	4.5 %	2.5 %	7.0 %	1.0 %	8.0 %	3.0 %	11.0 %	13.5 %
Tier 1	6.0 %	2.5 %	8.5 %	1.0 %	9.5 %	3.0 %	12.5 %	16.1 %
Total	8.0 %	2.5 %	10.5 %	1.0 %	11.5 %	3.0 %	14.5 %	16.9 %
Leverage ratio	3.0 %	n.a.	3.0 %	0.5 %	3.5 %	n.a.	3.5 %	4.2 %
TLAC ratio	21.5 %	n.a.	21.5 %	n.a.	21.5 %	3.0 %	24.5 %	29.9 %
TLAC leverage ratio	6.75 %	n.a.	6.75 %	0.5 %	7.25 %	n.a.	7.25 %	7.9 %

n.a. Not applicable
(1) The capital ratios and the leverage ratio are calculated in accordance with the Basel III rules, as set out in OSFI's *Capital Adequacy Requirements Guideline* and *Leverage Requirements Guideline*.
(2) The TLAC ratio and the TLAC leverage ratio are calculated in accordance with OSFI's *Total Loss Absorbing Capacity Guideline*.
(3) The capital ratios and the TLAC ratio include the capital conservation buffer and the D-SIB surcharge. On February 1, 2023, OSFI raised the minimum leverage ratio and the TLAC leverage ratio by imposing a Tier 1 capital buffer of 0.5% (surcharge related to D-SIBs).
(4) On December 8, 2022, OSFI announced that the buffer would rise from 2.5% to 3.0%, effective February 1, 2023. On June 20, 2023, OSFI announced that the domestic stability buffer will rise from 3.0% to 3.5% effective November 1, 2023.

The Bank ensures that its capital levels are always above the minimum capital requirements set by OSFI, including the domestic stability buffer. By maintaining a strong capital structure, the Bank can cover the risks inherent to its business activities, support its business segments, and protect its clients.

Other disclosure requirements pursuant to Pillar 3 of the Basel Accord and a set of recommendations defined by the EDTF are presented in the *Supplementary Regulatory Capital and Pillar 3 Disclosure* report published quarterly and available on the Bank's website at nbc.ca. Furthermore, a complete list of capital instruments and their main features is also available on the Bank's website.

Regulatory Developments

The Bank closely monitors regulatory developments and participates actively in various consultative processes. In response to the impact of the COVID-19 pandemic, on March 27, 2020, OSFI announced a series of regulatory adjustments to support the financial and operational resilience of banks. For additional information about the regulatory context on October 31, 2022 and about COVID-19 relief measures still in effect as at October 31, 2022, see pages 58 and 59 of the Capital Management section in the *2022 Annual Report.* The OSFI capital, leverage, liquidity and disclosure revised rules related to Basel III reforms took effect in the second quarter of 2023 except for the new market risk framework and the revised credit valuation adjustment (CVA) risk framework, which will take effect in the first quarter of 2024, as previously described. In addition, since November 1, 2022, the below-described regulatory development should also be considered.

On June 1, 2023, OSFI released a draft framework for public consultation: *Parental Stand-alone* (*Solo*) *Total Loss-Absorbing Capacity* (*TLAC*) for D-SIBs. This guideline focuses on the loss-absorbing capacity of the Canadian parent bank rather than its consolidated operations, allowing OSFI to assess the stand-alone financial strength of the parent bank and its ability to act as source of financial strength for its subsidiaries and branches. The draft framework complements OSFI's existing TLAC guideline for D-SIBs on a group consolidated basis, providing an additional layer of protection to safeguard the rights and interests of depositors, policyholders, and creditors. The Bank is participating actively in the consultation.

Management Activities

On December 12, 2022, the Bank began a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.1% of its outstanding common shares) over the 12-month period ending no later than December 11, 2023. During the nine-month period ended July 31, 2023, the Bank did not repurchase any common shares.

On February 1, 2023, the Bank redeemed $750 million of medium-term notes maturing on February 1, 2028. These instruments were excluded from the capital ratio calculations as at January 31, 2023.

Dividends

On August 29, 2023, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of $1.02 per common share, payable on November 1, 2023, to shareholders of record on September 25, 2023.

Shares, Other Equity Instruments, and Stock Options

	As at July 31, 2023	
	Number of shares or LRCN(1)	$ million
First preferred shares		
Series 30	14,000,000	350
Series 32	12,000,000	300
Series 38	16,000,000	400
Series 40	12,000,000	300
Series 42	12,000,000	300
	66,000,000	1,650
Other equity instruments		
LRCN – Series 1	500,000	500
LRCN – Series 2	500,000	500
LRCN – Series 3	500,000	500
	1,500,000	1,500
	67,500,000	3,150
Common shares	338,228,313	3,294
Stock options	11,696,319	

(1) Limited Recourse Capital Notes (LRCN).

As at August 25, 2023, there were 338,210,962 common shares and 11,603,801 stock options outstanding. NVCC provisions require the conversion of capital instruments into a variable number of common shares should OSFI deem a bank to be non-viable or should the government publicly announce that a bank has accepted or agreed to accept a capital injection. If an NVCC trigger event were to occur, all of the Bank's preferred shares, LRCNs, and medium-term notes maturing on August 16, 2032, which are NVCC capital instruments, would be converted into common shares of the Bank according to an automatic conversion formula at a conversion price corresponding to the greater of the following amounts: (i) a $5.00 contractual floor price; or (ii) the market price of the Bank's common shares on the date of the trigger event (10-day weighted average price). Based on a $5.00 floor price and including an estimate for accrued dividends and interest, these NVCC capital instruments would be converted into a maximum of 869 million Bank common shares, which would have a 72.0% dilutive effect based on the number of Bank common shares outstanding as at July 31, 2023.

Movement in Regulatory Capital[1]

(millions of Canadian dollars)	Nine months ended July 31, 2023
Common Equity Tier 1 (CET1) capital	
Balance at beginning	14,818
Issuance of common shares (including Stock Option Plan)	77
Impact of shares purchased or sold for trading	12
Repurchase of common shares	–
Other contributed surplus	9
Dividends on preferred and common shares and distributions on other equity instruments	(1,121)
Net income attributable to the Bank's shareholders and holders of other equity instruments	2,569
Removal of own credit spread (net of income taxes)	321
Other	(303)
Movements in accumulated other comprehensive income	
Translation adjustments	(149)
Debt securities at fair value through other comprehensive income	26
Other	1
Change in goodwill and intangible assets (net of related tax liability)	8
Other, including regulatory adjustments	
Change in defined benefit pension plan asset (net of related tax liability)	67
Change in amount exceeding 15% threshold	
Deferred tax assets	–
Significant investment in common shares of financial institutions	–
Deferred tax assets, unless they result from temporary differences (net of related tax liability)	(15)
Other deductions or regulatory adjustments to CET1 implemented by OSFI	(61)
Change in other regulatory adjustments	–
Balance at end	16,259
Additional Tier 1 capital	
Balance at beginning	3,143
New Tier 1 eligible capital issuances	–
Redeemed capital	–
Other, including regulatory adjustments	6
Balance at end	3,149
Total Tier 1 capital	19,408
Tier 2 capital	
Balance at beginning	1,766
New Tier 2 eligible capital issuances	–
Redeemed capital	(750)
Tier 2 instruments issued by subsidiaries and held by third parties	–
Change in certain allowances for credit losses	(54)
Other, including regulatory adjustments	39
Balance at end	1,001
Total regulatory capital	20,409

(1) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.

Risk-Weighted Assets by Key Risk Drivers

Risk-weighted assets (RWA) amounted to $120.6 billion as at July 31, 2023 compared to $116.8 billion as at October 31, 2022, a $3.8 billion increase resulting mainly from organic growth in RWA and a deterioration in the credit quality of the loan portfolio, offset by foreign exchange movements and by methodology changes related to the implementation of the Basel III reforms, notably for operational risk and credit risk. The changes in the Bank's RWA by risk type are presented in the following table.

Movement of Risk-Weighted Assets by Key Drivers[1]

(millions of Canadian dollars)						Quarter ended
			July 31, 2023	April 30, 2023	January 31, 2023	October 31, 2022
	Non-counterparty credit risk	Counterparty credit risk	Total	Total	Total	Total
Credit risk – Risk-weighted assets at beginning	95,176	6,810	101,986	100,820	96,141	91,229
Book size	119	459	578	572	4,439	2,405
Book quality	465	2	467	951	697	93
Model updates	–	–	–	116	172	300
Methodology and policy	–	–	–	(1,051)	106	339
Acquisitions and disposals	–	–	–	–	–	–
Foreign exchange movements	(853)	(91)	(944)	578	(735)	1,775
Credit risk – Risk-weighted assets at end	94,907	7,180	102,087	101,986	100,820	96,141
Market risk – Risk-weighted assets at beginning			5,060	5,960	6,025	5,696
Movement in risk levels[2]			925	(900)	(65)	329
Model updates			–	–	–	–
Methodology and policy			–	–	–	–
Acquisitions and disposals			–	–	–	–
Market risk – Risk-weighted assets at end			5,985	5,060	5,960	6,025
Operational risk – Risk-weighted assets at beginning			12,065	15,033	14,674	14,452
Movement in risk levels			425	93	359	222
Methodology and policy			–	(3,061)	–	–
Acquisitions and disposals			–	–	–	–
Operational risk – Risk-weighted assets at end			12,490	12,065	15,033	14,674
Risk-weighted assets at end			120,562	119,111	121,813	116,840

(1) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.
(2) Also includes foreign exchange rate movements that are not considered material.

The table above provides risk-weighted asset movements by the key drivers underlying the different risk categories.

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

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

The *Model updates* item is used to reflect implementations of new models, changes in model scope, and any other change applied to address model malfunctions. During the nine-month period ended July 31, 2023, the Bank updated the models used for certain retail exposures, mortgages, and certain non-retail exposures.

The *Methodology and policy* item presents the impact of changes in calculation methods resulting from changes in regulatory policies or from new regulations. During the quarter ended April 30, 2023, the Bank finalized the implementation of the Basel III reforms requirements related to credit risk, operational risk, and capital output floor.

Regulatory Capital Ratios, Leverage Ratio, and TLAC Ratios

As at July 31, 2023, the Bank's CET1, Tier 1, and Total capital ratios were, respectively, 13.5%, 16.1%, and 16.9% compared to ratios of, respectively, 12.7%, 15.4% and 16.9% as at October 31, 2022. The CET1 and Tier 1 capital ratios increased since October 31, 2022, essentially due to the contribution from net income, net of dividends, to common share issuances under the Stock Option Plan and to the positive impact from the implementation of the Basel III reforms related to credit and operational risks frameworks. These factors were partly offset by growth in RWA and by the end of the transitional measures applicable to ECL provisioning implemented by OSFI at the beginning of the COVID-19 pandemic. The Total capital ratio remained unchanged. The net positive contribution from factors impacting the CET1 and Tier 1 capital ratios was offset by the $750 million redemption of medium-term notes on February 1, 2023.

As at July 31, 2023, the leverage ratio was 4.2% compared to 4.5% as at October 31, 2022. The decrease in the leverage ratio is essentially due to the growth in total exposure and to the end of the temporary measure permitted by OSFI with respect to the exclusion of central bank reserves from the leverage exposure calculation. These factors were partly offset by the growth in Tier 1 capital.

As at July 31, 2023, the Bank's TLAC ratio and TLAC leverage ratio were, respectively, 29.9% and 7.9%, compared to 27.7% and 8.1%, respectively, as at October 31, 2022. The increase in the TLAC ratio was due to the same factors described for the Total capital ratio as well as to the net instrument issuances that meet the TLAC eligibility criteria during the period. The decrease in the TLAC leverage ratio was due to the same factors as those provided for the leverage ratio, partly offset by the net TLAC instrument issuances.

During the quarter and nine-month period ended July 31, 2023, the Bank was compliant with all of OSFI's regulatory capital, leverage, and TLAC requirements.

Regulatory Capital(1), Leverage Ratio(1) and TLAC(2)

(millions of Canadian dollars)	As at July 31, 2023	As at October 31, 2022
Capital		
CET1	16,259	14,818
Tier 1	19,408	17,961
Total	20,409	19,727
Risk-weighted assets	120,562	116,840
Total exposure	458,293	401,780
Capital ratios		
CET1	13.5 %	12.7 %
Tier 1	16.1 %	15.4 %
Total	16.9 %	16.9 %
Leverage ratio	4.2 %	4.5 %
Available TLAC	36,015	32,351
TLAC ratio	29.9 %	27.7 %
TLAC leverage ratio	7.9 %	8.1 %

(1) Capital, risk-weighted assets, total exposure, the capital ratios, and the leverage ratio are calculated in accordance with the Basel III rules, as set out in OSFI's *Capital Adequacy Requirements Guideline* and *Leverage Requirements Guideline*. The calculation of the figures as at October 31, 2022 had included the transitional measure applicable to expected credit loss provisioning and the temporary measure regarding the exclusion of central bank reserves implemented by OSFI in response to the COVID-19 pandemic. These provisions ceased to apply on November 1, 2022 and April 1, 2023, respectively.

(2) Available TLAC, the TLAC ratio, and the TLAC leverage ratio are calculated in accordance with OSFI's *Total Loss Absorbing Capacity Guideline*.

Public Disclosure Requirements for Global Systemically Important Banks

The BCBS developed an assessment methodology and additional loss absorbency requirements as well as indicators to be used by the BCBS and the Financial Stability Board to evaluate Global Systemically Important Banks (G-SIBs). The annual public disclosure requirements apply to large, globally active banks.

The most recent version of OSFI's advisory entitled *Global Systemically Important Banks – Public Disclosure Requirements* regarding implementation of public disclosure requirements for G-SIBs in Canada took effect in the first quarter of 2022. Canadian banks, including the Bank, that have not been designated as G-SIBs and that have total exposure (as calculated using the Basel III leverage ratio) greater than 200 billion euros at fiscal year-end must publish the indicators annually. The indicators are calculated and presented in accordance with specific BCBS guidance, which is updated annually. Consequently, the values obtained may not be comparable to the other measures presented in this report. The following table presents the indicators used in the BCBS's assessment methodology for evaluating G-SIBs.

Indicators – Global Systemically Important Banks (G-SIBs)(1)

(millions of Canadian dollars) As at October 31

Category	Indicators	2022	2021
Cross-jurisdictional activity(2)	Cross-jurisdictional claims	97,929	87,661
	Cross-jurisdictional liabilities(3)	75,961	65,214
Size(4)	Total exposures as defined for use in the Basel III leverage ratio(5)	429,692	387,725
Interconnectedness(6)	Intra-financial system assets(5)	66,590	50,614
	Intra-financial system liabilities(3)(5)	42,806	40,301
	Securities outstanding(5)	105,572	105,213
Substitutability / financial institutions infrastructure(7)	Payment activity(8)	17,366,801	14,059,326
	Assets under custody	615,973	651,345
	Underwritten transactions in debt and equity markets	26,017	35,658
	Trading volume(9)		
	Fixed-income securities(9)	829,877	740,927
	Equities and other securities(9)	1,335,166	1,289,087
Complexity(10)	Notional amount of over-the-counter derivative financial instruments(5)	1,816,770	1,481,260
	Trading and investment securities	49,493	52,936
	Level 3 financial assets(5)	1,128	1,077

(1) For the years ended October 31, 2022 and 2021, the G-SIB indicators were prepared using the methodology prescribed in the BCBS guidelines published in July 2018 and in the guidance provided by the BCBS in January 2023 and January 2022, respectively.
(2) Represents the Bank's level of interaction outside Canada.
(3) The amount as at October 31, 2022 has been revised compared to that previously presented.
(4) Represents the Bank's total on-and-off balance sheet exposures, as determined by OSFI's Basel III leverage ratio rules before regulatory adjustments.
(5) Includes insurance activities.
(6) Represents transactions with other financial institutions.
(7) Represents the extent to which the Bank's services could be substituted by other institutions.
(8) For the fiscal years ended October 31, 2022 and 2021.
(9) This indicator consists of two sub-indicators: fixed-income securities as well as equities and other securities.
(10) Includes the level of complexity and volume of the Bank's trading activities represented through derivative financial instruments, trading securities, investment securities, and Level 3 financial assets.

Risk Management

Risk-taking is intrinsic to a financial institution's business. The Bank views risk as an integral part of its development and the diversification of its activities. It advocates a risk management approach that is consistent with its business strategy. The Bank voluntarily exposes itself to certain risk categories, particularly credit and market risk, in order to generate revenue. It also assumes certain risks that are inherent to its activities—to which it does not choose to expose itself—and that do not generate revenue, i.e., mainly operational risks.

Despite the exercise of stringent risk management and existing mitigation measures, risk cannot be eliminated entirely, and residual risks may occasionally cause significant losses. Certain risks are discussed hereafter. For additional information, see the Risk Management section on pages 65 to 105 of the *2022 Annual Report.* Risk management information is also provided in Note 6 to these consolidated financial statements, which covers loans.

Credit Risk

Credit risk is the risk of incurring a financial loss if an obligor does not fully honour its contractual commitments to the Bank. Obligors may be debtors, issuers, counterparties, or guarantors. Credit risk is the most significant risk facing the Bank in the normal course of business.

Since March 2, 2022, the Bank of Canada raised its policy rate ten times; the rate has thus risen from 0.25% to 5.00%. During the third quarter of 2023, the Bank of Canada twice raised its policy rate by 0.25%. This rapid increase in rates, undertaken primarily to counter inflation in Canada, is putting pressure on the ability of borrowers to make payments, notably borrowers who have variable-rate mortgages or for whom the mortgage term is up for renewal.

Regulatory Developments

The Bank closely monitors regulatory developments and participates actively in various consultative processes. For additional information about the regulatory context on October 31, 2022, see pages 77 and 78 of the Risk Management section of the *2022 Annual Report*. In addition, since November 1, 2022, the below-described regulatory developments should also be considered.

On December 15, 2022, OSFI confirmed the qualifying rate for uninsured mortgages (i.e., residential mortgages with a down payment of 20% or more) will remain as the greater of the mortgage contract interest rate plus 2% and a minimum floor of 5.25%. OSFI is well aware that the country's economic recovery must be backed by a strong financial system capable of supporting the Canadian population in the current environment and that real estate market conditions in Canada could heighten the financial risk weighing on lenders. The minimum qualifying interest rate provides an additional level of safety to ensure that borrowers would have the ability to make mortgage payments should circumstances change, e.g., in the case of reduced income or a rise in interest rates.

On January 1, 2023, the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* came into effect. This purpose of this law, which will be in effect until January 1, 2025, is to help Canadians access the property market and to reduce speculative purchasing that risks raising the prices of properties in some already overheated markets. On March 27, 2023, the Act was amended to relax rules and conditions permitting non-Canadians who want to live in Canada to purchase a residential property.

In January 2023, OSFI launched a public consultation on Guideline B-20 entitled *Residential Mortgage Underwriting Practices and Procedures Guideline,* starting with an initial consultation on debt servicing measures in order to mitigate the risk arising from the high debt levels of consumers. In follow-up to the public consultation, an industry response coordinated by the Canadian Bankers Association was provided to OSFI in April 2023.

On July 5, 2023, the Financial Consumer Agency of Canada (FCAC) published a new guideline on existing consumer mortgage loans in exceptional circumstances. The FCAC is concerned about the severe financial stress being experienced by certain vulnerable mortgage borrowers, notably due to the combined impacts of high household debt, a rapid increase in interest rates, and the rising cost of living. The guideline is designed to protect consumers of financial products and services and explains how the FCAC expects federally regulated financial institutions (FRFI) to provide tailored support to mortgage borrowers who are at risk of mortgage default. The FCAC expects FRFIs to consider all available mortgage relief measures and to adopt an approach that considers the personal situation of consumers and their financial needs.

The amounts in the following tables represent the Bank's maximum exposure to credit risk as at the financial reporting date without considering any collateral held or any other credit enhancements. These amounts do not include allowances for credit losses nor amounts pledged as collateral. The tables also exclude equity securities.

Maximum Credit Risk Exposure Under the Basel Asset Categories(1)

(millions of Canadian dollars)								As at July 31, 2023
	Drawn(2)	Undrawn commitments	Repo-style transactions(3)	Derivative financial instruments	Other off-balance-sheet items(4)	Total	Standardized Approach(5)	IRB Approach
Retail								
Residential mortgages	75,485	9,154	–	–	–	84,639	11 %	89 %
Qualifying revolving retail	3,083	11,963	–	–	–	15,046	– %	100 %
Other retail	15,217	2,744	–	–	32	17,993	14 %	86 %
	93,785	23,861	–	–	32	117,678		
Non-retail								
Corporate	88,507	26,731	39,150	354	5,878	160,620	17 %	83 %
Sovereign	65,942	5,961	68,787	–	353	141,043	3 %	97 %
Financial institutions	7,145	1,013	93,790	1,260	1,390	104,598	20 %	80 %
	161,594	33,705	201,727	1,614	7,621	406,261		
Trading portfolio	–	–	–	12,437	–	12,437	1 %	99 %
Securitization	4,471	–	–	–	4,733	9,204	91 %	9 %
Total – Gross credit risk	259,850	57,566	201,727	14,051	12,386	545,580	13 %	87 %
Standardized Approach(5)	30,495	1,068	32,246	1,255	4,749	69,813		
IRB Approach	229,355	56,498	169,481	12,796	7,637	475,767		
Total – Gross credit risk	259,850	57,566	201,727	14,051	12,386	545,580	13 %	87 %

(millions of Canadian dollars)								As at October 31, 2022
	Drawn(2)	Undrawn commitments	Repo-style transactions(3)	Derivative financial instruments	Other off-balance-sheet items(4)	Total	Standardized Approach(5)	AIRB Approach
Retail								
Residential mortgages	73,324	8,616	–	–	–	81,940	12 %	88 %
Qualifying revolving retail	2,483	6,920	–	–	–	9,403	– %	100 %
Other retail	17,526	2,688	–	–	35	20,249	25 %	75 %
	93,333	18,224	–	–	35	111,592		
Non-retail								
Corporate	81,763	29,811	36,194	322	5,538	153,628	13 %	87 %
Sovereign	56,253	5,821	68,906	–	326	131,306	2 %	98 %
Financial institutions	7,200	166	76,856	1,150	754	86,126	19 %	81 %
	145,216	35,798	181,956	1,472	6,618	371,060		
Trading portfolio	–	–	–	13,662	–	13,662	2 %	98 %
Securitization	4,409	–	–	–	4,373	8,782	80 %	20 %
Total – Gross credit risk	242,958	54,022	181,956	15,134	11,026	505,096	12 %	88 %
Standardized Approach(5)	30,704	311	24,783	1,308	4,610	61,716		
AIRB Approach	212,254	53,711	157,173	13,826	6,416	443,380		
Total – Gross credit risk	242,958	54,022	181,956	15,134	11,026	505,096	12 %	88 %

(1) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.
(2) Excludes equity securities and certain other assets such as investments in deconsolidated subsidiaries and joint ventures, right-of-use properties and assets, goodwill, deferred tax assets, and intangible assets.
(3) Securities purchased under reverse repurchase agreements and sold under repurchase agreements as well as securities loaned and borrowed.
(4) Letters of guarantee, documentary letters of credit, and securitized assets that represent the Bank's commitment to make payments in the event that an obligor cannot meet its financial obligations to third parties.
(5) Includes exposures to qualifying central counterparties (QCCP).

To meet OSFI's mortgage loan disclosure requirements, additional information has been provided in *Supplementary Financial Information – Third Quarter 2023* and in *Supplementary Regulatory Capital and Pillar 3 Disclosure – Third Quarter 2023,* which are available on the Bank's website at nbc.ca.

Market Risk

Market risk is the risk of losses arising from movements in market prices. The Bank is exposed to market risk through its participation in trading, investment, and asset/liability management activities. In recent years, as a result of the COVID-19 pandemic and its impact on global and local economies, the Bank has been operating in a volatile environment. Adding to this uncertainty is the Russia-Ukraine war, which is affecting global financial and economic markets and exacerbating economic conditions as well as such issues as rising inflation, higher interest rates, and a disrupted global supply chain.

