Report to Shareholders First Quarter 2024

National Bank reports its results for the First Quarter of 2024

The financial information reported in this document is based on the unaudited interim condensed consolidated financial statements for the quarter ended January 31, 2024 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, February 28, 2024 – For the first quarter of 2024, National Bank is reporting net income of $922 million, up 5% from $876 million in the first quarter of 2023. First-quarter diluted earnings per share stood at $2.59 compared to $2.47 in the first quarter of 2023. These increases were driven by total revenue growth in all of the business segments as well as by the impact of the Canadian government's 2022 tax measures on income taxes in the first quarter of 2023. Excluding the impact of those measures, adjusted net income[(1)] and adjusted diluted earnings per share[(1)] both increased by 2% compared to the first quarter of 2023.

"National Bank delivered strong performance and excellent return on equity for the first quarter of 2024, underpinned by sustained momentum and execution across our business segments. These results reflect the earnings power of our diversified business mix and relevance of our defensive posture," said Laurent Ferreira, President and Chief Executive Officer of National Bank of Canada.

"Our effective capital deployment, active cost management, and commitment to maintaining a prudent credit profile are serving us well, particularly in an uncertain macroeconomic environment. We enter the second quarter on solid footing," added Mr. Ferreira.

Highlights

(millions of Canadian dollars)	Quarter ended January 31		
	2024	2023[(2)]	% Change
Net income	922	876	5
Diluted earnings per share *(dollars)*	$ 2.59	$ 2.47	5
Income before provisions for credit losses and income taxes	1,261	1,172	8
Return on common shareholders' equity[(3)]	17.1 %	17.9 %	
Dividend payout ratio[(3)]	43.1 %	38.6 %	
Operating results – Adjusted[(1)]			
Net income – Adjusted	922	900	2
Diluted earnings per share – Adjusted *(dollars)*	$ 2.59	$ 2.54	2
Income before provisions for credit losses and income taxes – Adjusted	1,371	1,302	5

	As at January 31, 2024	As at October 31, 2023
CET1 capital ratio under Basel III[(4)]	13.1 %	13.5 %
Leverage ratio under Basel III[(4)]	4.3 %	4.4 %

(1) See the Financial Reporting Method section on pages 4 to 8 for additional information on non-GAAP financial measures.
(2) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the unaudited interim condensed consolidated financial statements for the quarter ended January 31, 2024.
(3) See the Glossary section on pages 43 to 46 for details on the composition of these measures.
(4) See the Financial Reporting Method section on pages 4 to 8 for additional information on capital management measures.

Personal and Commercial

- Net income totalled $339 million in the first quarter of 2024 versus $326 million in the first quarter of 2023, a 4% increase that was driven by growth in total revenues, partly offset by higher non-interest expenses and higher provisions for credit losses.
- Income before provisions for credit losses and income taxes totalled $539 million in the first quarter of 2024, up 5% from $511 million in the first quarter of 2023.
- At $1,154 million, first-quarter total revenues rose $50 million or 5% year over year due mainly 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 11%.
- Net interest margin(1) stood at 2.36% in the first quarter of 2024, up from 2.35% in the first quarter of 2023.
- First-quarter non-interest expenses stood at $615 million, up 4% year over year.
- First-quarter provisions for credit losses rose $10 million year over year, mainly due to higher allowances for credit losses on impaired loans.
- At 53.3%, the efficiency ratio(1) improved from 53.7% in the first quarter of 2023.

Wealth Management

- Net income totalled $196 million in the first quarter of 2024, down 1% from $198 million in the first quarter of 2023.
- First-quarter total revenues amounted to $660 million compared to $637 million in first-quarter 2023, a $23 million or 4% increase driven essentially by growth in fee-based revenues owing to strong stock market performance.
- First-quarter non-interest expenses stood at $390 million, up 7% from $364 million in first-quarter 2023.
- At 59.1%, the efficiency ratio(1) compares to 57.1% in the first quarter of 2023.

Financial Markets

- Net income totalled $308 million in the first quarter of 2024, up 3% from $298 million in the first quarter of 2023.
- First-quarter total revenues on a taxable equivalent basis amounted to $755 million, up $66 million or 10% given an increase in global markets revenues and an increase in revenues from corporate and investment banking services.
- First-quarter non-interest expenses stood at $313 million compared to $287 million in first-quarter 2023, an increase that was partly due to compensation and employee benefits as well as to the segment's technological investments.
- Provisions for credit losses of $17 million were recorded in the first quarter of 2024 compared to $9 million in credit loss recoveries recorded in the first quarter of 2023.
- At 41.5%, the efficiency ratio(1) on a taxable equivalent basis improved from 41.7% in the first quarter of 2023.

U.S. Specialty Finance and International

- Net income totalled $150 million in the first quarter of 2024 versus $147 million in the first quarter of 2023.
- First-quarter total revenues amounted to $326 million, a 2% year-over-year increase that was essentially driven by revenue growth at the ABA Bank subsidiary.
- First-quarter non-interest expenses stood at $100 million, a 2% year-over-year increase attributable mainly to business growth at ABA Bank.
- Provisions for credit losses rose $1 million year over year.
- At 30.7%, the efficiency ratio(1) was stable compared to the first quarter of 2023.

Other

- There was a net loss of $71 million in the first quarter of 2024 versus a net loss of $93 million in the first quarter of 2023, a change arising from a $24 million income tax expense related to the Canadian government's 2022 tax measures recorded in the first quarter of 2023.

Capital Management

- As at January 31, 2024, the Common Equity Tier 1 (CET1) capital ratio under Basel III(2) stood at 13.1%, down from 13.5% as at October 31, 2023, notably due to a negative impact of implementing the revised market risk and credit valuation adjustment (CVA) risk frameworks.
- As at January 31, 2024, the Basel III(2) leverage ratio was 4.3%, down from 4.4% as at October 31, 2023.

(1) See the Glossary section on pages 43 to 46 for details on the composition of these measures.
(2) See the Financial Reporting Method section on pages 4 to 8 for additional information on capital management measures.

Management's Discussion and Analysis

February 27, 2024

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 ended January 31, 2024 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 ended January 31, 2024 and with the *2023 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 sedarplus.ca. 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. The forward-looking statements in this document may include, but are not limited to, statements made about the economy, market changes, the Bank's objectives, outlook, and priorities for fiscal year 2024 and beyond, the strategies or actions that will be taken to achieve them, expectations for the Bank's financial condition, its activities, the regulatory environment in which it operates, its environmental, social, and governance targets and commitments, and certain risks to which the Bank is exposed. 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 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. 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 performance targets will not be achieved. 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. Thus, the Bank recommends that readers not place undue reliance on these 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. Investors and others who rely on the Bank's forward-looking statements should carefully consider the factors listed below 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.

Assumptions about the performance of the Canadian and U.S. economies in 2024 and how that performance will affect the Bank's business are among the factors considered in setting the Bank's strategic priorities and objectives, including provisions for credit losses. These assumptions appear in the Economic Review and Outlook section and, for each business segment, in the Economic and Market Review sections of the *2023 Annual Report* and in the Economic Review and Outlook section of this Report to Shareholders, and may be updated in the quarterly reports to shareholders filed thereafter.

The forward-looking statements made in this document 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 the other countries where the Bank operates; the impact of upheavals in the U.S. banking industry; exchange rate and interest rate fluctuations; inflation; global supply chain disruptions; 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; climate change, including physical risks and those related to 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 key short-term priorities and long-term strategies; the timely development and launch of new products and services; the Bank's ability to recruit and retain key personnel; technological innovation, including advances in artificial intelligence and the open banking system, 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; 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 by financial and extra-financial rating agencies; potential disruptions to key suppliers of goods and services to the Bank; the potential impacts of disruptions to the Bank's information technology systems, including cyberattacks as well as identity theft and theft of personal information; the risk of fraudulent activity; and possible impacts of major events affecting the economy, market conditions, or the Bank's outlook, including international conflicts, natural disasters, public health crises, and the measures taken in response to these events.

The foregoing list of risk factors is not exhaustive, and the forward-looking statements made in this document are also subject to credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, and social and environmental risk as well as certain emerging risks or risks deemed significant. Additional information about these factors is provided in the Risk Management section of the *2023 Annual Report* and in the Risk Management section of this Report to Shareholders for the First Quarter of 2024, and may be updated in the quarterly reports to shareholders filed thereafter.

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, 2023. This presentation reflects the retrospective application of accounting policy changes arising from the adoption of IFRS 17 – *Insurance Contracts* (IFRS 17). For additional information, see Note 2 to the consolidated financial statements. The figures for the 2023 quarters have been adjusted to reflect these accounting policy changes.

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, 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. However, in light of the proposed legislation with respect to Canadian dividends, the Bank did not either recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024 (for additional information, see the Income Taxes section).

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 page 8 and in the Consolidated Results table on page 11. Note that no specified items have been excluded from results for the quarter ended January 31, 2024. In the first quarter of 2023, a $24 million tax expense related to the Canadian government's 2022 tax measures had been excluded from results given the one-time nature of the item. This amount had included 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 the 1.5% increase in the statutory tax rate, which included the impact related to current and deferred taxes for fiscal 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 page 8.

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 and certain interest income related to the financing of these financial assets and liabilities, net of interest expenses. 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, realized and unrealized gains and losses as well as interest expense on obligations related to securities sold short, certain commission income as well as 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 irrespective of their tax treatment.

Trading Activity Revenues on a Taxable Equivalent Basis
This item represents trading activity revenues plus a taxable equivalent. These revenues comprise dividends related to financial assets and liabilities associated with trading activities; certain interest income related to the financing of these financial assets and liabilities, net of interest expenses; 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; realized and unrealized gains and losses as well as interest expense on obligations related to securities sold short; certain commission income as well as 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 43 to 46 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 January 31

	2024						2023[1]
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Net interest income	870	198	(553)	301	(65)	751	1,099
Taxable equivalent[2]	–	–	35	–	2	37	78
Net interest income – Adjusted	870	198	(518)	301	(63)	788	1,177
Non-interest income	284	462	1,200	25	(12)	1,959	1,463
Taxable equivalent	–	–	73	–	–	73	52
Non-interest income – Adjusted	284	462	1,273	25	(12)	2,032	1,515
Total revenues – Adjusted	1,154	660	755	326	(75)	2,820	2,692
Non-interest expenses	615	390	313	100	31	1,449	1,390
Income before provisions for credit losses and income taxes – Adjusted	539	270	442	226	(106)	1,371	1,302
Provisions for credit losses	71	–	17	36	(4)	120	86
Income before income taxes – Adjusted	468	270	425	190	(102)	1,251	1,216
Income taxes	129	74	9	40	(33)	219	210
Taxable equivalent	–	–	108	–	2	110	130
Income taxes related to the Canadian government's 2022 tax measures[3]	–	–	–	–	–	–	(24)
Income taxes – Adjusted	129	74	117	40	(31)	329	316
Net income – Adjusted	339	196	308	150	(71)	922	900
Specified items after income taxes	–	–	–	–	–	–	(24)
Net income	339	196	308	150	(71)	922	876
Non-controlling interests	–	–	–	–	–	–	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	339	196	308	150	(71)	922	876
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	339	196	308	150	(71)	922	900
Dividends on preferred shares and distributions on limited recourse capital notes						37	35
Net income attributable to common shareholders – Adjusted						885	865

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.
(2) In light of the proposed legislation with respect to Canadian dividends, the Bank did not either recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024 (for additional information, see the Income Taxes section).
(3) During the quarter ended January 31, 2023, the Bank recorded, in the *Other* heading of segment results, 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 the 1.5% increase in the statutory tax rate, which included the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section.

Presentation of Basic and Diluted Earnings Per Share – Adjusted

(Canadian dollars) Quarter ended January 31

	2024	2023[1]
Basic earnings per share	$ 2.61	$ 2.49
Income taxes related to the Canadian government's 2022 tax measures[2]	–	0.07
Basic earnings per share – Adjusted	$ 2.61	$ 2.56
Diluted earnings per share	$ 2.59	$ 2.47
Income taxes related to the Canadian government's 2022 tax measures[2]	–	0.07
Diluted earnings per share – Adjusted	$ 2.59	$ 2.54

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.
(2) During the quarter ended January 31, 2023, the Bank recorded, in the *Other* heading segment results, 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 the 1.5% increase in the statutory tax rate, which included the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section.

Presentation of Non-Trading Net Interest Income – Adjusted

(millions of Canadian dollars) Quarter ended January 31

	2024	2023
Net interest income – Adjusted	788	1,177
Less: Net interest income (loss) related to trading activities on a taxable equivalent basis	(649)	(196)
Net interest income, non-trading – Adjusted	1,437	1,373

Highlights

(millions of Canadian dollars, except per share amounts)			Quarter ended January 31
	2024	2023[1]	% Change
Operating results			
Total revenues	2,710	2,562	6
Income before provisions for credit losses and income taxes	1,261	1,172	8
Net income	922	876	5
Return on common shareholders' equity[2]	17.1 %	17.9 %	
Operating leverage[2]	1.6 %	(4.7) %	
Efficiency ratio[2]	53.5 %	54.3 %	
Earnings per share			
Basic	$ 2.61	$ 2.49	5
Diluted	$ 2.59	$ 2.47	5
Operating results – Adjusted[3]			
Total revenues – Adjusted[3]	2,820	2,692	5
Income before provisions for credit losses and income taxes – Adjusted[3]	1,371	1,302	5
Net income – Adjusted[3]	922	900	2
Return on common shareholders' equity – Adjusted[4]	17.1 %	18.4 %	
Operating leverage – Adjusted[4]	0.6 %	(2.2) %	
Efficiency ratio – Adjusted[4]	51.4 %	51.6 %	
Diluted earnings per share – Adjusted[3]	$ 2.59	$ 2.54	2
Common share information			
Dividends declared	$ 1.06	$ 0.97	9
Book value[2]	$ 61.18	$ 55.76	
Share price			
High	$ 103.38	$ 99.95	
Low	$ 86.50	$ 91.02	
Close	$ 102.83	$ 99.95	
Number of common shares *(thousands)*	339,166	337,318	
Market capitalization	34,876	33,715	

(millions of Canadian dollars)	As at January 31, 2024	As at October 31, 2023[1]	% Change
Balance sheet and off-balance-sheet			
Total assets	433,927	423,477	2
Loans and acceptances, net of allowances	230,157	225,443	2
Deposits	300,097	288,173	4
Equity attributable to common shareholders	20,749	20,432	2
Assets under administration[2]	712,488	652,631	9
Assets under management[2]	132,822	120,858	10
Regulatory ratios under Basel III[5]			
Capital ratios			
Common Equity Tier 1 (CET1)	13.1 %	13.5 %	
Tier 1	15.5 %	16.0 %	
Total	16.2 %	16.8 %	
Leverage ratio	4.3 %	4.4 %	
TLAC ratio[5]	28.1 %	29.2 %	
TLAC leverage ratio[5]	7.8 %	8.0 %	
Liquidity coverage ratio (LCR)[5]	145 %	155 %	
Net stable funding ratio (NSFR)[5]	117 %	118 %	
Other information			
Number of employees – Worldwide (full-time equivalent)	28,730	28,916	(1)
Number of branches in Canada	368	368	–
Number of banking machines in Canada	945	944	–

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.
(2) See the Glossary section on pages 43 to 46 for details on the composition of these measures.
(3) See the Financial Reporting Method section on pages 4 to 8 for additional information on non-GAAP financial measures.
(4) See the Financial Reporting Method section on pages 4 to 8 for additional information on non-GAAP ratios.
(5) See the Financial Reporting Method section on pages 4 to 8 for additional information on capital management measures.

Economic Review and Outlook

Global Economy
The last few months have seen a marked decline in price increases around the world, such that a growing number of countries, particularly emerging countries, can now boast that they have brought inflation back to the target rate of their central bank. Central bankers are undoubtedly pleased with the latest inflation developments, but they are unlikely to claim victory at this stage, especially given the current geopolitical environment. The recent progress has been highly dependent on disinflation in the goods sector, which is now facing a threat from tensions in the Middle East. While not completely disrupting supply chains, these factors could still make central banks fear a new surge in inflation in goods and, consequently, compel them to hold the pause button longer than otherwise envisioned. This is sure to have a negative impact on growth, especially since there is a lag in monetary policy's impact on the economy, meaning that the economy will continue to show the effects of the latest rate hikes. We believe that, in 2024, global growth could slow to 2.6%(1) (compared to 3.1% last year), being held back by contractions in several of the advanced economies. Faced with a greater-than-expected decline in demand, central banks are expected to respond vigorously by cutting key interest rates sharply in the second half of the year. This move should lead to a gradual rebound in growth in 2025.

The year 2023 will undoubtedly be seen as a good year for the U.S. economy, which managed to grow 2.5% despite one of the most aggressive periods of monetary tightening in recent memory. A significant increase in the federal government's deficit contributed greatly to this growth. The economic resilience was also due to continued deployment of excess household savings as well as to a heavy reliance on credit to support consumption, despite the prohibitively high interest rates. However, several signs point to a more difficult road ahead for the U.S. economy. Many consumers are showing signs of vulnerability, as evidenced by rising delinquency rates on car loans and credit cards. In addition, the job market's resilience is not a given, as most SMEs are reporting falling sales. And while some observers may take comfort that the U.S. Federal Reserve (the Fed) appears to be open to cutting rates in 2024–which would clearly ease the pressure on economic agents–rates will remain restrictive for some time. It should also be recalled that the Fed had indeed cut interest rates in the lead-up to each of the last four recessions, which should give pause to those who are already claiming victory over the continuation of the current economic cycle. On the heels of a good first quarter, we expect growth in the U.S. economy to slow markedly toward midyear. This deceleration should prompt the Fed to begin cutting rates, but we believe that the cuts will come too late to prevent a few quarters of contraction. This forecast translates into growth of 1.9%(1) in 2024 and a 0.3%(1) contraction in 2025.

Canadian Economy
Inflation remains too high in Canada, mainly due to the rising housing component, as the population increase is at odds with the supply of available housing. Faced with this situation, the Bank of Canada is maintaining a tight monetary policy. Paradoxically, this is deterring investment, in particular by slowing construction, which is exacerbating the problem of housing-related inflation. The result is stagflation, i.e., a struggling economy combined with high inflation. Economic growth has been lacklustre for some time, even more so when the demographic context is considered. GDP per capita has fallen 3.1% from its peak in 2022, a fall of a scale that has only been seen during recent recessions. The same is true of the labour market, which is not generating enough jobs to absorb population growth. This situation has been reflected in the sharp drop in employment rates, which has been particularly acute for Canada's youth. We expect that the economic environment will continue to be difficult in 2024, as the economy has yet to feel the full effects of the past rate hikes and as interest rates remain high. Given the tight monetary policy, successive waves of mortgage borrowers will have to renegotiate their loans at higher interest rates, further dampening consumer spending. We expect the Canadian economy to contract around midyear, resulting in stagnant growth in 2024(1). The Bank of Canada is expected to begin cutting its key interest rates at the end of second quarter to breathe some life into a faltering economy.