The following tables provide a breakdown of the Bank's Consolidated Balance Sheet into assets and liabilities by those that carry market risk and those that do not carry market risk, distinguishing between trading positions whose main risk measures are Value-at-Risk (VaR) and stressed VaR (SVaR) and non-trading positions that use other risk measures.

Reconciliation of Market Risk With Consolidated Balance Sheet Items

(millions of Canadian dollars)					As at July 31, 2023
		Market risk measures			
	Balance sheet	Trading[1]	Non-trading[2]	Not subject to market risk	Non-traded risk primary risk sensitivity
Assets					
Cash and deposits with financial institutions	39,808	1,249	20,020	18,539	Interest rate[3]
Securities					
At fair value through profit or loss	106,569	105,152	1,417	–	Interest rate[3] and equity
At fair value through other comprehensive income	9,117	–	9,117	–	Interest rate[3] and equity[4]
At amortized cost	12,019	–	12,019	–	Interest rate[3]
Securities purchased under reverse repurchase agreements and securities borrowed	12,368	–	12,368	–	Interest rate[3][5]
Loans and acceptances, net of allowances	219,433	12,486	206,947	–	Interest rate[3]
Derivative financial instruments	14,362	13,019	1,343	–	Interest rate and exchange rate
Defined benefit asset	420	–	420	–	Other
Other	11,919	498	–	11,421	
	426,015	132,404	263,651	29,960	
Liabilities					
Deposits	282,323	18,843	263,480	–	Interest rate[3]
Acceptances	6,709	–	6,709	–	Interest rate[3]
Obligations related to securities sold short	22,825	22,825	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	38,433	–	38,433	–	Interest rate[3][5]
Derivative financial instruments	18,768	18,245	523	–	Interest rate and exchange rate
Liabilities related to transferred receivables	26,130	9,626	16,504	–	Interest rate[3]
Defined benefit liability	113	–	113	–	Other
Other	6,942	–	48	6,894	Interest rate[3]
Subordinated debt	748	–	748	–	Interest rate[3]
	402,991	69,539	326,558	6,894	

(1) Trading positions whose risk measures are VaR as well as total SVaR. For additional information, see the table in the pages ahead and in the Market Risk section of the *2022 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect as well as total trading SVaR.
(2) Non-trading positions that use other risk measures.
(3) For additional information, see the table in the pages ahead and in the Market Risk section of the *2022 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect as well as total trading SVaR and the interest rate sensitivity table.
(4) The fair value of equity securities designated at fair value through other comprehensive income is presented in Notes 3 and 5 to the consolidated financial statements.
(5) These instruments are recorded at amortized cost and are subject to credit risk for capital management purposes. For trading-related transactions with maturities of more than one day, interest rate risk is included in the VaR and SVaR measures.

(millions of Canadian dollars)					As at October 31, 2022
		Market risk measures			
	Balance sheet	Trading[(1)]	Non-trading[(2)]	Not subject to market risk	Non-traded risk primary risk sensitivity
Assets					
Cash and deposits with financial institutions	31,870	837	20,269	10,764	Interest rate[(3)]
Securities					
At fair value through profit or loss	87,375	85,805	1,570	–	Interest rate[(3)] and equity[(4)]
At fair value through other comprehensive income	8,828	–	8,828	–	Interest rate[(3)] and equity[(5)]
Amortized cost	13,516	–	13,516	–	Interest rate[(3)]
Securities purchased under reverse repurchase agreements and securities borrowed	26,486	–	26,486	–	Interest rate[(3)(6)]
Loans and acceptances, net of allowances	206,744	9,914	196,830	–	Interest rate[(3)]
Derivative financial instruments	18,547	16,968	1,579	–	Interest rate[(7)] and exchange rate[(7)]
Defined benefit asset	498	–	498	–	Other[(8)]
Other	9,876	405	–	9,471	
	403,740	113,929	269,576	20,235	
Liabilities					
Deposits	266,394	15,422	250,972	–	Interest rate[(3)]
Acceptances	6,541	–	6,541	–	Interest rate[(3)]
Obligations related to securities sold short	21,817	21,817	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	33,473	–	33,473	–	Interest rate[(3)(6)]
Derivative financial instruments	19,632	18,909	723	–	Interest rate[(7)] and exchange rate[(7)]
Liabilities related to transferred receivables	26,277	9,927	16,350	–	Interest rate[(3)]
Defined benefit liability	111	–	111	–	Other[(8)]
Other	6,250	–	77	6,173	Interest rate[(3)]
Subordinated debt	1,499	–	1,499	–	Interest rate[(3)]
	381,994	66,075	309,746	6,173	

(1) Trading positions whose risk measures are VaR as well as total SVaR. For additional information, see the table on the following page and in the Market Risk section of the *2022 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect as well as total trading SVaR.
(2) Non-trading positions that use other risk measures.
(3) For additional information, see the table in the pages ahead and in the Market Risk section of the *2022 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect as well as total trading SVaR and the interest rate sensitivity table.
(4) For additional information, see Note 6 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(5) The fair value of equity securities designated at fair value through other comprehensive income is presented in Notes 3 and 5 to these consolidated financial statements.
(6) These instruments are recorded at amortized cost and are subject to credit risk for capital management purposes. For trading-related transactions with maturities of more than one day, interest rate risk is included in the VaR and SVaR measures.
(7) For additional information, see Notes 16 and 17 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(8) For additional information, see Note 23 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Trading Activities

The table below shows the VaR distribution of trading portfolios by risk category and their diversification effect as well as total trading SVaR, i.e., the VaR of the Bank's current portfolios obtained following a calibration of risk factors over a 12-month stress period.

VaR and SVaR of Trading Portfolios(1)(2)

(millions of Canadian dollars)				Quarter ended					Nine months ended	
				July 31, 2023		April 30, 2023		July 31, 2022	July 31, 2023	July 31, 2022
	Low	High	Average	Period end	Average	Period end	Average	Period end	Average	Average
Interest rate	(5.8)	(9.3)	(7.5)	(7.0)	(6.5)	(6.3)	(5.4)	(5.9)	(6.9)	(5.8)
Exchange rate	(1.6)	(5.9)	(2.9)	(3.3)	(2.2)	(3.3)	(2.5)	(1.7)	(2.4)	(1.9)
Equity	(5.1)	(10.8)	(7.8)	(5.8)	(7.7)	(6.5)	(7.9)	(6.4)	(7.5)	(7.0)
Commodity	(1.2)	(1.6)	(1.3)	(1.5)	(1.1)	(1.4)	(0.9)	(0.8)	(1.2)	(0.9)
Diversification effect(3)	n.m.	n.m.	9.5	7.8	8.8	9.1	8.1	7.6	8.9	8.0
Total trading VaR	(7.6)	(12.1)	(10.0)	(9.8)	(8.7)	(8.4)	(8.6)	(7.2)	(9.1)	(7.6)
Total trading SVaR	(12.9)	(25.1)	(18.7)	(15.4)	(14.2)	(11.3)	(18.5)	(14.4)	(17.1)	(13.4)

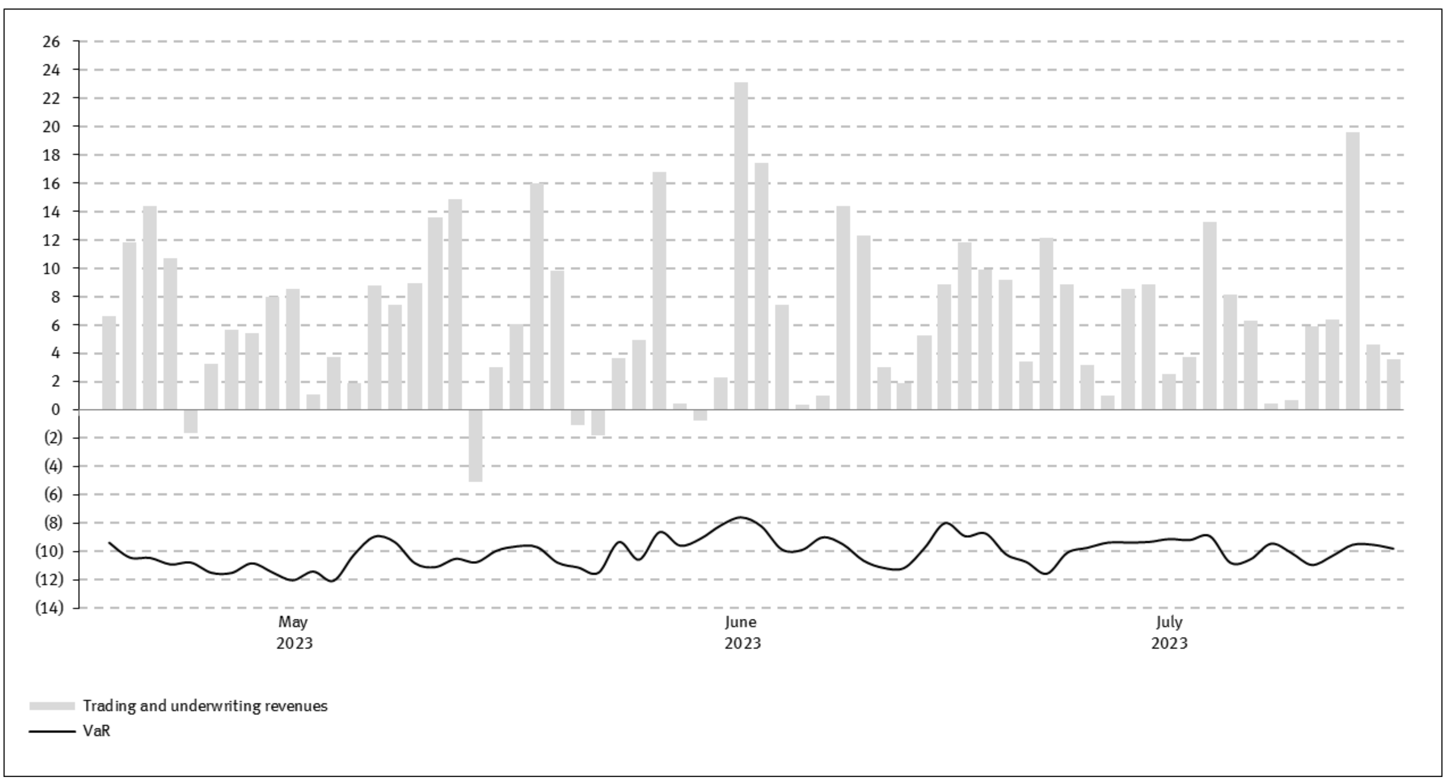
n.m. Computation of a diversification effect for the high and low is not meaningful, as highs and lows may occur on different days and be attributable to different types of risk.
(1) See the Glossary section on pages 51 to 54 for details on the composition of these measures.
(2) Amounts are presented on a pre-tax basis and represent one-day VaR and SVaR using a 99% confidence level.
(3) The total trading VaR is less than the sum of the individual risk factor VaR results due to the diversification effect.

The average total trading VaR rose to $10.0 million in the third quarter of 2023 from $8.7 million in the second quarter of 2023. The average total trading SVaR was also up, rising from $14.2 million in the second quarter of 2023 to $18.7 million in the third quarter of 2023, as a result of higher interest rate risk and equity risk.

Daily Trading and Underwriting Revenues

The following chart shows daily trading and underwriting revenues and VaR. During the quarter ended July 31, 2023, daily trading and underwriting revenues were positive 92% of the days. In addition, four trading days were marked by daily trading and underwriting net losses of more than $1 million. None of these losses exceeded the VaR.

Quarter Ended July 31, 2023
(millions of Canadian dollars)



Interest Rate Sensitivity – Non-Trading Activities (Before Tax)
The following table presents the potential before-tax impact of an immediate and sustained 100-basis-point increase or of an immediate and sustained 100-basis-point decrease in interest rates on the economic value of equity and on the net interest income of the Bank's non-trading portfolios for the next 12 months, assuming no further hedging is undertaken.

(millions of Canadian dollars)	As at July 31, 2023			As at October 31, 2022		
	Canadian dollar	**Other currencies**	**Total**	Canadian dollar	Other currencies	Total
Impact on equity						
100-basis-point increase in the interest rate	**(304)**	**1**	**(303)**	(191)	(24)	(215)
100-basis-point decrease in the interest rate	**280**	**(2)**	**278**	179	27	206
Impact on net interest income						
100-basis-point increase in the interest rate	**87**	**6**	**93**	128	2	130
100-basis-point decrease in the interest rate	**(101)**	**(6)**	**(107)**	(141)	(2)	(143)

Liquidity and Funding Risk

Liquidity and funding risk is the risk that the Bank will be unable to honour daily cash and financial obligations without resorting to costly and untimely measures. Liquidity and funding risk arises when sources of funds become insufficient to meet scheduled payments under the Bank's commitments.

Liquidity risk stems from mismatched cash flows related to assets and liabilities as well as the characteristics of certain products such as credit commitments and non-fixed-term deposits.

Funding risk is defined as the risk to the Bank's ongoing ability to raise sufficient funds to finance actual or proposed business activities on an unsecured or secured basis at an acceptable price. The funding management priority is to achieve an optimal balance between deposits, securitization, secured funding, and unsecured funding. This brings optimal stability to the funding and reduces vulnerability to unpredictable events.

Regulatory Developments
The Bank continues to closely monitor regulatory developments and participates actively in various consultative processes. For additional information about the regulatory context as at October 31, 2022, refer to page 91 of the Risk Management section in the *2022 Annual Report*. Since November 1, 2022, the below-described regulatory developments should also be considered.

On November 7, 2022, OSFI published a new guideline entitled *Assurance on Capital, Leverage and Liquidity Returns*. OSFI relies largely on the regulatory returns produced by financial institutions when assessing their safety and soundness. The purpose of this draft guideline is to better inform auditors and institutions on the work to be performed on regulatory returns in order to clarify and align OSFI's assurance expectations across all financial institutions. In particular, the draft guideline addresses the assurance that must be provided by an external audit, attestation by senior management, the assurance that must be provided by an internal audit, and the proposed effective dates. The Bank is actively participating in this consultation.

On April 1, 2023, revisions to OSFI's *Liquidity Adequacy Requirements Guideline* came into effect. OSFI made changes that will improve the sensitivity to risk and ensure that financial institutions hold sufficient cash or other liquid investments to meet potential liquidity needs and to support the continued lending of credit, in particular during periods of financial stress.

Liquidity Management
Liquid Assets
To protect depositors and creditors from unexpected crisis situations, the Bank holds a portfolio of unencumbered liquid assets that can be readily liquidated to meet financial obligations. The majority of the unencumbered liquid assets are held in Canadian or U.S. dollars. Moreover, all assets that can be quickly monetized are considered liquid assets. The Bank's liquidity reserves do not factor in the availability of the emergency liquidity facilities of central banks. The following tables provide information on the Bank's encumbered and unencumbered assets.

Liquid Asset Portfolio[1]

(millions of Canadian dollars)					As at July 31, 2023	As at October 31, 2022
	Bank-owned liquid assets[2]	Liquid assets received[3]	Total liquid assets	Encumbered liquid assets[4]	Unencumbered liquid assets	Unencumbered liquid assets
Cash and deposits with financial institutions	**39,808**	**–**	**39,808**	**8,151**	**31,657**	24,180
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	**34,030**	**38,403**	**72,433**	**46,567**	**25,866**	25,894
Issued or guaranteed by Canadian provincial and municipal governments	**12,981**	**7,847**	**20,828**	**15,608**	**5,220**	8,421
Other debt securities	**9,360**	**3,726**	**13,086**	**2,953**	**10,133**	9,809
Equity securities	**71,334**	**43,322**	**114,656**	**88,294**	**26,362**	27,291
Loans						
Securities backed by insured residential mortgages	**12,486**	**–**	**12,486**	**6,994**	**5,492**	5,582
As at July 31, 2023	**179,999**	**93,298**	**273,297**	**168,567**	**104,730**	
As at October 31, 2022	153,384	92,257	245,641	144,464		101,177

(millions of Canadian dollars)	As at July 31, 2023	As at October 31, 2022
Unencumbered liquid assets by entity		
National Bank (parent)	**55,314**	52,544
Domestic subsidiaries	**9,583**	14,576
Foreign subsidiaries and branches	**39,833**	34,057
	104,730	101,177

(millions of Canadian dollars)	As at July 31, 2023	As at October 31, 2022
Unencumbered liquid assets by currency		
Canadian dollar	**51,543**	49,466
U.S. dollar	**32,744**	24,871
Other currencies	**20,443**	26,840
	104,730	101,177

Liquid Asset Portfolio[1] – Average[5]

(millions of Canadian dollars)						Quarter ended
					July 31, 2023	October 31, 2022
	Bank-owned liquid assets[2]	Liquid assets received[3]	Total liquid assets	Encumbered liquid assets[4]	Unencumbered liquid assets	Unencumbered liquid assets
Cash and deposits with financial institutions	**41,313**	**–**	**41,313**	**7,757**	**33,556**	29,994
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	**35,023**	**36,579**	**71,602**	**51,132**	**20,470**	25,487
Issued or guaranteed by Canadian provincial and municipal governments	**14,108**	**7,452**	**21,560**	**15,808**	**5,752**	7,749
Other debt securities	**10,254**	**3,794**	**14,048**	**3,164**	**10,884**	10,316
Equity securities	**69,464**	**46,784**	**116,248**	**86,386**	**29,862**	24,386
Loans						
Securities backed by insured residential mortgages	**12,658**	**–**	**12,658**	**7,450**	**5,208**	4,639
	182,820	**94,609**	**277,429**	**171,697**	**105,732**	102,571

(1) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.
(2) Bank-owned liquid assets include assets for which there are no legal or geographic restrictions.
(3) Securities received as collateral with respect to securities financing and derivative transactions and securities purchased under reverse repurchase agreements and securities borrowed.
(4) In the normal course of its funding activities, the Bank pledges assets as collateral in accordance with standard terms. Encumbered liquid assets include assets used to cover short sales, obligations related to securities sold under repurchase agreements and securities loaned, guarantees related to security-backed loans and borrowings, collateral related to derivative financial instrument transactions, asset-backed securities, and liquid assets legally restricted from transfers.
(5) The average is based on the sum of the end-of-period balances of the three months of the quarter divided by three.

Summary of Encumbered and Unencumbered Assets[1]

(millions of Canadian dollars)						As at July 31, 2023
		Encumbered assets[2]		Unencumbered assets	Total	Encumbered assets as a % of total assets
	Pledged as collateral	Other[3]	Available as collateral	Other[4]		
Cash and deposits with financial institutions	423	7,728	31,657	–	39,808	1.9
Securities	60,124	–	67,581	–	127,705	14.1
Securities purchased under reverse repurchase agreements and securities borrowed	–	12,368	–	–	12,368	2.9
Loans and acceptances, net of allowances	38,971	–	5,492	174,970	219,433	9.2
Derivative financial instruments	–	–	–	14,362	14,362	–
Investments in associates and joint ventures	–	–	–	45	45	–
Premises and equipment	–	–	–	1,553	1,553	–
Goodwill	–	–	–	1,514	1,514	–
Intangible assets	–	–	–	1,330	1,330	–
Other assets	–	–	–	7,897	7,897	–
	99,518	20,096	104,730	201,671	426,015	28.1

(millions of Canadian dollars)						As at October 31, 2022
		Encumbered assets[2]		Unencumbered assets	Total	Encumbered assets as a % of total assets
	Pledged as collateral	Other[3]	Available as collateral	Other[4]		
Cash and deposits with financial institutions	295	7,395	24,180	–	31,870	1.9
Securities	42,972	–	66,747	–	109,719	10.6
Securities purchased under reverse repurchase agreements and securities borrowed	–	21,818	4,668	–	26,486	5.4
Loans and acceptances, net of allowances	37,426	–	5,582	163,736	206,744	9.3
Derivative financial instruments	–	–	–	18,547	18,547	–
Investments in associates and joint ventures	–	–	–	140	140	–
Premises and equipment	–	–	–	1,397	1,397	–
Goodwill	–	–	–	1,519	1,519	–
Intangible assets	–	–	–	1,360	1,360	–
Other assets	–	–	–	5,958	5,958	–
	80,693	29,213	101,177	192,657	403,740	27.2

(1) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.
(2) In the normal course of its funding activities, the Bank pledges assets as collateral in accordance with standard terms. Encumbered assets include assets used to cover short sales, obligations related to securities sold under repurchase agreements and securities loaned, guarantees related to security-backed loans and borrowings, collateral related to derivative financial instrument transactions, asset-backed securities, residential mortgage loans securitized and transferred under the Canada Mortgage Bond program, assets held in consolidated trusts supporting the Bank's funding activities, and mortgage loans transferred under the covered bond program.
(3) Other encumbered assets include assets for which there are restrictions and that cannot therefore be used for collateral or funding purposes as well as assets used to cover short sales.
(4) Other unencumbered assets are assets that cannot be used for collateral or funding purposes in their current form. This category includes assets that are potentially eligible as funding program collateral (e.g., mortgages insured by the Canada Mortgage and Housing Corporation that can be securitized into mortgage-backed securities under the *National Housing Act* (Canada)).

Liquidity Coverage Ratio

The liquidity coverage ratio (LCR) was introduced primarily to ensure that banks could withstand periods of severe short-term stress. LCR is calculated by dividing the total amount of high-quality liquid assets (HQLA) by the total amount of net cash outflows. OSFI requires Canadian banks to maintain a minimum LCR of 100%. An LCR above 100% ensures that banks are holding sufficient high-quality liquid assets to cover net cash outflows given a severe, 30-day liquidity crisis. The assumptions underlying the LCR scenario are established by the BCBS and OSFI's *Liquidity Adequacy Requirements Guideline*.

The table on the following page provides average LCR data calculated using the daily figures in the quarter. For the quarter ended July 31, 2023, the Bank's average LCR was 146%, well above the 100% regulatory requirement and demonstrating the Bank's solid short-term liquidity position.

LCR Disclosure Requirements[1][2]

(millions of Canadian dollars)			Quarter ended
		July 31, 2023	April 30, 2023
	Total unweighted value[3] (average)	Total weighted value[4] (average)	Total weighted value[4] (average)
High-quality liquid assets (HQLA)			
Total HQLA	n.a.	73,834	77,354
Cash outflows			
Retail deposits and deposits from small business customers, of which:	74,241	10,515	10,080
Stable deposits	27,980	839	835
Less stable deposits	46,261	9,676	9,245
Unsecured wholesale funding, of which:	99,172	53,485	54,145
Operational deposits (all counterparties) and deposits in networks of cooperative banks	30,033	7,314	7,202
Non-operational deposits (all counterparties)	58,608	35,640	35,563
Unsecured debt	10,531	10,531	11,380
Secured wholesale funding	n.a.	22,390	20,652
Additional requirements, of which:	62,032	16,327	14,784
Outflows related to derivative exposures and other collateral requirements	19,833	8,510	7,577
Outflows related to loss of funding on secured debt securities	1,805	1,805	1,289
Backstop liquidity and credit enhancement facilities and commitments to extend credit	40,394	6,012	5,918
Other contractual commitments to extend credit	2,483	769	763
Other contingent commitments to extend credit	122,032	1,941	1,848
Total cash outflows	n.a.	105,427	102,272
Cash inflows			
Secured lending (e.g., reverse repos)	111,321	26,779	27,060
Inflows from fully performing exposures	10,233	6,634	6,598
Other cash inflows	21,324	21,324	18,229
Total cash inflows	142,878	54,737	51,887
		Total adjusted value[5]	Total adjusted value[5]
Total HQLA		73,834	77,354
Total net cash outflows		50,690	50,385
Liquidity coverage ratio (%)[6]		146 %	155 %

n.a. Not applicable
(1) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.
(2) OSFI prescribed a table format in order to standardize disclosure throughout the banking industry.
(3) Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
(4) Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates.
(5) Total adjusted values are calculated after the application of both haircuts and inflow and outflow rates and any applicable caps.
(6) The data in this table is calculated using averages of the daily figures in the quarter.

As at July 31, 2023, Level 1 liquid assets represented 85% of the Bank's HQLA, which includes cash, central bank deposits, and bonds issued or guaranteed by the Canadian government and Canadian provincial governments.