Quebec Economy
Quebec's GDP posted two consecutive quarters of contraction in mid-2023, leading many to wonder whether a recession lay ahead. We believe that caution is required before drawing such conclusions. In the third quarter, GDP was restrained by falling inventory investments and a decline in international trade, while private domestic demand rallied. In addition, the October data shows that, rather than stalling, the Quebec economy was gathering strength at the start of the fourth quarter. This bout of weakness must be taken in context, meaning, it occurred in the province that had the most overheated economy since the pandemic. Despite the slump in Quebec's GDP, its labour market still posted one of the lowest unemployment rates in Canada (4.5%), and the province had the highest inflation rate in the country according to the most recent data. Higher inflation means that monetary policy is less tight in real terms, and therefore less damaging to Quebec's economy. Compared with the national data, a smaller share of SMEs are now saying that domestic demand is cause for concern. As elsewhere, 2024 is shaping up to be a difficult year, but we continue to believe that Quebec's GDP could hold firm due to strong fundamentals (a lower level of household debt, a greater share of dual-income households, a more affordable real estate market). The proportion of households that describe the state of their household finances as poor was just 23%, compared with 35% nationally (Léger, January 2024). For 2024, we anticipate a slight contraction in the economy of 0.1%(1), but Quebec should continue to post one of the lowest unemployment rates in the country this year, at 5.6%(1) (compared with 6.7%(1) for Canada as a whole).

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

Financial Analysis

Consolidated Results

(millions of Canadian dollars)		Quarter ended January 31	
	2024	2023[1]	% Change
Operating results			
Net interest income	751	1,099	(32)
Non-interest income	1,959	1,463	34
Total revenues	2,710	2,562	6
Non-interest expenses	1,449	1,390	4
Income before provisions for credit losses and income taxes	1,261	1,172	8
Provisions for credit losses	120	86	40
Income before income taxes	1,141	1,086	5
Income taxes	219	210	4
Net income	922	876	5
Diluted earnings per share *(dollars)*	2.59	2.47	5
Taxable equivalent basis[2]			
Net interest income	37	78	
Non-interest income	73	52	
Income taxes	110	130	
Impact of taxable equivalent basis on net income	–	–	
Specified items[2]			
Income taxes related to the Canadian government's 2022 tax measures	–	24	
Specified items after income taxes	–	(24)	
Operating results – Adjusted[2]			
Net interest income – Adjusted	788	1,177	(33)
Non-interest income – Adjusted	2,032	1,515	34
Total revenues – Adjusted	2,820	2,692	5
Non-interest expenses – Adjusted	1,449	1,390	4
Income before provisions for credit losses and income taxes – Adjusted	1,371	1,302	5
Provisions for credit losses	120	86	40
Income before income taxes – Adjusted	1,251	1,216	3
Income taxes – Adjusted	329	316	4
Net income – Adjusted	922	900	2
Diluted earnings per share – Adjusted *(dollars)*	2.59	2.54	2
Average assets[3]	442,666	424,946	4
Average loans and acceptances[3]	228,161	209,699	9
Average deposits[3]	301,533	281,553	7
Operating leverage[4]	1.6 %	(4.7) %	
Operating leverage – Adjusted[5]	0.6 %	(2.2) %	
Efficiency ratio[4]	53.5 %	54.3 %	
Efficiency ratio – Adjusted[5]	51.4 %	51.6 %	

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.
(2) See the Financial Reporting Method section on pages 4 to 8 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 43 to 46 for details on the composition of these measures.
(5) See the Financial Reporting Method section on pages 4 to 8 for additional information on non-GAAP ratios.

Financial Results
For the first quarter of 2024, the Bank reported net income of $922 million, up 5% from $876 million in the first quarter of 2023. First-quarter diluted earnings per share stood at $2.59 compared to $2.47 in the first quarter of 2023. These increases were partly driven by total revenue growth in all of the business segments.

Excluding the impact of the Canadian government's 2022 tax measures on income taxes in the first quarter of 2023, net income totalled $922 million in the first quarter of 2024, up 2% from adjusted net income of $900 million in the first quarter of 2023, while diluted earnings per share stood at $2.59, also up 2% from adjusted diluted earnings per share of $2.54 in the first quarter of 2023.

Return on common shareholders' equity was 17.1% for the quarter ended January 31, 2024 compared to 17.9% in the same quarter of 2023.

Total Revenues
For the first quarter of 2024, the Bank's total revenues amounted to $2,710 million, up $148 million or 6% from the first quarter of 2023. In the Personal and Commercial segment, first-quarter total revenues rose 5% year over year owing to growth in loans and deposits, to a higher deposit margin as well as to higher credit card revenues and insurance revenues, partly offset by decreases in revenues from derivative financial instruments and in revenues from foreign exchange activities. In the Wealth Management segment, first-quarter total revenues grew 4% year over year, essentially due to higher fee-based revenues, notably revenues from investment management and trust service fees as well as mutual fund revenues. In the Financial Markets segment, first-quarter total revenues on a taxable equivalent basis increased by 10% year over year due to increases in global markets revenues and in corporate and investment banking revenues. In the USSF&I segment, first-quarter total revenues rose 2% year over year owing to revenue growth at ABA Bank (driven by business growth) as well as to annual dividend income from an investment in a financial group recorded in the first quarter of 2024. These items were partly offset by a decrease in Credigy's revenues, mainly due to revenues recorded upon a credit facility prepayment in the first quarter of 2023. For the *Other* heading of segment results, first-quarter total revenues remained stable year over year.

Non-Interest Expenses
For the first quarter of 2024, non-interest expenses stood at $1,449 million, a 4% year-over-year increase that was attributable to higher compensation and employee benefits (driven by wage growth and a greater number of employees) as well as to the variable compensation associated with revenue growth. Occupancy expense, including amortization expense, was also up, partly due to the expanding banking network at ABA Bank and to expenses related to the Bank's new head office building. Technology expenses, including amortization, were up, stemming from significant investments made to support the Bank's technological evolution and business development plan, while professional fees and other expenses also increased year over year.

Provisions for Credit Losses
For the first quarter of 2024, the Bank recorded $120 million in provisions for credit losses compared to $86 million in the first quarter of 2023. Provisions for credit losses on impaired loans, excluding purchased or originated credit-impaired (POCI)[(1)] loans rose $79 million year over year. This increase came from Personal Banking (including credit card receivables) and Commercial Banking, reflecting a normalization of credit performance, as well as from the Credigy (excluding POCI loans) and ABA Bank subsidiaries. In addition, during the first quarter of 2023, greater recoveries of credit losses on impaired loans had been recorded in the Financial Markets segment. As for first-quarter provisions for credit losses on non-impaired loans, they were down $28 million year over year, mainly due to updated scenarios reflecting a more favourable macroeconomic outlook and to a greater deterioration in credit risk in the first quarter of 2023. This decrease was partly offset by growth in the loan portfolios and a recalibration of certain risk parameters. Lastly, first-quarter provisions for credit losses on POCI loans were down $17 million year over year due to favourable remeasurements of certain Credigy portfolios during the first quarter of 2024 as well as to recoveries of credit losses following repayments of Commercial Banking POCI loans.

Income Taxes
For the first quarter of 2024, income taxes stood at $219 million compared to $210 million in the same quarter of 2023. The effective income tax rate for first-quarter 2024 was 19%, unchanged from the same quarter of 2023 despite the impact in first-quarter 2023 of certain enacted tax measures, namely, the Canada Recovery Dividend and the additional 1.5% tax on banks and life insurers. This is mainly explained by the decrease in tax-exempt income in first-quarter 2024, which reflects the denial of the deduction in respect of dividends covered by Bill C-59 since January 1, 2024.

(1) See the Glossary section on pages 43 to 46 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 mainly 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 January 31

	2024	2023[(1)]	% Change
Operating results			
Net interest income	**870**	825	5
Non-interest income	**284**	279	2
Total revenues	**1,154**	1,104	5
Non-interest expenses	**615**	593	4
Income before provisions for credit losses and income taxes	**539**	511	5
Provisions for credit losses	**71**	61	16
Income before income taxes	**468**	450	4
Income taxes	**129**	124	4
Net income	**339**	326	4
Net interest margin[(2)]	**2.36 %**	2.35 %	
Average interest-bearing assets[(2)]	**146,700**	139,215	5
Average assets[(3)]	**155,031**	146,131	6
Average loans and acceptances[(3)]	**153,291**	145,347	5
Net impaired loans[(2)]	**323**	215	50
Net impaired loans as a % of total loans and acceptances[(2)]	**0.2 %**	0.1 %	
Average deposits[(3)]	**88,949**	85,051	5
Efficiency ratio[(2)]	**53.3 %**	53.7 %	

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.
(2) See the Glossary section on pages 43 to 46 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 $339 million in the first quarter of 2024 compared to $326 million in the first quarter of 2023, a 4% year-over-year increase driven by total revenue growth, partly offset by higher non-interest expenses and higher provisions for credit losses. The segment's first-quarter net interest income rose 5% year over year owing mainly to growth in personal and commercial loans and deposits. The net interest margin was 2.36% in first-quarter 2024 versus 2.35% in first-quarter 2023, as a growing deposit margin was offset by a declining margin on loans. As for first-quarter non-interest income, it grew $5 million or 2% year over year.

Personal Banking's first-quarter total revenues posted a $37 million year-over-year increase that was driven by higher net interest income, attributable to growth in loans and deposits and an improved deposit margin, as well as to increases in credit card revenues, insurance revenues, and internal commission revenues arising from the distribution of Wealth Management products. Commercial Banking's first-quarter total revenues grew $13 million year over year, mainly due to an increase in net interest income that was driven by loan and deposit growth, partly offset by a lower net interest margin on loans and deposits and by decreases in revenues from derivative financial instruments and in revenues from foreign exchange activities.

For the first quarter of 2024, the Personal and Commercial segment's non-interest expenses stood at $615 million, a 4% year-over-year increase that was due to higher compensation and employee benefits (driven by wage growth) and to greater investment in the segment's technological evolution. At 53.3% in the first quarter of 2024, the efficiency ratio improved by 0.4 percentage points year over year. The segment recorded $71 million in provisions for credit losses in the first quarter of 2024 compared to $61 million in the first quarter of 2023. This increase was mainly due to higher provisions for credit losses on impaired Personal Banking loans (including credit card receivables) and impaired Commercial Banking loans, reflecting a normalization of credit performance. As for first-quarter provisions for credit losses on non-impaired loans, they were down year over year. Also, the segment recorded recoveries of credit losses on Commercial Banking's POCI loans during the first quarter of 2024 as a result of loan repayments.

Wealth Management

(millions of Canadian dollars)			Quarter ended January 31
	2024	2023	% Change
Operating results			
Net interest income	**198**	208	(5)
Fee-based revenues	**375**	347	8
Transaction-based and other revenues	**87**	82	6
Total revenues	**660**	637	4
Non-interest expenses	**390**	364	7
Income before provisions for credit losses and income taxes	**270**	273	(1)
Provisions for credit losses	**–**	–	–
Income before income taxes	**270**	273	(1)
Income taxes	**74**	75	(1)
Net income	**196**	198	(1)
Average assets[1]	**8,708**	8,523	2
Average loans and acceptances[1]	**7,713**	7,548	2
Net impaired loans[2]	**5**	8	(38)
Average deposits[1]	**41,216**	40,214	2
Assets under administration[2]	**712,488**	652,873	9
Assets under management[2]	**132,822**	119,774	11
Efficiency ratio[2]	**59.1 %**	57.1 %	

(1) Represents an average of the daily balances for the period.
(2) See the Glossary section on pages 43 to 46 for details on the composition of these measures.

In the Wealth Management segment, net income totalled $196 million in the first quarter of 2024, down 1% from $198 million in the first quarter of 2023. Growth in the segment's total revenues was more than offset by higher non-interest expenses. First-quarter total revenues amounted to $660 million, up $23 million or 4% from $637 million in the first quarter of 2023. First-quarter net interest income was down 5% year over year due to changes in the composition of deposits. Fee-based revenues increased by 8%, mostly due to stronger stock market performance compared to the first quarter of 2023 and to positive net inflows into various solutions. As for first-quarter transaction-based and other revenues, they increased 6% year over year.

The segment's non-interest expenses stood at $390 million in the first quarter of 2024 versus $364 million in first-quarter 2023, a 7% year-over-year increase that was attributable to higher compensation and employee benefits, notably the variable compensation associated with revenue growth, higher external management fees, and higher technology expenses. At 59.1%, the first-quarter efficiency ratio deteriorated when compared to 57.1% in the first quarter of 2023. The segment's provisions for credit losses were negligible in the first quarters of 2024 and 2023.

Financial Markets

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

	Quarter ended January 31		
	2024	2023	% Change
Operating results			
Global markets			
Equities	**222**	192	16
Interest rate and credit	**158**	151	5
Commodities and foreign exchange	**71**	54	31
	451	397	14
Corporate and investment banking	**304**	292	4
Total revenues[1]	**755**	689	10
Non-interest expenses	**313**	287	9
Income before provisions for credit losses and income taxes	**442**	402	10
Provisions for credit losses	**17**	(9)	
Income before income taxes	**425**	411	3
Income taxes[1]	**117**	113	4
Net income	**308**	298	3
Average assets[2]	**190,443**	173,262	10
Average loans and acceptances[2] (Corporate Banking only)	**31,659**	27,066	17
Net impaired loans[3]	**20**	81	(75)
Net impaired loans as a % of total loans and acceptances[3]	**0.1 %**	0.3 %	
Average deposits[2]	**63,335**	52,820	20
Efficiency ratio[3]	**41.5 %**	41.7 %	

(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 January 31, 2024, *Total revenues* were grossed up by $108 million ($129 million in 2023) and an equivalent amount was recognized in *Income taxes*. The effect of these adjustments is reversed under the *Other* heading of segment results. In light of the proposed legislation with respect to Canadian dividends, the Bank did not either recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024 (for additional information, see the Income Taxes section).
(2) Represents an average of the daily balances for the period.
(3) See the Glossary section on pages 43 to 46 for details on the composition of these measures.

In the Financial Markets segment, net income totalled $308 million in the first quarter of 2024, up 3% from $298 million in the first quarter of 2023. Income before provisions for credit losses and income taxes totalled $442 million in the first quarter of 2024, up 10% year over year. The segment's first-quarter total revenues on a taxable equivalent basis amounted to $755 million, up $66 million or 10% from $689 million in the first quarter of 2023. Global markets revenues rose 14% year over year owing to growth in all revenue types. First-quarter corporate and investment banking revenues grew 4% year over year given an increase in banking service revenues, partly offset by a decrease in revenues from merger and acquisition activities.

For the first quarter of 2024, the segment's non-interest expenses stood at $313 million, a 9% year-over-year increase that was due to higher compensation and employee benefits (notably the variable compensation associated with revenue growth), to higher technology investment expenses, and to higher other expenses related to the segment's business growth. At 41.5%, first-quarter efficiency ratio improved by 0.2 percentage points compared to 41.7% in the first quarter of 2023. The segment recorded $17 million in provisions for credit losses in the first quarter of 2024 compared to $9 million in recoveries of credit losses in the first quarter of 2023. This increase came from higher credit loss recoveries on impaired loans recorded in the first quarter of 2023 as well as from a $10 million year-over-year increase in provisions for credit losses on non-impaired loans arising from growth in the loan portfolios.

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

(millions of Canadian dollars)			Quarter ended January 31
	2024	2023	% Change
Total revenues			
Credigy	125	137	(9)
ABA Bank	194	180	8
International	7	2	
	326	319	2
Non-interest expenses			
Credigy	35	36	(3)
ABA Bank	65	61	7
International	–	1	
	100	98	2
Income before provisions for credit losses and income taxes	226	221	2
Provisions for credit losses			
Credigy	25	31	(19)
ABA Bank	11	4	
	36	35	3
Income before income taxes	190	186	2
Income taxes			
Credigy	14	15	(7)
ABA Bank	25	24	4
International	1	–	
	40	39	3
Net income			
Credigy	51	55	(7)
ABA Bank	93	91	2
International	6	1	
	150	147	2
Average assets(1)	26,025	21,606	20
Average loans and receivables(1)	20,787	17,941	16
Purchased or originated credit-impaired (POCI) loans	457	414	10
Net impaired loans excluding POCI loans(2)	329	172	91
Average deposits(1)	12,174	9,813	24
Efficiency ratio(2)	30.7 %	30.7 %	

(1) Represents an average of the daily balances for the period.
(2) See the Glossary section on pages 43 to 46 for details on the composition of these measures.

In the USSF&I segment, net income totalled $150 million in the first quarter of 2024, up 2% from $147 million in the same quarter of 2023. The segment's first-quarter total revenues amounted to $326 million versus $319 million in the first quarter of 2023, a $7 million or 2% year-over-year increase that was driven mainly by 8% revenue growth at the ABA Bank subsidiary as well as by annual dividend income from an investment in a financial group recorded in the first quarter of 2024. These items were partly offset by a 9% decrease in the Credigy subsidiary's revenues.

Credigy

The Credigy subsidiary's net income totalled $51 million in the first quarter of 2024, down $4 million or 7% year over year. Its first-quarter total revenues amounted to $125 million versus $137 million in the first quarter of 2023, a year-over-year decrease that mainly reflects revenues recorded upon a credit facility prepayment in the first quarter of 2023, partly offset by growth in non-interest income arising mainly from the fair value remeasurement of certain portfolios. Credigy's first-quarter non-interest expenses stood at $35 million, a $1 million year-over-year decrease. First-quarter provisions for credit losses were down $6 million year over year. A decrease in provisions for credit losses on non-impaired loans was due to an improvement in certain risk parameters. In addition, provisions for credit losses on POCI loans were also down year over year due to higher unfavourable remeasurements of certain portfolios during the first quarter of 2023. These decreases were partly offset by an increase in provisions for credit losses on impaired loans.

ABA Bank

The ABA Bank subsidiary's net income totalled $93 million in the first quarter of 2024, up $2 million or 2% year over year. The subsidiary's first-quarter total revenues rose 8% year over year, mainly due to sustained asset growth, partly offset by higher interest expenses on deposits. Non-interest expenses for the first quarter of 2024 stood at $65 million, a $4 million or 7% year-over-year increase that was mainly attributable to higher occupancy expenses resulting from the subsidiary's business growth and opening of new branches. Provisions for credit losses, which stood at $11 million in the first quarter of 2024, rose $7 million year over year. This increase came from higher provisions for credit losses on impaired loans, partly offset by lower provisions for credit losses on non-impaired loans.

Other

(millions of Canadian dollars)	Quarter ended January 31	
	2024	2023
Operating results		
Net interest income[1]	**(100)**	(142)
Non-interest income[1]	**(85)**	(45)
Total revenues	**(185)**	(187)
Non-interest expenses	**31**	48
Income before provisions for credit losses and income taxes	**(216)**	(235)
Provisions for credit losses	**(4)**	(1)
Income before income taxes	**(212)**	(234)
Income taxes (recovery)[1]	**(141)**	(141)
Net loss	**(71)**	(93)
Non-controlling interests	**–**	–
Net income (loss) attributable to the Bank's shareholders and holders of other equity instruments	**(71)**	(93)
Less: Specified items after income taxes[2]	**–**	(24)
Net loss – Adjusted[2]	**(71)**	(69)
Average assets[3]	**62,459**	75,424

(1) For the quarter ended January 31, 2024, an amount of $37 million ($78 million in 2023) was deducted from *Net interest income*, an amount of $73 million ($52 million in 2023) was deducted from *Non-interest income*, and an equivalent amount was recorded 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 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. In light of the proposed legislation with respect to Canadian dividends, the Bank did not either recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024 (for additional information, see the Income Taxes section).
(2) See the Financial Reporting Method section on pages 4 to 8 for additional information on non-GAAP financial measures.
(3) Represents an average of the daily balances for the period.

For the *Other* heading of segment results, there was a net loss of $71 million in the first quarter of 2024 compared to a net loss of $93 million in the first quarter of 2023. The change in net loss was mainly due to a $24 million income tax expense related to the Canadian government's 2022 tax measures recorded in the first quarter of 2023. There was a net loss of $71 million in the first quarter of 2024 versus an adjusted net loss of $69 million in the first quarter of 2023.

Consolidated Balance Sheet

Consolidated Balance Sheet Summary

(millions of Canadian dollars)	As at January 31, 2024	As at October 31, 2023[1]	% Change
Assets			
Cash and deposits with financial institutions	**37,399**	35,234	6
Securities	**130,065**	121,818	7
Securities purchased under reverse repurchase agreements and securities borrowed	**12,926**	11,260	15
Loans and acceptances, net of allowances	**230,157**	225,443	2
Other	**23,380**	29,722	(21)
	433,927	423,477	2
Liabilities and equity			
Deposits	**300,097**	288,173	4
Other	**109,180**	110,972	(2)
Subordinated debt	**749**	748	–
Equity attributable to the Bank's shareholders and holders of other equity instruments	**23,899**	23,582	1
Non-controlling interests	**2**	2	–
	433,927	423,477	2

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.

Assets

As at January 31, 2024, the Bank had total assets of $433.9 billion, a $10.4 billion or 2% increase from $423.5 billion as at October 31, 2023. At $37.4 billion as at January 31, 2024, cash and deposits with financial institutions rose $2.2 billion, mainly due to an increase in deposits with the Bank of Canada, partly offset by a decrease in deposits with regulated financial institutions.

Since October 31, 2023, securities rose $8.3 billion due to a $5.5 billion or 5% increase in securities at fair value through profit or loss, with this increase being essentially attributable to equity securities, partly offset by a decrease in securities issued or guaranteed by U.S. Treasury, other U.S. agencies, and other foreign governments. The increase was also due to a $2.8 billion increase in securities other than those measured at fair value through profit or loss, with this increase being essentially attributable to securities issued or guaranteed by the Canadian government and securities issued or guaranteed by U.S. Treasury, other U.S. agencies, and other foreign governments. Securities purchased under reverse repurchase agreements and securities borrowed increased by $1.6 billion since October 31, 2023, mainly due to the activities of the Financial Markets segment and Treasury.

Totalling $230.2 billion as at January 31, 2024, loans and acceptances, net of allowances for credit losses, rose $4.8 billion or 2% since October 31, 2023. The following table provides a breakdown of the main loan and acceptance portfolios.

(millions of Canadian dollars)	**As at January 31, 2024**	As at October 31, 2023	As at January 31, 2023
Loans and acceptances			
Residential mortgage and home equity lines of credit	**117,883**	116,444	111,634
Personal	**16,948**	16,761	15,537
Credit card	**2,541**	2,603	2,296
Business and government	**93,996**	90,819	81,919
	231,368	226,627	211,386
Allowances for credit losses	**(1,211)**	(1,184)	(1,007)
	230,157	225,443	210,379

Since October 31, 2023, residential mortgages (including home equity lines of credit) rose $1.5 billion or 1% given the business activities of the Personal and Commercial segment, the Financial Markets segment, and the Credigy subsidiary. Also since October 31, 2023, personal loans grew slightly, credit card receivables were down slightly, while loans and acceptances to business and government rose $3.2 billion or 3%, mainly due to business growth at Commercial Banking, in the Financial Markets segment, and at the Credigy and ABA Bank subsidiaries.

Since January 31, 2023, loans and acceptances, net of allowances for credit losses, grew $19.8 billion or 9%, while residential mortgages (including home equity lines of credit) rose $6.3 billion or 6% given sustained demand for mortgage credit in the Personal and Commercial segment and given business growth in the Financial Markets segment and at the ABA Bank and Credigy subsidiaries. Also since January 31, 2023, personal loans rose $1.4 billion, credit card receivables were up $0.2 billion, and loans and acceptances to business and government grew $12.1 billion or 15%, owing essentially to the activities of the Financial Markets segment, Commercial Banking, and ABA Bank.

Impaired loans include all loans classified in Stage 3 of the expected credit loss model and POCI loans. As at January 31, 2024, gross impaired loans stood at $1,599 million compared to $1,584 million as at October 31, 2023. As for net impaired loans, they totalled $1,276 million as at January 31, 2024 and are stable compared to October 31, 2023. Net impaired loans excluding POCI loans amounted to $677 million as at January 31, 2024, rising $71 million from $606 million as at October 31, 2023. This increase was due to an increase in the net impaired loans of the loan portfolios of Personal Banking 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 $599 million as at January 31, 2024 compared to $670 million as at October 31, 2023, a decrease due to the maturities of certain portfolios and to loan repayments.

As at January 31, 2024, other assets totalled $23.4 billion, a $6.3 billion decrease since October 31, 2023 that came mainly from a decrease in derivative financial instruments.

Liabilities
As at January 31, 2024, the Bank had total liabilities of $410.0 billion compared to $399.9 billion as at October 31, 2023.

The Bank's total deposit liability stood at $300.1 billion as at January 31, 2024, rising $11.9 billion or 4% from $288.2 billion as at October 31, 2023. As at January 31, 2024, personal deposits stood at $91.1 billion, rising $3.2 billion since October 31, 2023. This increase came from business growth in the Financial Markets segment, the Wealth Management segment, at Personal Banking, and at ABA Bank.

Business and government deposits stood at $204.4 billion as at January 31, 2024, rising $7.1 billion since October 31, 2023. This increase came from the financing activities of the Financial Markets segment and Treasury, including $2.0 billion in deposits subject to bank recapitalization (bail-in) conversion regulations. Deposits from deposit-taking institutions stood at $4.6 billion as at January 31, 2024, increasing $1.6 billion since October 31, 2023.

Other liabilities, totalling $109.2 billion as at January 31, 2024, decreased by $1.8 billion since October 31, 2023, resulting essentially from a $2.9 billion decrease in derivative financial instruments and a $1.0 billion decrease in obligations related to securities sold under repurchase agreements and securities loaned. These decreases were partly offset by a $2.5 billion increase in obligations related to securities sold short.

Equity
As at January 31, 2024, equity attributable to the Bank's shareholders and holders of other equity instruments was $23.9 billion, rising $0.3 billion since October 31, 2023. This increase was due to net income net of dividends and to issuances of common shares under the stock option plan. These increases were partly offset by a decrease in accumulated other comprehensive income, notably foreign exchange losses, and by the net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss.

Event After the Consolidated Balance Sheet Date

Issuance of Subordinated Debt
On February 5, 2024, the Bank issued medium-term notes for a total amount of $500 million. They bear interest at 5.279% and mature on February 15, 2034. The interest on these notes will be payable semi-annually at a rate of 5.279% per annum until February 15, 2029 and, thereafter, will be payable quarterly at a floating rate equal to Daily Compounded CORRA plus 1.80%. With the prior approval of OSFI, the Bank may, at its option, redeem these notes as of February 15, 2029, in whole or in part, at their nominal value plus accrued and unpaid interest. Given that the medium-term notes satisfy the non-viability contingent capital requirements, they qualify for the purposes of calculating regulatory capital under Basel III.

Related Party Transactions

The Bank's policies and procedures regarding related party transactions have not significantly changed since October 31, 2023. For additional information, see Note 28 to the audited annual consolidated financial statements for the year ended October 31, 2023.

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 51 and 52 of the *2023 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, 2023.

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".

In October 2023, the Bank filed a notice of appeal with the Tax Court of Canada, and the matter is now in litigation. 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 January 31, 2024.

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 included 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 as at January 31, 2023, 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 for the quarter ended January 31, 2023.

Proposed Legislation

On November 30, 2023, the Government of Canada introduced Bill C-59 – *An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023 and certain provisions of the budget tabled in Parliament on March 28, 2023* to implement 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 (except for dividends received on "taxable preferred shares" as defined in the *Income Tax Act*), as well as the application of a 2% tax on the net value of equity repurchases occurring as of January 1, 2024. Although these tax measures were not substantively enacted at the reporting date, the consolidated financial statements reflect, since January 1, 2024, the denial of the deduction in respect of the dividends covered by Bill C-59.

During fiscal 2023, the Government of Canada proposed to implement the Pillar 2 rules (global minimum tax) published by the Organisation for Economic Co-operation and Development (OECD) that will apply to fiscal years beginning on or after December 31, 2023 (November 1, 2024 for the Bank). To date, the Pillar 2 rules have not yet been included in a bill in Canada but have been included in a bill or enacted in certain jurisdictions where the Bank operates. The Pillar 2 rules do not apply to this fiscal year, and the Bank is currently assessing its income tax exposure arising from these rules.

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 53 to 61 of the Bank's *2023 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 11.5%, a Tier 1 capital ratio of at least 13.0%, and a Total capital ratio of at least 15.0%. For additional information on the ratio calculations, see pages 54 and 55 of the *2023 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 3.5% domestic stability buffer (DSB) established by OSFI. The DSB, which can vary from 0% to 4.0% of risk-weighted assets (RWA), consists 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 will have to provide a remediation plan to OSFI. The Bank must also meet the requirements of the 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. For fiscal 2024, the floor factor is set at 67.5%. 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. Lastly, OSFI requires D-SIBs to maintain a Basel III leverage ratio of at least 3.5%, which includes a Tier 1 capital buffer of 0.5% applicable only to D-SIBs. For additional information on the leverage ratio calculation, see page 55 of the *2023 Annual Report*.

In the first quarter of 2024, the Bank implemented OSFI's finalized guidance of the revised market risk framework, consistent with the BCBS's Fundamental Review of the Trading Book (FRTB) as well as the revised credit valuation adjustment (CVA) risk framework. For both market risk and CVA, the Bank uses the sensitivities-based Standardized Approach (SA) for computing RWA. The implementation of these revised frameworks, on November 1, 2023, had a negative impact of 38 bps on the Bank's CET1 capital ratio.

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. The Bank's regulatory capital instruments, other than common shares, all 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 25.0% (including the DSB) 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 January 31, 2024, outstanding liabilities of $19.7 billion ($17.7 billion as at October 31, 2023) were subject to conversion under the bail-in regulations.

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

	Requirements as at January 31, 2024							
	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 January 31, 2024
Capital ratios								
CET1	4.5 %	2.5 %	7.0 %	1.0 %	8.0 %	3.5 %	11.5 %	13.1 %
Tier 1	6.0 %	2.5 %	8.5 %	1.0 %	9.5 %	3.5 %	13.0 %	15.5 %
Total	8.0 %	2.5 %	10.5 %	1.0 %	11.5 %	3.5 %	15.0 %	16.2 %
Leverage ratio	3.0 %	n.a.	3.0 %	0.5 %	3.5 %	n.a.	3.5 %	4.3 %
TLAC ratio	21.5 %	n.a.	21.5 %	n.a.	21.5 %	3.5 %	25.0 %	28.1 %
TLAC leverage ratio	6.75 %	n.a.	6.75 %	0.5 %	7.25 %	n.a.	7.25 %	7.8 %

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. The minimum leverage ratio and the TLAC leverage ratio include a Tier 1 capital buffer of 0.5% (surcharge related to D-SIBs).
(4) On December 8, 2023, OSFI confirmed that the domestic stability buffer was being maintained at 3.5%.

The Bank ensures that its capital levels are always above the minimum capital requirements set by OSFI, including the DSB. 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 Enhanced Disclosure Task Force (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. During the first quarter of 2024, the Bank implemented the revised market risk and CVA risk frameworks. Since November 1, 2023, there have been no other new regulatory developments to be considered.

Management Activities

On December 12, 2023, 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 then outstanding common shares) over the 12-month period ending no later than December 11, 2024. During the quarter ended January 31, 2024, the Bank did not repurchase any common shares.

On February 5, 2024, the Bank issued medium-term notes for a total amount of $500 million bearing interest at 5.279% and maturing on February 15, 2034. Given that the medium-term notes satisfy the NVCC requirements, they qualify for the purposes of calculating regulatory capital under the Basel III rules and will be included in the capital ratio calculations as of the second quarter of 2024.

Dividends

On February 27, 2024, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of $1.06 per common share, payable on May 1, 2024 to shareholders of record on March 25, 2024.

Shares, Other Equity Instruments, and Stock Options

	As at January 31, 2024	
	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	339,166,350	3,347
Stock options	11,892,260	

(1) Limited Recourse Capital Notes (LRCN).

As at February 23, 2024, there were 339,170,523 common shares and 11,838,014 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 870 million Bank common shares, which would have a 71.9% dilutive effect based on the number of Bank common shares outstanding as at January 31, 2024.

Movement in Regulatory Capital[1]

(millions of Canadian dollars)	Quarter ended January 31, 2024
Common Equity Tier 1 (CET1) capital	
Balance at beginning	16,920
Issuance of common shares (including Stock Option Plan)	45
Impact of shares purchased or sold for trading	2
Repurchase of common shares	–
Other contributed surplus	1
Dividends on preferred and common shares and distributions on other equity instruments	(402)
Net income attributable to the Bank's shareholders and holders of other equity instruments	922
Removal of own credit spread (net of income taxes)	220
Impact of IFRS 17 adoption	(94)
Other	(128)
Movements in accumulated other comprehensive income	
Translation adjustments	(174)
Debt securities at fair value through other comprehensive income	48
Other	–
Change in goodwill and intangible assets (net of related tax liability)	26
Other, including regulatory adjustments	
Change in defined benefit pension plan asset (net of related tax liability)	(31)
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)	(3)
Other deductions or regulatory adjustments to CET1 implemented by OSFI	(2)
Change in other regulatory adjustments	–
Balance at end	17,350
Additional Tier 1 capital	
Balance at beginning	3,148
New Tier 1 eligible capital issuances	–
Redeemed capital	–
Other, including regulatory adjustments	–
Balance at end	3,148
Total Tier 1 capital	20,498
Tier 2 capital	
Balance at beginning	988
New Tier 2 eligible capital issuances	–
Redeemed capital	–
Tier 2 instruments issued by subsidiaries and held by third parties	–
Change in certain allowances for credit losses	(59)
Other, including regulatory adjustments	(4)
Balance at end	925
Total regulatory capital	21,423

(1) See the Financial Reporting Method section on pages 4 to 8 for additional information on capital management measures.

Risk-Weighted Assets by Key Risk Drivers

Risk-weighted assets (RWA) amounted to $132.4 billion as at January 31, 2024 compared to $125.6 billion as at October 31, 2023, a $6.8 billion increase resulting from organic growth in RWA, a deterioration in the credit quality of the loan portfolio, and methodology changes mainly related to the implementation of OSFI's revised market risk and CVA risk frameworks, partly offset by foreign exchange movements. 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
			January 31, 2024	October 31, 2023
	Non-counterparty credit risk	Counterparty credit risk	Total	Total
Credit risk – Risk-weighted assets at beginning	**99,808**	**7,337**	**107,145**	102,087
Book size	**4,246**	**774**	**5,020**	2,288
Book quality	**438**	**(3)**	**435**	1,045
Model updates	**(31)**	**–**	**(31)**	(107)
Methodology and policy	**(825)**	**(1,804)**	**(2,629)**	–
Acquisitions and disposals	**–**	**–**	**–**	–
Foreign exchange movements	**(997)**	**(105)**	**(1,102)**	1,832
Credit risk – Risk-weighted assets at end	**102,639**	**6,199**	**108,838**	107,145
Market risk – Risk-weighted assets at beginning			**5,662**	5,985
Movement in risk levels(2)			**(352)**	(323)
Model updates			**–**	–
Methodology and policy			**4,838**	–
Acquisitions and disposals			**–**	–
Market risk – Risk-weighted assets at end			**10,148**	5,662
Operational risk – Risk-weighted assets at beginning			**12,785**	12,490
Movement in risk levels			**599**	295
Methodology and policy			**–**	–
Acquisitions and disposals			**–**	–
Operational risk – Risk-weighted assets at end			**13,384**	12,785
Risk-weighted assets at end			**132,370**	125,592

(1) See the Financial Reporting Method section on pages 4 to 8 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.

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 first quarter of 2024, the Bank refined the credit risk RWA calculation related to derivatives and certain non-retail exposures. The Bank also implemented OSFI's revised market risk and CVA risk frameworks.

Regulatory Capital Ratios, Leverage Ratio, and TLAC Ratios

As at January 31, 2024, the Bank's CET1, Tier 1, and Total capital ratios were, respectively, 13.1%, 15.5%, and 16.2% compared to ratios of, respectively, 13.5%, 16.0%, and 16.8% as at October 31, 2023. All of the capital ratios decreased since October 31, 2023, essentially due to RWA growth and to the impact of implementing OSFI's revised market risk and CVA risk frameworks. These factors were partly offset by the positive contribution from net income, net of dividends, and common share issuances under the Stock Option Plan.