Cash outflows arise from the application of OSFI-prescribed assumptions on deposits, debt, secured funding, commitments and additional collateral requirements. The cash outflows are partly offset by cash inflows, which come mainly from secured loans and performing loans. The Bank expects some quarter-over-quarter variation between reported LCRs without such variation being necessarily indicative of a trend. The variation between the quarter ended July 31, 2023 and the preceding quarter was a result of normal business operations. The Bank's liquid asset buffer is well in excess of its total net cash outflows.

The LCR assumptions differ from the assumptions used for the liquidity disclosures presented in the tables on the previous pages or those used for internal liquidity management rules. While the liquidity disclosure framework is prescribed by the EDTF, the Bank's internal liquidity metrics use assumptions that are calibrated according to its business model and experience.

Net Stable Funding Ratio

The BCBS has developed the net stable funding ratio (NSFR) to promote a more resilient banking sector. The NSFR requires institutions to maintain a stable funding profile in relation to the composition of their assets and off-balance-sheet activities. A viable funding structure is intended to reduce the likelihood that disruptions to an institution's regular sources of funding would erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR is calculated by dividing available stable funding by required stable funding. OSFI has been requiring Canadian banks to maintain a minimum NSFR of 100%.

The following table provides the available stable funding and required stable funding in accordance with OSFI's *Liquidity Adequacy Requirements Guideline*. As at July 31, 2023, the Bank's NSFR was 118%, well above the 100% regulatory requirement and demonstrating the Bank's solid long-term liquidity position.

NSFR Disclosure Requirements[(1)(2)]

(millions of Canadian dollars)					As at July 31, 2023	As at April 30, 2023
	Unweighted value by residual maturity					
	No maturity	6 months or less	Over 6 months to 1 year	Over 1 year	Weighted value[(3)]	Weighted value[(3)]
Available Stable Funding (ASF) Items						
Capital:	23,024	–	–	748	23,772	23,369
Regulatory capital	23,024	–	–	748	23,772	23,369
Other capital instruments	–	–	–	–	–	–
Retail deposits and deposits from small business customers:	66,221	18,336	7,368	21,894	101,196	100,027
Stable deposits	25,666	5,685	3,567	6,860	40,032	39,615
Less stable deposits	40,555	12,651	3,801	15,034	61,164	60,412
Wholesale funding:	61,071	87,794	11,485	44,898	101,485	100,371
Operational deposits	30,514	–	–	–	15,257	14,664
Other wholesale funding	30,557	87,794	11,485	44,898	86,228	85,707
Liabilities with matching interdependent assets[(4)]	–	4,177	2,720	19,233	–	–
Other liabilities[(5)]:	26,499		8,936		674	650
NSFR derivative liabilities[(5)]	n.a.		5,616		n.a.	n.a.
All other liabilities and equity not included in the above categories	26,499	2,571	150	599	674	650
Total ASF	n.a.	n.a.	n.a.	n.a.	227,127	224,417
Required Stable Funding (RSF) Items						
Total NSFR high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	10,714	9,407
Deposits held at other financial institutions for operational purposes	–	–	–	–	–	–
Performing loans and securities:	61,341	67,205	24,540	100,960	154,770	155,439
Performing loans to financial institutions secured by Level 1 HQLA	120	592	–	–	36	100
Performing loans to financial institutions secured by non-Level-1 HQLA and unsecured performing loans to financial institutions	5,127	37,039	1,705	1,002	6,295	5,975
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	30,451	23,387	15,977	36,525	76,011	76,138
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	186	2,030	402	753	1,826	2,243
Performing residential mortgages, of which:	9,174	5,698	5,490	58,892	53,591	53,027
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	9,174	5,698	5,490	58,892	53,533	53,027
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	16,469	489	1,368	4,541	18,837	20,199
Assets with matching interdependent liabilities[(4)]	–	4,177	2,720	19,233	–	–
Other assets[(5)]:	4,241		34,919		23,089	21,160
Physical traded commodities, including gold	423	n.a.	n.a.	n.a.	423	416
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs[(5)]	n.a.		11,873		10,092	9,034
NSFR derivative assets[(5)]	n.a.		1,666		–	–
NSFR derivative liabilities before deduction of the variation margin posted[(5)]	n.a.		12,616		631	539
All other assets not included in the above categories	3,818	5,409	1,757	1,598	11,943	11,171
Off-balance-sheet items[(5)]	n.a.		111,108		4,175	4,098
Total RSF	n.a.	n.a.	n.a.	n.a.	192,748	190,104
Net Stable Funding Ratio (%)	n.a.	n.a.	n.a.	n.a.	118 %	118 %

n.a. Not applicable
(1) See the Financial Reporting Method section on pages 4 to 10 for additional information on capital management measures.
(2) OSFI prescribed a table format in order to standardize disclosure throughout the banking industry.
(3) Weighted values are calculated after application of the weightings set out in OSFI's *Liquidity Adequacy Requirements Guideline*.
(4) As per OSFI's specifications, liabilities arising from transactions involving the Canada Mortgage Bond program and their corresponding encumbered mortgages are given ASF and RSF weights of 0%, respectively.
(5) As per OSFI's specifications, there is no need to differentiate by maturities.

The NSFR represents the amount of ASF relative to the amount of RSF. ASF is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of RSF of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance-sheet exposures. The amounts of ASF and RSF are calibrated to reflect the degree of stability of liabilities and liquidity of assets. The Bank expects some quarter-over-quarter variation between reported NSFRs without such variation being necessarily indicative of a long-term trend.

The NSFR assumptions differ from the assumptions used for the liquidity disclosures provided in the tables on the preceding pages or those used for internal liquidity management rules. While the liquidity disclosure framework is prescribed by the EDTF, the Bank's internal liquidity metrics use assumptions that are calibrated according to its business model and experience.

Funding

The Bank continuously monitors and analyzes market trends as well as possibilities for accessing less expensive and more flexible funding, considering both the risks and opportunities observed. The deposit strategy remains a priority for the Bank, which continues to prefer deposits to institutional funding.

The table below presents the residual contractual maturities of the Bank's wholesale funding. The information has been presented in accordance with the categories recommended by the EDTF for comparison purposes with other banks.

Residual Contractual Maturities of Wholesale Funding(1)

(millions of Canadian dollars)								As at July 31, 2023
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Subtotal 1 year or less	Over 1 year to 2 years	Over 2 years	Total
Deposits from banks(2)	243	–	8	–	251	–	–	251
Certificates of deposit and commercial paper(3)	2,802	4,346	4,337	2,015	13,500	–	–	13,500
Senior unsecured medium-term notes(4)(5)	869	205	303	3,478	4,855	7,401	5,644	17,900
Senior unsecured structured notes	–	–	–	–	–	38	2,521	2,559
Covered bonds and asset-backed securities								
Mortgage securitization	–	2,484	1,529	2,831	6,844	4,009	15,277	26,130
Covered bonds	–	1,087	1,087	–	2,174	1,767	7,851	11,792
Securitization of credit card receivables	–	–	–	–	–	48	–	48
Subordinated liabilities(6)	–	–	–	–	–	–	748	748
	3,914	8,122	7,264	8,324	27,624	13,263	32,041	72,928
Secured funding	–	3,571	2,616	2,831	9,018	5,824	23,128	37,970
Unsecured funding	3,914	4,551	4,648	5,493	18,606	7,439	8,913	34,958
	3,914	8,122	7,264	8,324	27,624	13,263	32,041	72,928
As at October 31, 2022	6,122	8,390	8,393	7,113	30,018	9,338	32,752	72,108

(1) Bankers' acceptances are not included in this table.
(2) Deposits from banks include all non-negotiable term deposits from banks.
(3) Includes bearer deposit notes.
(4) Certificates of deposit denominated in euros are included in senior unsecured medium-term notes.
(5) Includes deposits subject to bank recapitalization (bail-in) conversion regulations.
(6) Subordinated debt is presented in this table, but the Bank does not consider it as part of its wholesale funding.

As part of a comprehensive liquidity management framework, the Bank regularly reviews its contracts that stipulate that additional collateral could be required in the event of a downgrade of the Bank's credit rating. The Bank's liquidity position management approach already incorporates additional collateral requirements in the event of a one-notch to three-notch downgrade in credit rating. The table below presents the additional collateral requirements in the event of a one-, two-, or three-notch credit rating downgrade.

(millions of Canadian dollars)			As at July 31, 2023
	One-notch downgrade	Two-notch downgrade	Three-notch downgrade
Derivatives(1)	30	87	93

(1) Contractual requirements related to agreements known as Credit Support Annexes.

Residual Contractual Maturities of Balance Sheet Items and Off-Balance-Sheet Commitments

The following tables present balance sheet items and off-balance-sheet commitments by residual contractual maturity as at July 31, 2023 with comparative figures as at October 31, 2022. The information gathered from this maturity analysis is a component of liquidity and funding management. However, this maturity profile does not represent how the Bank manages its interest rate risk or its liquidity risk and funding needs. The Bank considers factors other than contractual maturity when assessing liquid assets or determining expected future cash flows.

In the normal course of business, the Bank enters into various off-balance-sheet commitments. The credit instruments used to meet the financing needs of its clients represent the maximum amount of additional credit the Bank could be obligated to extend if the commitments were fully drawn.

The Bank also has future minimum commitments under leases for premises as well as under other contracts, mainly commitments to purchase loans and contracts for outsourced information technology services. Most of the lease commitments are related to operating leases.

(millions of Canadian dollars)										As at July 31, 2023
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Assets										
Cash and deposits with financial institutions	31,152	156	345	215	47	20	–	–	7,873	39,808
Securities										
At fair value through profit or loss	1,356	516	1,507	2,057	2,156	4,289	12,466	11,460	70,762	106,569
At fair value through other comprehensive income	2	28	31	187	228	994	4,280	2,795	572	9,117
At amortized cost	4	753	210	265	284	4,223	4,932	1,348	–	12,019
	1,362	1,297	1,748	2,509	2,668	9,506	21,678	15,603	71,334	127,705
Securities purchased under reverse repurchase agreements and securities borrowed	3,225	2,139	334	340	408	659	–	–	5,263	12,368
Loans[1]										
Residential mortgage	1,846	1,576	2,110	1,951	3,091	13,493	51,902	8,275	532	84,776
Personal	656	723	994	1,029	1,278	5,695	16,421	5,180	13,817	45,793
Credit card									2,491	2,491
Business and government	19,393	3,786	4,096	3,590	3,009	5,817	11,978	5,076	24,039	80,784
Customers' liability under acceptances	6,115	581	–	13	–	–	–	–	–	6,709
Allowances for credit losses									(1,120)	(1,120)
	28,010	6,666	7,200	6,583	7,378	25,005	80,301	18,531	39,759	219,433
Other										
Derivative financial instruments	1,576	1,222	1,521	538	576	1,337	2,058	5,534	–	14,362
Investments in associates and joint ventures									45	45
Premises and equipment									1,553	1,553
Goodwill									1,514	1,514
Intangible assets									1,330	1,330
Other assets[1]	2,777	126	691	260	1,497	613	124	618	1,191	7,897
	4,353	1,348	2,212	798	2,073	1,950	2,182	6,152	5,633	26,701
	68,102	11,606	11,839	10,445	12,574	37,140	104,161	40,286	129,862	426,015

(1) Amounts collectible on demand are considered to have no specified maturity.

(millions of Canadian dollars)										As at July 31, 2023
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Liabilities and equity										
Deposits[(1)(2)]										
Personal	4,457	3,878	6,088	4,395	5,356	7,363	10,656	4,718	39,679	86,590
Business and government	35,706	12,576	10,275	5,634	3,546	9,879	14,491	4,306	96,355	192,768
Deposit-taking institutions	769	591	32	29	92	7	14	31	1,400	2,965
	40,932	17,045	16,395	10,058	8,994	17,249	25,161	9,055	137,434	282,323
Other										
Acceptances	6,115	581	–	13	–	–	–	–	–	6,709
Obligations related to securities sold short[(3)]	356	56	267	1,036	118	1,441	4,433	6,623	8,495	22,825
Obligations related to securities sold under repurchase agreements and securities loaned	21,615	3,874	989	3,297	–	–	–	–	8,658	38,433
Derivative financial instruments	2,028	2,013	1,859	653	724	2,273	5,158	4,060	–	18,768
Liabilities related to transferred receivables[(4)]	–	2,484	1,529	736	2,095	4,009	8,566	6,711	–	26,130
Securitization – Credit card[(5)]	–	–	–	–	–	48	–	–	–	48
Lease liabilities[(5)]	8	16	23	23	22	86	214	127	–	519
Other liabilities – Other items[(1)(5)]	1,337	206	210	53	52	41	62	69	4,458	6,488
	31,459	9,230	4,877	5,811	3,011	7,898	18,433	17,590	21,611	119,920
Subordinated debt	–	–	–	–	–	–	–	748	–	748
Equity									23,024	23,024
	72,391	26,275	21,272	15,869	12,005	25,147	43,594	27,393	182,069	426,015
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	160	513	3,349	1,750	1,046	1,272	198	38	–	8,326
Credit card receivables[(6)]									9,712	9,712
Backstop liquidity and credit enhancement facilities[(7)]	–	–	15	5,552	15	–	–	–	3,656	9,238
Commitments to extend credit[(8)]	4,139	10,909	7,152	6,794	4,855	4,071	3,238	62	47,666	88,886
Obligations related to:										
Lease commitments[(9)]	1	1	1	1	2	5	7	2	–	20
Other contracts[(10)]	16	31	47	43	1	2	78	13	124	355

(1) Amounts payable upon demand or notice are considered to have no specified maturity.
(2) The *Deposits* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(3) Amounts are disclosed according to the remaining contractual maturity of the underlying security.
(4) These amounts mainly include liabilities related to the securitization of mortgage loans.
(5) The *Other liabilities* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(6) These amounts are unconditionally revocable at the Bank's discretion at any time.
(7) In the event of payment on one of the backstop liquidity facilities, the Bank will receive as collateral government bonds in an amount up to $5.6 billion.
(8) These amounts include $47.0 billion that is unconditionally revocable at the Bank's discretion at any time.
(9) These amounts include leases for which the underlying asset is of low value and leases other than for real estate of less than one year.
(10) These amounts include $0.1 billion in contractual commitments related to the head office building under construction.

(millions of Canadian dollars)										As at October 31, 2022
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Assets										
Cash and deposits with financial institutions	23,141	142	311	18	685	–	–	–	7,573	31,870
Securities										
At fair value through profit or loss	1,527	6,450	5,405	2,267	2,337	3,369	8,634	10,661	46,725	87,375
At fair value through other comprehensive income	5	30	13	20	46	952	4,910	2,296	556	8,828
At amortized cost	602	196	1,876	1,032	95	2,840	5,802	1,073	–	13,516
	2,134	6,676	7,294	3,319	2,478	7,161	19,346	14,030	47,281	109,719
Securities purchased under reverse repurchase agreements and securities borrowed	12,489	1,231	890	–	409	1,044	–	–	10,423	26,486
Loans(1)										
Residential mortgage	1,155	1,124	1,899	2,716	2,364	8,910	53,335	8,059	567	80,129
Personal	423	449	878	1,208	1,036	3,701	17,792	5,085	14,751	45,323
Credit card									2,389	2,389
Business and government	19,980	3,491	3,971	3,586	2,604	6,167	11,452	2,985	19,081	73,317
Customers' liability under acceptances	5,967	554	20	–	–	–	–	–	–	6,541
Allowances for credit losses									(955)	(955)
	27,525	5,618	6,768	7,510	6,004	18,778	82,579	16,129	35,833	206,744
Other										
Derivative financial instruments	2,046	2,804	1,853	1,190	698	1,742	5,182	3,032	–	18,547
Investments in associates and joint ventures									140	140
Premises and equipment									1,397	1,397
Goodwill									1,519	1,519
Intangible assets									1,360	1,360
Other assets(1)	2,228	527	472	161	94	502	107	491	1,376	5,958
	4,274	3,331	2,325	1,351	792	2,244	5,289	3,523	5,792	28,921
	69,563	16,998	17,588	12,198	10,368	29,227	107,214	33,682	106,902	403,740

(1) Amounts collectible on demand are considered to have no specified maturity.

(millions of Canadian dollars)										As at October 31, 2022
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Liabilities and equity										
Deposits(1)(2)										
Personal	1,482	1,493	2,955	6,013	6,141	6,418	7,942	4,252	42,115	78,811
Business and government	36,864	11,605	10,644	4,875	3,728	5,988	13,659	4,227	92,640	184,230
Deposit-taking institutions	724	624	54	122	30	–	7	36	1,756	3,353
	39,070	13,722	13,653	11,010	9,899	12,406	21,608	8,515	136,511	266,394
Other										
Acceptances	5,967	554	20	–	–	–	–	–	–	6,541
Obligations related to securities sold short(3)	428	394	634	74	920	1,493	3,948	6,386	7,540	21,817
Obligations related to securities sold under repurchase agreements and securities loaned	16,233	5,445	1,567	3,406	–	22	–	–	6,800	33,473
Derivative financial instruments	2,584	2,302	1,640	1,009	595	2,047	3,570	5,885	–	19,632
Liabilities related to transferred receivables(4)	–	2,672	422	1,329	2,288	4,558	9,612	5,396	–	26,277
Securitization – Credit card(5)	–	–	–	29	–	–	49	–	–	78
Lease liabilities(5)	8	16	23	23	24	87	219	152	–	552
Other liabilities – Other items(1)(5)	1,076	46	99	23	39	27	42	92	4,287	5,731
	26,296	11,429	4,405	5,893	3,866	8,234	17,440	17,911	18,627	114,101
Subordinated debt	–	–	–	–	–	–	–	1,499	–	1,499
Equity									21,746	21,746
	65,366	25,151	18,058	16,903	13,765	20,640	39,048	27,925	176,884	403,740
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	180	1,451	1,338	982	1,398	1,292	138	–	–	6,779
Credit card receivables(6)									9,337	9,337
Backstop liquidity and credit enhancement facilities(7)	–	15	5,552	15	–	–	–	–	3,125	8,707
Commitments to extend credit(8)	3,126	9,205	6,179	6,678	3,270	4,066	3,186	39	46,368	82,117
Obligations related to:										
Lease commitments(9)	1	1	2	2	2	6	9	8	–	31
Other contracts(10)	38	42	47	46	47	21	34	–	102	377

(1) Amounts payable upon demand or notice are considered to have no specified maturity.
(2) The *Deposits* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(3) Amounts are disclosed according to the remaining contractual maturity of the underlying security.
(4) These amounts mainly include liabilities related to the securitization of mortgage loans.
(5) The *Other liabilities* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(6) These amounts are unconditionally revocable at the Bank's discretion at any time.
(7) In the event of payment on one of the backstop liquidity facilities, the Bank will receive as collateral government bonds in an amount up to $5.6 billion.
(8) These amounts include $44.8 billion that is unconditionally revocable at the Bank's discretion at any time.
(9) These amounts include leases for which the underlying asset is of low value and leases other than for real estate of less than one year.
(10) These amounts include $0.2 billion in contractual commitments related to the head office building under construction.

Regulatory Compliance Risk

The transition related to the interest rate benchmark reform continues in many countries, including in Canada. On December 31, 2021, all LIBOR (London Interbank Offered Rates) rates in European, British, Swiss, and Japanese currency as well as the one-week and two-month USD LIBOR rates were discontinued, whereas the other USD LIBOR rates were discontinued as of June 30, 2023. In Canada, publication of the CDOR (Canadian Dollar Offered Rate) will be discontinued on June 28, 2024 and will be replaced by the risk-free rate CORRA (Canadian Overnight Repo Rate Average) and a term CORRA rate, which will be available as of September 5, 2023. On July 27, 2023, the Canadian Alternative Reference Rate (CARR) Working Group published its recommendations and set a milestone stipulating that no new CDOR or bankers' acceptance loan contracts can be entered into after November 1, 2023. However, this milestone will have no impact on the ability to draw on existing credit facilities that have not yet matured, that have been extended, or that have been subject to material amendments before this deadline. As at July 31, 2023, the transition project was progressing according to schedule. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Social and Environmental Risk

Regulatory Developments
On March 7, 2023, OSFI published guideline B-15 *Climate Risk Management*, which sets out OSFI's expectations regarding climate risk. The guideline is OSFI's first supervisory framework dedicated to climate change and that addresses the impacts of climate change on managing the risks existing in the country's financial system. It covers two main topics: Governance and financial disclosures. The guideline will take effect for D-SIBs at the end of fiscal 2024. OSFI plans on revising this guideline to incorporate changes in practices and standards, in particular, to reflect the requirements of IFRS S2 – *Climate-related Disclosures* published by the International Sustainability Standards Board (ISSB).

On June 26, 2023, the ISSB published IFRS S1 – *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 – *Climate-related Disclosures*. IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short-, medium- and long-term. IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1. These standards will be applicable for fiscal years beginning on or after January 1, 2024, and certain relief measures will be available.

Risk Disclosures

One of the purposes of the *2022 Annual Report,* the *Report to Shareholders – Third Quarter 2023,* and the related supplementary information documents is to provide transparent, high-quality risk disclosures in accordance with the recommendations made by the Financial Stability Board's EDTF group. The following table lists the references where users can find information that responds to the EDTF's 32 recommendations.

				Pages
		2022 Annual Report	Report to Shareholders(1)	Supplementary Regulatory Capital and Pillar 3 Disclosure(1)
General				
1	Location of risk disclosures	13	48	
	Management's Discussion and Analysis	55 to 105, 117 and 119 to 121	25 to 47	
	Consolidated Financial Statements	Notes 1, 7, 16, 20, 23 and 29	Notes 6 and 12	
	Supplementary Financial Information			20 to 34(2)
	Supplementary Regulatory Capital and Pillar 3 Disclosure			5 to 58
2	Risk terminology and risk measures	65 to 105		
3	Top and emerging risks	26 and 70 to 75	12, 32 to 47	
4	New key regulatory ratios	56 to 59, 91 and 95 to 98	25, 26, 37 and 39 to 42	
Risk governance and risk management				
5	Risk management organization, processes and key functions	65 to 85, 91 to 93 and 98		
6	Risk management culture	65 and 66		
7	Key risks by business segment, risk management and risk appetite	64 to 66 and 70		
8	Stress testing	55, 66, 79, 89, 90 and 93		
Capital adequacy and risk-weighted assets (RWA)				
9	Minimum Pillar 1 capital requirements	56 to 59	25 and 26	
10	Reconciliation of the accounting balance sheet to the regulatory balance sheet			8 to 14, 17 and 18
11	Movements in regulatory capital	62	28	
12	Capital planning	55 to 64		
13	RWA by business segment and by risk type	64		6 and 7
14	Capital requirements by risk and the RWA calculation method	75 to 79		6 and 7
15	Banking book credit risk			6 and 7
16	Movements in RWA by risk type	63	29	6 and 7
17	Assessment of credit risk model performance	69, 76 to 79 and 84		39
Liquidity				
18	Liquidity management and components of the liquidity buffer	91 to 99	37 to 42	
Funding				
19	Summary of encumbered and unencumbered assets	94 and 95	39	
20	Residual contractual maturities of balance sheet items and off-balance-sheet commitments	222 to 226	43 to 46	
21	Funding strategy and funding sources	98 to 100	42	
Market risk				
22	Linkage of market risk measures to balance sheet	86 and 87	34 and 35	
23	Market risk factors	84 to 90, 210 and 211	34 to 37	
24	VaR: Assumptions, limitations and validation procedures	88		
25	Stress tests, stressed VaR and backtesting	84 to 90		
Credit risk				
26	Credit risk exposures	83 and 171 to 182	33 and 70 to 81	19 to 50 and 19 to 27(2)
27	Policies for identifying impaired loans	80, 81, 145 and 146		
28	Movements in impaired loans and allowances for credit losses	117, 120, 121 and 171 to 182	70 to 81	24 to 27(2)
29	Counterparty credit risk relating to derivative transactions	80 to 82 and 190 to 193		40 to 50, 28 and 29(2)
30	Credit risk mitigation	78 to 81 and 168		21, 25, 26 and 48 to 58
Other risks				
31	Other risks: Governance, measurement and management	73 to 75, 78 and 100 to 105		
32	Publicly known risk events	26, 100 and 101	12, 32 and 47	

(1) Third quarter 2023.
(2) These pages are included in the document entitled *Supplementary Financial Information – Third Quarter 2023*.