As at January 31, 2024, the leverage ratio was 4.3% compared to 4.4% as at October 31, 2023. The decrease in the leverage ratio was essentially due to growth in total exposure, partly offset by growth in Tier 1 capital.

As at January 31, 2024, the Bank's TLAC ratio and TLAC leverage ratio were, respectively, 28.1% and 7.8% compared to 29.2% and 8.0%, respectively, as at October 31, 2023. The decrease in the TLAC ratio is explained by the same factors described for the capital ratios, partly offset by net issuances of instruments that met 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 ended January 31, 2024, 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 January 31, 2024**	As at October 31, 2023
Capital		
CET1	**17,350**	16,920
Tier 1	**20,498**	20,068
Total	**21,423**	21,056
Risk-weighted assets	**132,370**	125,592
Total exposure	**478,484**	456,478
Capital ratios		
CET1	**13.1 %**	13.5 %
Tier 1	**15.5 %**	16.0 %
Total	**16.2 %**	16.8 %
Leverage ratio	**4.3 %**	4.4 %
Available TLAC	**37,162**	36,732
TLAC ratio	**28.1 %**	29.2 %
TLAC leverage ratio	**7.8 %**	8.0 %

(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*.
(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 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**	2023	2022
Cross-jurisdictional activity[(2)]	Cross-jurisdictional claims	117,016	97,929
	Cross-jurisdictional liabilities	90,476	75,961
Size[(3)]	Total exposures as defined for use in the Basel III leverage ratio[(4)]	459,090	429,692
Interconnectedness[(5)]	Intra-financial system assets[(4)]	73,022	66,590
	Intra-financial system liabilities[(4)]	38,238	42,806
	Securities outstanding[(4)]	109,831	105,572
Substitutability / financial institutions infrastructure[(6)]	Payment activity[(7)]	16,801,902	17,366,801
	Assets under custody	652,463	615,973
	Underwritten transactions in debt and equity markets	31,821	26,017
	Trading volume[(8)]		
	Fixed-income securities[(8)]	845,554	829,877
	Equities and other securities[(8)]	1,124,984	1,335,166
Complexity[(9)]	Notional amount of over-the-counter derivative financial instruments[(4)]	1,847,636	1,816,770
	Trading and investment securities	63,407	49,493
	Level 3 financial assets[(4)]	1,226	1,128

(1) The G-SIB indicators are prepared using the methodology prescribed in the BCBS guidelines published in July 2018 and are calculated using the specific instructions updated by the BCBS each year.
(2) Represents the Bank's level of interaction outside Canada.
(3) Represents the Bank's total on-and-off balance sheet exposures, as determined by OSFI's Basel III leverage ratio rules before regulatory adjustments.
(4) Includes insurance activities.
(5) Represents transactions with other financial institutions.
(6) Represents the extent to which the Bank's services could be substituted by other institutions.
(7) For the fiscal years ended October 31, 2023 and 2022.
(8) This indicator consists of two sub-indicators: fixed-income securities as well as equities and other securities.
(9) 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 losses. Certain risks are discussed hereafter. For additional information, see the Risk Management section on pages 62 to 106 of the *2023 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.

Between March 2, 2022 and July 12, 2023, the Bank of Canada raised its policy rate ten times; the rate has thus risen from 0.25% to 5%. For the announcements of December 6, 2023 and January 24, 2024, the central bank opted for a pause, holding the policy rate steady. 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 with 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, 2023, see page 77 of the Risk Management section of the *2023 Annual Report*. In addition, since November 1, 2023, the below-described regulatory development should also be considered.

On February 5, 2024, the *Prohibition on the Purchase of Residential Property by Non-Canadians Act*, which was to be in effect until January 1, 2025, was extended until January 1, 2027.

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 January 31, 2024
	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	76,847	9,145	–	–	–	85,992	12 %	88 %
Qualifying revolving retail	3,106	12,290	–	–	–	15,396	– %	100 %
Other retail	16,490	2,742	–	–	32	19,264	14 %	86 %
	96,443	24,177	–	–	32	120,652		
Non-retail								
Corporate	93,299	29,754	42,021	313	8,034	173,421	18 %	82 %
Sovereign	66,682	5,989	70,700	–	288	143,659	2 %	98 %
Financial institutions	6,849	1,000	103,224	1,752	1,404	114,229	22 %	78 %
	166,830	36,743	215,945	2,065	9,726	431,309		
Trading portfolio	–	–	–	14,618	–	14,618	2 %	98 %
Securitization	4,628	–	–	–	5,321	9,949	92 %	8 %
Total – Gross credit risk	267,901	60,920	215,945	16,683	15,079	576,528	14 %	86 %
Standardized Approach(5)	36,059	1,274	36,502	1,731	5,564	81,130		
IRB Approach	231,842	59,646	179,443	14,952	9,515	495,398		
Total – Gross credit risk	267,901	60,920	215,945	16,683	15,079	576,528	14 %	86 %

(millions of Canadian dollars)								As at October 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	77,073	9,094	–	–	–	86,167	12 %	88 %
Qualifying revolving retail	3,183	12,052	–	–	–	15,235	– %	100 %
Other retail	16,078	2,692	–	–	33	18,803	13 %	87 %
	96,334	23,838	–	–	33	120,205		
Non-retail								
Corporate	91,994	27,846	38,549	385	6,915	165,689	18 %	82 %
Sovereign	61,438	5,921	61,580	–	267	129,206	3 %	97 %
Financial institutions	6,719	1,002	98,222	3,013	1,506	110,462	23 %	77 %
	160,151	34,769	198,351	3,398	8,688	405,357		
Trading portfolio	–	–	–	13,778	–	13,778	2 %	98 %
Securitization	4,351	–	–	–	5,318	9,669	92 %	8 %
Total – Gross credit risk	260,836	58,607	198,351	17,176	14,039	549,009	15 %	85 %
Standardized Approach(5)	35,461	1,260	34,717	3,211	5,568	80,217		
IRB Approach	225,375	57,347	163,634	13,965	8,471	468,792		
Total – Gross credit risk	260,836	58,607	198,351	17,176	14,039	549,009	15 %	85 %

(1) See the Financial Reporting Method section on pages 4 to 8 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 – First Quarter 2024* and in *Supplementary Regulatory Capital and Pillar 3 Disclosure – First Quarter 2024,* 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, the Bank has been operating in a volatile environment. The geopolitical landscape (notably the Russia-Ukraine war and the clashes between Hamas and Israel), inflation, climate change, and higher interest rates continue to create uncertainty.

The following tables provide a breakdown of the Bank's Consolidated Balance Sheet into financial 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 non-trading positions that use other risk measures.

Reconciliation of Market Risk With Consolidated Balance Sheet Items

(millions of Canadian dollars)					As at January 31, 2024
		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	37,399	1,484	22,963	12,952	Interest rate[3]
Securities					
At fair value through profit or loss	105,454	102,082	3,372	–	Interest rate[3] and equity
At fair value through other comprehensive income	12,309	–	12,309	–	Interest rate[3] and equity[4]
At amortized cost	12,302	–	12,302	–	Interest rate[3]
Securities purchased under reverse repurchase agreements and securities borrowed	12,926	–	12,926	–	Interest rate[3][5]
Loans and acceptances, net of allowances	230,157	13,837	216,320	–	Interest rate[3]
Derivative financial instruments	10,627	10,444	183	–	Interest rate and exchange rate
Defined benefit asset	394	–	394	–	Other
Other	12,359	514	–	11,845	
	433,927	128,361	280,769	24,797	
Liabilities					
Deposits	300,097	21,455	278,642	–	Interest rate[3]
Acceptances	5,633	–	5,633	–	Interest rate[3]
Obligations related to securities sold short	16,140	16,140	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	37,313	–	37,313	–	Interest rate[3][5]
Derivative financial instruments	17,030	16,466	564	–	Interest rate and exchange rate
Liabilities related to transferred receivables	25,682	9,321	16,361	–	Interest rate[3]
Defined benefit liability	101	–	101	–	Other
Other	7,281	–	49	7,232	Interest rate[3]
Subordinated debt	749	–	749	–	Interest rate[3]
	410,026	63,382	339,412	7,232	

(1) Trading positions whose risk measure is total VaR. For additional information, see the table in the pages ahead and in the Market Risk section of the *2023 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect.
(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 *2023 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect 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 measures.

(millions of Canadian dollars)					As at October 31, 2023[1]
		Market risk measures			
	Balance sheet	Trading[2]	Non-trading[3]	Not subject to market risk	Non-traded risk primary risk sensitivity
Assets					
Cash and deposits with financial institutions	35,234	685	24,950	9,599	Interest rate[4]
Securities					
At fair value through profit or loss	99,994	98,559	1,435	–	Interest rate[4] and equity[5]
At fair value through other comprehensive income	9,242	–	9,242	–	Interest rate[4] and equity[6]
Amortized cost	12,582	–	12,582	–	Interest rate[4]
Securities purchased under reverse repurchase agreements and securities borrowed	11,260	–	11,260	–	Interest rate[4][7]
Loans and acceptances, net of allowances	225,443	12,739	212,704	–	Interest rate[4]
Derivative financial instruments	17,516	16,349	1,167	–	Interest rate[8] and exchange rate[8]
Defined benefit asset	356	–	356	–	Other[9]
Other	11,850	544	–	11,306	
	423,477	128,876	273,696	20,905	
Liabilities					
Deposits	288,173	18,126	270,047	–	Interest rate[4]
Acceptances	6,627	–	6,627	–	Interest rate[4]
Obligations related to securities sold short	13,660	13,660	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	38,347	–	38,347	–	Interest rate[4][7]
Derivative financial instruments	19,888	19,145	743	–	Interest rate[8] and exchange rate[8]
Liabilities related to transferred receivables	25,034	9,507	15,527	–	Interest rate[4]
Defined benefit liability	94	–	94	–	Other[9]
Other	7,322	–	49	7,273	Interest rate[4]
Subordinated debt	748	–	748	–	Interest rate[4]
	399,893	60,438	332,182	7,273	

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.
(2) 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 *2023 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect.
(3) Non-trading positions that use other risk measures.
(4) For additional information, see the table in the pages ahead and in the Market Risk section of the *2023 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect and the interest rate sensitivity table.
(5) For additional information, see Note 6 to the audited annual consolidated financial statements for the year ended October 31, 2023.
(6) 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.
(7) 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.
(8) For additional information, see Notes 16 and 17 to the audited annual consolidated financial statements for the year ended October 31, 2023.
(9) For additional information, see Note 23 to the audited annual consolidated financial statements for the year ended October 31, 2023.

Trading Activities
The table below shows the VaR distribution of trading portfolios by risk category and their diversification effect.

VaR of Trading Portfolios[(1)(2)]

(millions of Canadian dollars) Quarter ended

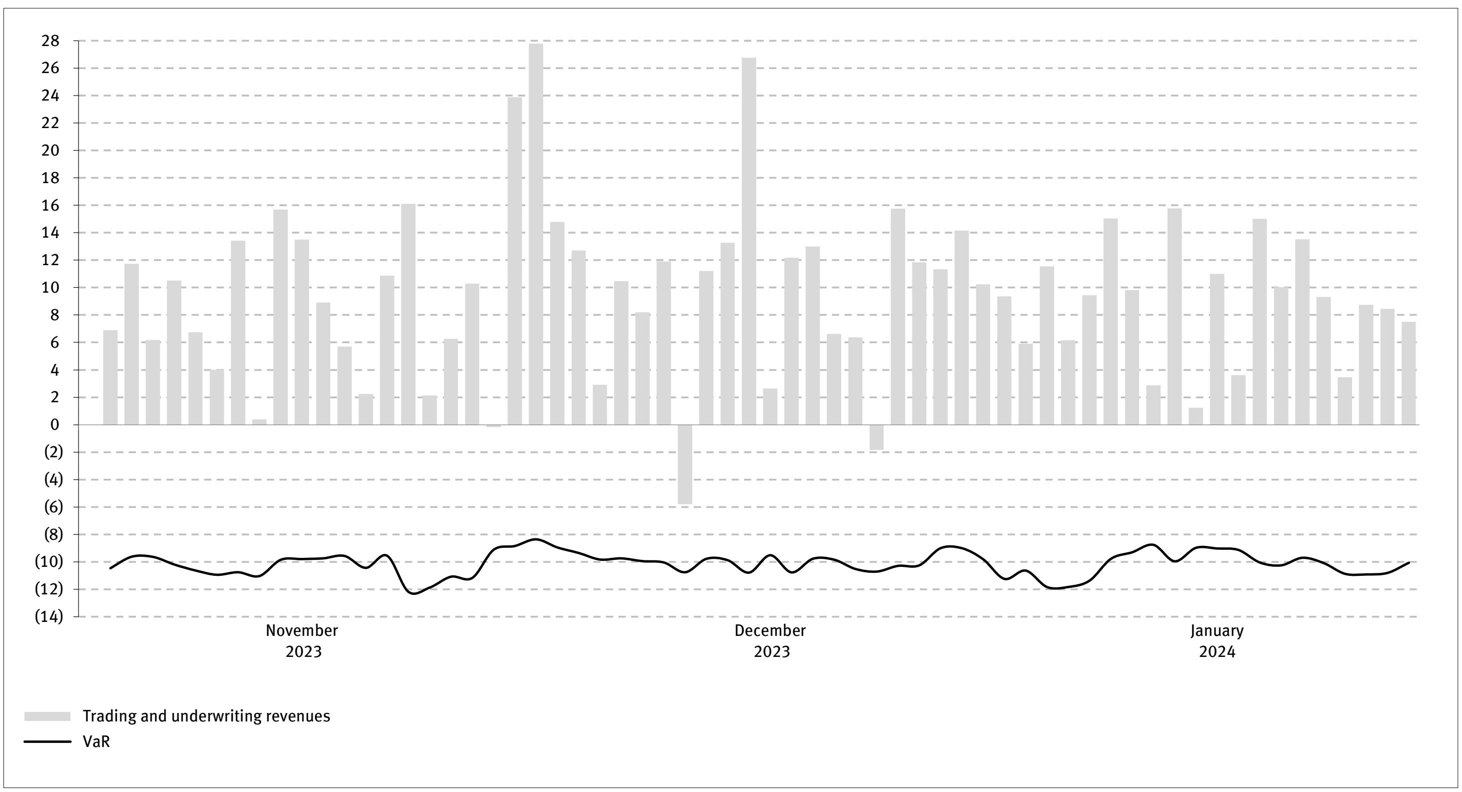
	January 31, 2024				October 31, 2023		January 31, 2023	
	Low	High	Average	Period end	Average	Period end	Average	Period end
Interest rate	(6.5)	(9.9)	(8.0)	(8.5)	(8.8)	(8.7)	(6.7)	(6.3)
Exchange rate	(0.8)	(5.3)	(2.5)	(1.0)	(3.5)	(5.0)	(2.3)	(2.0)
Equity	(4.8)	(8.6)	(6.2)	(6.1)	(7.6)	(6.5)	(7.1)	(5.8)
Commodity	(1.3)	(2.4)	(1.8)	(1.7)	(1.4)	(1.6)	(1.0)	(0.9)
Diversification effect[(3)]	n.m.	n.m.	8.3	7.2	10.8	10.4	8.5	7.4
Total trading VaR	(8.4)	(12.2)	(10.2)	(10.1)	(10.5)	(11.4)	(8.6)	(7.6)

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 43 to 46 for details on the composition of these measures.
(2) Amounts are presented on a pre-tax basis and represent one-day VaR 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 remained relatively stable between the fourth quarter of 2023 and the first quarter of 2024.

Daily Trading and Underwriting Revenues
The following chart shows daily trading and underwriting revenues and VaR. During the quarter ended January 31, 2024, daily trading and underwriting revenues were positive 95% of the days. In addition, two 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 January 31, 2024
(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 January 31, 2024			As at October 31, 2023		
	Canadian dollar	**Other currencies**	**Total**	Canadian dollar	Other currencies	Total
Impact on equity						
100-basis-point increase in the interest rate	**(335)**	**27**	**(308)**	(297)	2	(295)
100-basis-point decrease in the interest rate	**336**	**(29)**	**307**	272	7	279
Impact on net interest income						
100-basis-point increase in the interest rate	**78**	**(6)**	**72**	73	1	74
100-basis-point decrease in the interest rate	**(102)**	**1**	**(101)**	(103)	1	(102)

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, 2023, refer to page 91 of the Risk Management section in the *2023 Annual Report*. Since November 1, 2023, there has been a regulatory development to be considered.

On October 31, 2023, OSFI announced its decision on reviewing the *Liquidity Adequacy Requirements (LAR) Guideline* with respect to wholesale funding sources with retail-like characteristics, specifically high-interest savings account exchange-traded funds (HISA ETFs). OSFI determined these sources to be unsecure wholesale funding provided by other legal entities. Despite some retail-like characteristics and term agreements with depositors, the fact that these products are held directly by fund managers led OSFI to conclude that a 100% run-off factor for these products was appropriate. As a result, deposit-taking institutions exposed to such funding must hold sufficient high-quality liquid assets to support all HISA ETF balances that can be withdrawn within 30 days. Since January 31, 2024, all deposit-taking institutions were required to transition the measurement and related reporting to the run-off treatment specified in the LAR guideline. Moreover, changes for reporting LCR were calculated retrospectively to the start of the quarter to account for daily fluctuations in the ratio (November 1, 2023 for the Bank).

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 January 31, 2024	As at October 31, 2023
	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	**37,399**	**–**	**37,399**	**9,540**	**27,859**	25,944
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	**35,137**	**41,301**	**76,438**	**44,122**	**32,316**	29,062
Issued or guaranteed by Canadian provincial and municipal governments	**13,026**	**6,700**	**19,726**	**13,143**	**6,583**	6,403
Other debt securities	**8,620**	**4,148**	**12,768**	**3,115**	**9,653**	10,095
Equity securities	**73,282**	**47,198**	**120,480**	**91,092**	**29,388**	27,253
Loans						
Securities backed by insured residential mortgages	**13,190**	**–**	**13,190**	**6,966**	**6,224**	6,140
As at January 31, 2024	**180,654**	**99,347**	**280,001**	**167,978**	**112,023**	
As at October 31, 2023	169,888	87,919	257,807	152,910		104,897

(millions of Canadian dollars)	As at January 31, 2024	As at October 31, 2023
Unencumbered liquid assets by entity		
National Bank (parent)	**62,453**	55,626
Domestic subsidiaries	**9,427**	10,013
Foreign subsidiaries and branches	**40,143**	39,258
	112,023	104,897

(millions of Canadian dollars)	As at January 31, 2024	As at October 31, 2023
Unencumbered liquid assets by currency		
Canadian dollar	**54,284**	51,882
U.S. dollar	**43,071**	35,243
Other currencies	**14,668**	17,772
	112,023	104,897

Liquid Asset Portfolio(1) **– Average**(5)

(millions of Canadian dollars)						Quarter ended
					January 31, 2024	October 31, 2023
	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	**36,130**	**–**	**36,130**	**9,421**	**26,709**	27,651
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	**36,401**	**46,383**	**82,784**	**48,520**	**34,264**	23,902
Issued or guaranteed by Canadian provincial and municipal governments	**13,978**	**6,775**	**20,753**	**14,801**	**5,952**	8,214
Other debt securities	**9,380**	**4,170**	**13,550**	**3,225**	**10,325**	10,350
Equity securities	**78,254**	**48,226**	**126,480**	**92,580**	**33,900**	32,820
Loans						
Securities backed by insured residential mortgages	**12,648**	**–**	**12,648**	**6,837**	**5,811**	5,342
	186,791	**105,554**	**292,345**	**175,384**	**116,961**	108,279

(1) See the Financial Reporting Method section on pages 4 to 8 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 January 31, 2024
		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	**447**	**9,093**	**27,859**	**–**	**37,399**	**2.2**
Securities	**52,125**	**–**	**77,940**	**–**	**130,065**	**12.0**
Securities purchased under reverse repurchase agreements and securities borrowed	**–**	**12,926**	**–**	**–**	**12,926**	**3.0**
Loans and acceptances, net of allowances	**35,952**	**–**	**6,224**	**187,981**	**230,157**	**8.3**
Derivative financial instruments	**–**	**–**	**–**	**10,627**	**10,627**	**–**
Investments in associates and joint ventures	**–**	**–**	**–**	**35**	**35**	**–**
Premises and equipment	**–**	**–**	**–**	**1,787**	**1,787**	**–**
Goodwill	**–**	**–**	**–**	**1,516**	**1,516**	**–**
Intangible assets	**–**	**–**	**–**	**1,237**	**1,237**	**–**
Other assets	**–**	**–**	**–**	**8,178**	**8,178**	**–**
	88,524	**22,019**	**112,023**	**211,361**	**433,927**	**25.5**

(millions of Canadian dollars)						As at October 31, 2023[5]
		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	449	8,841	25,944	–	35,234	2.2
Securities	49,005	–	72,813	–	121,818	11.6
Securities purchased under reverse repurchase agreements and securities borrowed	–	11,260	–	–	11,260	2.6
Loans and acceptances, net of allowances	36,705	–	6,140	182,598	225,443	8.7
Derivative financial instruments	–	–	–	17,516	17,516	–
Investments in associates and joint ventures	–	–	–	49	49	–
Premises and equipment	–	–	–	1,592	1,592	–
Goodwill	–	–	–	1,521	1,521	–
Intangible assets	–	–	–	1,256	1,256	–
Other assets	–	–	–	7,788	7,788	–
	86,159	20,101	104,897	212,320	423,477	25.1

(1) See the Financial Reporting Method section on pages 4 to 8 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)).
(5) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.

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 January 31, 2024, the Bank's average LCR was 145%, 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
		January 31, 2024	October 31, 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.**	**78,283**	74,177
Cash outflows			
Retail deposits and deposits from small business customers, of which:	**61,779**	**5,601**	10,934
Stable deposits	**27,369**	**821**	831
Less stable deposits	**34,410**	**4,780**	10,103
Unsecured wholesale funding, of which:	**112,580**	**67,007**	51,528
Operational deposits (all counterparties) and deposits in networks of cooperative banks	**30,989**	**7,531**	7,417
Non-operational deposits (all counterparties)	**71,159**	**48,893**	34,752
Unsecured debt	**10,432**	**10,583**	9,359
Secured wholesale funding	**n.a.**	**19,105**	24,716
Additional requirements, of which:	**67,442**	**17,109**	16,774
Outflows related to derivative exposures and other collateral requirements	**22,280**	**9,182**	8,912
Outflows related to loss of funding on secured debt securities	**1,965**	**1,935**	1,949
Backstop liquidity and credit enhancement facilities and commitments to extend credit	**43,197**	**5,992**	5,913
Other contractual commitments to extend credit	**1,945**	**842**	760
Other contingent commitments to extend credit	**140,579**	**1,995**	1,968
Total cash outflows	**n.a.**	**111,659**	106,680
Cash inflows			
Secured lending (e.g., reverse repos)	**121,709**	**26,991**	27,660
Inflows from fully performing exposures	**10,985**	**7,322**	6,669
Other cash inflows	**21,915**	**21,777**	23,574
Total cash inflows	**154,609**	**56,090**	57,903
		Total adjusted value(5)	Total adjusted value(5)
Total HQLA		**78,283**	74,177
Total net cash outflows		**55,569**	48,777
Liquidity coverage ratio (%)(6)		**145 %**	155 %

n.a. Not applicable
(1) See the Financial Reporting Method section on pages 4 to 8 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 January 31, 2024, 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 January 31, 2024 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 January 31, 2024, the Bank's NSFR was 117%, 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 January 31, 2024	As at October 31, 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:	23,901	–	–	749	24,650	24,425
Regulatory capital	23,901	–	–	749	24,650	24,425
Other capital instruments	–	–	–	–	–	–
Retail deposits and deposits from small business customers:	54,009	15,792	8,391	26,954	97,730	103,077
Stable deposits	25,233	5,031	4,349	8,510	41,392	40,575
Less stable deposits	28,776	10,761	4,042	18,444	56,338	62,502
Wholesale funding:	75,015	92,999	13,088	51,430	107,897	99,442
Operational deposits	31,346	–	–	–	15,673	15,721
Other wholesale funding	43,669	92,999	13,088	51,430	92,224	83,721
Liabilities with matching interdependent assets(4)	–	3,479	1,953	20,250	–	–
Other liabilities(5):	19,994		11,601		639	674
NSFR derivative liabilities(5)	n.a.		2,239		n.a.	n.a.
All other liabilities and equity not included in the above categories	19,994	2,780	120	6,462	639	674
Total ASF	n.a.	n.a.	n.a.	n.a.	230,916	227,618
Required Stable Funding (RSF) Items						
Total NSFR high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	6,647	9,004
Deposits held at other financial institutions for operational purposes	–	–	–	–	–	–
Performing loans and securities:	63,067	79,150	25,691	101,828	161,551	159,117
Performing loans to financial institutions secured by Level 1 HQLA	77	1,252	1	–	67	18
Performing loans to financial institutions secured by non-Level-1 HQLA and unsecured performing loans to financial institutions	7,114	45,272	2,143	1,028	8,036	6,408
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	31,363	24,762	15,544	38,872	81,573	79,695
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	228	2,091	784	1,640	2,652	1,556
Performing residential mortgages, of which:	8,980	5,837	6,869	58,630	53,950	54,184
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	8,980	5,837	6,869	58,630	53,950	54,184
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	15,533	2,027	1,134	3,298	17,925	18,812
Assets with matching interdependent liabilities(4)	–	3,479	1,953	20,250	–	–
Other assets(5):	6,465		32,585		24,114	20,922
Physical traded commodities, including gold	447	n.a.	n.a.	n.a.	447	449
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs(5)	n.a.		12,555		10,672	7,732
NSFR derivative assets(5)	n.a.		2,823		585	–
NSFR derivative liabilities before deduction of the variation margin posted(5)	n.a.		10,267		513	733
All other assets not included in the above categories	6,018	4,663	536	1,741	11,897	12,008
Off-balance-sheet items(5)	n.a.		116,502		4,389	4,259
Total RSF	n.a.	n.a.	n.a.	n.a.	196,701	193,302
Net Stable Funding Ratio (%)	n.a.	n.a.	n.a.	n.a.	117 %	118 %

n.a. Not applicable
(1) See the Financial Reporting Method section on pages 4 to 8 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 working group for comparison purposes with other banks.

Residual Contractual Maturities of Wholesale Funding[1]

(millions of Canadian dollars)								As at January 31, 2024
	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]	373	–	–	–	373	–	984	1,357
Certificates of deposit and commercial paper[3]	4,546	7,570	6,916	5,779	24,811	–	–	24,811
Senior unsecured medium-term notes[4][5]	1,747	1,186	1,559	4,284	8,776	5,077	8,029	21,882
Senior unsecured structured notes	–	–	–	33	33	124	2,997	3,154
Covered bonds and asset-backed securities								
Mortgage securitization	–	830	2,276	1,974	5,080	4,314	16,288	25,682
Covered bonds	–	–	–	343	343	1,442	7,976	9,761
Securitization of credit card receivables	–	–	–	49	49	–	–	49
Subordinated liabilities[6]	–	–	–	–	–	–	749	749
	6,666	9,586	10,751	12,462	39,465	10,957	37,023	87,445
Secured funding	–	830	2,276	2,366	5,472	5,756	24,264	35,492
Unsecured funding	6,666	8,756	8,475	10,096	33,993	5,201	12,759	51,953
	6,666	9,586	10,751	12,462	39,465	10,957	37,023	87,445
As at October 31, 2023	3,337	6,616	15,200	6,868	32,021	12,347	34,370	78,738

(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 debts 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 January 31, 2024
	One-notch downgrade	Two-notch downgrade	Three-notch downgrade
Derivatives[1]	30	78	81

(1) Contractual requirements related to agreements known as initial margins and variation margins.

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 January 31, 2024 with comparative figures as at October 31, 2023. 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 January 31, 2024
	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	27,756	626	362	230	370	–	–	–	8,055	37,399
Securities										
At fair value through profit or loss	431	459	522	1,442	569	4,190	12,698	12,557	72,586	105,454
At fair value through other comprehensive income	130	152	218	418	165	734	6,063	3,733	696	12,309
At amortized cost	8	422	416	1,274	922	3,053	4,876	1,331	–	12,302
	569	1,033	1,156	3,134	1,656	7,977	23,637	17,621	73,282	130,065
Securities purchased under reverse repurchase agreements and securities borrowed	4,100	582	1,500	69	403	672	–	–	5,600	12,926
Loans(1)										
Residential mortgage	1,226	1,363	3,144	2,939	3,088	17,319	49,788	9,126	531	88,524
Personal	505	727	1,304	1,395	1,355	6,847	14,725	6,013	13,436	46,307
Credit card									2,541	2,541
Business and government	21,448	3,894	3,940	3,648	3,744	6,673	12,632	5,521	26,863	88,363
Customers' liability under acceptances	4,833	787	13	–	–	–	–	–	–	5,633
Allowances for credit losses									(1,211)	(1,211)
	28,012	6,771	8,401	7,982	8,187	30,839	77,145	20,660	42,160	230,157
Other										
Derivative financial instruments	1,957	1,116	1,013	455	687	1,926	1,442	2,031	–	10,627
Investments in associates and joint ventures									35	35
Premises and equipment									1,787	1,787
Goodwill									1,516	1,516
Intangible assets									1,237	1,237
Other assets(1)	3,209	154	1,301	268	237	733	265	567	1,444	8,178
	5,166	1,270	2,314	723	924	2,659	1,707	2,598	6,019	23,380
	65,603	10,282	13,733	12,138	11,540	42,147	102,489	40,879	135,116	433,927

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

(millions of Canadian dollars)										As at January 31, 2024
	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	3,218	3,219	6,049	5,960	4,598	8,653	13,725	5,063	40,579	91,064
Business and government	35,251	16,078	12,982	5,602	7,853	7,964	16,898	6,433	95,363	204,424
Deposit-taking institutions	874	822	118	18	16	2	14	31	2,714	4,609
	39,343	20,119	19,149	11,580	12,467	16,619	30,637	11,527	138,656	300,097
Other										
Acceptances	4,833	787	13	–	–	–	–	–	–	5,633
Obligations related to securities sold short[3]	18	513	262	208	55	947	2,734	4,229	7,174	16,140
Obligations related to securities sold under repurchase agreements and securities loaned	21,427	3,195	1,008	–	–	3,737	–	–	7,946	37,313
Derivative financial instruments	2,461	1,409	1,122	511	1,227	1,889	4,776	3,635	–	17,030
Liabilities related to transferred receivables[4]	–	830	2,276	592	1,382	4,314	8,372	7,916	–	25,682
Securitization – Credit card[5]	–	–	–	–	49	–	–	–	–	49
Lease liabilities[5]	7	14	21	19	19	71	182	150	–	483
Other liabilities – Other items[1][5]	1,508	238	119	58	24	31	74	71	4,727	6,850
	30,254	6,986	4,821	1,388	2,756	10,989	16,138	16,001	19,847	109,180
Subordinated debt	–	–	–	–	–	–	–	749	–	749
Equity									23,901	23,901
	69,597	27,105	23,970	12,968	15,223	27,608	46,775	28,277	182,404	433,927
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	139	843	1,867	2,265	2,902	533	205	2	–	8,756
Credit card receivables[6]									10,045	10,045
Backstop liquidity and credit enhancement facilities[7]	–	–	15	–	15	5,552	–	–	4,631	10,213
Commitments to extend credit[8]	2,688	12,500	10,799	6,076	4,862	4,358	3,420	102	49,378	94,183
Obligations related to:										
Lease commitments[9]	1	1	1	2	2	6	7	1	–	21
Other contracts[10]	7	14	21	21	21	48	265	12	155	564

(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 $48.2 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 $38 million in contractual commitments related to the portion of the head office building under construction.

(millions of Canadian dollars)										As at October 31, 2023[(1)]
	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	25,374	448	354	50	216	–	–	–	8,792	35,234
Securities										
At fair value through profit or loss	694	258	1,663	1,758	2,260	3,667	10,823	12,813	66,058	99,994
At fair value through other comprehensive income	3	30	154	224	426	538	4,548	2,660	659	9,242
At amortized cost	4	158	508	338	1,399	4,110	4,713	1,352	–	12,582
	701	446	2,325	2,320	4,085	8,315	20,084	16,825	66,717	121,818
Securities purchased under reverse repurchase agreements and securities borrowed	2,275	1,641	716	72	416	693	–	–	5,447	11,260
Loans[(2)]										
Residential mortgage	1,409	1,250	1,990	3,126	2,990	15,339	51,112	9,089	542	86,847
Personal	613	637	1,060	1,271	1,396	6,258	15,656	5,713	13,754	46,358
Credit card									2,603	2,603
Business and government	21,406	4,262	4,007	3,204	2,783	6,695	11,322	5,414	25,099	84,192
Customers' liability under acceptances	6,191	373	50	13	–	–	–	–	–	6,627
Allowances for credit losses									(1,184)	(1,184)
	29,619	6,522	7,107	7,614	7,169	28,292	78,090	20,216	40,814	225,443
Other										
Derivative financial instruments	2,040	1,982	1,367	1,197	611	1,696	2,399	6,224	–	17,516
Investments in associates and joint ventures									49	49
Premises and equipment									1,592	1,592
Goodwill									1,521	1,521
Intangible assets									1,256	1,256
Other assets[(2)]	2,639	774	166	1,206	547	598	252	659	947	7,788
	4,679	2,756	1,533	2,403	1,158	2,294	2,651	6,883	5,365	29,722
	62,648	11,813	12,035	12,459	13,044	39,594	100,825	43,924	127,135	423,477

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.
(2) Amounts collectible on demand are considered to have no specified maturity.

(millions of Canadian dollars) As at October 31, 2023[1]

	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[2][3]										
Personal	4,648	3,722	4,491	6,056	5,145	8,398	11,635	4,164	39,624	87,883
Business and government	32,642	10,044	17,495	4,271	3,498	9,127	15,768	5,058	99,425	197,328
Deposit-taking institutions	646	408	32	109	18	8	15	33	1,693	2,962
	37,936	14,174	22,018	10,436	8,661	17,533	27,418	9,255	140,742	288,173
Other										
Acceptances	6,191	373	50	13	–	–	–	–	–	6,627
Obligations related to securities sold short[4]	35	155	129	73	76	347	2,332	4,123	6,390	13,660
Obligations related to securities sold under repurchase agreements and securities loaned	23,041	2,719	1,040	3,467	–	274	–	–	7,806	38,347
Derivative financial instruments	1,912	2,697	1,186	1,086	467	2,415	3,068	7,057	–	19,888
Liabilities related to transferred receivables[5]	–	1,760	829	2,142	618	3,915	8,678	7,092	–	25,034
Securitization – Credit card[6]	–	–	–	–	–	48	–	–	–	48
Lease liabilities[6]	9	28	25	24	23	83	197	128	–	517
Other liabilities – Other items[2][6]	1,417	306	174	7	27	37	58	105	4,720	6,851
	32,605	8,038	3,433	6,812	1,211	7,119	14,333	18,505	18,916	110,972
Subordinated debt	–	–	–	–	–	–	–	748	–	748
Equity									23,584	23,584
	70,541	22,212	25,451	17,248	9,872	24,652	41,751	28,508	183,242	423,477
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	89	1,287	1,975	2,185	1,490	1,165	255	50	–	8,496
Credit card receivables[7]									9,802	9,802
Backstop liquidity and credit enhancement facilities[8]	–	15	5,552	15	–	–	–	–	4,519	10,101
Commitments to extend credit[9]	3,186	10,675	8,445	7,562	4,316	4,579	3,312	39	48,592	90,706
Obligations related to:										
Lease commitments[10]	1	1	1	2	2	6	7	1	–	21
Other contracts[11]	11	22	34	33	36	46	138	13	127	460

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.
(2) Amounts payable upon demand or notice are considered to have no specified maturity.
(3) The *Deposits* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(4) Amounts are disclosed according to the remaining contractual maturity of the underlying security.
(5) These amounts mainly include liabilities related to the securitization of mortgage loans.
(6) The *Other liabilities* item is presented in greater detail than it is on the Consolidated Balance Sheet.
(7) These amounts are unconditionally revocable at the Bank's discretion at any time.
(8) 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.
(9) These amounts include $46.7 billion that is unconditionally revocable at the Bank's discretion at any time.
(10) 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.
(11) These amounts include $0.1 billion in contractual commitments related to the portion of 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. The LIBOR rate administrator (ICE Benchmark Administration Ltd.) will continue to publish a "synthetic" version of LIBOR in British currency for three-month maturities until March 28, 2024, and in U.S. currency for 1-month, 3-month and 6-month maturities until September 30, 2024, for certain contracts that could not be remedied (commonly known as tough legacy contracts). In Canada, publication of CDOR (Canadian Dollar Offered Rate) will be discontinued on June 28, 2024 and replaced by the risk-free rate CORRA (Canadian Overnight Repo Rate Average). A forward-looking rate, the 1-month and 3-month Term CORRA has also been available for certain financial products since September 5, 2023. As at January 31, 2024, 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, 2023.