Accounting Policies and Financial Disclosure

Accounting Policies and Critical Accounting Estimates

The Bank's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements also comply with section 308(4) of the *Bank Act* (Canada), which states that, except as otherwise specified by OSFI, the consolidated financial statements are to be prepared in accordance with IFRS. IFRS represent Canadian generally accepted accounting principles (GAAP). None of the OSFI accounting requirements are exceptions to IFRS. The unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended July 31, 2023 were prepared in accordance with IAS 34 – *Interim Financial Reporting* using the same accounting policies as those described in Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022, except for the changes described in Note 2 to the unaudited interim condensed consolidated financial statements, which have been applied since May 23, 2023.

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment and make estimates and assumptions that affect the reporting date carrying amounts of assets and liabilities, net income, and related information. Some accounting policies are considered critical given their importance to the presentation of the Bank's financial position and operating results and require subjective and complex judgments and estimates on matters that are inherently uncertain. Any change in these judgments and estimates could have a significant impact on the Bank's consolidated financial statements. The critical accounting estimates are the same as those described on pages 106 to 111 of the *2022 Annual Report*.

The geopolitical landscape, rising inflation, higher interest rates, and the Russia-Ukraine war continue to create uncertainty. As a result, establishing reliable estimates and applying judgment continue to be substantially complex. Some of the Bank's accounting policies, such as measurement of expected credit losses (ECLs), require particularly complex judgments and estimates. See Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022 for a summary of the most significant estimation processes used to prepare the consolidated financial statements in accordance with IFRS and for the valuation techniques used to determine the carrying values and fair values of assets and liabilities. The uncertainty regarding certain key inputs used in measuring ECLs is described in Note 6 to these unaudited interim condensed consolidated financial statements.

Accounting Policy Changes

Amendments to IAS 12 – *Income Taxes*

On May 23, 2023, the IASB issued *International Tax Reform – Pillar Two Model Rules,* which amends IAS 12 – *Income Taxes.* These amendments apply to income taxes arising from tax law enacted or substantively enacted to implement the OECD Pillar Two model rules. The amendments also introduce a temporary exception to the accounting of deferred tax assets and liabilities arising from the implementation of these rules as well as related disclosures. These amendments apply immediately upon issuance and retrospectively in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. Additional disclosures of current tax expense (recovery) and other information related to income tax exposures will be provided for annual periods beginning on or after November 1, 2023. These amendments have no current impact on the Bank's consolidated results.

Financial Disclosure

During the third quarter of 2023, no changes were made to the policies, procedures, and other processes that comprise the Bank's internal control over financial reporting that had or could reasonably have a significant impact on the internal control over financial reporting.

Quarterly Financial Information

(millions of Canadian dollars, except per share amounts)			2023				2022[(1)]	2021[(1)]	2022	2021[(1)]
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Total	Total
Total revenues	**2,515**	2,479	2,582	2,334	2,413	2,439	2,466	2,211	9,652	8,927
Net income	**839**	847	881	738	826	889	930	769	3,383	3,140
Earnings per share ($)										
Basic	**2.38**	2.41	2.51	2.10	2.38	2.56	2.67	2.20	9.72	8.95
Diluted	**2.36**	2.38	2.49	2.08	2.35	2.53	2.64	2.17	9.61	8.85
Dividends per common share ($)	**1.02**	0.97	0.97	0.92	0.92	0.87	0.87	0.71	3.58	2.84
Return on common shareholders' equity (%)[(2)]	**16.2**	17.5	17.9	15.3	17.9	20.7	21.9	18.7	18.8	20.7
Total assets	**426,015**	417,684	418,342	403,740	386,833	369,570	366,680	355,621		
Net impaired loans excluding POCI loans[(2)]	**537**	477	476	479	301	293	287	283		
Per common share ($)										
Book value[(2)]	**58.75**	57.65	55.92	55.24	54.29	52.28	49.71	47.44		
Share price										
High	**103.28**	103.45	99.95	94.37	97.87	104.59	105.44	104.32		
Low	**94.62**	92.67	91.02	83.12	83.33	89.33	94.37	95.00		

(1) For the fiscal 2022 and 2021 comparatives figures, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

(2) See the Glossary section on pages 51 to 54 for details on the composition of these measures.

Glossary

Acceptances
Acceptances and the customers' liability under acceptances constitute a guarantee of payment by a bank and can be traded in the money market. The Bank earns a "stamping fee" for providing this guarantee.

Allowances for credit losses
Allowances for credit losses represent management's unbiased estimate of expected credit losses as at the balance sheet date. These allowances are primarily related to loans and off-balance-sheet items such as loan commitments and financial guarantees.

Assets under administration
Assets in respect of which a financial institution provides administrative services on behalf of the clients who own the assets. Such services include custodial services, collection of investment income, settlement of purchase and sale transactions, and record-keeping. Assets under administration are not reported on the balance sheet of the institution offering such services.

Assets under management
Assets managed by a financial institution and that are beneficially owned by clients. Management services are more comprehensive than administrative services and include selecting investments or offering investment advice. Assets under management, which may also be administered by the financial institution, are not reported on the balance sheet of the institution offering such services.

Available TLAC
Available TLAC includes total capital as well as certain senior unsecured debt subject to the federal government's bail-in regulations that satisfy all of the eligibility criteria in OSFI's *Total Loss Absorbing Capacity (TLAC) Guideline*.

Average interest-bearing assets
Average interest-bearing assets include interest-bearing deposits with financial institutions and certain cash items, securities, securities purchased under reverse repurchase agreements and securities borrowed, and loans, while excluding customers' liability under acceptances and other assets. The average is calculated based on the daily balances for the period.

Average interest-bearing assets, non-trading
Average interest-bearing assets, non-trading, include interest-bearing deposits with financial institutions and certain cash items, securities purchased under reverse repurchase agreements and securities borrowed, and loans, while excluding other assets and assets related to trading activities. The average is calculated based on the daily balances for the period.

Average volumes
Average volumes represent the average of the daily balances for the period of the consolidated balance sheet items.

Basic earnings per share
Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average basic number of common shares outstanding.

Basis point (bps)
Unit of measure equal to one one-hundredth of a percentage point (0.01%).

Book value of a common share
The book value of a common share is calculated by dividing common shareholders' equity by the number of common shares on a given date.

Common Equity Tier 1 (CET1) capital ratio
CET1 capital consists of common shareholders' equity less goodwill, intangible assets, and other capital deductions. The CET1 capital ratio is calculated by dividing total CET1 capital by the corresponding risk-weighted assets.

Compound annual growth rate (CAGR)
CAGR is a rate of growth that shows, for a period exceeding one year, the annual change as though the growth had been constant throughout the period.

Derivative financial instruments
Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, exchange rate or equity, commodity price or credit instrument or index. Examples of derivatives include swaps, options, forward rate agreements, and futures. The notional amount of the derivative is the contract amount used as a reference point to calculate the payments to be exchanged between the two parties, and the notional amount itself is generally not exchanged by the parties.

Diluted earnings per share
Diluted earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding after taking into account the dilution effect of stock options using the treasury stock method and any gain (loss) on the redemption of preferred shares.

Dividend payout ratio
The dividend payout ratio represents the dividends of common shares (per share amount) expressed as a percentage of basic earnings per share.

Economic capital
Economic capital is the internal measure used by the Bank to determine the capital required for its solvency and to pursue its business operations. Economic capital takes into consideration the credit, market, operational, business and other risks to which the Bank is exposed as well as the risk diversification effect among them and among the business segments. Economic capital thus helps the Bank to determine the capital required to protect itself against such risks and ensure its long-term viability.

Efficiency ratio
The efficiency ratio represents non-interest expenses expressed as a percentage of total revenues. It measures the efficiency of the Bank's operations.

Fair value
The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., an exit price).

Gross impaired loans as a percentage of total loans and acceptances
This measure represents gross impaired loans expressed as a percentage of the balance of loans and acceptances.

Gross impaired loans excluding POCI loans
Gross impaired loans excluding POCI loans are all loans classified in Stage 3 of the expected credit loss model excluding POCI loans.

Gross impaired loans excluding POCI loans as a percentage of total loans and acceptances
This measure represents gross impaired loans excluding POCI loans expressed as a percentage of the balance of loans and acceptances.

Hedging
The purpose of a hedging transaction is to modify the Bank's exposure to one or more risks by creating an offset between changes in the fair value of, or the cash flows attributable to, the hedged item and the hedging instrument.

Impaired Loans
The Bank considers a financial asset, other than a credit card receivable, to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due. Credit card receivables are considered credit-impaired and are fully written off at the earlier of the following dates: when a notice of bankruptcy is received, a settlement proposal is made, or contractual payments are 180 days past due.

Leverage ratio
The leverage ratio is calculated by dividing Tier 1 capital by total exposure. Total exposure is defined as the sum of on-balance-sheet assets (including derivative financial instrument exposures and securities financing transaction exposures) and off-balance-sheet items.

Liquidity coverage ratio (LCR)
The LCR is a measure designed to ensure that the Bank has sufficient high-quality liquid assets to cover net cash outflows given a severe, 30-day liquidity crisis.

Loans and acceptances
Loans and acceptances represent the sum of loans and of the customers' liability under acceptances.

Loan-to-value ratio
The loan-to-value ratio is calculated according to the total facility amount for residential mortgages and home equity lines of credit divided by the value of the related residential property.

Master netting agreement
Legal agreement between two parties that have multiple derivative contracts with each other that provides for the net settlement of all contracts through a single payment, in the event of default, insolvency or bankruptcy.

Net impaired loans
Net impaired loans are gross impaired loans presented net of allowances for credit losses on Stage 3 loan amounts drawn.

Net impaired loans as a percentage of total loans and acceptances
This measure represents net impaired loans as a percentage of the balance of loans and acceptances.

Net impaired loans excluding POCI loans
Net impaired loans excluding POCI loans are gross impaired loans excluding POCI loans presented net of allowances for credit losses on amounts drawn on Stage 3 loans granted by the Bank.

Net interest income from trading activities
Net interest income from trading activities comprises dividends related to financial assets and liabilities associated with trading activities, net of interest expenses and interest income related to the financing of these financial assets and liabilities.

Net interest income, non-trading
Net interest income, non-trading, comprises revenues related to financial assets and liabilities associated with non-trading activities, net of interest expenses and interest income related to the financing of these financial assets and liabilities.

Net interest margin
Net interest margin is calculated by dividing net interest income by average interest-bearing assets.

Net stable funding ratio (NSFR)
The NSFR ratio is a measure that helps guarantee that the Bank is maintaining a stable funding profile to reduce the risk of funding stress.

Net write-offs as a percentage of average loans and acceptances
This measure represents the net write-offs (net of recoveries) expressed as a percentage of average loans and acceptances.

Non-interest income related to trading activities
Non-interest income related to trading activities consists of realized and unrealized gains and losses as well as interest income on securities measured at fair value through profit or loss, income from held-for-trading derivative financial instruments, changes in the fair value of loans at fair value through profit or loss, changes in the fair value of financial instruments designated at fair value through profit or loss, certain commission income, other trading activity revenues, and any applicable transaction costs.

Office of the Superintendent of Financial Institutions (Canada) (OSFI)
The mandate of OSFI is to regulate and supervise financial institutions and private pension plans subject to federal oversight, to help minimize undue losses to depositors and policyholders and, thereby, to contribute to public confidence in the Canadian financial system.

Operating leverage
Operating leverage is the difference between the growth rate for total revenues and the growth rate for non-interest expenses.

Provisioning rate
This measure represents the allowances for credit losses on impaired loans expressed as a percentage of gross impaired loans.

Provisioning rate excluding POCI loans
This measure represents the allowances for credit losses on impaired loans excluding POCI loans expressed as a percentage of gross impaired loans excluding POCI loans.

Provisions for credit losses
Amount charged to income necessary to bring the allowances for credit losses to a level deemed appropriate by management and is comprised of provisions for credit losses on impaired and non-impaired financial assets.

Provisions for credit losses as a percentage of average loans and acceptances
This measure represents the provisions for credit losses expressed as a percentage of average loans and acceptances.

Provisions for credit losses on impaired loans as a percentage of average loans and acceptances
This measure represents the provisions for credit losses on impaired loans expressed as a percentage of average loans and acceptances.

Provisions for credit losses on impaired loans excluding POCI loans as a percentage of average loans and acceptances or provisions for credit losses on impaired loans excluding POCI loans ratio
This measure represents the provisions for credit losses on impaired loans excluding POCI loans expressed as a percentage of average loans and acceptances.

Return on average assets
Return on average assets represents net income expressed as a percentage of average assets.

Return on common shareholders' equity (ROE)
ROE represents net income attributable to common shareholders expressed as a percentage of average equity attributable to common shareholders. It is a general measure of the Bank's efficiency in using equity.

Risk-weighted assets
Assets are risk weighted according to the guidelines established by OSFI. In the Standardized calculation approach, risk factors are applied directly to the face value of certain assets in order to reflect comparable risk levels. In the Advanced Internal Ratings-Based (AIRB) Approach, risk-weighted assets are derived from the Bank's internal models, which represent the Bank's own assessment of the risks it incurs. In the Foundation Internal Ratings-Based (FIRB) Approach the Bank can use its own estimate of probability of default but must rely on OSFI estimates for loss given default and exposure at default risk parameters. Off-balance-sheet instruments are converted to balance sheet (or credit) equivalents by adjusting the notional values before applying the appropriate risk-weighting factors.

Securities purchased under reverse repurchase agreements
Securities purchased by the Bank from a client pursuant to an agreement under which the securities will be resold to the same client on a specified date and at a specified price. Such an agreement is a form of short-term collateralized lending.

Securities sold under repurchase agreements
Financial obligations related to securities sold pursuant to an agreement under which the securities will be repurchased on a specified date and at a specified price. Such an agreement is a form of short-term funding.

Stressed VaR (SVaR)
SVaR is a statistical measure of risk that replicates the VaR calculation method but uses, instead of a two-year history of risk factor changes, a 12-month data period corresponding to a continuous period of significant financial stress that is relevant in terms of the Bank's portfolios.

Structured entity
A structured entity is an entity created to accomplish a narrow and well-defined objective and is designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate solely to administrative tasks and the relevant activities are directed by means of contractual arrangements.

Taxable equivalent
Taxable equivalent basis is a calculation method that consists of grossing up certain revenues taxed at lower rates (notably dividends) by the income tax to a level that would make it comparable to revenues from taxable sources in Canada. The Bank uses the taxable equivalent basis to calculate net interest income, non-interest income and income taxes.

Tier 1 capital ratio
Tier 1 capital ratio consists of Common Equity Tier 1 capital and Additional Tier 1 instruments, namely, qualifying non-cumulative preferred shares and the eligible amount of innovative instruments. Tier 1 capital ratio is calculated by dividing Tier 1 capital, less regulatory adjustments, by the corresponding risk-weighted assets.

TLAC leverage ratio
The TLAC leverage ratio is an independent risk measure that is calculated by dividing available TLAC by total exposure, as set out in OSFI's *Total Loss Absorbing Capacity (TLAC) Guideline.*

TLAC ratio
The TLAC ratio is a measure used to assess whether a non-viable Domestic Systemically Important Bank (D-SIB) has sufficient loss-absorbing capacity to support its recapitalization. It is calculated by dividing available TLAC by risk weighted assets, as set out in OSFI's *Total Loss Absorbing Capacity (TLAC) Guideline*.

Total capital ratio
Total capital is the sum of Tier 1 and Tier 2 capital. Tier 2 capital consists of the eligible portion of subordinated debt and certain allowances for credit losses. The Total capital ratio is calculated by dividing Total capital, less regulatory adjustments, by the corresponding risk-weighted assets.

Total shareholder return (TSR)
TSR represents the average total return on an investment in the Bank's common shares. The return includes changes in share price and assumes that the dividends received were reinvested in additional common shares of the Bank.

Trading activity revenues
Trading activity revenues consist of the net interest income and the non-interest income related to trading activities. Net interest income comprises dividends related to financial assets and liabilities associated with trading activities, net of interest expenses and interest income related to the financing of these financial assets and liabilities. Non-interest income consists of realized and unrealized gains and losses as well as interest income on securities measured at fair value through profit or loss, income from held-for-trading derivative financial instruments, changes in the fair value of loans at fair value through profit or loss, changes in the fair value of financial instruments designated at fair value through profit or loss, certain commission income, other trading activity revenues, and any applicable transaction costs.

Value-at-Risk (VaR)
VaR is a statistical measure of risk that is used to quantify market risks across products, per types of risks, and aggregate risk on a portfolio basis. VaR is defined as the maximum loss at a specific confidence level over a certain horizon under normal market conditions. The VaR method has the advantage of providing a uniform measurement of financial-instrument-related market risks based on a single statistical confidence level and time horizon.

Interim Condensed Consolidated Financial Statements

(unaudited)

Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)

	As at July 31, 2023	As at October 31, 2022
Assets		
Cash and deposits with financial institutions	39,808	31,870
Securities (Notes 3, 4 and 5)		
At fair value through profit or loss	106,569	87,375
At fair value through other comprehensive income	9,117	8,828
At amortized cost	12,019	13,516
	127,705	109,719
Securities purchased under reverse repurchase agreements and securities borrowed	12,368	26,486
Loans (Note 6)		
Residential mortgage	84,776	80,129
Personal	45,793	45,323
Credit card	2,491	2,389
Business and government	80,784	73,317
	213,844	201,158
Customers' liability under acceptances	6,709	6,541
Allowances for credit losses	(1,120)	(955)
	219,433	206,744
Other		
Derivative financial instruments	14,362	18,547
Investments in associates and joint ventures (Notes 5 and 17)	45	140
Premises and equipment	1,553	1,397
Goodwill	1,514	1,519
Intangible assets	1,330	1,360
Other assets (Note 7)	7,897	5,958
	26,701	28,921
	426,015	403,740
Liabilities and equity		
Deposits (Notes 4 and 8)	282,323	266,394
Other		
Acceptances	6,709	6,541
Obligations related to securities sold short	22,825	21,817
Obligations related to securities sold under repurchase agreements and securities loaned	38,433	33,473
Derivative financial instruments	18,768	19,632
Liabilities related to transferred receivables (Note 4)	26,130	26,277
Other liabilities (Note 9)	7,055	6,361
	119,920	114,101
Subordinated debt (Note 10)	748	1,499
Equity		
Equity attributable to the Bank's shareholders and holders of other equity instruments (Notes 11 and 13)		
Preferred shares and other equity instruments	3,150	3,150
Common shares	3,294	3,196
Contributed surplus	56	56
Retained earnings	16,285	15,140
Accumulated other comprehensive income	237	202
	23,022	21,744
Non-controlling interests	2	2
	23,024	21,746
	426,015	403,740

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statements of Income

(unaudited) (millions of Canadian dollars)

	Quarter ended July 31		Nine months ended July 31	
	2023	2022[1]	**2023**	2022[1]
Interest income				
Loans	**3,266**	1,845	**9,195**	4,736
Securities at fair value through profit or loss	**398**	470	**1,181**	1,155
Securities at fair value through other comprehensive income	**79**	47	**206**	109
Securities at amortized cost	**127**	58	**358**	156
Deposits with financial institutions	**455**	125	**1,235**	188
	4,325	2,545	**12,175**	6,344
Interest expense				
Deposits	**2,597**	870	**7,058**	1,705
Liabilities related to transferred receivables	**166**	119	**465**	325
Subordinated debt	**11**	5	**36**	13
Other	**681**	132	**1,765**	237
	3,455	1,126	**9,324**	2,280
Net interest income[2]	**870**	1,419	**2,851**	4,064
Non-interest income				
Underwriting and advisory fees	**77**	68	**277**	230
Securities brokerage commissions	**38**	46	**132**	162
Mutual fund revenues	**148**	143	**432**	446
Investment management and trust service fees	**254**	244	**743**	753
Credit fees	**147**	121	**417**	365
Card revenues	**56**	48	**153**	139
Deposit and payment service charges	**77**	76	**223**	220
Trading revenues (losses)	**632**	71	**1,813**	314
Gains (losses) on non-trading securities, net	**8**	9	**49**	116
Insurance revenues, net	**37**	48	**120**	132
Foreign exchange revenues, other than trading	**36**	46	**130**	154
Share in the net income of associates and joint ventures	**2**	4	**9**	24
Other (Note 17)	**133**	70	**227**	199
	1,645	994	**4,725**	3,254
Total revenues	**2,515**	2,413	**7,576**	7,318
Non-interest expenses				
Compensation and employee benefits	**851**	828	**2,559**	2,453
Occupancy	**85**	77	**251**	229
Technology	**248**	225	**755**	688
Communications	**14**	14	**43**	44
Professional fees	**63**	61	**188**	181
Other (Note 17)	**156**	100	**398**	289
	1,417	1,305	**4,194**	3,884
Income before provisions for credit losses and income taxes	**1,098**	1,108	**3,382**	3,434
Provisions for credit losses (Note 6)	**111**	57	**282**	58
Income before income taxes	**987**	1,051	**3,100**	3,376
Income taxes (Note 15)	**148**	225	**533**	731
Net income	**839**	826	**2,567**	2,645
Net income attributable to				
Preferred shareholders and holders of other equity instruments	**36**	26	**106**	77
Common shareholders	**804**	800	**2,463**	2,569
Bank shareholders and holders of other equity instruments	**840**	826	**2,569**	2,646
Non-controlling interests	**(1)**	–	**(2)**	(1)
	839	826	**2,567**	2,645
Earnings per share *(dollars)* (Note 16)				
Basic	**2.38**	2.38	**7.30**	7.61
Diluted	**2.36**	2.35	**7.23**	7.53
Dividends per common share *(dollars)* (Note 11)	**1.02**	0.92	**2.96**	2.66

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1.

(2) *Net interest income* includes dividend income. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)

	Quarter ended July 31		Nine months ended July 31	
	2023	2022[1]	**2023**	2022[1]
Net income	**839**	826	**2,567**	2,645
Other comprehensive income, net of income taxes				
Items that may be subsequently reclassified to net income				
Net foreign currency translation adjustments				
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	**(177)**	(15)	**(208)**	149
Impact of hedging net foreign currency translation gains (losses)	**53**	10	**59**	(41)
	(124)	(5)	**(149)**	108
Net change in debt securities at fair value through other comprehensive income				
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**(7)**	(56)	**(35)**	(176)
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**8**	37	**60**	81
Change in allowances for credit losses on debt securities at fair value through other comprehensive income reclassified to net income	**1**	–	**1**	–
	2	(19)	**26**	(95)
Net change in cash flow hedges				
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**145**	(9)	**125**	25
Net (gains) losses on designated derivative financial instruments reclassified to net income	**7**	7	**32**	23
	152	(2)	**157**	48
Share in the other comprehensive income of associates and joint ventures	**–**	(1)	**1**	(2)
Items that will not be subsequently reclassified to net income				
Remeasurements of pension plans and other post-employment benefit plans	**(40)**	(41)	**(96)**	131
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**(1)**	(9)	**5**	(26)
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**(77)**	266	**(235)**	591
	(118)	216	**(326)**	696
Total other comprehensive income, net of income taxes	**(88)**	189	**(291)**	755
Comprehensive income	**751**	1,015	**2,276**	3,400
Comprehensive income attributable to				
Bank shareholders and holders of other equity instruments	**752**	1,015	**2,278**	3,401
Non-controlling interests	**(1)**	–	**(2)**	(1)
	751	1,015	**2,276**	3,400

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1.

Consolidated Statements of Comprehensive Income (cont.)

(unaudited) (millions of Canadian dollars)

Income Taxes – Other Comprehensive Income

The following table presents the income tax expense or recovery for each component of other comprehensive income.