Risk Disclosures

One of the purposes of the *2023 Annual Report,* the *Report to Shareholders – First Quarter 2024,* 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
		2023 Annual Report	Report to Shareholders(1)	Supplementary Regulatory Capital and Pillar 3 Disclosure(1)
General				
1	Location of risk disclosures	12	41	
	Management's Discussion and Analysis	53 to 106, 119 and 121 to 123	20 to 40	
	Consolidated Financial Statements	Notes 1, 7, 16, 23 and 29	Notes 6 and 11	
	Supplementary Financial Information			27 to 37(2)
	Supplementary Regulatory Capital and Pillar 3 Disclosure			5 to 59
2	Risk terminology and risk measures	62 to 106		
3	Top and emerging risks	24 and 67 to 73	10, 26 to 40	
4	New key regulatory ratios	54 to 57, 91 and 95 to 98	20, 21, 31 and 33 to 36	
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	62 and 63		
7	Key risks by business segment, risk management and risk appetite	61 to 63 and 67		
8	Stress testing	53, 63, 79, 89, 90 and 93		
Capital adequacy and risk-weighted assets (RWA)				
9	Minimum Pillar 1 capital requirements	54 to 57	20 and 21	
10	Reconciliation of the accounting balance sheet to the regulatory balance sheet			11 to 17, 20 and 21
11	Movements in regulatory capital	59	23	
12	Capital planning	53 to 61		
13	RWA by business segment and by risk type	61		7 and 8
14	Capital requirements by risk and the RWA calculation method	74 to 78		7 and 8
15	Banking book credit risk			7 and 8
16	Movements in RWA by risk type	60	24	7 and 8
17	Assessment of credit risk model performance	66, 75 to 78 and 84		41
Liquidity				
18	Liquidity management and components of the liquidity buffer	91 to 98	31 to 36	
Funding				
19	Summary of encumbered and unencumbered assets	94 and 95	33	
20	Residual contractual maturities of balance sheet items and off-balance-sheet commitments	224 to 228	37 to 40	
21	Funding strategy and funding sources	98 to 100	36	
Market risk				
22	Linkage of market risk measures to balance sheet	86 and 87	28 and 29	
23	Market risk factors	84 to 90, 212 and 213	28 to 31	
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 173 to 184	27 and 63 to 71	22 to 50 and 22 to 30(2)
27	Policies for identifying impaired loans	80, 81, 147 and 148		
28	Movements in impaired loans and allowances for credit losses	119, 122, 123 and 173 to 184	63 to 71	27 to 30(2)
29	Counterparty credit risk relating to derivative transactions	80 to 82 and 192 to 195		42 to 50, 31(2) and 32(2)
30	Credit risk mitigation	77 to 82, 170 and 178		24, 28, 29 and 48 to 58
Other risks				
31	Other risks: Governance, measurement and management	72 to 74 and 100 to 106		
32	Publicly known risk events	24, 100 and 101	10, 26 and 40	

(1) First quarter 2024.
(2) These pages are included in the document entitled *Supplementary Financial Information – First Quarter 2024*.

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 ended January 31, 2024 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, 2023, except for the changes described in Note 2 to the unaudited interim condensed consolidated financial statements, which have been applied since November 1, 2023 upon the adoption of IFRS 17 – *Insurance Contracts*.

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 107 to 112 of the *2023 Annual Report*.

The geopolitical landscape (notably, the Russia-Ukraine war and the clashes between Hamas and Israel), inflation, climate change, and higher interest rates continue to create uncertainty. 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, 2023 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.

Financial Disclosure

During the first quarter of 2024, 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)	2024			2023[1]				2022	2023[1]	2022
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Total	Total
Total revenues	**2,710**	2,560	2,490	2,446	2,562	2,334	2,413	2,439	10,058	9,652
Net income	**922**	751	830	832	876	738	826	889	3,289	3,383
Earnings per share ($)										
Basic	**2.61**	2.11	2.35	2.37	2.49	2.10	2.38	2.56	9.33	9.72
Diluted	**2.59**	2.09	2.33	2.34	2.47	2.08	2.35	2.53	9.24	9.61
Dividends per common share ($)	**1.06**	1.02	1.02	0.97	0.97	0.92	0.92	0.87	3.98	3.58
Return on common shareholders' equity (%)[2]	**17.1**	14.1	16.1	17.2	17.9	15.3	17.9	20.7	16.3	18.8
Total assets	**433,927**	423,477	425,936	417,614	418,287	403,740	386,833	369,570		
Net impaired loans excluding POCI loans[2]	**677**	606	537	477	476	479	301	293		
Per common share ($)										
Book value[2]	**61.18**	60.40	58.53	57.45	55.76	55.24	54.29	52.28		
Share price										
High	**103.38**	103.58	103.28	103.45	99.95	94.37	97.87	104.59		
Low	**86.50**	84.97	94.62	92.67	91.02	83.12	83.33	89.33		

(1) For the fiscal 2023 comparative figures, certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the consolidated financial statements.

(2) See the Glossary section on pages 43 to 46 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, equity, commodity price, 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 the 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 basis
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, and some interest income related to the financing of these financial assets and liabilities 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, realized and unrealized gains and losses as well as interest expense on obligations related to securities sold short, 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 January 31, 2024	As at October 31, 2023[1]
Assets		
Cash and deposits with financial institutions	**37,399**	35,234
Securities (Notes 3, 4 and 5)		
At fair value through profit or loss	**105,454**	99,994
At fair value through other comprehensive income	**12,309**	9,242
At amortized cost	**12,302**	12,582
	130,065	121,818
Securities purchased under reverse repurchase agreements and securities borrowed	**12,926**	11,260
Loans (Note 6)		
Residential mortgage	**88,524**	86,847
Personal	**46,307**	46,358
Credit card	**2,541**	2,603
Business and government	**88,363**	84,192
	225,735	220,000
Customers' liability under acceptances	**5,633**	6,627
Allowances for credit losses	**(1,211)**	(1,184)
	230,157	225,443
Other		
Derivative financial instruments	**10,627**	17,516
Investments in associates and joint ventures	**35**	49
Premises and equipment	**1,787**	1,592
Goodwill	**1,516**	1,521
Intangible assets	**1,237**	1,256
Other assets (Note 7)	**8,178**	7,788
	23,380	29,722
	433,927	423,477
Liabilities and equity		
Deposits (Notes 4 and 8)	**300,097**	288,173
Other		
Acceptances	**5,633**	6,627
Obligations related to securities sold short	**16,140**	13,660
Obligations related to securities sold under repurchase agreements and securities loaned	**37,313**	38,347
Derivative financial instruments	**17,030**	19,888
Liabilities related to transferred receivables (Note 4)	**25,682**	25,034
Other liabilities (Note 9)	**7,382**	7,416
	109,180	110,972
Subordinated debt (Note 17)	**749**	748
Equity		
Equity attributable to the Bank's shareholders and holders of other equity instruments (Notes 10 and 12)		
Preferred shares and other equity instruments	**3,150**	3,150
Common shares	**3,347**	3,294
Contributed surplus	**63**	68
Retained earnings	**17,042**	16,650
Accumulated other comprehensive income	**297**	420
	23,899	23,582
Non-controlling interests	**2**	2
	23,901	23,584
	433,927	423,477

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

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.

Consolidated Statements of Income

(unaudited) (millions of Canadian dollars)

	Quarter ended January 31	
	2024	2023[1]
Interest income		
Loans	**3,693**	2,903
Securities at fair value through profit or loss	**452**	425
Securities at fair value through other comprehensive income	**115**	59
Securities at amortized cost	**123**	112
Deposits with financial institutions	**423**	372
	4,806	3,871
Interest expense		
Deposits	**3,174**	2,096
Liabilities related to transferred receivables	**172**	142
Subordinated debt	**11**	15
Other	**698**	519
	4,055	2,772
Net interest income[2]	**751**	1,099
Non-interest income		
Underwriting and advisory fees	**88**	107
Securities brokerage commissions	**51**	47
Mutual fund revenues	**150**	143
Investment management and trust service fees	**268**	242
Credit fees	**148**	137
Card revenues	**50**	46
Deposit and payment service charges	**72**	73
Trading revenues (losses)	**1,001**	531
Gains (losses) on non-trading securities, net	**25**	11
Insurance revenues, net	**21**	18
Foreign exchange revenues, other than trading	**48**	56
Share in the net income of associates and joint ventures	**2**	3
Other	**35**	49
	1,959	1,463
Total revenues	**2,710**	2,562
Non-interest expenses		
Compensation and employee benefits	**904**	868
Occupancy	**87**	82
Technology	**259**	250
Communications	**13**	14
Professional fees	**66**	62
Other	**120**	114
	1,449	1,390
Income before provisions for credit losses and income taxes	**1,261**	1,172
Provisions for credit losses (Note 6)	**120**	86
Income before income taxes	**1,141**	1,086
Income taxes (Note 14)	**219**	210
Net income	**922**	876
Net income attributable to		
Preferred shareholders and holders of other equity instruments	**37**	35
Common shareholders	**885**	841
Bank shareholders and holders of other equity instruments	**922**	876
Non-controlling interests	**–**	–
	922	876
Earnings per share *(dollars)* (Note 15)		
Basic	**2.61**	2.49
Diluted	**2.59**	2.47
Dividends per common share *(dollars)* (Note 10)	**1.06**	0.97

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

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.
(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, 2023.

Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)

	Quarter ended January 31	
	2024	2023[(1)]
Net income	**922**	876
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	**(243)**	(140)
Impact of hedging net foreign currency translation gains (losses)	**69**	40
	(174)	(100)
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	**45**	12
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**3**	4
Change in allowances for credit losses on debt securities at fair value through other comprehensive income reclassified to net income	**–**	(1)
	48	15
Net change in cash flow hedges		
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**29**	(25)
Net (gains) losses on designated derivative financial instruments reclassified to net income	**(26)**	9
	3	(16)
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	**8**	(59)
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**22**	10
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**(165)**	(139)
	(135)	(188)
Total other comprehensive income, net of income taxes	**(258)**	(288)
Comprehensive income	**664**	588
Comprehensive income attributable to		
Bank shareholders and holders of other equity instruments	**664**	588
Non-controlling interests	**–**	–
	664	588

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

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.

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 January 31	
	2024	2023
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	**6**	5
Impact of hedging net foreign currency translation gains (losses)	**17**	8
	23	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	**17**	4
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**1**	2
Change in allowances for credit losses on debt securities at fair value through other comprehensive income reclassified to net income	**–**	–
	18	6
Net change in cash flow hedges		
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**11**	(10)
Net (gains) losses on designated derivative financial instruments reclassified to net income	**(10)**	4
	1	(6)
Share in the other comprehensive income of associates and joint ventures	**–**	–
Items that will not be subsequently reclassified to net income		
Remeasurements of pension plans and other post-employment benefit plans	**3**	(13)
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**10**	3
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**(63)**	(53)
	(50)	(63)
	(8)	(50)

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)

	Quarter ended January 31	
	2024	2023[1]
Preferred shares and other equity instruments at beginning and at the end (Note 10)	**3,150**	3,150
Common shares at beginning (Note 10)	**3,294**	3,196
Issuances of common shares pursuant to the Stock Option Plan	**51**	34
Impact of shares purchased or sold for trading	**2**	6
Common shares at end	**3,347**	3,236
Contributed surplus at beginning	**68**	56
Stock option expense (Note 12)	**4**	5
Stock options exercised	**(6)**	(4)
Other	**(3)**	(2)
Contributed surplus at end	**63**	55
Retained earnings at beginning	**16,650**	15,140
Impact of IFRS 17 adoption on November 1, 2022 (Note 2)	**–**	(48)
Net income attributable to the Bank's shareholders and holders of other equity instruments	**922**	876
Dividends on preferred shares and distributions on other equity instruments (Note 10)	**(43)**	(40)
Dividends on common shares (Note 10)	**(359)**	(327)
Remeasurements of pension plans and other post-employment benefit plans	**8**	(59)
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**22**	10
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**(165)**	(139)
Impact of a financial liability resulting from put options written to non-controlling interests	**1**	(1)
Other	**6**	5
Retained earnings at end	**17,042**	15,417
Accumulated other comprehensive income at beginning	**420**	202
Net foreign currency translation adjustments	**(174)**	(100)
Net change in unrealized gains (losses) on debt securities at fair value through other comprehensive income	**48**	15
Net change in gains (losses) on cash flow hedges	**3**	(16)
Share in the other comprehensive income of associates and joint ventures	**–**	1
Accumulated other comprehensive income at end	**297**	102
Equity attributable to the Bank's shareholders and holders of other equity instruments	**23,899**	21,960
Non-controlling interests at beginning	**2**	2
Net income attributable to non-controlling interests	**–**	–
Non-controlling interests at end	**2**	2
Equity	**23,901**	21,962

Accumulated Other Comprehensive Income

	As at January 31, 2024	As at January 31, 2023
Accumulated other comprehensive income		
Net foreign currency translation adjustments	**133**	104
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**13**	(19)
Net gains (losses) on instruments designated as cash flow hedges	**149**	15
Share in the other comprehensive income of associates and joint ventures	**2**	2
	297	102

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

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.

Consolidated Statements of Cash Flows

(unaudited) (millions of Canadian dollars)

	Quarter ended January 31	
	2024	2023[1]
Cash flows from operating activities		
Net income	922	876
Adjustments for		
Provisions for credit losses	120	86
Amortization of premises and equipment, including right-of-use assets	53	52
Amortization of intangible assets	72	79
Deferred taxes	(1)	(32)
Losses (gains) on sales of non-trading securities, net	(25)	(11)
Share in the net income of associates and joint ventures	(2)	(3)
Stock option expense	4	5
Change in operating assets and liabilities		
Securities at fair value through profit or loss	(5,460)	(2,460)
Securities purchased under reverse repurchase agreements and securities borrowed	(1,666)	56
Loans and acceptances, net of securitization	(5,180)	(4,935)
Deposits	11,924	16,111
Obligations related to securities sold short	2,480	(2,039)
Obligations related to securities sold under repurchase agreements and securities loaned	(1,034)	4,162
Derivative financial instruments, net	4,031	2,025
Interest and dividends receivable and interest payable	39	(48)
Current tax assets and liabilities	116	(148)
Other items	(347)	(1,104)
	6,046	12,672
Cash flows from financing activities		
Issuances of common shares (including the impact of shares purchased for trading)	47	36
Repayments of lease liabilities	(37)	(25)
Dividends paid on shares and distributions on other equity instruments	(401)	(364)
	(391)	(353)
Cash flows from investing activities		
Net change in investments in associates and joint ventures	10	–
Purchases of non-trading securities	(5,122)	(2,785)
Maturities of non-trading securities	1,059	691
Sales of non-trading securities	1,531	390
Net change in premises and equipment, excluding right-of-use assets	(245)	(89)
Net change in intangible assets	(53)	(60)
	(2,820)	(1,853)
Impact of currency rate movements on cash and cash equivalents	(670)	(50)
Increase (decrease) in cash and cash equivalents	2,165	10,416
Cash and cash equivalents at beginning	35,234	31,870
Cash and cash equivalents at end[2]	37,399	42,286
Supplementary information about cash flows from operating activities		
Interest paid	4,108	2,445
Interest and dividends received	4,898	3,496
Income taxes paid	330	218

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

(1) Certain amounts have been adjusted to reflect changes in accounting policies arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.

(2) This item is the equivalent of Consolidated Balance Sheet item *Cash and deposits with financial institutions*. It includes an amount of $9.5 billion as at January 31, 2024 ($9.3 billion as at October 31, 2023) for which there are restrictions and of which $5.7 billion ($6.5 billion as at October 31, 2023) represents 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 February 27, 2024, the Board of Directors authorized the publication of the Bank's unaudited interim condensed consolidated financial statements (the consolidated financial statements) for the quarter ended January 31, 2024.

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, 2023, except for the changes described in Note 2 to these consolidated financial statements, which have been applied since November 1, 2023 upon the adoption of IFRS 17 – *Insurance Contracts* (IFRS 17). Certain comparative amounts have been adjusted to reflect these accounting policy changes.

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, 2023 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 (notably, the Russia-Ukraine war and clashes between Hamas and Israel), inflation, climate change, and higher interest rates 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 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

On November 1, 2023, the Bank adopted IFRS 17 – *Insurance Contracts* (IFRS 17).

Insurance Revenues

Insurance contracts, including reinsurance contracts, are arrangements under which one party accepts significant insurance risk by agreeing to compensate the policyholder if a specified uncertain future event was to occur.

(unaudited) (millions of Canadian dollars)

The Bank uses the General Measurement Model (GMM) to measure most of its insurance and reinsurance contracts based on the present value of estimates of the expected future cash flows necessary to fulfill the contracts, including an adjustment for non-financial risk as well as the contractual service margin (CSM), which represents the unearned profits that will be recognized as services are provided in the future. The Bank has chosen to apply the simplified approach (the Premium Allocation Approach or PAA) to measure insurance contracts with coverage periods of one year or less. The insurance revenues from these contracts are recognized systematically over the coverage period. For all measurement approaches, if contracts are expected to be onerous, losses are recognized immediately in the Consolidated Statement of Income.

Upon the issuance of a contract, an insurance asset or liability and a reinsurance asset, if applicable, are recognized in *Other assets* and in *Other liabilities* on the Consolidated Balance Sheet. Subsequent changes in the carrying values of the insurance asset and liability and reinsurance asset are recognized on a net basis in *Non-interest income* in the Consolidated Statement of Income.

Insurance service expenses consist mainly of incurred claims and other insurance service expenses, amortization of insurance acquisition cash flows, and losses on onerous contracts as well as reversals of such losses. Royalties received from reinsurers are recognized in the Consolidated Statement of Income as the Bank receives services under groups of reinsurance contracts. Amounts recovered from reinsurers comprise cash flows related to the claims or benefit experience of the underlying contracts. All of these amounts are recognized as a deduction from insurance revenues in *Non-interest income* in the Consolidated Statement of Income.

Impacts of IFRS 17 Adoption
The IFRS 17 requirements have been applied retrospectively by adjusting the Consolidated Balance Sheet balances on the date of initial application, i.e., November 1, 2022. The impacts of IFRS 17 adoption have been recognized through an adjustment to *Retained earnings* as at November 1, 2022. The following information presents the impacts on the Consolidated Balance Sheets as at November 1, 2022 and as at October 31, 2023:

Consolidated Balance Sheets

	As at October 31, 2023		As at October 31, 2023	As at October 31, 2022		As at November 1, 2022
	As published	IFRS 17 adjustments	Adjusted	As published	IFRS 17 adjustments	Adjusted
Assets						
Other assets	7,889	(101)	7,788	5,958	(50)	5,908
Liabilities						
Other liabilities	7,423	(7)	7,416	6,361	(2)	6,359
Equity						
Retained earnings	16,744	(94)	16,650	15,140	(48)	15,092

As at October 31, 2023, the net CSM amount related to the new recognition and measurement principles for insurance and reinsurance assets and liabilities stood at $109 million ($89 million as at November 1, 2022).

The following information presents the impacts on the Consolidated Statement of Income for the comparative quarter:

Consolidated Statement of Income – Increase (Decrease)

	Quarter ended January 31, 2023
Non-interest income – Insurance revenues, net	(20)
Total revenues	(20)
Compensation and employee benefits	(7)
Occupancy	(1)
Technology	(2)
Professional fees	(1)
Other	(2)
Non-interest expenses	(13)
Income before provisions for credit losses and income taxes	(7)
Income before income taxes	(7)
Income taxes	(2)
Net income	(5)

(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 January 31, 2024
				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	–	–	–	–	37,399	37,399	37,399	37,399
Securities	104,794	660	11,613	696	12,302	12,040	130,065	129,803
Securities purchased under reverse repurchase agreements and securities borrowed	–	–	–	–	12,926	12,926	12,926	12,926
Loans and acceptances, net of allowances	14,221	–	–	–	215,936	214,829	230,157	229,050
Other								
Derivative financial instruments	10,627	–	–	–	–	–	10,627	10,627
Other assets	1,845	–	–	–	3,087	3,087	4,932	4,932
Financial liabilities								
Deposits(1)	–	21,372			278,725	278,697	300,097	300,069
Other								
Acceptances	–	–			5,633	5,633	5,633	5,633
Obligations related to securities sold short	16,140	–			–	–	16,140	16,140
Obligations related to securities sold under repurchase agreements and securities loaned	–	–			37,313	37,313	37,313	37,313
Derivative financial instruments	17,030	–			–	–	17,030	17,030
Liabilities related to transferred receivables	–	9,779			15,903	15,398	25,682	25,177
Other liabilities	–	–			3,836	3,834	3,836	3,834
Subordinated debt	–	–			749	759	749	759

(1) Includes embedded derivative financial instruments.

(unaudited) (millions of Canadian dollars)

As at October 31, 2023[1]

	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	–	–	–	–	35,234	35,234	35,234	35,234
Securities	99,236	758	8,583	659	12,582	12,097	121,818	121,333
Securities purchased under reverse repurchase agreements and securities borrowed	–	–	–	–	11,260	11,260	11,260	11,260
Loans and acceptances, net of allowances	13,124	–	–	–	212,319	210,088	225,443	223,212
Other								
Derivative financial instruments	17,516	–	–	–	–	–	17,516	17,516
Other assets	73	–	–	–	4,285	4,285	4,358	4,358
Financial liabilities								
Deposits[2]	–	18,275			269,898	269,490	288,173	287,765
Other								
Acceptances	–	–			6,627	6,627	6,627	6,627
Obligations related to securities sold short	13,660	–			–	–	13,660	13,660
Obligations related to securities sold under repurchase agreements and securities loaned	–	–			38,347	38,347	38,347	38,347
Derivative financial instruments	19,888	–			–	–	19,888	19,888
Liabilities related to transferred receivables	–	9,952			15,082	14,255	25,034	24,207
Other liabilities	–	–			3,497	3,494	3,497	3,494
Subordinated debt	–	–			748	727	748	727

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.
(2) 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 January 31, 2024 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, 2023. 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)

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

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. In some cases, the inputs used to measure the fair value of a financial instrument might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. For additional information, see Note 3 to the audited annual consolidated financial statements for the year ended October 31, 2023.

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 January 31, 2024, $3 million in securities classified as at fair value through profit or loss were transferred from Level 2 to Level 1 as a result of changing market conditions ($6 million in securities classified as at fair value through profit or loss during the quarter ended January 31, 2023). Also, during the quarter ended January 31, 2024, $2 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 ($4 million in securities classified as at fair value through profit or loss and $2 million in obligations related to securities sold short during the quarter ended January 31, 2023). During the quarters ended January 31, 2024 and 2023, 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 January 31, 2024
	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	5,697	11,550	–	17,247
Canadian provincial and municipal governments	–	8,539	–	8,539
U.S. Treasury, other U.S. agencies and other foreign governments	1,602	1,274	–	2,876
Other debt securities	–	4,150	56	4,206
Equity securities	69,415	2,664	507	72,586
	76,714	28,177	563	105,454
At fair value through other comprehensive income				
Securities issued or guaranteed by				
Canadian government	75	5,415	–	5,490
Canadian provincial and municipal governments	–	2,529	–	2,529
U.S. Treasury, other U.S. agencies and other foreign governments	2,235	159	–	2,394
Other debt securities	–	1,200	–	1,200
Equity securities	–	333	363	696
	2,310	9,636	363	12,309
Loans	–	14,009	212	14,221
Other				
Derivative financial instruments	237	10,173	217	10,627
Other assets – Other items	–	1,772	73	1,845
	79,261	63,767	1,428	144,456
Financial liabilities				
Deposits(1)	–	21,469	–	21,469
Other				
Obligations related to securities sold short	11,422	4,718	–	16,140
Derivative financial instruments	416	16,599	15	17,030
Liabilities related to transferred receivables	–	9,779	–	9,779
	11,838	52,565	15	64,418

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

(unaudited) (millions of Canadian dollars)

				As at October 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	6,403	10,872	–	17,275
Canadian provincial and municipal governments	–	8,260	–	8,260
U.S. Treasury, other U.S. agencies and other foreign governments	2,781	2,105	–	4,886
Other debt securities	–	3,450	65	3,515
Equity securities	65,018	554	486	66,058
	74,202	25,241	551	99,994
At fair value through other comprehensive income				
Securities issued or guaranteed by				
Canadian government	73	4,124	–	4,197
Canadian provincial and municipal governments	–	1,938	–	1,938
U.S. Treasury, other U.S. agencies and other foreign governments	904	254	–	1,158
Other debt securities	–	1,290	–	1,290
Equity securities	–	281	378	659
	977	7,887	378	9,242
Loans	–	12,907	217	13,124
Other				
Derivative financial instruments	285	17,224	7	17,516
Other assets – Other items	–	–	73	73
	75,464	63,259	1,226	139,949
Financial liabilities				
Deposits(1)	–	18,134	–	18,134
Other				
Obligations related to securities sold short	8,335	5,325	–	13,660
Derivative financial instruments	467	19,399	22	19,888
Liabilities related to transferred receivables	–	9,952	–	9,952
	8,802	52,810	22	61,634

(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, 2023. For the quarter ended January 31, 2024, 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, 2023. For the quarter ended January 31, 2024, there were no significant changes in the sensitivity analyses of Level 3 financial instruments, except for derivative financial instruments for which the reasonable fair value range could result in a $58 million increase or decrease in the net fair value recorded as at January 31, 2024 (a $16 million increase or decrease as at October 31, 2023).

(unaudited) (millions of Canadian dollars)

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

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.

				Quarter ended January 31, 2024	
	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, 2023	**551**	**378**	**290**	**(15)**	**–**
Total realized and unrealized gains (losses) included in *Net income*[3]	**6**	**–**	**9**	**10**	**–**
Total realized and unrealized gains (losses) included in *Other comprehensive income*	**–**	**(6)**	**–**	**–**	**–**
Purchases	**14**	**–**	**–**	**–**	**–**
Sales	**(8)**	**(9)**	**(2)**	**–**	**–**
Issuances	**–**	**–**	**5**	**–**	**–**
Settlements and other	**–**	**–**	**(17)**	**207**	**–**
Financial instruments transferred into Level 3	**–**	**–**	**–**	**–**	**–**
Financial instruments transferred out of Level 3	**–**	**–**	**–**	**–**	**–**
Fair value as at January 31, 2024	**563**	**363**	**285**	**202**	**–**
Change in unrealized gains and losses included in *Net income* with respect to financial assets and financial liabilities held as at January 31, 2024[4]	**52**	**–**	**9**	**10**	**–**

				Quarter ended January 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*[5]	(7)	–	4	6	–
Total realized and unrealized gains (losses) included in *Other comprehensive income*	–	6	–	–	–
Purchases	15	–	–	–	–
Sales	(2)	–	–	–	–
Issuances	–	–	7	–	–
Settlements and other	–	–	(17)	4	–
Financial instruments transferred into Level 3	–	–	–	–	–
Financial instruments transferred out of Level 3	–	–	–	3	7
Fair value as at January 31, 2023	482	326	325	(4)	(1)
Change in unrealized gains and losses included in *Net income* with respect to financial assets and financial liabilities held as at January 31, 2023[6]	(7)	–	4	6	–

(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 gain of $25 million.
(4) Total unrealized gains (losses) included in *Non-interest income* was an unrealized gain of $71 million.
(5) Total gains (losses) included in *Non-interest income* was a gain of $3 million.
(6) Total unrealized gains (losses) included in *Non-interest income* was an unrealized gain of $3 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, 2023. 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 January 31, 2024	**Unrealized gains (losses) for the quarter ended January 31, 2024**	**Unrealized gains (losses) since the initial recognition of the instrument**
Financial assets designated at fair value through profit or loss			
Securities	**660**	**9**	**1**
Financial liabilities designated at fair value through profit or loss			
Deposits[(1)(2)]	**21,372**	**(1,841)**	**2,073**
Liabilities related to transferred receivables	**9,779**	**(170)**	**382**
	31,151	**(2,011)**	**2,455**

	Carrying value as at January 31, 2023	Unrealized gains (losses) for the quarter ended January 31, 2023	Unrealized gains (losses) since the initial recognition of the instrument
Financial assets designated at fair value through profit or loss			
Securities	892	9	2
Securities purchased under reverse repurchase agreements	39	–	–
	931	9	2
Financial liabilities designated at fair value through profit or loss			
Deposits[(1)(2)]	17,632	(1,188)	1,899
Liabilities related to transferred receivables	9,608	(146)	424
	27,240	(1,334)	2,323

(1) For the quarter ended January 31, 2024, 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 $228 million ($192 million loss for the quarter ended January 31, 2023).
(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 January 31, 2024 and as at October 31, 2023, 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[1]

				As at January 31, 2024
	Amortized cost	**Unrealized gross gains**	**Unrealized gross losses**	**Carrying value[2]**
Securities issued or guaranteed by				
Canadian government	**5,562**	**40**	**(112)**	**5,490**
Canadian provincial and municipal governments	**2,585**	**13**	**(69)**	**2,529**
U.S. Treasury, other U.S. agencies and other foreign governments	**2,394**	**32**	**(32)**	**2,394**
Other debt securities	**1,269**	**2**	**(71)**	**1,200**
Equity securities	**624**	**84**	**(12)**	**696**
	12,434	**171**	**(296)**	**12,309**

				As at October 31, 2023
	Amortized cost	Unrealized gross gains	Unrealized gross losses	Carrying value[2]
Securities issued or guaranteed by				
Canadian government	4,406	1	(210)	4,197
Canadian provincial and municipal governments	2,110	–	(172)	1,938
U.S. Treasury, other U.S. agencies and other foreign governments	1,227	–	(69)	1,158
Other debt securities	1,423	–	(133)	1,290
Equity securities	616	66	(23)	659
	9,782	67	(607)	9,242

(1) Excludes the impact of hedging.
(2) The allowances for credit losses on securities at fair value through other comprehensive income (excluding the equity securities), representing $3 million as at January 31, 2024 ($3 million as at October 31, 2023), 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 quarter ended January 31, 2024, a dividend income amount of $17 million was recognized for these investments ($7 million for the quarter ended January 31, 2023), including a negligible amount for investments that were sold during the quarter ended January 31, 2024 (a negligible amount for investments that were sold during the quarter ended January 31, 2023).

			Quarter ended January 31, 2024			Quarter ended January 31, 2023
	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	**378**	**281**	**659**	320	236	556
Change in fair value	**(6)**	**38**	**32**	6	7	13
Designated at fair value through other comprehensive income	**–**	**51**	**51**	–	25	25
Sales[1]	**(9)**	**(37)**	**(46)**	–	(21)	(21)
Fair value at end	**363**	**333**	**696**	326	247	573

(1) The Bank disposed of private and public company equity securities for economic reasons.

(unaudited) (millions of Canadian dollars)

Securities at Amortized Cost

	As at January 31, 2024	As at October 31, 2023
Securities issued or guaranteed by		
Canadian government	6,541	6,172
Canadian provincial and municipal governments	1,958	1,932
U.S. Treasury, other U.S. agencies and other foreign governments	589	604
Other debt securities	3,217	3,878
Gross carrying value	12,305	12,586
Allowances for credit losses	3	4
Carrying value	12,302	12,582

Gains (Losses) on Disposals of Securities at Amortized Cost

During the quarter ended January 31, 2024, the Bank disposed of certain debt securities measured at amortized cost (no disposal during the quarter ended January 31, 2023). The carrying value of these securities upon disposal was $120 million for the quarter ended January 31, 2024, and the Bank recognized negligible gains for the quarter ended January 31, 2024 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, 2023.

Credit Quality of Loans

The following tables present the gross carrying amounts of loans as at January 31, 2024 and as at October 31, 2023, 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 77 in the Credit Risk section of the *2023 Annual Report*.

(unaudited) (millions of Canadian dollars)

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

						As at January 31, 2024
	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	30,911	18	–	–	–	30,929
Good	16,250	290	–	–	–	16,540
Satisfactory	12,095	4,384	–	–	–	16,479
Special mention	271	753	–	–	–	1,024
Substandard	73	265	–	–	–	338
Default	–	–	78	–	–	78
IRB Approach	59,600	5,710	78	–	–	65,388
Standardized Approach	9,820	173	326	281	12,536	23,136
Gross carrying amount	69,420	5,883	404	281	12,536	88,524
Allowances for credit losses(2)	71	91	96	(92)	–	166
Carrying amount	69,349	5,792	308	373	12,536	88,358
Personal						
Excellent	21,055	229	–	–	–	21,284
Good	7,201	1,745	–	–	–	8,946
Satisfactory	6,385	2,272	–	–	–	8,657
Special mention	1,907	840	–	–	–	2,747
Substandard	33	237	–	–	–	270
Default	–	–	180	–	–	180
IRB Approach	36,581	5,323	180	–	–	42,084
Standardized Approach	3,894	73	80	176	–	4,223
Gross carrying amount	40,475	5,396	260	176	–	46,307
Allowances for credit losses(2)	92	111	103	(13)	–	293
Carrying amount	40,383	5,285	157	189	–	46,014
Credit card						
Excellent	570	–	–	–	–	570
Good	353	1	–	–	–	354
Satisfactory	765	67	–	–	–	832
Special mention	314	220	–	–	–	534
Substandard	37	92	–	–	–	129
Default	–	–	–	–	–	–
IRB Approach	2,039	380	–	–	–	2,419
Standardized Approach	122	–	–	–	–	122
Gross carrying amount	2,161	380	–	–	–	2,541
Allowances for credit losses(2)	34	110	–	–	–	144
Carrying amount	2,127	270	–	–	–	2,397
Business and government(3)						
Excellent	7,842	–	–	–	1,426	9,268
Good	29,248	1	–	–	53	29,302
Satisfactory	31,294	9,848	–	–	139	41,281
Special mention	178	1,944	–	–	–	2,122
Substandard	173	342	–	2	–	517
Default	–	–	371	–	–	371
IRB Approach	68,735	12,135	371	2	1,618	82,861
Standardized Approach	10,927	36	68	37	67	11,135
Gross carrying amount	79,662	12,171	439	39	1,685	93,996
Allowances for credit losses(2)	193	186	227	2	–	608
Carrying amount	79,469	11,985	212	37	1,685	93,388
Total loans and acceptances						
Gross carrying amount	191,718	23,830	1,103	496	14,221	231,368
Allowances for credit losses(2)	390	498	426	(103)	–	1,211
Carrying amount	191,328	23,332	677	599	14,221	230,157

(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)

As at October 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	30,075	13	–	–	–	30,088
Good	17,008	247	–	–	–	17,255
Satisfactory	11,795	4,118	–	–	–	15,913
Special mention	318	773	–	–	–	1,091
Substandard	61	252	–	–	–	313
Default	–	–	66	–	–	66
AIRB Approach	59,257	5,403	66	–	–	64,726
Standardized Approach	9,540	218	287	304	11,772	22,121
Gross carrying amount	68,797	5,621	353	304	11,772	86,847
Allowances for credit losses[2]	69	93	87	(95)	–	154
Carrying amount	68,728	5,528	266	399	11,772	86,693
Personal						
Excellent	21,338	120	–	–	–	21,458
Good	7,360	1,665	–	–	–	9,025
Satisfactory	6,497	2,240	–	–	–	8,737
Special mention	1,849	810	–	–	–	2,659
Substandard	29	224	–	–	–	253
Default	–	–	156	–	–	156
AIRB Approach	37,073	5,059	156	–	–	42,288
Standardized Approach	3,713	79	71	207	–	4,070
Gross carrying amount	40,786	5,138	227	207	–	46,358
Allowances for credit losses[2]	91	108	87	(15)	–	271
Carrying amount	40,695	5,030	140	222	–	46,087
Credit card						
Excellent	641	–	–	–	–	641
Good	380	1	–	–	–	381
Satisfactory	752	68	–	–	–	820
Special mention	304	210	–	–	–	514
Substandard	37	86	–	–	–	123
Default	–	–	–	–	–	–
AIRB Approach	2,114	365	–	–	–	2,479
Standardized Approach	124	–	–	–	–	124
Gross carrying amount	2,238	365	–	–	–	2,603
Allowances for credit losses[2]	33	106	–	–	–	139
Carrying amount	2,205	259	–	–	–	2,464
Business and government[3]						
Excellent	7,785	–	–	–	1,113	8,898
Good	28,525	16	–	–	53	28,594
Satisfactory	32,095	8,400	–	2	140	40,637
Special mention	215	1,790	–	–	–	2,005
Substandard	27	290	–	–	–	317
Default	–	–	397	–	–	397
AIRB Approach	68,647	10,496	397	2	1,306	80,848
Standardized Approach	9,774	57	47	47	46	9,971
Gross carrying amount	78,421	10,553	444	49	1,352	90,819
Allowances for credit losses[2]	182	194	244	–	–	620
Carrying amount	78,239	10,359	200	49	1,352	90,199
Total loans and acceptances						
Gross carrying amount	190,242	21,677	1,024	560	13,124	226,627
Allowances for credit losses[2]	375	501	418	(110)	–	1,184
Carrying amount	189,867	21,176	606	670	13,124	225,443

(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.)