	Quarter ended July 31		Nine months ended July 31	
	2023	2022	**2023**	2022
Items that may be subsequently reclassified to net income				
Net foreign currency translation adjustments				
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	**5**	1	**7**	(4)
Impact of hedging net foreign currency translation gains (losses)	**13**	(4)	**13**	(9)
	18	(3)	**20**	(13)
Net change in debt securities at fair value through other comprehensive income				
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**(3)**	(20)	**(14)**	(63)
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**3**	13	**23**	29
Change in allowances for credit losses on debt securities at fair value through other comprehensive income reclassified to net income	**–**	–	**–**	–
	–	(7)	**9**	(34)
Net change in cash flow hedges				
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**56**	(3)	**48**	9
Net (gains) losses on designated derivative financial instruments reclassified to net income	**3**	3	**13**	8
	59	–	**61**	17
Share in the other comprehensive income of associates and joint ventures	**–**	–	**–**	(1)
Items that will not be subsequently reclassified to net income				
Remeasurements of pension plans and other post-employment benefit plans	**(15)**	(15)	**(27)**	47
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**–**	(3)	**2**	(9)
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**(30)**	96	**(91)**	212
	(45)	78	**(116)**	250
	32	68	**(26)**	219

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated Statements of Changes in Equity

(unaudited) (millions of Canadian dollars)

	Nine months ended July 31	
	2023	2022[1]
Preferred shares and other equity instruments at beginning and at end (Note 11)	3,150	2,650
Common shares at beginning (Note 11)	3,196	3,160
Issuances of common shares pursuant to the Stock Option Plan	86	54
Repurchases of common shares for cancellation	–	(24)
Impact of shares purchased or sold for trading	12	(1)
Common shares at end	3,294	3,189
Contributed surplus at beginning	56	47
Stock option expense (Note 13)	14	12
Stock options exercised	(9)	(6)
Other	(5)	2
Contributed surplus at end	56	55
Retained earnings at beginning	15,140	12,854
Net income attributable to the Bank's shareholders and holders of other equity instruments	2,569	2,646
Dividends on preferred shares and distributions on other equity instruments (Note 11)	(122)	(85)
Dividends on common shares (Note 11)	(999)	(897)
Premium paid on common shares repurchased for cancellation (Note 11)	–	(221)
Remeasurements of pension plans and other post-employment benefit plans	(96)	131
Net gains (losses) on equity securities designated at fair value through other comprehensive income	5	(26)
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	(235)	591
Impact of a financial liability resulting from put options written to non-controlling interests	6	(7)
Other	17	8
Retained earnings at end	16,285	14,994
Accumulated other comprehensive income at beginning	202	(32)
Net foreign currency translation adjustments	(149)	108
Net change in unrealized gains (losses) on debt securities at fair value through other comprehensive income	26	(95)
Net change in gains (losses) on cash flow hedges	157	48
Share in the other comprehensive income of associates and joint ventures	1	(2)
Accumulated other comprehensive income at end	237	27
Equity attributable to the Bank's shareholders and holders of other equity instruments	23,022	20,915
Non-controlling interests at beginning	2	3
Net income attributable to non-controlling interests	(2)	(1)
Other	2	–
Non-controlling interests at end	2	2
Equity	23,024	20,917

Accumulated Other Comprehensive Income

	As at July 31, 2023	As at July 31, 2022
Accumulated other comprehensive income		
Net foreign currency translation adjustments	55	(21)
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	(8)	(24)
Net gains (losses) on instruments designated as cash flow hedges	188	71
Share in the other comprehensive income of associates and joint ventures	2	1
	237	27

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

(1) For the nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1.

Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)

	Nine months ended July 31	
	2023	2022[1]
Cash flows from operating activities		
Net income	2,567	2,645
Adjustments for		
Provisions for credit losses	282	58
Amortization of premises and equipment, including right-of-use assets	158	151
Amortization of intangible assets	234	212
Deferred taxes	(75)	96
Losses (gains) on sales of non-trading securities, net	(49)	(116)
Share in the net income of associates and joint ventures	(9)	(24)
Stock option expense	14	12
Gain on the fair value remeasurement of an equity interest	(91)	–
Change in operating assets and liabilities		
Securities at fair value through profit or loss	(19,194)	1,160
Securities purchased under reverse repurchase agreements and securities borrowed	14,118	(9,307)
Loans and acceptances, net of securitization	(12,950)	(18,862)
Deposits	15,929	16,252
Obligations related to securities sold short	1,008	3,065
Obligations related to securities sold under repurchase agreements and securities loaned	4,960	12,845
Derivative financial instruments, net	3,321	(795)
Securitization – Credit cards	(29)	(37)
Interest and dividends receivable and interest payable	280	(50)
Current tax assets and liabilities	(295)	(321)
Other items	(787)	(1,551)
	9,392	5,433
Cash flows from financing activities		
Issuances of common shares (including the impact of shares purchased for trading)	89	47
Repurchases of common shares for cancellation	–	(245)
Issuance of subordinated debt	–	748
Redemption of subordinated debt	(750)	–
Repayments of lease liabilities	(76)	(73)
Dividends paid on shares and distributions on other equity instruments	(1,117)	(982)
	(1,854)	(505)
Cash flows from investing activities		
Net change in investments in associates and joint ventures	–	202
Purchases of non-trading securities	(6,360)	(8,479)
Maturities of non-trading securities	3,548	1,594
Sales of non-trading securities	3,896	5,643
Net change in premises and equipment, excluding right-of-use assets	(270)	(227)
Net change in intangible assets	(204)	(273)
	610	(1,540)
Impact of currency rate movements on cash and cash equivalents	(210)	701
Increase (decrease) in cash and cash equivalents	7,938	4,089
Cash and cash equivalents at beginning	31,870	33,879
Cash and cash equivalents at end[2]	39,808	37,968
Supplementary information about cash flows from operating activities		
Interest paid	8,643	2,059
Interest and dividends received	11,773	6,073
Income taxes paid	573	911

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

(1) For the nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1.

(2) This item is the equivalent of Consolidated Balance Sheet item *Cash and deposits with financial institutions*. It includes an amount of $8.2 billion as at July 31, 2023 ($7.7 billion as at October 31, 2022) for which there are restrictions and of which $5.5 billion ($5.3 billion as at October 31, 2022) represent the balances that the Bank must maintain with central banks, other regulatory agencies, and certain counterparties.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited) (millions of Canadian dollars)

Note 1 – Basis of Presentation

On August 29, 2023, the Board of Directors authorized the publication of the Bank's unaudited interim condensed consolidated financial statements (the consolidated financial statements) for the quarter and nine-month period ended July 31, 2023.

The Bank's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements also comply with section 308(4) of the *Bank Act* (Canada), which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions (Canada) (OSFI), the consolidated financial statements are to be prepared in accordance with IFRS. IFRS represent Canadian generally accepted accounting principles (GAAP). None of the OSFI accounting requirements are exceptions to IFRS.

These consolidated financial statements were prepared in accordance with IAS 34 – *Interim Financial Reporting* and using the same accounting policies as those described in Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022. Since these interim consolidated financial statements do not include all of the annual financial statement disclosures required under IFRS, they should be read in conjunction with the audited annual consolidated financial statements and accompanying notes for the year ended October 31, 2022. Future accounting policy changes that have not yet come into effect are described in Note 2 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Certain comparative amounts have been adjusted to reflect an accounting policy change related to cloud computing arrangements, as described in Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Judgment, Estimates and Assumptions

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment and make estimates and assumptions that affect the reporting date carrying amounts of assets and liabilities, net income, and related information. Some of the Bank's accounting policies, such as measurement of expected credit losses (ECLs), require particularly complex judgments and estimates. See Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022 for a summary of the most significant estimation processes used to prepare the consolidated financial statements in accordance with IFRS and for the valuation techniques used to determine the carrying values and fair values of assets and liabilities.

The geopolitical landscape, rising inflation, higher interest rates, and the Russia-Ukraine war continue to create uncertainty. As a result, establishing reliable estimates and applying judgment continue to be substantially complex. The uncertainty regarding certain key inputs used in measuring ECLs is described in Note 6 to these unaudited interim condensed consolidated financial statements.

Unless otherwise indicated, all amounts are expressed in Canadian dollars, which is the Bank's functional and presentation currency.

Note 2 – Accounting Policy Changes

Amendments to IAS 12 – *Income Taxes*

On May 23, 2023, the IASB issued *International Tax Reform – Pillar Two Model Rules,* which amends IAS 12 – *Income Taxes.* These amendments apply to income taxes arising from tax law enacted or substantively enacted to implement the OECD Pillar Two model rules. The amendments also introduce a temporary exception to the accounting of deferred tax assets and liabilities arising from the implementation of these rules as well as related disclosures. These amendments apply immediately upon issuance and retrospectively in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. Additional disclosures of current tax expense (recovery) and other information related to income tax exposures will be provided for annual periods beginning on or after November 1, 2023. These amendments have no current impact on the Bank's consolidated results.

(unaudited) (millions of Canadian dollars)

Note 3 – Fair Value of Financial Instruments

Fair Value and Carrying Value of Financial Instruments by Category

Financial assets and financial liabilities are recognized on the Consolidated Balance Sheet at fair value or at amortized cost in accordance with the categories set out in the accounting framework for financial instruments.

								As at July 31, 2023
	Carrying value and fair value				Carrying value	Fair value		
	Financial instruments classified as at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Debt securities classified as at fair value through other comprehensive income	Equity securities designated at fair value through other comprehensive income	Financial instruments at amortized cost, net	Financial instruments at amortized cost, net	Total carrying value	Total fair value
Financial assets								
Cash and deposits with financial institutions	–	–	–	–	39,808	39,808	39,808	39,808
Securities	105,749	820	8,545	572	12,019	11,581	127,705	127,267
Securities purchased under reverse repurchase agreements and securities borrowed	–	39	–	–	12,329	12,329	12,368	12,368
Loans and acceptances, net of allowances	12,862	–	–	–	206,571	204,188	219,433	217,050
Other								
Derivative financial instruments	14,362	–	–	–	–	–	14,362	14,362
Other assets	73	–	–	–	4,469	4,469	4,542	4,542
Financial liabilities								
Deposits[1]	–	18,788			263,535	262,942	282,323	281,730
Other								
Acceptances	–	–			6,709	6,709	6,709	6,709
Obligations related to securities sold short	22,825	–			–	–	22,825	22,825
Obligations related to securities sold under repurchase agreements and securities loaned	–	–			38,433	38,433	38,433	38,433
Derivative financial instruments	18,768	–			–	–	18,768	18,768
Liabilities related to transferred receivables	–	10,072			16,058	15,335	26,130	25,407
Other liabilities	–	–			3,315	3,312	3,315	3,312
Subordinated debt	–	–			748	737	748	737

(1) Includes embedded derivative financial instruments.

(unaudited) (millions of Canadian dollars)

Note 3 – Fair Value of Financial Instruments (cont.)

As at October 31, 2022

				Carrying value and fair value	Carrying value	Fair value		
	Financial instruments classified as at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Debt securities classified as at fair value through other comprehensive income	Equity securities designated at fair value through other comprehensive income	Financial instruments at amortized cost, net	Financial instruments at amortized cost, net	Total carrying value	Total fair value
Financial assets								
Cash and deposits with financial institutions	–	–	–	–	31,870	31,870	31,870	31,870
Securities	86,338	1,037	8,272	556	13,516	13,007	109,719	109,210
Securities purchased under reverse repurchase agreements and securities borrowed	–	–	–	–	26,486	26,486	26,486	26,486
Loans and acceptances, net of allowances	10,516	–	–	–	196,228	190,955	206,744	201,471
Other								
Derivative financial instruments	18,547	–	–	–	–	–	18,547	18,547
Other assets	87	–	–	–	3,221	3,221	3,308	3,308
Financial liabilities								
Deposits(1)	–	15,355			251,039	249,937	266,394	265,292
Other								
Acceptances	–	–			6,541	6,541	6,541	6,541
Obligations related to securities sold short	21,817	–			–	–	21,817	21,817
Obligations related to securities sold under repurchase agreements and securities loaned	–	–			33,473	33,473	33,473	33,473
Derivative financial instruments	19,632	–			–	–	19,632	19,632
Liabilities related to transferred receivables	–	11,352			14,925	14,137	26,277	25,489
Other liabilities	–	–			2,632	2,627	2,632	2,627
Subordinated debt	–	–			1,499	1,478	1,499	1,478

(1) Includes embedded derivative financial instruments.

Establishing Fair Value

The fair value of a financial instrument is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction in the principal market at the measurement date under current market conditions (i.e., an exit price).

Unadjusted quoted prices in active markets provide the best evidence of fair value. When there is no quoted price in an active market, the Bank applies other valuation techniques that maximize the use of relevant observable inputs and that minimize the use of unobservable inputs. Such valuation techniques include the following: using information available from recent market transactions, referring to the current fair value of a comparable financial instrument, applying discounted cash flow analysis, applying option pricing models, or relying on any other valuation technique that is commonly used by market participants and has proven to yield reliable estimates. Judgment is required when applying many of the valuation techniques. The Bank's valuations were based on its assessment of the conditions prevailing as at July 31, 2023 and may change in the future. Furthermore, there may be measurement uncertainty resulting from the choice of valuation model used.

Fair value is established in accordance with a rigorous control framework. The Bank has policies and procedures that govern the process for determining fair value. The Bank's valuation governance structure has remained largely unchanged from that described in Note 3 to the audited annual consolidated financial statements for the year ended October 31, 2022. The valuation techniques used to determine the fair value of financial assets and financial liabilities are also described in this note, and no significant changes have been made to the valuation techniques.

(unaudited) (millions of Canadian dollars)

Financial Instruments Recorded at Fair Value on the Consolidated Balance Sheet

Hierarchy of Fair Value Measurements

IFRS establishes a fair value measurement hierarchy that classifies the inputs used in financial instrument fair value measurement techniques according to three levels. This fair value hierarchy requires observable market inputs in an active market to be used whenever such inputs exist. According to the hierarchy, the highest level of inputs are unadjusted quoted prices in active markets for identical instruments and the lowest level of inputs are unobservable inputs. If inputs from different levels of the hierarchy are used, the financial instrument is classified in the same level as the lowest level input that is significant to the fair value measurement. For additional information, see Note 3 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Transfers of financial instruments between Levels 1 and 2 and transfers to (or from) Level 3 are deemed to have taken place at the beginning of the quarter in which the transfer occurred. Significant transfers can occur between the fair value hierarchy levels due to new information on inputs used to determine fair value and the observable nature of those inputs.

During the quarter ended July 31, 2023, $2 million in securities classified as at fair value through profit or loss and $3 million in obligations related to securities sold short were transferred from Level 2 to Level 1 as a result of changing market conditions ($4 million in securities classified as at fair value through profit or loss during the quarter ended July 31, 2022). Also, during the quarter ended July 31, 2023, $6 million in securities classified as at fair value through profit or loss were transferred from Level 1 to Level 2 as a result of changing market conditions ($16 million in securities classified as at fair value through profit or loss during the quarter ended July 31, 2022). During the nine-month periods ended July 31, 2023 and 2022, financial instruments were transferred to (or from) Level 3 due to changes in the availability of observable market inputs as a result of changing market conditions.

The following tables show financial instruments recorded at fair value on the Consolidated Balance Sheet according to the fair value hierarchy.

				As at July 31, 2023
	Level 1	Level 2	Level 3	Total financial assets/liabilities at fair value
Financial assets				
Securities				
At fair value through profit or loss				
Securities issued or guaranteed by				
Canadian government	6,177	11,241	–	17,418
Canadian provincial and municipal governments	–	8,817	–	8,817
U.S. Treasury, other U.S. agencies and other foreign governments	3,058	2,179	–	5,237
Other debt securities	–	4,254	81	4,335
Equity securities	69,803	543	416	70,762
	79,038	27,034	497	106,569
At fair value through other comprehensive income				
Securities issued or guaranteed by				
Canadian government	78	3,830	–	3,908
Canadian provincial and municipal governments	–	2,238	–	2,238
U.S. Treasury, other U.S. agencies and other foreign governments	765	251	–	1,016
Other debt securities	–	1,383	–	1,383
Equity securities	–	247	325	572
	843	7,949	325	9,117
Securities purchased under reverse repurchase agreements and securities borrowed	–	39	–	39
Loans	–	12,650	212	12,862
Other				
Derivative financial instruments	241	14,106	15	14,362
Other assets – Other items	–	–	73	73
	80,122	61,778	1,122	143,022
Financial liabilities				
Deposits(1)	–	18,852	–	18,852
Other				
Obligations related to securities sold short	17,161	5,664	–	22,825
Derivative financial instruments	453	18,291	24	18,768
Liabilities related to transferred receivables	–	10,072	–	10,072
	17,614	52,879	24	70,517

(1) The amounts include the fair value of embedded derivative financial instruments in deposits.

(unaudited) (millions of Canadian dollars)

Note 3 – Fair Value of Financial Instruments (cont.)

As at October 31, 2022	Level 1	Level 2	Level 3	Total financial assets/liabilities at fair value
Financial assets				
Securities				
At fair value through profit or loss				
Securities issued or guaranteed by				
Canadian government	4,736	8,186	–	12,922
Canadian provincial and municipal governments	–	9,260	–	9,260
U.S. Treasury, other U.S. agencies and other foreign governments	10,639	4,445	–	15,084
Other debt securities	–	3,324	60	3,384
Equity securities	45,805	504	416	46,725
	61,180	25,719	476	87,375
At fair value through other comprehensive income				
Securities issued or guaranteed by				
Canadian government	21	3,191	–	3,212
Canadian provincial and municipal governments	–	1,970	–	1,970
U.S. Treasury, other U.S. agencies and other foreign governments	1,687	191	–	1,878
Other debt securities	–	1,212	–	1,212
Equity securities	–	236	320	556
	1,708	6,800	320	8,828
Loans	–	10,272	244	10,516
Other				
Derivative financial instruments	342	18,204	1	18,547
Other assets – Other items	–	–	87	87
	63,230	60,995	1,128	125,353
Financial liabilities				
Deposits(1)	–	15,424	8	15,432
Other				
Obligations related to securities sold short	15,213	6,604	–	21,817
Derivative financial instruments	625	18,989	18	19,632
Liabilities related to transferred receivables	–	11,352	–	11,352
	15,838	52,369	26	68,233

(1) The amounts include the fair value of embedded derivative financial instruments in deposits.

Financial Instruments Classified in Level 3

The Bank classifies financial instruments in Level 3 when the valuation technique is based on at least one significant input that is not observable in the markets. The Bank maximizes the use of observable inputs to determine the fair value of financial instruments.

For a description of the valuation techniques and significant unobservable inputs used in determining the fair value of financial instruments classified in Level 3, see Note 3 to the audited annual consolidated financial statements for the year ended October 31, 2022. For the quarter and nine-month period ended July 31, 2023, no significant change was made to the valuation techniques and significant unobservable inputs used in determining fair value.

Sensitivity Analysis of Financial Instruments Classified in Level 3
The Bank performs sensitivity analyses for the fair value measurements of Level 3 financial instruments, substituting unobservable inputs with one or more reasonably possible alternative assumptions. For additional information on how a change in an unobservable input might affect the fair value measurements of Level 3 financial instruments, see Note 3 to the audited annual consolidated financial statements for the year ended October 31, 2022. For the nine-month period ended July 31, 2023, there were no significant changes in the sensitivity analyses of Level 3 financial instruments.

(unaudited) (millions of Canadian dollars)

Change in the Fair Value of Financial Instruments Classified in Level 3

The Bank may hedge the fair value of financial instruments classified in the various levels through offsetting hedge positions. Gains and losses on financial instruments classified in Level 3 presented in the following tables do not reflect the inverse gains and losses on financial instruments used for economic hedging purposes that may have been classified in Level 1 or Level 2 by the Bank. In addition, the Bank may hedge the fair value of financial instruments classified in Level 3 using other financial instruments classified in Level 3. The effect of these hedges is not included in the net amount presented in the following tables. The gains and losses presented hereafter may comprise changes in fair value based on observable and unobservable inputs.

					Nine months ended July 31, 2023
	Securities at fair value through profit or loss	**Securities at fair value through other comprehensive income**	**Loans and other assets**	**Derivative financial instruments(1)**	**Deposits(2)**
Fair value as at October 31, 2022	**476**	**320**	**331**	**(17)**	**(8)**
Total realized and unrealized gains (losses) included in *Net income*(3)	**(14)**	**–**	**–**	**(1)**	**–**
Total realized and unrealized gains (losses) included in *Other comprehensive income*	**–**	**5**	**–**	**–**	**–**
Purchases	**54**	**–**	**–**	**–**	**–**
Sales	**(19)**	**–**	**–**	**–**	**–**
Issuances	**–**	**–**	**17**	**–**	**–**
Settlements and other	**–**	**–**	**(63)**	**5**	**–**
Financial instruments transferred into Level 3	**–**	**–**	**–**	**2**	
Financial instruments transferred out of Level 3	**–**	**–**	**–**	**2**	**8**
Fair value as at July 31, 2023	**497**	**325**	**285**	**(9)**	**–**
Change in unrealized gains and losses included in *Net income* with respect to financial assets and financial liabilities held as at July 31, 2023(4)	**22**	**–**	**–**	**(1)**	**–**

					Nine months ended July 31, 2022
	Securities at fair value through profit or loss	Securities at fair value through other comprehensive income	Loans and other assets	Derivative financial instruments(1)	Deposits(2)
Fair value as at October 31, 2021	471	306	297	2	–
Total realized and unrealized gains (losses) included in *Net income*(5)	5	–	(27)	(1)	2
Total realized and unrealized gains (losses) included in *Other comprehensive income*	–	(1)	–	–	–
Purchases	43	7	71	–	–
Sales	(62)	–	–	–	–
Issuances	–	–	16	–	(3)
Settlements and other	–	–	(14)	–	–
Financial instruments transferred into Level 3	–	–	–	1	(3)
Financial instruments transferred out of Level 3	(12)	–	–	–	–
Fair value as at July 31, 2022	445	312	343	2	(4)
Change in unrealized gains and losses included in *Net income* with respect to financial assets and financial liabilities held as at July 31, 2022(6)	(12)	–	(27)	(1)	2

(1) The derivative financial instruments include assets and liabilities presented on a net basis.
(2) The amounts include the fair value of embedded derivative financial instruments in deposits.
(3) Total gains (losses) included in *Non-interest income* was a loss of $15 million.
(4) Total unrealized gains (losses) included in *Non-interest income* was an unrealized gain of $21 million.
(5) Total gains (losses) included in *Non-interest income* was a loss of $21 million.
(6) Total unrealized gains (losses) included in *Non-interest income* was an unrealized loss of $38 million.

(unaudited) (millions of Canadian dollars)

Note 4 – Financial Instruments Designated at Fair Value Through Profit or Loss

The Bank chose to designate certain financial instruments at fair value through profit or loss according to the criteria presented in Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022. Consistent with its risk management strategy and in accordance with the fair value option, which permits the designation if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring financial assets and financial liabilities or recognizing the gains and losses thereon on different bases, the Bank designated certain securities, certain securities purchased under reverse repurchase agreements, and certain liabilities related to transferred receivables at fair value through profit or loss. The fair value of liabilities related to transferred receivables does not include credit risk, as the holders of these liabilities are not exposed to the Bank's credit risk. The Bank also designated certain deposits that include embedded derivative financial instruments at fair value through profit or loss.

To determine a change in fair value arising from a change in the credit risk of deposits designated at fair value through profit or loss, the Bank calculates, at the beginning of the period, the present value of the instrument's contractual cash flows using the following rates: first, an observed discount rate for similar securities that reflects the Bank's credit spread and, then, a rate that excludes the Bank's credit spread. The difference obtained between the two values is then compared to the difference obtained using the same rates at the end of the period.

Information about the financial assets and financial liabilities designated at fair value through profit or loss is provided in the following tables.

	Carrying value as at July 31, 2023	**Unrealized gains (losses) for the quarter ended July 31, 2023**	**Unrealized gains (losses) for the nine months ended July 31, 2023**	**Unrealized gains (losses) since the initial recognition of the instrument**
Financial assets designated at fair value through profit or loss				
Securities	**820**	**(16)**	**(6)**	**(13)**
Securities purchased under reverse repurchase agreements	**39**	**–**	**–**	**–**
	859	**(16)**	**(6)**	**(13)**
Financial liabilities designated at fair value through profit or loss				
Deposits(1)(2)	**18,788**	**(108)**	**(1,123)**	**1,959**
Liabilities related to transferred receivables	**10,072**	**166**	**66**	**566**
	28,860	**58**	**(1,057)**	**2,525**

	Carrying value as at July 31, 2022	Unrealized gains (losses) for the quarter ended July 31, 2022	Unrealized gains (losses) for the nine months ended July 31, 2022	Unrealized gains (losses) since the initial recognition of the instrument
Financial assets designated at fair value through profit or loss				
Securities	1,071	10	(18)	–
Financial liabilities designated at fair value through profit or loss				
Deposits(1)(2)	14,803	322	2,063	2,130
Liabilities related to transferred receivables	10,495	9	330	355
	25,298	331	2,393	2,485

(1) For the quarter ended July 31, 2023, the change in the fair value of deposits designated at fair value through profit or loss attributable to credit risk, and recorded in *Other comprehensive income*, resulted in a loss of $107 million ($362 million gain for the quarter ended July 31, 2022). For the nine-month period ended July 31, 2023, this change resulted in a loss of $326 million ($803 million gain for the nine-month period ended July 31, 2022).

(2) The amount at maturity that the Bank will be contractually required to pay to the holders of these deposits varies and will differ from the reporting date fair value.

(unaudited) (millions of Canadian dollars)

Note 5 – Securities

Credit Quality

As at July 31, 2023 and as at October 31, 2022, securities at fair value through other comprehensive income and securities at amortized cost were mainly classified in Stage 1, with their credit quality falling mostly in the "Excellent" category according to the Bank's internal risk-rating categories. For additional information on the reconciliation of allowances for credit losses, see Note 6 to these consolidated financial statements.

Unrealized Gross Gains (Losses) on Securities at Fair Value Through Other Comprehensive Income

				As at July 31, 2023
	Amortized cost	**Gross unrealized gains**	**Gross unrealized losses**	**Carrying value**(1)
Securities issued or guaranteed by				
Canadian government	**4,107**	**1**	**(200)**	**3,908**
Canadian provincial and municipal governments	**2,384**	**2**	**(148)**	**2,238**
U.S. Treasury, other U.S. agencies and other foreign governments	**1,077**	**–**	**(61)**	**1,016**
Other debt securities	**1,492**	**–**	**(109)**	**1,383**
Equity securities	**578**	**16**	**(22)**	**572**
	9,638	**19**	**(540)**	**9,117**

				As at October 31, 2022
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Carrying value(1)
Securities issued or guaranteed by				
Canadian government	3,386	1	(175)	3,212
Canadian provincial and municipal governments	2,129	1	(160)	1,970
U.S. Treasury, other U.S. agencies and other foreign governments	2,022	–	(144)	1,878
Other debt securities	1,355	–	(143)	1,212
Equity securities	570	21	(35)	556
	9,462	23	(657)	8,828

(1) The allowances for credit losses on securities at fair value through other comprehensive income (excluding the equity securities), representing $3 million as at July 31, 2023 ($2 million as at October 31, 2022), are reported in *Other comprehensive income*. For additional information, see Note 6 to these consolidated financial statements.

Equity Securities Designated at Fair Value Through Other Comprehensive Income

The Bank designated certain equity securities, the main business objective of which is to generate dividend income, at fair value through other comprehensive income without subsequent reclassification of gains and losses to net income. During the nine-month period ended July 31, 2023, a dividend income amount of $26 million was recognized for these investments ($10 million for the nine-month period ended July 31, 2022), including amounts of $1 million for investments that were sold during the nine-month period ended July 31, 2023 ($3 million for investments that were sold during the nine-month period ended July 31, 2022).

		Nine months ended July 31, 2023			Nine months ended July 31, 2022	
	Equity securities of private companies	**Equity securities of public companies**	**Total**	Equity securities of private companies	Equity securities of public companies	Total
Fair value at beginning	**320**	**236**	**556**	306	311	617
Change in fair value	**5**	**2**	**7**	(1)	(34)	(35)
Designated at fair value through other comprehensive income(1)	**–**	**255**	**255**	7	106	113
Sales(2)	**–**	**(246)**	**(246)**	–	(149)	(149)
Fair value at end	**325**	**247**	**572**	312	234	546

(1) On May 2, 2023, the Bank concluded that it had lost significant influence over TMX Group Limited (TMX) and therefore, as of this date, ceased using the equity method to account for this investment. The Bank designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of $191 million.
(2) The Bank disposed of private and public company equity securities for economic reasons.

(unaudited) (millions of Canadian dollars)

Note 5 – Securities (cont.)

Securities at Amortized Cost

	As at July 31, 2023	As at October 31, 2022
Securities issued or guaranteed by		
Canadian government	5,956	5,737
Canadian provincial and municipal governments	1,926	1,826
U.S. Treasury, other U.S. agencies and other foreign governments	495	150
Other debt securities	3,650	5,810
Gross carrying value	12,027	13,523
Allowances for credit losses	8	7
Carrying value	12,019	13,516

Gains (Losses) on Disposals of Securities at Amortized Cost

During the nine-month periods ended July 31, 2023 and 2022, the Bank disposed of certain debt securities measured at amortized cost. The carrying value of these securities upon disposal was $821 million for the nine-month period ended July 31, 2023 ($337 million for the nine-month period ended July 31, 2022), and the Bank recognized negligible gains for the nine-month period ended July 31, 2023 ($4 million for the nine-month period ended July 31, 2022) in *Non-interest income – Gains (losses) on non-trading securities, net* in the Consolidated Statement of Income.

Note 6 – Loans and Allowances for Credit Losses

Determining and Measuring Expected Credit Losses (ECL)

Determining Expected Credit Losses
Expected credit losses are determined using a three-stage impairment approach that is based on the change in the credit quality of financial assets since initial recognition.

Non-Impaired Loans
Stage 1
Financial assets that have experienced no significant increase in credit risk between initial recognition and the reporting date, and for which 12-month expected credit losses are recorded at the reporting date, are classified in Stage 1.

Stage 2
Financial assets that have experienced a significant increase in credit risk between initial recognition and the reporting date, and for which lifetime expected credit losses are recorded at the reporting date, are classified in Stage 2.

Impaired Loans
Stage 3
Financial assets for which there is objective evidence of impairment, for which one or more events have had a detrimental impact on the estimated future cash flows of these financial assets at the reporting date, and for which lifetime expected credit losses are recorded, are classified in Stage 3.

POCI
Financial assets that are credit-impaired when purchased or originated (POCI) are classified in the POCI category.

For additional information, see Notes 1 and 7 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Credit Quality of Loans

The following tables present the gross carrying amounts of loans as at July 31, 2023 and as at October 31, 2022, according to credit quality and ECL impairment stage of each loan category at amortized cost, and according to credit quality for loans at fair value through profit or loss. For additional information on credit quality according to the Internal Ratings-Based (IRB) categories, see the Internal Default Risk Ratings table on page 78 in the Credit Risk section of the *2022 Annual Report*.

(unaudited) (millions of Canadian dollars)

						As at July 31, 2023
	Non-impaired loans		Impaired loans		Loans at fair value through profit or loss(1)	
	Stage 1	Stage 2	Stage 3	POCI		Total
Residential mortgage						
Excellent	29,714	–	–	–	–	29,714
Good	17,013	110	–	–	–	17,123
Satisfactory	11,484	3,952	–	–	–	15,436
Special mention	441	751	–	–	–	1,192
Substandard	62	224	–	–	–	286
Default	–	–	54	–	–	54
IRB Approach	58,714	5,037	54	–	–	63,805
Standardized Approach	8,730	181	243	307	11,510	20,971
Gross carrying amount	67,444	5,218	297	307	11,510	84,776
Allowances for credit losses(2)	63	86	74	(79)	–	144
Carrying amount	67,381	5,132	223	386	11,510	84,632
Personal						
Excellent	21,680	37	–	–	–	21,717
Good	8,449	612	–	–	–	9,061
Satisfactory	6,362	1,674	–	–	–	8,036
Special mention	1,818	808	–	–	–	2,626
Substandard	34	213	–	–	–	247
Default	–	–	152	–	–	152
IRB Approach	38,343	3,344	152	–	–	41,839
Standardized Approach	3,604	69	56	225	–	3,954
Gross carrying amount	41,947	3,413	208	225	–	45,793
Allowances for credit losses(2)	88	104	85	(8)	–	269
Carrying amount	41,859	3,309	123	233	–	45,524
Credit card						
Excellent	621	–	–	–	–	621
Good	376	–	–	–	–	376
Satisfactory	731	65	–	–	–	796
Special mention	283	195	–	–	–	478
Substandard	37	79	–	–	–	116
Default	–	–	–	–	–	–
IRB Approach	2,048	339	–	–	–	2,387
Standardized Approach	104	–	–	–	–	104
Gross carrying amount	2,152	339	–	–	–	2,491
Allowances for credit losses(2)	31	102	–	–	–	133
Carrying amount	2,121	237	–	–	–	2,358
Business and government(3)						
Excellent	8,477	–	–	–	1,128	9,605
Good	27,059	3	–	–	53	27,115
Satisfactory	31,069	7,440	–	–	139	38,648
Special mention	150	1,704	–	–	–	1,854
Substandard	11	291	326	–	–	628
Default	–	–	51	–	–	51
IRB Approach	66,766	9,438	377	–	1,320	77,901
Standardized Approach	9,478	52	30	–	32	9,592
Gross carrying amount	76,244	9,490	407	–	1,352	87,493
Allowances for credit losses(2)	174	184	216	–	–	574
Carrying amount	76,070	9,306	191	–	1,352	86,919
Total loans and acceptances						
Gross carrying amount	187,787	18,460	912	532	12,862	220,553
Allowances for credit losses(2)	356	476	375	(87)	–	1,120
Carrying amount	187,431	17,984	537	619	12,862	219,433

(1) Not subject to expected credit losses.
(2) The allowances for credit losses do not include the amounts related to undrawn commitments reported in the *Other liabilities* item of the Consolidated Balance Sheet.
(3) Includes customers' liability under acceptances.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

As at October 31, 2022

	Non-impaired loans		Impaired loans		Loans at fair value through profit or loss[1]	
	Stage 1	Stage 2	Stage 3	POCI		Total
Residential mortgage						
Excellent	30,465	–	–	–	–	30,465
Good	16,351	12	–	–	–	16,363
Satisfactory	10,765	3,269	–	–	–	14,034
Special mention	609	394	–	–	–	1,003
Substandard	76	140	–	–	–	216
Default	–	–	49	–	–	49
AIRB Approach	58,266	3,815	49	–	–	62,130
Standardized Approach	7,266	179	211	384	9,959	17,999
Gross carrying amount	65,532	3,994	260	384	9,959	80,129
Allowances for credit losses[2]	53	80	61	(76)	–	118
Carrying amount	65,479	3,914	199	460	9,959	80,011
Personal						
Excellent	22,190	22	–	–	–	22,212
Good	8,792	479	–	–	–	9,271
Satisfactory	6,928	1,394	–	–	–	8,322
Special mention	358	775	–	–	–	1,133
Substandard	26	203	–	–	–	229
Default	–	–	130	–	–	130
AIRB Approach	38,294	2,873	130	–	–	41,297
Standardized Approach	3,837	78	36	75	–	4,026
Gross carrying amount	42,131	2,951	166	75	–	45,323
Allowances for credit losses[2]	67	113	75	(16)	–	239
Carrying amount	42,064	2,838	91	91	–	45,084
Credit card						
Excellent	600	–	–	–	–	600
Good	359	–	–	–	–	359
Satisfactory	689	51	–	–	–	740
Special mention	287	178	–	–	–	465
Substandard	37	71	–	–	–	108
Default	–	–	–	–	–	–
AIRB Approach	1,972	300	–	–	–	2,272
Standardized Approach	117	–	–	–	–	117
Gross carrying amount	2,089	300	–	–	–	2,389
Allowances for credit losses[2]	31	95	–	–	–	126
Carrying amount	2,058	205	–	–	–	2,263
Business and government[3]						
Excellent	6,140	2	–	–	147	6,289
Good	27,607	112	–	–	53	27,772
Satisfactory	26,567	8,803	–	–	145	35,515
Special mention	75	1,172	–	–	–	1,247
Substandard	41	272	–	–	–	313
Default	–	–	367	–	–	367
AIRB Approach	60,430	10,361	367	–	345	71,503
Standardized Approach	8,096	28	19	–	212	8,355
Gross carrying amount	68,526	10,389	386	–	557	79,858
Allowances for credit losses[2]	115	160	197	–	–	472
Carrying amount	68,411	10,229	189	–	557	79,386
Total loans and acceptances						
Gross carrying amount	178,278	17,634	812	459	10,516	207,699
Allowances for credit losses[2]	266	448	333	(92)	–	955
Carrying amount	178,012	17,186	479	551	10,516	206,744

(1) Not subject to expected credit losses.
(2) The allowances for credit losses do not include the amounts related to undrawn commitments reported in the *Other liabilities* item of the Consolidated Balance Sheet.
(3) Includes customers' liability under acceptances.

(unaudited) (millions of Canadian dollars)

The following table presents the credit risk exposures of off-balance-sheet commitments as at July 31, 2023 and as at October 31, 2022 according to credit quality and ECL impairment stage.

	As at July 31, 2023				As at October 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Off-balance-sheet commitments(1)								
Retail								
Excellent	15,996	25	–	16,021	15,292	13	–	15,305
Good	3,571	220	–	3,791	3,316	165	–	3,481
Satisfactory	1,239	210	–	1,449	1,170	180	–	1,350
Special mention	210	80	–	290	193	68	–	261
Substandard	16	18	–	34	15	15	–	30
Default	–	–	1	1	–	–	1	1
Non-retail								
Excellent	14,523	–	–	14,523	13,136	–	–	13,136
Good	19,840	–	–	19,840	18,723	24	–	18,747
Satisfactory	12,271	3,670	–	15,941	7,894	3,488	–	11,382
Special mention	15	219	–	234	12	246	–	258
Substandard	5	28	–	33	4	24	–	28
Default	–	–	10	10	–	–	18	18
IRB Approach	67,686	4,470	11	72,167	59,755	4,223	19	63,997
Standardized Approach	17,688	–	–	17,688	15,432	–	–	15,432
Total exposure	85,374	4,470	11	89,855	75,187	4,223	19	79,429
Allowances for credit losses	100	57	–	157	99	63	–	162
Total exposure, net of allowances	85,274	4,413	11	89,698	75,088	4,160	19	79,267

(1) Represent letters of guarantee and documentary letters of credit, undrawn commitments, and backstop liquidity and credit enhancement facilities.

Loans Past Due But Not Impaired(1)

	As at July 31, 2023				As at October 31, 2022			
	Residential mortgage	Personal	Credit card	Business and government(2)	Residential mortgage	Personal	Credit card	Business and government(2)
Past due but not impaired								
31 to 60 days	117	103	23	38	106	105	23	23
61 to 90 days	56	40	12	12	38	30	11	9
Over 90 days(3)	–	–	27	–	–	–	22	–
	173	143	62	50	144	135	56	32

(1) Loans less than 31 days past due are not presented as they are not considered past due from an administrative standpoint.
(2) Includes customers' liability under acceptances.
(3) All loans more than 90 days past due, except for credit card receivables, are considered impaired (Stage 3).

Impaired Loans

	As at July 31, 2023			As at October 31, 2022		
	Gross	Allowances for credit losses	Net	Gross	Allowances for credit losses	Net
Loans – Stage 3						
Residential mortgage	297	74	223	260	61	199
Personal	208	85	123	166	75	91
Credit card(1)	–	–	–	–	–	–
Business and government(2)	407	216	191	386	197	189
	912	375	537	812	333	479
Loans – POCI	532	(87)	619	459	(92)	551
	1,444	288	1,156	1,271	241	1,030

(1) Credit card receivables are considered impaired, at the latest, when payment is 180 days past due, and they are written off at that time.
(2) Includes customers' liability under acceptances.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

Allowances for Credit Losses

The following tables present a reconciliation of the allowances for credit losses by Consolidated Balance Sheet item and by type of off-balance-sheet commitment.

						Quarter ended July 31, 2023
	Allowances for credit losses as at April 30, 2023	Provisions for credit losses	Write-offs(1)	Disposals	Recoveries and other	Allowances for credit losses as at July 31, 2023
Balance sheet						
Cash and deposits with financial institutions(2)(3)	7	2	–	–	–	9
Securities(3)						
At fair value through other comprehensive income(4)	2	1	–	–	–	3
At amortized cost(2)	8	–	–	–	–	8
Securities purchased under reverse repurchase agreements and securities borrowed(2)(3)	–	–	–	–	–	–
Loans(5)						
Residential mortgage	141	4	–	–	(1)	144
Personal	262	32	(29)	–	4	269
Credit card	134	17	(22)	–	4	133
Business and government	495	34	(4)	–	(1)	524
Customers' liability under acceptances	38	12	–	–	–	50
	1,070	99	(55)	–	6	1,120
Other assets(2)(3)	–	–	–	–	–	–
Off-balance-sheet commitments(6)						
Letters of guarantee and documentary letters of credit	11	2	–	–	–	13
Undrawn commitments	131	6	–	–	–	137
Backstop liquidity and credit enhancement facilities	6	1	–	–	–	7
	148	9	–	–	–	157
	1,235	111	(55)	–	6	1,297

						Quarter ended July 31, 2022
	Allowances for credit losses as at April 30, 2022	Provisions for credit losses	Write-offs(1)	Disposals	Recoveries and other	Allowances for credit losses as at July 31, 2022
Balance sheet						
Cash and deposits with financial institutions(2)(3)	5	–	–	–	–	5
Securities(3)						
At fair value through other comprehensive income(4)	1	–	–	–	–	1
At amortized cost(2)	6	(1)	–	–	–	5
Securities purchased under reverse repurchase agreements and securities borrowed(2)(3)	–	–	–	–	–	–
Loans(5)						
Residential mortgage	81	10	(1)	–	1	91
Personal	215	26	(13)	–	3	231
Credit card	122	15	(15)	–	3	125
Business and government	448	9	(1)	–	1	457
Customers' liability under acceptances	49	(1)	–	–	–	48
	915	59	(30)	–	8	952
Other assets(2)(3)	–	–	–	–	–	–
Off-balance-sheet commitments(6)						
Letters of guarantee and documentary letters of credit	11	1	–	–	–	12
Undrawn commitments	115	(2)	–	–	–	113
Backstop liquidity and credit enhancement facilities	5	–	–	–	–	5
	131	(1)	–	–	–	130
	1,058	57	(30)	–	8	1,093

(1) The contractual amount outstanding on financial assets that were written off during the quarter ended July 31, 2023 and that are still subject to enforcement activity was $31 million ($21 million for the quarter ended July 31, 2022).
(2) These financial assets are presented net of the allowances for credit losses on the Consolidated Balance Sheet.
(3) As at July 31, 2023 and 2022, these financial assets were mainly classified in Stage 1 and their credit quality fell mostly within the *Excellent* category.
(4) The allowances for credit losses are reported in the *Accumulated other comprehensive income* item of the Consolidated Balance Sheet.
(5) The allowances for credit losses are reported in the *Allowances for credit losses* item of the Consolidated Balance Sheet.
(6) The allowances for credit losses are reported in the *Other liabilities* item of the Consolidated Balance Sheet.

(unaudited) (millions of Canadian dollars)

	Nine months ended July 31, 2023					
	Allowances for credit losses as at October 31, 2022	**Provisions for credit losses**	**Write-offs[1]**	**Disposals**	**Recoveries and other**	**Allowances for credit losses as at July 31, 2023**
Balance sheet						
Cash and deposits with financial institutions[2][3]	5	4	–	–	–	9
Securities[3]						
At fair value through other comprehensive income[4]	2	1	–	–	–	3
At amortized cost[2]	7	1	–	–	–	8
Securities purchased under reverse repurchase agreements and securities borrowed[2][3]	–	–	–	–	–	–
Loans[5]						
Residential mortgage	118	29	(1)	–	(2)	144
Personal	239	84	(66)	–	12	269
Credit card	126	56	(60)	–	11	133
Business and government	418	116	(12)	–	2	524
Customers' liability under acceptances	54	(4)	–	–	–	50
	955	281	(139)	–	23	1,120
Other assets[2][3]	–	–	–	–	–	–
Off-balance-sheet commitments[6]						
Letters of guarantee and documentary letters of credit	13	–	–	–	–	13
Undrawn commitments	143	(6)	–	–	–	137
Backstop liquidity and credit enhancement facilities	6	1	–	–	–	7
	162	(5)	–	–	–	157
	1,131	282	(139)	–	23	1,297

	Nine months ended July 31, 2022					
	Allowances for credit losses as at October 31, 2021	Provisions for credit losses	Write-offs[1]	Disposals	Recoveries and other	Allowances for credit losses as at July 31, 2022
Balance sheet						
Cash and deposits with financial institutions[2][3]	5	–	–	–	–	5
Securities[3]						
At fair value through other comprehensive income[4]	1	–	–	–	–	1
At amortized cost[2]	3	2	–	–	–	5
Securities purchased under reverse repurchase agreements and securities borrowed[2][3]	–	–	–	–	–	–
Loans[5]						
Residential mortgage	71	21	(3)	–	2	91
Personal	202	52	(36)	–	13	231
Credit card	122	36	(45)	–	12	125
Business and government	515	19	(82)	–	5	457
Customers' liability under acceptances	88	(40)	–	–	–	48
	998	88	(166)	–	32	952
Other assets[2][3]	–	–	–	–	–	–
Off-balance-sheet commitments[6]						
Letters of guarantee and documentary letters of credit	13	(1)	–	–	–	12
Undrawn commitments	143	(30)	–	–	–	113
Backstop liquidity and credit enhancement facilities	6	(1)	–	–	–	5
	162	(32)	–	–	–	130
	1,169	58	(166)	–	32	1,093

(1) The contractual amount outstanding on financial assets that were written off during the nine-month period ended July 31, 2023 and that are still subject to enforcement activity was $83 million ($68 million for the nine-month period ended July 31, 2022).
(2) These financial assets are presented net of the allowances for credit losses on the Consolidated Balance Sheet.
(3) As at July 31, 2023 and 2022, these financial assets were mainly classified in Stage 1 and their credit quality fell mostly within the *Excellent* category.
(4) The allowances for credit losses are reported in the *Accumulated other comprehensive income* item of the Consolidated Balance Sheet.
(5) The allowances for credit losses are reported in the *Allowances for credit losses* item of the Consolidated Balance Sheet.
(6) The allowances for credit losses are reported in the *Other liabilities* item of the Consolidated Balance Sheet.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

The following tables present a reconciliation of allowances for credit losses for each loan category at amortized cost according to ECL impairment stage.

	Quarter ended July 31, 2023					Quarter ended July 31, 2022				
	Allowances for credit losses on non-impaired loans		**Allowances for credit losses on impaired loans**			Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans		
	Stage 1	**Stage 2**	**Stage 3**	**POCI[1]**	**Total**	Stage 1	Stage 2	Stage 3	POCI[1]	Total
Residential mortgage										
Balance at beginning	**64**	**81**	**63**	**(67)**	**141**	44	57	39	(59)	81
Originations or purchases	**5**	**–**	**–**	**–**	**5**	5	–	–	–	5
Transfers[2]:										
to Stage 1	**17**	**(17)**	**–**	**–**	**–**	5	(4)	(1)	–	–
to Stage 2	**(3)**	**5**	**(2)**	**–**	**–**	(1)	3	(2)	–	–
to Stage 3	**(1)**	**(7)**	**8**	**–**	**–**	–	(1)	1	–	–
Net remeasurement of loss allowances[3]	**(12)**	**20**	**7**	**(14)**	**1**	(4)	3	9	(1)	7
Derecognitions[4]	**(1)**	**(2)**	**(1)**	**–**	**(4)**	(1)	–	(1)	–	(2)
Changes to models	**(5)**	**7**	**–**	**–**	**2**	–	–	–	–	–
Provisions for credit losses	**–**	**6**	**12**	**(14)**	**4**	4	1	6	(1)	10
Write-offs	**–**	**–**	**–**	**–**	**–**	–	–	(1)	–	(1)
Disposals	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Recoveries	**–**	**–**	**1**	**–**	**1**	–	–	1	–	1
Foreign exchange movements and other	**(1)**	**(1)**	**(2)**	**2**	**(2)**	–	–	–	–	–
Balance at end	**63**	**86**	**74**	**(79)**	**144**	48	58	45	(60)	91
Includes:										
Amounts drawn	**63**	**86**	**74**	**(79)**	**144**	48	58	45	(60)	91
Undrawn commitments[5]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Personal										
Balance at beginning	**82**	**114**	**83**	**(10)**	**269**	70	109	65	(22)	222
Originations or purchases	**16**	**–**	**–**	**–**	**16**	14	–	–	–	14
Transfers[2]:										
to Stage 1	**24**	**(21)**	**(3)**	**–**	**–**	19	(18)	(1)	–	–
to Stage 2	**(7)**	**9**	**(2)**	**–**	**–**	(3)	4	(1)	–	–
to Stage 3	**(1)**	**(29)**	**30**	**–**	**–**	–	(6)	6	–	–
Net remeasurement of loss allowances[3]	**(19)**	**38**	**2**	**2**	**23**	(22)	30	9	8	25
Derecognitions[4]	**(3)**	**(5)**	**(1)**	**–**	**(9)**	(3)	(4)	(2)	–	(9)
Changes to models	**–**	**3**	**–**	**–**	**3**	(2)	(2)	–	–	(4)
Provisions for credit losses	**10**	**(5)**	**26**	**2**	**33**	3	4	11	8	26
Write-offs	**–**	**–**	**(29)**	**–**	**(29)**	–	–	(13)	–	(13)
Disposals	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Recoveries	**–**	**–**	**6**	**–**	**6**	–	–	3	–	3
Foreign exchange movements and other	**(1)**	**–**	**(1)**	**–**	**(2)**	–	–	1	(1)	–
Balance at end	**91**	**109**	**85**	**(8)**	**277**	73	113	67	(15)	238
Includes:										
Amounts drawn	**88**	**104**	**85**	**(8)**	**269**	71	108	67	(15)	231
Undrawn commitments[5]	**3**	**5**	**–**	**–**	**8**	2	5	–	–	7

(1) The total amount of undiscounted initially expected credit losses on the POCI loans acquired during the quarter ended July 31, 2023 was $34 million ($3 million for the quarter ended July 31, 2022). The expected credit losses reflected in the purchase price have been discounted.
(2) Represent stage transfers deemed to have taken place at the beginning of the quarter in which the transfer occurred.
(3) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volumes and in the credit quality of existing loans as well as to changes in risk parameters.
(4) Represent reversals to loss allowances arising from full loan repayments (excluding write-offs and disposals).
(5) The allowances for credit losses on undrawn commitments are reported in the *Other liabilities* item of the Consolidated Balance Sheet.

(unaudited) (millions of Canadian dollars)

	Quarter ended July 31, 2023					Quarter ended July 31, 2022				
	Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans			Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans		
	Stage 1	Stage 2	Stage 3	POCI[(1)]	Total	Stage 1	Stage 2	Stage 3	POCI[(1)]	Total
Credit card										
Balance at beginning	57	121	–	–	178	55	102	–	–	157
Originations or purchases	3	–	–	–	3	3	–	–	–	3
Transfers[(2)]:										
to Stage 1	27	(27)	–	–	–	24	(24)	–	–	–
to Stage 2	(5)	5	–	–	–	(3)	3	–	–	–
to Stage 3	–	(9)	9	–	–	(1)	(6)	7	–	–
Net remeasurement of loss allowances[(3)]	(24)	34	9	–	19	(21)	29	5	–	13
Derecognitions[(4)]	–	(1)	–	–	(1)	(1)	–	–	–	(1)
Changes to models	–	–	–	–	–	–	–	–	–	–
Provisions for credit losses	1	2	18	–	21	1	2	12	–	15
Write-offs	–	–	(22)	–	(22)	–	–	(15)	–	(15)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	4	–	4	–	–	3	–	3
Foreign exchange movements and other	–	–	–	–	–	–	–	–	–	–
Balance at end	58	123	–	–	181	56	104	–	–	160
Includes:										
Amounts drawn	31	102	–	–	133	34	91	–	–	125
Undrawn commitments[(5)]	27	21	–	–	48	22	13	–	–	35
Business and government[(6)]										
Balance at beginning	218	204	191	–	613	166	190	214	–	570
Originations or purchases	19	–	–	–	19	23	–	–	–	23
Transfers[(2)]:										
to Stage 1	6	(6)	–	–	–	16	(16)	–	–	–
to Stage 2	(7)	8	(1)	–	–	(5)	6	(1)	–	–
to Stage 3	–	(2)	2	–	–	–	(1)	1	–	–
Net remeasurement of loss allowances[(3)]	(2)	9	28	–	35	(15)	24	(11)	–	(2)
Derecognitions[(4)]	(4)	(3)	–	–	(7)	(6)	(8)	(1)	–	(15)
Changes to models	–	–	–	–	–	–	–	–	–	–
Provisions for credit losses	12	6	29	–	47	13	5	(12)	–	6
Write-offs	–	–	(4)	–	(4)	–	–	(1)	–	(1)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	–	–	–	–	–	1	–	1
Foreign exchange movements and other	–	(1)	–	–	(1)	–	–	–	–	–
Balance at end	230	209	216	–	655	179	195	202	–	576
Includes:										
Amounts drawn	174	184	216	–	574	129	174	202	–	505
Undrawn commitments[(5)]	56	25	–	–	81	50	21	–	–	71
Total allowances for credit losses at end[(7)]	442	527	375	(87)	1,257	356	470	314	(75)	1,065
Includes:										
Amounts drawn	356	476	375	(87)	1,120	282	431	314	(75)	952
Undrawn commitments[(5)]	86	51	–	–	137	74	39	–	–	113

(1) The total amount of undiscounted initially expected credit losses on the POCI loans acquired during the quarter ended July 31, 2023 was $34 million ($3 million for the quarter ended July 31, 2022). The expected credit losses reflected in the purchase price have been discounted.
(2) Represent stage transfers deemed to have taken place at the beginning of the quarter in which the transfer occurred.
(3) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volumes and in the credit quality of existing loans as well as to changes in risk parameters.
(4) Represent reversals to loss allowances arising from full loan repayments (excluding write-offs and disposals).
(5) The allowances for credit losses on undrawn commitments are reported in the *Other liabilities* item of the Consolidated Balance Sheet.
(6) Includes customers' liability under acceptances.
(7) Excludes allowances for credit losses on other financial assets at amortized cost and on off-balance-sheet commitments other than undrawn commitments.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

	Nine months ended July 31, 2023					Nine months ended July 31, 2022				
	Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans			Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans		
	Stage 1	Stage 2	Stage 3	POCI[1]	Total	Stage 1	Stage 2	Stage 3	POCI[1]	Total
Residential mortgage										
Balance at beginning	53	80	61	(76)	118	50	52	29	(60)	71
Originations or purchases	13	–	–	–	13	14	–	–	–	14
Transfers[2]:										
to Stage 1	38	(35)	(3)	–	–	15	(13)	(2)	–	–
to Stage 2	(9)	23	(14)	–	–	(3)	5	(2)	–	–
to Stage 3	(1)	(21)	22	–	–	–	(1)	1	–	–
Net remeasurement of loss allowances[3]	(21)	41	15	(6)	29	(27)	16	21	2	12
Derecognitions[4]	(4)	(7)	(4)	–	(15)	(2)	(2)	(1)	–	(5)
Changes to models	(5)	7	–	–	2	–	–	–	–	–
Provisions for credit losses	11	8	16	(6)	29	(3)	5	17	2	21
Write-offs	–	–	(1)	–	(1)	–	–	(3)	–	(3)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	1	–	1	–	–	2	–	2
Foreign exchange movements and other	(1)	(2)	(3)	3	(3)	1	1	–	(2)	–
Balance at end	63	86	74	(79)	144	48	58	45	(60)	91
Includes:										
Amounts drawn	63	86	74	(79)	144	48	58	45	(60)	91
Undrawn commitments[5]	–	–	–	–	–	–	–	–	–	–
Personal										
Balance at beginning	70	117	75	(16)	246	73	103	63	(29)	210
Originations or purchases	33	–	–	–	33	38	–	–	–	38
Transfers[2]:										
to Stage 1	72	(66)	(6)	–	–	50	(46)	(4)	–	–
to Stage 2	(14)	18	(4)	–	–	(9)	11	(2)	–	–
to Stage 3	(1)	(55)	56	–	–	–	(19)	19	–	–
Net remeasurement of loss allowances[3]	(62)	106	20	8	72	(67)	69	17	15	34
Derecognitions[4]	(7)	(14)	(3)	–	(24)	(8)	(12)	(3)	–	(23)
Changes to models	1	3	–	–	4	(4)	6	–	–	2
Provisions for credit losses	22	(8)	63	8	85	–	9	27	15	51
Write-offs	–	–	(66)	–	(66)	–	–	(36)	–	(36)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	15	–	15	–	–	13	–	13
Foreign exchange movements and other	(1)	–	(2)	–	(3)	–	1	–	(1)	–
Balance at end	91	109	85	(8)	277	73	113	67	(15)	238
Includes:										
Amounts drawn	88	104	85	(8)	269	71	108	67	(15)	231
Undrawn commitments[5]	3	5	–	–	8	2	5	–	–	7

(1) The total amount of undiscounted initially expected credit losses on the POCI loans acquired during the nine-month period ended July 31, 2023 was $34 million ($12 million during the nine-month period ended July 31, 2022). The expected credit losses reflected in the purchase price have been discounted.
(2) Represent stage transfers deemed to have taken place at the beginning of the quarter in which the transfer occurred.
(3) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volumes and in the credit quality of existing loans as well as to changes in risk parameters.
(4) Represent reversals to loss allowances arising from full loan repayments (excluding write-offs and disposals).
(5) The allowances for credit losses on undrawn commitments are reported in the *Other liabilities* item of the Consolidated Balance Sheet.

(unaudited) (millions of Canadian dollars)

	Nine months ended July 31, 2023					Nine months ended July 31, 2022				
	Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans			Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans		
	Stage 1	Stage 2	Stage 3	POCI(1)	Total	Stage 1	Stage 2	Stage 3	POCI(1)	Total
Credit card										
Balance at beginning	53	112	–	–	165	57	101	–	–	158
Originations or purchases	8	–	–	–	8	9	–	–	–	9
Transfers(2):										
to Stage 1	74	(74)	–	–	–	67	(67)	–	–	–
to Stage 2	(13)	13	–	–	–	(12)	12	–	–	–
to Stage 3	–	(25)	25	–	–	(1)	(17)	18	–	–
Net remeasurement of loss allowances(3)	(62)	99	24	–	61	(62)	76	15	–	29
Derecognitions(4)	(2)	(2)	–	–	(4)	(2)	(1)	–	–	(3)
Changes to models	–	–	–	–	–	–	–	–	–	–
Provisions for credit losses	5	11	49	–	65	(1)	3	33	–	35
Write-offs	–	–	(60)	–	(60)	–	–	(45)	–	(45)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	11	–	11	–	–	12	–	12
Foreign exchange movements and other	–	–	–	–	–	–	–	–	–	–
Balance at end	58	123	–	–	181	56	104	–	–	160
Includes:										
Amounts drawn	31	102	–	–	133	34	91	–	–	125
Undrawn commitments(5)	27	21	–	–	48	22	13	–	–	35
Business and government(6)										
Balance at beginning	177	195	197	–	569	177	238	287	–	702
Originations or purchases	65	–	–	–	65	59	–	–	–	59
Transfers(2):										
to Stage 1	38	(38)	–	–	–	56	(56)	–	–	–
to Stage 2	(18)	22	(4)	–	–	(17)	20	(3)	–	–
to Stage 3	–	(4)	4	–	–	–	(2)	2	–	–
Net remeasurement of loss allowances(3)	(17)	57	33	–	73	(72)	20	(4)	–	(56)
Derecognitions(4)	(14)	(22)	(4)	–	(40)	(24)	(25)	(3)	–	(52)
Changes to models	(1)	(1)	–	–	(2)	–	–	–	–	–
Provisions for credit losses	53	14	29	–	96	2	(43)	(8)	–	(49)
Write-offs	–	–	(12)	–	(12)	–	–	(82)	–	(82)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	3	–	3	–	–	3	–	3
Foreign exchange movements and other	–	–	(1)	–	(1)	–	–	2	–	2
Balance at end	230	209	216	–	655	179	195	202	–	576
Includes:										
Amounts drawn	174	184	216	–	574	129	174	202	–	505
Undrawn commitments(5)	56	25	–	–	81	50	21	–	–	71
Total allowances for credit losses at end(7)	442	527	375	(87)	1,257	356	470	314	(75)	1,065
Includes:										
Amounts drawn	356	476	375	(87)	1,120	282	431	314	(75)	952
Undrawn commitments(5)	86	51	–	–	137	74	39	–	–	113

(1) The total amount of undiscounted initially expected credit losses on the POCI loans acquired during the nine-month period ended July 31, 2023 was $34 million ($12 million during the nine-month period ended July 31, 2022). The expected credit losses reflected in the purchase price have been discounted.
(2) Represent stage transfers deemed to have taken place at the beginning of the quarter in which the transfer occurred.
(3) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volumes and in the credit quality of existing loans as well as to changes in risk parameters.
(4) Represent reversals to loss allowances arising from full loan repayments (excluding write-offs and disposals).
(5) The allowances for credit losses on undrawn commitments are reported in the *Other liabilities* item of the Consolidated Balance Sheet.
(6) Includes customers' liability under acceptances.
(7) Excludes allowances for credit losses on other financial assets at amortized cost and on off-balance-sheet commitments other than undrawn commitments.

(unaudited) (millions of Canadian dollars)

Note 6 – Loans and Allowances for Credit Losses (cont.)

Main Macroeconomic Factors

The following tables show the main macroeconomic factors used to estimate the allowances for credit losses on loans. For each scenario, namely, the base scenario, upside scenario, and downside scenario, the average values of the macroeconomic factors over the next 12 months (used for Stage 1 credit loss calculations) and over the remaining forecast period (used for Stage 2 credit loss calculations) are presented.

						As at July 31, 2023
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Macroeconomic factors(1)						
GDP growth(2)	(0.4) %	1.7 %	0.4 %	1.9 %	(4.9) %	2.6 %
Unemployment rate	6.1 %	6.5 %	5.7 %	5.6 %	7.5 %	7.0 %
Housing price index growth(2)	– %	2.4 %	6.1 %	2.3 %	(13.9) %	0.3 %
BBB spread(3)	2.4 %	2.1 %	1.9 %	1.8 %	3.1 %	2.4 %
S&P/TSX growth(2)(4)	(5.5) %	3.7 %	4.0 %	3.0 %	(25.6) %	5.5 %
WTI oil price(5) *(US$ per barrel)*	67	70	82	77	41	50

						As at April 30, 2023
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Macroeconomic factors(1)						
GDP growth(2)	(0.3) %	1.7 %	0.5 %	1.9 %	(5.1) %	2.6 %
Unemployment rate	5.8 %	6.3 %	5.5 %	5.5 %	7.3 %	6.9 %
Housing price index growth(2)	(6.6) %	1.4 %	(0.7) %	1.2 %	(13.9) %	0.3 %
BBB spread(3)	2.2 %	2.0 %	1.9 %	1.8 %	3.1 %	2.3 %
S&P/TSX growth(2)(4)	1.2 %	2.0 %	5.6 %	2.6 %	(25.6) %	5.5 %
WTI oil price(5) *(US$ per barrel)*	71	69	84	80	43	52

						As at October 31, 2022
	Base scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Macroeconomic factors(1)						
GDP growth(2)	0.6 %	1.7 %	1.1 %	1.6 %	(5.2) %	2.9 %
Unemployment rate	6.0 %	6.1 %	5.4 %	5.4 %	7.4 %	6.4 %
Housing price index growth(2)	(11.2) %	0.7 %	– %	0.2 %	(13.9) %	0.3 %
BBB spread(3)	2.4 %	2.1 %	2.0 %	1.9 %	3.4 %	2.6 %
S&P/TSX growth(2)(4)	(4.3) %	2.4 %	5.1 %	2.6 %	(25.6) %	5.5 %
WTI oil price(5) *(US$ per barrel)*	78	77	102	97	44	51

(1) All macroeconomic factors are based on the Canadian economy unless otherwise indicated.
(2) Growth rate is annualized.
(3) Yield on corporate BBB bonds less yield on Canadian federal government bonds with 10-year maturity.
(4) Main stock index in Canada.
(5) The West Texas Intermediate (WTI) index is commonly used as a benchmark for the price of oil.

The main macroeconomic factors used for the personal credit portfolio are unemployment rate and growth in the housing price index, based on the economy of Canada or Quebec. The main macroeconomic factors used for the business and government credit portfolio are unemployment rate, spread on corporate BBB bonds, S&P/TSX growth, and WTI oil price. An increase in unemployment rate or BBB spread will generally lead to higher allowances for credit losses, whereas an increase in the other macroeconomic factors (GDP, S&P/TSX, housing price index, and WTI oil price) will generally lead to lower allowances for credit losses.

(unaudited) (millions of Canadian dollars)

During the quarter ended July 31, 2023, the macroeconomic outlook deteriorated slightly and uncertainty remains high.

The global economic outlook evolved during the quarter, with inflation showing some improvement. This does not mean that the global economy is out of the woods, as most central banks are sticking with tight monetary policy and remain determined to lower the still-too-high level of inflation. In the United States, the agreement to raise the debt ceiling soothed worries, but a new risk emerged, namely, the restart of student loan payments coming in October, which could slow consumption. As financial conditions tighten, the U.S. economy could falter as of the fourth quarter of this year. In Canada, the Bank of Canada maintained its tightening policy in response to persistently strong inflation and domestic demand. However, the last rate hike came as the labour market appeared to be cooling, as evidenced by a higher unemployment rate. An erosion in company earnings should lead to greater prudence in workforce management. Consumption should contract slightly as a result of considerable interest payment shock, while growth in Canada should be lethargic. Despite these factors, strong demographic growth, greater excess savings, and ongoing advantageous foreign exchange terms lead us to believe that Canada's economy might be more resilient than the U.S. economy in the coming quarters. After 12 months, the unemployment rate rises 1.3 percentage points to 6.5%. Housing prices remain unchanged compared to a year ago. The S&P/TSX sits at 19,078 points after one year, and the price of oil hovers around US$65.

In the upside scenario, an easing of geopolitical tensions boosts confidence. Inflation comes under control as supply chains normalize, and the tight monetary policy does not inflict too much damage on the economy. Governments maintain a sizable fiscal stimulus in Canada and the United States, offsetting the tight monetary policy. In Canada, consumer spending is surprisingly high because of the excess savings amassed since the start of the pandemic. The housing market shows renewed vigour. After one year, the unemployment rate is more favourable than the base scenario (six-tenths lower). Housing prices rise 6.1%, the S&P/TSX is at 20,990 points after one year, and the price of oil hovers around US$81.

In the downside scenario, central bankers have underestimated the impact of their simultaneous tightening measures, and the global economy sinks into a recession, as a decrease in demand is reflected in reduced investment by businesses, which also carry out significant layoffs. Given budgetary constraints, governments cannot support households and businesses as they did during the pandemic. After 12 months, the economic contraction pushes the unemployment rate to 8.2%. Housing prices decrease considerably. The S&P/TSX sits at 15,018 points after one year, and the price of oil hovers around US$36.

Given the uncertainty surrounding key inputs used to measure credit losses, the Bank has applied expert credit judgment to adjust the modelled expected credit loss results.

Sensitivity Analysis of Allowances for Credit Losses on Non-Impaired Loans

Scenarios

The following table shows a comparison of the Bank's allowances for credit losses on non-impaired loans (Stages 1 and 2) as at July 31, 2023 based on the probability weightings of three scenarios with allowances for credit losses resulting from simulations of each scenario weighted at 100%.

	Allowances for credit losses on non-impaired loans
Balance as at July 31, 2023	**969**
Simulations	
100% upside scenario	**692**
100% base scenario	**785**
100% downside scenario	**1,237**

(unaudited) (millions of Canadian dollars)

Note 7 – Other Assets

	As at July 31, 2023	As at October 31, 2022
Receivables, prepaid expenses and other items	3,874	2,591
Interest and dividends receivable	1,458	1,057
Due from clients, dealers and brokers	640	842
Defined benefit asset	420	498
Deferred tax assets	487	389
Current tax assets	875	471
Reinsurance assets	–	6
Insurance assets	143	104
	7,897	5,958

Note 8 – Deposits

				As at July 31, 2023	As at October 31, 2022
	On demand[1]	After notice[2]	Fixed term[3]	Total	Total
Personal	4,385	35,294	46,911	86,590	78,811
Business and government	62,964	33,391	96,413	192,768	184,230
Deposit-taking institutions	1,292	108	1,565	2,965	3,353
	68,641	68,793	144,889	282,323	266,394

(1) Demand deposits are deposits for which the Bank does not have the right to require a notice of withdrawal and consist essentially of deposits in chequing accounts.
(2) Notice deposits are deposits for which the Bank may legally require a notice of withdrawal and consist mainly of deposits in savings accounts.
(3) Fixed-term deposits are deposits that can be withdrawn by the holder on a specified date and include term deposits, guaranteed investment certificates, savings accounts and plans, covered bonds, and other similar instruments.

The *Deposits – Business and government* item includes, among other items, covered bonds for which the balance was $11.8 billion as at July 31, 2023 ($10.4 billion as at October 31, 2022). During the nine-month period ended July 31, 2023, the Bank issued 280 million Swiss francs and 1.0 billion euros in covered bonds, and 750 million euros in covered bonds came to maturity (the Bank issued 1.3 billion euros, US$1.5 billion and 750 million pounds sterling in covered bonds, and 1.0 billion euros and US$1.0 billion in covered bonds came to maturity during the nine-month period ended July 31, 2022). For additional information on covered bonds, see Note 27 to the audited annual consolidated financial statements for the year ended October 31, 2022.

In addition, as at July 31, 2023, the *Deposits – Business and government* item also includes deposits of $17.1 billion ($12.8 billion as at October 31, 2022) that are subject to the bank bail-in conversion regulations issued by the Government of Canada. These regulations provide certain powers to the Canada Deposit Insurance Corporation (CDIC), notably the power to convert certain eligible Bank shares and liabilities into common shares should the Bank become non-viable.

(unaudited) (millions of Canadian dollars)

Note 9 – Other Liabilities

	As at July 31, 2023	As at October 31, 2022
Accounts payable and accrued expenses	2,306	2,582
Subsidiaries' debts to third parties	335	156
Interest and dividends payable	1,749	1,063
Lease liabilities	519	552
Due to clients, dealers and brokers	737	730
Defined benefit liability	113	111
Allowances for credit losses – Off-balance-sheet commitments (Note 6)	157	162
Deferred tax liabilities	31	14
Current tax liabilities	176	67
Insurance liabilities	7	10
Other items(1)(2)(3)	925	914
	7,055	6,361

(1) As at July 31, 2023, *Other items* included $4 million in litigation provisions ($11 million as at October 31, 2022).
(2) As at July 31, 2023, *Other items* included $33 million in provisions for onerous contracts ($33 million as at October 31, 2022).
(3) As at July 31, 2023, *Other items* included the financial liability resulting from put options written to non-controlling interests of Flinks Technology Inc. (Flinks) for an amount of $27 million ($33 million as at October 31, 2022).

Note 10 – Subordinated Debt

Redemption of Subordinated Debt
On February 1, 2023, the Bank redeemed $750 million of medium-term notes maturing on February 1, 2028 at a price equal to their nominal value plus accrued interest.

Note 11 – Share Capital and Other Equity Instruments

Shares and Other Equity Instruments Outstanding

	As at July 31, 2023		As at October 31, 2022	
	Number of shares or LRCN(1)	Shares or LRCN $	Number of shares or LRCN	Shares or LRCN $
First Preferred Shares				
Series 30	14,000,000	350	14,000,000	350
Series 32	12,000,000	300	12,000,000	300
Series 38	16,000,000	400	16,000,000	400
Series 40	12,000,000	300	12,000,000	300
Series 42	12,000,000	300	12,000,000	300
	66,000,000	1,650	66,000,000	1,650
Other equity instruments				
LRCN – Series 1	500,000	500	500,000	500
LRCN – Series 2	500,000	500	500,000	500
LRCN – Series 3	500,000	500	500,000	500
	1,500,000	1,500	1,500,000	1,500
Preferred shares and other equity instruments	67,500,000	3,150	67,500,000	3,150
Common shares at beginning of fiscal year	336,582,124	3,196	337,912,283	3,160
Issued pursuant to the Stock Option Plan	1,538,861	86	1,193,663	61
Repurchases of common shares for cancellation	–	–	(2,500,000)	(24)
Impact of shares purchased or sold for trading(2)	115,119	12	(18,295)	(1)
Other	(7,791)	–	(5,527)	–
Common shares at end of period	338,228,313	3,294	336,582,124	3,196

(1) Limited Recourse Capital Notes (LRCN).
(2) As at July 31, 2023, a total of 109,869 shares were sold short for trading, representing $12 million (5,250 shares were held for trading, representing a negligible amount as at October 31, 2022).

(unaudited) (millions of Canadian dollars)

Note 11 – Share Capital and Other Equity Instruments (cont.)

Dividends Declared and Distributions on Other Equity Instruments

	Nine months ended July 31			
	2023		2022	
	Dividends or interest $	Dividends per share	Dividends or interest $	Dividends per share
First Preferred Shares				
Series 30	11	0.7547	10	0.7547
Series 32	9	0.7198	9	0.7198
Series 38	21	1.3176	13	0.8344
Series 40	11	0.9386	11	0.8625
Series 42	11	0.9281	11	0.9281
	63		54	
Other equity instruments				
LRCN – Series 1(1)	15		16	
LRCN – Series 2(2)	15		15	
LRCN – Series 3(3)	29		–	
	59		31	
Preferred shares and other equity instruments	122		85	
Common shares	999	2.9600	897	2.6600
	1,121		982	

(1) The LRCN – Series 1 bear interest at a fixed rate of 4.30% per annum.
(2) The LRCN – Series 2 bear interest at a fixed rate of 4.05% per annum.
(3) The LRCN – Series 3 bear interest at a fixed rate of 7.50% per annum.

Repurchase of Common Shares

On December 12, 2022, the Bank began a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.1% of its outstanding common shares) over the 12-month period ending on December 11, 2023. On December 10, 2021, the Bank had begun a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2% of its then outstanding common shares) over the 12-month period ended December 9, 2022. Any repurchase through the Toronto Stock Exchange will be done at market prices. The common shares may also be repurchased through other means authorized by the Toronto Stock Exchange and applicable regulations, including private agreements or share repurchase programs under issuer bid exemption orders issued by the securities regulators. A private purchase made under an exemption order issued by a securities regulator will be done at a discount to the prevailing market price. The amounts that are paid above the average book value of the common shares are charged to *Retained earnings*. During the nine-month period ended July 31, 2023, the Bank did not repurchase any common shares. During the nine-month period ended July 31, 2022, the Bank had repurchased 2,500,000 common shares for $245 million, which had reduced *Common share* capital by $24 million and *Retained earnings* by $221 million.

Note 12 – Capital Disclosure

The Bank and all other major Canadian banks have to maintain the following minimum capital ratios established by OSFI: a CET1 capital ratio of at least 11.0%, a Tier 1 capital ratio of at least 12.5%, and a Total capital ratio of at least 14.5%. All of these ratios include a capital conservation buffer of 2.5% established by the Basel Committee on Banking Supervision and OSFI, a 1.0% surcharge applicable solely to Domestic Systemically Important Banks (D-SIBs), and a 3.0% domestic stability buffer. On December 8, 2022, OSFI expanded the domestic stability buffer range, setting it at 0% to 4.0% instead of the previous range of 0% to 2.5%, and it announced that the domestic stability buffer would rise from 2.5% to 3.0% effective February 1, 2023. On June 20, 2023, OSFI announced that the domestic stability buffer will rise from 3.0% to 3.5% effective November 1, 2023. The domestic stability buffer must consist exclusively of CET1 capital. A D-SIB that fails to meet this buffer requirement will not be subject to automatic constraints to reduce capital distributions but must provide a remediation plan to OSFI. Banks also have to meet the requirements of an updated capital output floor calculated under the Basel III revised Standardized Approach. If the capital requirement is less than 65.0% of the capital output floor requirement calculated using the Basel III revised Standardized Approach, the difference is added to the total risk-weighted assets. Lastly, OSFI requires D-SIBs to maintain a Basel III leverage ratio of at least 3.5%. Effective February 1, 2023, OSFI increased the leverage ratio minimum requirement by imposing a Tier 1 capital buffer of 0.5% applicable only to D-SIBs.

OSFI also requires D-SIBs to maintain a risk-based total loss-absorbing capacity (TLAC) ratio of at least 24.5% (including the domestic stability buffer) of risk-weighted assets and a TLAC leverage ratio of at least 7.25% (increased by 0.5% effective February 1, 2023). The purpose of TLAC is to ensure that a D-SIB has sufficient loss-absorbing capacity to support its internal recapitalization in the unlikely event it becomes non-viable.

In the second quarter of 2023, the Bank implemented OSFI's finalized guidance relating to the Basel III reforms, consisting primarily of:

- a revised Standardized Approach and Internal Ratings-Based (IRB) Approach for credit risk;
- a revised Standardized Approach for operational risk;
- a revised capital output floor;
- a revised Leverage Ratio Framework; and
- revised Pillar 3 disclosure requirements.

The Basel III reforms also affected the market risk and credit valuation adjustment (CVA) risk frameworks, which will be implemented in the first quarter of 2024.

During the quarter and nine-month period ended July 31, 2023, the Bank was compliant with all of OSFI's regulatory capital, leverage, and TLAC requirements.

(unaudited) (millions of Canadian dollars)

Note 12 – Capital Disclosure (cont.)

Regulatory Capital(1), Leverage Ratio(1) and TLAC(2)

	As at July 31, 2023	As at October 31, 2022
Capital		
CET1	**16,259**	14,818
Tier 1	**19,408**	17,961
Total	**20,409**	19,727
Risk-weighted assets	**120,562**	116,840
Total exposure	**458,293**	401,780
Capital ratios		
CET1	**13.5 %**	12.7 %
Tier 1	**16.1 %**	15.4 %
Total	**16.9 %**	16.9 %
Leverage ratio	**4.2 %**	4.5 %
Available TLAC	**36,015**	32,351
TLAC ratio	**29.9 %**	27.7 %
TLAC leverage ratio	**7.9 %**	8.1 %

(1) Capital, risk-weighted assets, total exposure, the capital ratios, and the leverage ratio are calculated in accordance with the Basel III rules, as set out in OSFI's *Capital Adequacy Requirements Guideline* and *Leverage Requirements Guideline*. The calculation of the figures as at October 31, 2022 had included the transitional measure applicable to expected credit loss provisioning and the temporary measure regarding the exclusion of central bank reserves implemented by OSFI in response to the COVID-19 pandemic. These provisions ceased to apply on November 1, 2022 and April 1, 2023, respectively.
(2) Available TLAC, the TLAC ratio, and the TLAC leverage ratio are calculated in accordance with OSFI's *Total Loss Absorbing Capacity Guideline*.

Note 13 – Share-Based Payments

Stock Option Plan

During the quarters ended July 31, 2023 and 2022, the Bank did not award any stock options. During the nine-month period ended July 31, 2023, the Bank awarded 1,416,060 stock options (1,771,588 stock options during the nine-month period ended July 31, 2022) with an average fair value of $14.76 per option ($13.24 in 2022).

As at July 31, 2023, there were 11,696,319 stock options outstanding (11,861,749 stock options as at October 31, 2022).

The average fair value of the options awarded was estimated on the award date using the Black-Scholes model as well as the following assumptions.

	Nine months ended July 31	
	2023	2022
Risk-free interest rate	**3.25%**	1.79%
Expected life of options	**7 years**	7 years
Expected volatility	**23.13%**	22.68%
Expected dividend yield	**4.23%**	3.88%

During the quarter ended July 31, 2023, a $5 million compensation expense was recorded for this plan ($4 million for the quarter ended July 31, 2022). During the nine-month period ended July 31, 2023, a $14 million compensation expense was recorded for this plan ($12 million for the nine-month period ended July 31, 2022).

(unaudited) (millions of Canadian dollars)

Note 14 – Employee Benefits – Pension Plans and Other Post-Employment Benefit Plans

The Bank offers pension plans that have a defined benefit component and a defined contribution component. The Bank also offers other post-employment benefit plans to eligible employees. The cost associated with these plans, including the remeasurements recognized in *Other comprehensive income*, is presented in the following table.

Cost for Pension Plans and Other Post-Employment Benefit Plans

				Quarter ended July 31
	Pension plans		Other post-employment benefit plans	
	2023	2022	**2023**	2022
Current service cost	**23**	31	**–**	–
Interest expense (income), net	**(6)**	(5)	**1**	2
Administrative costs	**1**	1		
Expense of the defined benefit component	**18**	27	**1**	2
Expense of the defined contribution component	**3**			
Expense recognized in *Net income*	**21**	27	**1**	2
Remeasurements(1)				
Actuarial (gains) losses on defined benefit obligation	**(161)**	84	**(3)**	2
Return on plan assets(2)	**219**	(30)		
Remeasurements recognized in *Other comprehensive income*	**58**	54	**(3)**	2
	79	81	**(2)**	4

				Nine months ended July 31
	Pension plans		Other post-employment benefit plans	
	2023	2022	**2023**	2022
Current service cost	**69**	93	**–**	–
Interest expense (income), net	**(18)**	(15)	**4**	4
Administrative costs	**3**	3		
Expense of the defined benefit component	**54**	81	**4**	4
Expense of the defined contribution component	**7**			
Expense recognized in *Net income*	**61**	81	**4**	4
Remeasurements(1)				
Actuarial (gains) losses on defined benefit obligation	**201**	(826)	**4**	(21)
Return on plan assets(2)	**(82)**	669		
Remeasurements recognized in *Other comprehensive income*	**119**	(157)	**4**	(21)
	180	(76)	**8**	(17)

(1) Changes related to the discount rate and to the return on plan assets are reviewed and updated on a quarterly basis. All other assumptions are updated annually.
(2) Excludes interest income.

Note 15 – Income Taxes

Notice of Assessment

In March 2023, the Bank was reassessed by the Canada Revenue Agency (CRA) for additional income tax and interest of approximately $90 million (including estimated provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2018 taxation year.

In prior fiscal years, the Bank had been reassessed for additional income tax and interest of approximately $875 million (including provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2012-2017 taxation years.

In the reassessments, the CRA alleges that the dividends were received as part of a "dividend rental arrangement".

The CRA may issue reassessments to the Bank for taxation years subsequent to 2018 in regard to certain activities similar to those that were the subject of the above-mentioned reassessments. The Bank remains confident that its tax position was appropriate and intends to vigorously defend its position. As a result, no amount has been recognized in the consolidated financial statements as at July 31, 2023.

Canadian Government's 2022 Tax Measures

On November 4, 2022, the Government of Canada introduced Bill C-32 – *An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 3, 2022 and certain provisions of the budget tabled in Parliament on April 7, 2022* to implement tax measures applicable to certain entities of banking and life insurer groups, as presented in its April 7, 2022 budget. These tax measures include the Canada Recovery Dividend (CRD), which is a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above $1 billion, as well as a 1.5% increase in the statutory tax rate. On December 15, 2022, Bill C-32 received royal assent. Given that these tax measures were in effect at the financial reporting date, a $32 million tax expense for the CRD and an $8 million tax recovery for the tax rate increase, including the impact related to current and deferred taxes for fiscal 2022, were recognized in the consolidated financial statements as at July 31, 2023.

Proposed Legislation

In its March 28, 2023 budget, the Government of Canada proposed to introduce certain tax measures applicable to the Bank. The measures include the denial of the deduction in respect of dividends received after 2023 on shares that are mark-to-market property for tax purposes, the application of a 2% tax on the net value of equity repurchases occurring as of January 1, 2024, as well as the government's intention to implement the Pillar Two rules (global minimum tax) published by the Organization for Economic Co-operation and Development (OECD) for fiscal years beginning as of December 31, 2023. The proposed measures have not yet been included in a bill at the reporting date.

Note 16 – Earnings Per Share

Diluted earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding after taking into account the dilution effect of stock options using the treasury stock method and any gain (loss) on the redemption of preferred shares.

	Quarter ended July 31		Nine months ended July 31	
	2023	2022[1]	**2023**	2022[1]
Basic earnings per share				
Net income attributable to the Bank's shareholders and holders of other equity instruments	**840**	826	**2,569**	2,646
Dividends on preferred shares and distributions on other equity instruments	**36**	26	**106**	77
Net income attributable to common shareholders	**804**	800	**2,463**	2,569
Weighted average basic number of common shares outstanding *(thousands)*	**337,916**	336,437	**337,468**	337,290
Basic earnings per share *(dollars)*	**2.38**	2.38	**7.30**	7.61
Diluted earnings per share				
Net income attributable to common shareholders	**804**	800	**2,463**	2,569
Weighted average basic number of common shares outstanding *(thousands)*	**337,916**	336,437	**337,468**	337,290
Adjustment to average number of common shares *(thousands)*				
Stock options[2]	**3,294**	3,438	**3,223**	3,904
Weighted average diluted number of common shares outstanding *(thousands)*	**341,210**	339,875	**340,691**	341,194
Diluted earnings per share *(dollars)*	**2.36**	2.35	**7.23**	7.53

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements. For additional information, see Note 1.

(2) For the quarter and nine-month period ended July 31, 2023, as the exercise price of the options was lower than the average price of the Bank's common shares, no options were excluded from the diluted earnings per share calculation. For the quarter ended July 31, 2022, the calculation of diluted earnings per share excluded an average number of 1,754,559 options outstanding with a weighted average exercise price of $96.35, given that the exercise price of these options was greater than the average price of the Bank's common shares. For the nine-month period ended July 31, 2022, the calculation of diluted earnings per share excluded an average number of 1,514,677 options outstanding with a weighted average exercise price of $96.35.

Note 17 – Segment Disclosures

The Bank carries out its activities in four business segments, which are defined below. For presentation purposes, other activities are grouped in the *Other* heading. Each reportable segment is distinguished by services offered, type of clientele, and marketing strategy. The presentation of segment disclosures is consistent with the presentation adopted by the Bank for the fiscal year beginning November 1, 2022. This presentation reflects a revision to the method used for the sectoral allocation of technology investment expenses, which are now immediately allocated to the various business segments, whereas certain expenses, notably costs incurred during the research phase of projects, had previously been recorded in the *Other* heading of segment results. This revision is consistent with the accounting policy change applied in fiscal 2022 related to cloud computing arrangements. For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect this accounting policy change (for additional information, see Note 1).

Personal and Commercial
The Personal and Commercial segment encompasses the banking, financing, and investing services offered to individuals, advisors, and businesses as well as insurance operations.

Wealth Management
The Wealth Management segment comprises investment solutions, trust services, banking services, lending services, and other wealth management solutions offered through internal and third-party distribution networks.

Financial Markets
The Financial Markets segment encompasses corporate banking and investment banking and financial solutions for large and mid-size corporations, public sector organizations, and institutional investors.

U.S. Specialty Finance and International (USSF&I)
The USSF&I segment encompasses the specialty finance expertise provided by the Credigy subsidiary; the activities of the ABA Bank subsidiary, which offers financial products and services to individuals and businesses in Cambodia; and the activities of targeted investments in certain emerging markets.

Other
This heading encompasses treasury activities; liquidity management; Bank funding; asset/liability management activities; the activities of the Flinks subsidiary, a fintech company specialized in financial data aggregation and distribution; certain specified items; and the unallocated portion of corporate units.

(unaudited) (millions of Canadian dollars)

Quarter ended July 31[(1)]

	Personal and Commercial		Wealth Management		Financial Markets		USSF&I		Other		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Net interest income[(2)]	**837**	741	**192**	161	**(311)**	392	**273**	266	**(121)**	(141)	**870**	1,419
Non-interest income[(2)(3)]	**303**	302	**437**	430	**871**	219	**19**	7	**15**	36	**1,645**	994
Total revenues	**1,140**	1,043	**629**	591	**560**	611	**292**	273	**(106)**	(105)	**2,515**	2,413
Non-interest expenses[(4)]	**613**	560	**375**	351	**272**	254	**100**	86	**57**	54	**1,417**	1,305
Income before provisions for credit losses and income taxes	**527**	483	**254**	240	**288**	357	**192**	187	**(163)**	(159)	**1,098**	1,108
Provisions for credit losses	**75**	49	**1**	1	**5**	(23)	**29**	29	**1**	1	**111**	57
Income before income taxes (recovery)	**452**	434	**253**	239	**283**	380	**163**	158	**(164)**	(160)	**987**	1,051
Income taxes (recovery)[(2)]	**124**	115	**70**	64	**78**	101	**35**	33	**(159)**	(88)	**148**	225
Net income	**328**	319	**183**	175	**205**	279	**128**	125	**(5)**	(72)	**839**	826
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–	**(1)**	–	**(1)**	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	**328**	319	**183**	175	**205**	279	**128**	125	**(4)**	(72)	**840**	826
Average assets[(5)]	**148,934**	142,241	**8,702**	8,518	**186,236**	149,653	**23,589**	18,941	**66,660**	72,613	**434,121**	391,966
Total assets	**150,699**	144,911	**8,697**	8,855	**181,712**	147,428	**23,564**	19,188	**61,343**	66,451	**426,015**	386,833

Nine months ended July 31[(1)]

	Personal and Commercial		Wealth Management		Financial Markets		USSF&I		Other		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Net interest income[(6)]	**2,464**	2,080	**590**	407	**(614)**	1,145	**841**	813	**(430)**	(381)	**2,851**	4,064
Non-interest income[(3)(6)]	**900**	883	**1,293**	1,355	**2,535**	760	**55**	30	**(58)**	226	**4,725**	3,254
Total revenues	**3,364**	2,963	**1,883**	1,762	**1,921**	1,905	**896**	843	**(488)**	(155)	**7,576**	7,318
Non-interest expenses[(4)]	**1,820**	1,667	**1,111**	1,068	**842**	775	**296**	254	**125**	120	**4,194**	3,884
Income before provisions for credit losses and income taxes	**1,544**	1,296	**772**	694	**1,079**	1,130	**600**	589	**(613)**	(275)	**3,382**	3,434
Provisions for credit losses	**173**	55	**1**	1	**15**	(55)	**90**	56	**3**	1	**282**	58
Income before income taxes (recovery)	**1,371**	1,241	**771**	693	**1,064**	1,185	**510**	533	**(616)**	(276)	**3,100**	3,376
Income taxes (recovery)[(6)(7)]	**377**	329	**212**	185	**293**	314	**107**	108	**(456)**	(205)	**533**	731
Net income	**994**	912	**559**	508	**771**	871	**403**	425	**(160)**	(71)	**2,567**	2,645
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–	**(2)**	(1)	**(2)**	(1)
Net income attributable to the Bank's shareholders and holders of other equity instruments	**994**	912	**559**	508	**771**	871	**403**	425	**(158)**	(70)	**2,569**	2,646
Average assets[(5)]	**147,462**	138,670	**8,582**	8,394	**176,575**	152,183	**22,586**	18,383	**71,616**	70,833	**426,821**	388,463
Total assets	**150,699**	144,911	**8,697**	8,855	**181,712**	147,428	**23,564**	19,188	**61,343**	66,451	**426,015**	386,833

(1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been reclassified, notably due to a revised method for the sectoral allocation of technology investment expenses. In addition, certain amounts have been adjusted to reflect a change in accounting policy related to cloud computing arrangements (for additional information, see Note 1).

(2) The *Net interest income*, *Non-interest income*, and *Income taxes (recovery)* items of the business segments are presented on a taxable equivalent basis. Taxable equivalent basis is a calculation method that consists of grossing up certain revenues taxed at lower rates by the income tax to a level that would make it comparable to revenues from taxable sources in Canada. For the business segments as a whole, *Net interest income* was grossed up by $88 million ($60 million in 2022), *Non-interest income* was grossed up by $64 million ($11 million in 2022), and an equivalent amount was recognized in *Income taxes (recovery)*. The effect of these adjustments is reversed under the *Other* heading.

(3) During the quarter and nine-month period ended July 31, 2023, the Bank concluded that it had lost significant influence over TMX and therefore ceased using the equity method to account for this investment. The Bank designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of $191 million. Upon the fair value measurement, a $91 million gain ($67 million net of income taxes) was recorded in the *Non-interest income* item of the *Other* heading.

(4) During the quarter and nine-month period ended July 31, 2023, the *Non-interest expenses* item of the *Other* heading included an expense of $25 million ($18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act*, indicating that payment card clearing services rendered by a payment card network operator are subject to the goods and services tax (GST) and the harmonized sales tax (HST).

(5) Represents an average of the daily balances for the period, which is also the basis on which sectoral assets are reported in the business segments.

(6) During the nine-month period ended July 31, 2023, for the business segments as a whole, *Net interest income* was grossed up by $242 million ($169 million in 2022), *Non-interest income* was grossed up by $172 million ($18 million in 2022), and an equivalent amount was recognized in *Income taxes (recovery)*. The effect of these adjustments is reversed under the *Other* heading.

(7) During the nine-month period ended July 31, 2023, the Bank recorded a $32 million tax expense with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above $1 billion, as well as an $8 million tax recovery related to a 1.5% increase in the statutory tax rate, which includes the impact related to current and deferred taxes for fiscal 2022. These items are recorded in the *Other* heading. For additional information on these tax measures, see Note 15.

Information for Shareholders and Investors

Investor Relations
Financial analysts and investors who want to obtain financial information on the Bank may contact the Investor Relations Department.

600 De La Gauchetière Street West, 7th Floor
Montreal, Quebec H3B 4L2
Toll-free: 1-866-517-5455
Email: *investorrelations@nbc.ca*
Website: nbc.ca/investorrelations

Communications and Corporate Social Responsibility
600 De La Gauchetière Street West, 18th Floor
Montreal, Quebec H3B 4L2
Telephone: 514-394-8644
Email: *pa@nbc.ca*

Quarterly Report Publication Dates for Fiscal 2023
(subject to approval by the Board of Directors of the Bank)

First quarter	March 1
Second quarter	May 31
Third quarter	August 30
Fourth quarter	December 1

Disclosure of Third Quarter 2023 Results

Conference Call
- A conference call for analysts and institutional investors will be held on Wednesday, August 30, 2023 at 1:00 p.m. EDT.
- Access by telephone in listen-only mode: 1-800-806-5484 or 416-340-2217. The access code is 8890472#.
- A recording of the conference call can be heard until November 30, 2023 by dialing 1-800-408-3053 or 905-694-9451. The access code is 4566460#.

Webcast
- The conference call will be webcast live at nbc.ca/investorrelations.
- A recording of the webcast will also be available on National Bank's website after the call.

Financial Documents
- The *Report to Shareholders* (which includes the quarterly consolidated financial statements) is available at all times on National Bank's website at nbc.ca/investorrelations.
- The *Report to Shareholders*, the *Supplementary Financial Information*, the *Supplementary Regulatory Capital and Pillar 3 Disclosure*, and a slide presentation will be available on the Investor Relations page of National Bank's website on the morning of the day of the conference call.

Transfer Agent and Registrar
For information about stock transfers, address changes, dividends, lost certificates, tax forms, and estate transfers, shareholders of record may contact the transfer agent, Computershare Trust Company of Canada, at the address or telephone number below.

Computershare Trust Company of Canada
Share Ownership Management
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Telephone: 1-888-838-1407
Fax: 1-888-453-0330
Email: *service@computershare.com*
Website: computershare.com

Shareholders whose shares are held by a market intermediary are asked to contact the market intermediary concerned.

Direct Deposit Service for Dividends
Shareholders may elect to have their dividend payments deposited directly via electronic funds transfer to their bank account at any financial institution that is a member of the Canadian Payments Association. To do so, they must send a written request to the transfer agent, Computershare Trust Company of Canada.

Dividend Reinvestment and Share Purchase Plan
National Bank has a Dividend Reinvestment and Share Purchase Plan for holders of its common and preferred shares under which they can acquire common shares of the Bank without paying commissions or administration fees. Participants acquire common shares through the reinvestment of cash dividends paid on the shares they hold or through optional cash payments of at least $1 per payment, up to a maximum of $5,000 per quarter.

For additional information, shareholders may contact National Bank's registrar and transfer agent, Computershare Trust Company of Canada, at 1-888-838-1407. To participate in the plan, National Bank's beneficial or non-registered common shareholders must contact their financial institution or broker.

Dividends
Dividends paid are "eligible dividends" in accordance with the *Income Tax Act* (Canada).

NATIONAL BANK