The following table presents the credit risk exposures of off-balance-sheet commitments as at January 31, 2024 and as at October 31, 2023 according to credit quality and ECL impairment stage.

	As at January 31, 2024				As at October 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Off-balance-sheet commitments[1]								
Retail								
Excellent	16,873	94	–	16,967	16,648	67	–	16,715
Good	3,540	464	–	4,004	3,485	467	–	3,952
Satisfactory	1,283	290	–	1,573	1,268	285	–	1,553
Special mention	218	94	–	312	239	93	–	332
Substandard	16	16	–	32	17	15	–	32
Default	–	–	2	2	–	–	2	2
Non-retail								
Excellent	13,863	–	–	13,863	14,117	–	–	14,117
Good	21,604	–	–	21,604	21,082	–	–	21,082
Satisfactory	12,655	4,871	–	17,526	12,258	4,354	–	16,612
Special mention	16	270	–	286	17	248	–	265
Substandard	9	517	–	526	19	33	–	52
Default	–	–	11	11	–	–	10	10
IRB Approach	70,077	6,616	13	76,706	69,150	5,562	12	74,724
Standardized Approach	18,425	–	–	18,425	18,172	–	–	18,172
Total exposure	88,502	6,616	13	95,131	87,322	5,562	12	92,896
Allowances for credit losses	133	59	–	192	116	60	–	176
Total exposure, net of allowances	88,369	6,557	13	94,939	87,206	5,502	12	92,720

(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 January 31, 2024				As at October 31, 2023			
	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	148	97	28	41	139	102	27	38
61 to 90 days	63	55	15	22	58	65	14	21
Over 90 days[3]	–	–	32	–	–	–	30	–
	211	152	75	63	197	167	71	59

(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 January 31, 2024			As at October 31, 2023		
	Gross	Allowances for credit losses	Net	Gross	Allowances for credit losses	Net
Loans – Stage 3						
Residential mortgage	404	96	308	353	87	266
Personal	260	103	157	227	87	140
Credit card[1]	–	–	–	–	–	–
Business and government[2]	439	227	212	444	244	200
	1,103	426	677	1,024	418	606
Loans – POCI	496	(103)	599	560	(110)	670
	1,599	323	1,276	1,584	308	1,276

(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)

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 January 31, 2024
	Allowances for credit losses as at October 31, 2023	Provisions for credit losses	Write-offs[1]	Disposals	Recoveries and other	Allowances for credit losses as at January 31, 2024
Balance sheet						
Cash and deposits with financial institutions[2][3]	10	(3)	–	–	–	7
Securities[3]						
At fair value through other comprehensive income[4]	3	–	–	–	–	3
At amortized cost[2]	4	(1)	–	–	–	3
Securities purchased under reverse repurchase agreements and securities borrowed[2][3]	–	–	–	–	–	–
Loans[5]						
Residential mortgage	154	15	(1)	–	(2)	166
Personal	271	44	(23)	–	1	293
Credit card	139	27	(26)	–	4	144
Business and government	567	23	(44)	–	10	556
Customers' liability under acceptances	53	(1)	–	–	–	52
	1,184	108	(94)	–	13	1,211
Other assets[2][3]	–	–	–	–	–	–
Off-balance-sheet commitments[6]						
Letters of guarantee and documentary letters of credit	16	3	–	–	–	19
Undrawn commitments	152	14	–	–	–	166
Backstop liquidity and credit enhancement facilities	8	(1)	–	–	–	7
	176	16	–	–	–	192
	1,377	120	(94)	–	13	1,416

						Quarter ended January 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 January 31, 2023
Balance sheet						
Cash and deposits with financial institutions[2][3]	5	–	–	–	–	5
Securities[3]						
At fair value through other comprehensive income[4]	2	(1)	–	–	–	1
At amortized cost[2]	7	1	–	–	–	8
Securities purchased under reverse repurchase agreements and securities borrowed[2][3]	–	–	–	–	–	–
Loans[5]						
Residential mortgage	118	19	(1)	–	(1)	135
Personal	239	31	(16)	–	3	257
Credit card	126	25	(18)	–	3	136
Business and government	418	19	(5)	–	–	432
Customers' liability under acceptances	54	(7)	–	–	–	47
	955	87	(40)	–	5	1,007
Other assets[2][3]	–	–	–	–	–	–
Off-balance-sheet commitments[6]						
Letters of guarantee and documentary letters of credit	13	–	–	–	–	13
Undrawn commitments	143	(1)	–	–	–	142
Backstop liquidity and credit enhancement facilities	6	–	–	–	–	6
	162	(1)	–	–	–	161
	1,131	86	(40)	–	5	1,182

(1) The contractual amount outstanding on financial assets that were written off during the quarter ended January 31, 2024 and that are still subject to enforcement activity was $35 million ($25 million for the quarter ended January 31, 2023).
(2) These financial assets are presented net of the allowances for credit losses on the Consolidated Balance Sheet.
(3) As at January 31, 2024 and 2023, 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 January 31, 2024					Quarter ended January 31, 2023				
	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	69	93	87	(95)	154	53	80	61	(76)	118
Originations or purchases	2	–	–	–	2	5	–	–	–	5
Transfers(2):										
to Stage 1	16	(14)	(2)	–	–	8	(7)	(1)	–	–
to Stage 2	(3)	7	(4)	–	–	(3)	9	(6)	–	–
to Stage 3	–	(13)	13	–	–	–	(8)	8	–	–
Net remeasurement of loss allowances(3)	(8)	33	(1)	1	25	–	12	3	3	18
Derecognitions(4)	(2)	(2)	(2)	–	(6)	(1)	(1)	(2)	–	(4)
Changes to models	(2)	(12)	8	–	(6)	–	–	–	–	–
Provisions for credit losses	3	(1)	12	1	15	9	5	2	3	19
Write-offs	–	–	(1)	–	(1)	–	–	(1)	–	(1)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	–	–	–	–	–	–	–	–
Foreign exchange movements and other	(1)	(1)	(2)	2	(2)	–	(1)	(2)	2	(1)
Balance at end	71	91	96	(92)	166	62	84	60	(71)	135
Includes:										
Amounts drawn	71	91	96	(92)	166	62	84	60	(71)	135
Undrawn commitments(5)	–	–	–	–	–	–	–	–	–	–
Personal										
Balance at beginning	95	114	87	(15)	281	70	117	75	(16)	246
Originations or purchases	7	–	–	–	7	10	–	–	–	10
Transfers(2):										
to Stage 1	21	(19)	(2)	–	–	19	(17)	(2)	–	–
to Stage 2	(5)	6	(1)	–	–	(4)	4	–	–	–
to Stage 3	–	(18)	18	–	–	–	(12)	12	–	–
Net remeasurement of loss allowances(3)	(17)	39	19	1	42	(18)	33	7	5	27
Derecognitions(4)	(2)	(4)	(1)	–	(7)	(2)	(4)	(1)	–	(7)
Changes to models	–	(1)	3	–	2	1	–	–	–	1
Provisions for credit losses	4	3	36	1	44	6	4	16	5	31
Write-offs	–	–	(23)	–	(23)	–	–	(16)	–	(16)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	4	–	4	–	–	5	–	5
Foreign exchange movements and other	(2)	(1)	(1)	1	(3)	(1)	–	(1)	–	(2)
Balance at end	97	116	103	(13)	303	75	121	79	(11)	264
Includes:										
Amounts drawn	92	111	103	(13)	293	72	117	79	(11)	257
Undrawn commitments(5)	5	5	–	–	10	3	4	–	–	7

(1) No POCI loans were acquired during the quarters ended January 31, 2024 and 2023.
(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 January 31, 2024					Quarter ended January 31, 2023				
	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	59	127	–	–	186	53	112	–	–	165
Originations or purchases	2	–	–	–	2	2	–	–	–	2
Transfers[2]:										
to Stage 1	29	(29)	–	–	–	25	(25)	–	–	–
to Stage 2	(5)	5	–	–	–	(4)	4	–	–	–
to Stage 3	–	(10)	10	–	–	–	(7)	7	–	–
Net remeasurement of loss allowances[3]	(25)	38	12	–	25	(16)	33	8	–	25
Derecognitions[4]	(1)	–	–	–	(1)	(1)	–	–	–	(1)
Changes to models	–	–	–	–	–	–	–	–	–	–
Provisions for credit losses	–	4	22	–	26	6	5	15	–	26
Write-offs	–	–	(26)	–	(26)	–	–	(18)	–	(18)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	4	–	4	–	–	3	–	3
Foreign exchange movements and other	–	–	–	–	–	–	–	–	–	–
Balance at end	59	131	–	–	190	59	117	–	–	176
Includes:										
Amounts drawn	34	110	–	–	144	37	99	–	–	136
Undrawn commitments[5]	25	21	–	–	46	22	18	–	–	40
Business and government[6]										
Balance at beginning	251	220	244	–	715	177	195	197	–	569
Originations or purchases	39	–	–	–	39	24	–	–	–	24
Transfers[2]:										
to Stage 1	9	(8)	(1)	–	–	17	(17)	–	–	–
to Stage 2	(13)	14	(1)	–	–	(6)	8	(2)	–	–
to Stage 3	–	(2)	2	–	–	–	(1)	1	–	–
Net remeasurement of loss allowances[3]	(1)	–	31	(11)	19	(10)	21	(10)	–	1
Derecognitions[4]	(8)	(6)	(3)	–	(17)	(5)	(8)	(2)	–	(15)
Changes to models	–	(5)	1	–	(4)	–	–	–	–	–
Provisions for credit losses	26	(7)	29	(11)	37	20	3	(13)	–	10
Write-offs	–	–	(44)	–	(44)	–	–	(5)	–	(5)
Disposals	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	1	13	14	–	–	1	–	1
Foreign exchange movements and other	(1)	–	(3)	–	(4)	–	–	(1)	–	(1)
Balance at end	276	213	227	2	718	197	198	179	–	574
Includes:										
Amounts drawn	193	186	227	2	608	134	167	178	–	479
Undrawn commitments[5]	83	27	–	–	110	63	31	1	–	95
Total allowances for credit losses at end[7]	503	551	426	(103)	1,377	393	520	318	(82)	1,149
Includes:										
Amounts drawn	390	498	426	(103)	1,211	305	467	317	(82)	1,007
Undrawn commitments[5]	113	53	–	–	166	88	53	1	–	142

(1) No POCI loans were acquired during the quarters ended January 31, 2024 and 2023.
(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 January 31, 2024
	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]	0.2 %	1.9 %	0.9 %	1.9 %	(5.1) %	2.6 %
Unemployment rate	6.7 %	6.7 %	6.2 %	5.9 %	8.0 %	7.5 %
Housing price index growth[2]	0.8 %	2.3 %	6.1 %	2.6 %	(13.9) %	0.3 %
BBB spread[3]	2.4 %	2.1 %	1.9 %	1.8 %	3.1 %	2.3 %
S&P/TSX growth[2][4]	(7.0) %	3.5 %	4.0 %	3.0 %	(25.6) %	5.5 %
WTI oil price[5] *(US$ per barrel)*	70	80	91	86	46	56

						As at October 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]	– %	1.7 %	0.4 %	1.9 %	(4.9) %	2.6 %
Unemployment rate	6.3 %	6.5 %	5.9 %	5.9 %	7.7 %	7.2 %
Housing price index growth[2]	(1.1) %	1.9 %	2.5 %	2.4 %	(13.9) %	0.3 %
BBB spread[3]	2.4 %	2.1 %	1.9 %	1.8 %	3.1 %	2.3 %
S&P/TSX growth[2][4]	(10.0) %	3.7 %	4.0 %	3.0 %	(25.6) %	5.5 %
WTI oil price[5] *(US$ per barrel)*	77	80	91	86	46	56

(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 January 31, 2024, the macroeconomic outlook remained essentially unchanged and uncertainty remains high.

The economic outlook remains uncertain as central banks remain determined to curb inflation, which has shown signs of improvement but is too high in several countries. Although interest rates may be cut in 2024, monetary policy will remain tight, and this could be a difficult year. While the U.S. economy held up well over the past year due to an expansionary fiscal policy and sustained consumption, the delayed impact of monetary policy will continue to be felt, which should lead to a sluggish economy in the coming quarters. The sensitivity of the Canadian economy to interest rates has materialized and suggests new weaknesses in the labour market that may spill over into the real estate market, which has remained resilient given strong demographic growth. A contraction in the Canadian economy is expected around midyear, leading to stagnant growth in 2024. In the base scenario, the unemployment rate stands at 7.0% after 12 months, up 1.2 percentage points. Despite an initial decline, housing prices rise slightly, up 0.8% year over year. The S&P/TSX sits at 18,500 points after one year, and the price of oil hovers around US$73.

In the upside scenario, an easing of geopolitical tensions strengthens confidence. Prices for goods continue to fall due to a slowdown in the global economy, where inflation continues to subside without the tight monetary policy having caused too much damage to the economy. The Canadian and U.S. governments maintain spending growth, which tempers the restrictive monetary policies. With the labour market holding up, consumer spending remains relatively resilient. Housing prices rise at a moderate pace against a backdrop of strong demographic growth. After one year, the unemployment rate is more favourable than in the base scenario (eight-tenths lower). Housing prices rise 6.1%, the S&P/TSX is at 20,687 points after one year, and the price of oil hovers around US$91.

In the downside scenario, central banks have underestimated the impact of simultaneous tightening measures, and the global economy sinks into a recession as falling demand translates into reduced investment by businesses, which also lay off a large number of workers. Given budgetary constraints, governments are unable to support households and businesses as they did during the pandemic. The geopolitical situation continues to cause concern, with the risk of conflicts escalating. After 12 months, economic contraction pushes unemployment to 8.8%. Housing prices fall sharply (-13.9%). The S&P/TSX sits at 14,801 points after one year, and the price of oil hovers around US$40.

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 January 31, 2024 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 January 31, 2024	**1,054**
Simulations	
100% upside scenario	**716**
100% base scenario	**842**
100% downside scenario	**1,373**

(unaudited) (millions of Canadian dollars)

Note 7 – Other Assets

	As at January 31, 2024	As at October 31, 2023[1]
Receivables, prepaid expenses and other items	3,276	3,118
Interest and dividends receivable	1,513	1,605
Due from clients, dealers and brokers	1,061	538
Defined benefit asset	394	356
Deferred tax assets	645	666
Current tax assets	736	925
Reinsurance assets	20	16
Insurance assets	19	20
Commodities[2]	514	544
	8,178	7,788

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.
(2) Commodities are recorded at fair value based on quoted prices in active markets and are classified in Level 1 of the fair value measurement hierarchy.

Note 8 – Deposits

				As at January 31, 2024	As at October 31, 2023
	On demand[1]	After notice[2]	Fixed term[3]	Total	Total
Personal	4,530	36,049	50,485	91,064	87,883
Business and government	63,865	31,498	109,061	204,424	197,328
Deposit-taking institutions	2,518	196	1,895	4,609	2,962
	70,913	67,743	161,441	300,097	288,173

(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 $9.8 billion as at January 31, 2024 ($10.9 billion as at October 31, 2023). During the quarter ended January 31, 2024, an amount of 750 million euros in covered bonds came to maturity (the Bank issued 280 million Swiss francs in covered bonds during the quarter ended January 31, 2023). For additional information on covered bonds, see Note 27 to the audited annual consolidated financial statements for the year ended October 31, 2023.

In addition, as at January 31, 2024, the *Deposits – Business and government* item also includes deposits of $19.7 billion ($17.7 billion as at October 31, 2023) 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 January 31, 2024	As at October 31, 2023[1]
Accounts payable and accrued expenses	**2,127**	2,458
Subsidiaries' debts to third parties	**239**	224
Interest and dividends payable	**1,970**	2,022
Lease liabilities	**483**	517
Due to clients, dealers and brokers	**840**	669
Defined benefit liability	**101**	94
Allowances for credit losses – Off-balance-sheet commitments (Note 6)	**192**	176
Deferred tax liabilities	**38**	28
Current tax liabilities	**131**	204
Insurance liabilities	**7**	8
Other items[2][3][4]	**1,254**	1,016
	7,382	7,416

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.
(2) As at January 31, 2024, *Other items* included $22 million in litigation provisions ($42 million as at October 31, 2023).
(3) As at January 31, 2024, *Other items* included $29 million in provisions for onerous contracts ($31 million as at October 31, 2023).
(4) As at January 31, 2024, *Other items* included the financial liability resulting from put options written to non-controlling interests of Flinks Technology Inc. (Flinks) for an amount of $22 million ($23 million as at October 31, 2023).

Note 10 – Share Capital and Other Equity Instruments

Shares and Other Equity Instruments Outstanding

	As at January 31, 2024		As at October 31, 2023	
	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	**338,284,629**	**3,294**	336,582,124	3,196
Issued pursuant to the Stock Option Plan	**858,373**	**51**	1,678,321	95
Impact of shares purchased or sold for trading[2]	**23,348**	**2**	31,975	3
Other	**–**	**–**	(7,791)	–
Common shares at end of period	**339,166,350**	**3,347**	338,284,629	3,294

(1) Limited Recourse Capital Notes (LRCN).
(2) As at January 31, 2024, a total of 50,073 shares were sold short for trading, representing $5 million (26,725 shares were sold short for trading, representing an amount of $3 million as at October 31, 2023).

(unaudited) (millions of Canadian dollars)

Note 10 – Share Capital and Other Equity Instruments (cont.)

Dividends Declared and Distributions on Other Equity Instruments

	Quarter ended January 31			
	2024		2023	
	Dividends or interest $	Dividends per share	Dividends or interest $	Dividends per share
First Preferred Shares				
Series 30	**3**	**0.2516**	3	0.2516
Series 32	**3**	**0.2399**	3	0.2399
Series 38	**7**	**0.4392**	7	0.4392
Series 40	**5**	**0.3636**	3	0.2875
Series 42	**5**	**0.4410**	4	0.3094
	23		20	
Other equity instruments				
LRCN – Series 1[1]	**5**		5	
LRCN – Series 2[2]	**5**		5	
LRCN – Series 3[3]	**10**		10	
	20		20	
Preferred shares and other equity instruments	**43**		40	
Common shares	**359**	**1.0600**	327	0.9700
	402		367	

(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, 2023, 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 then outstanding common shares) over the 12-month period ending on December 11, 2024. On December 12, 2022, the Bank had begun a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.1% of its then outstanding common shares) over the 12-month period ended December 11, 2023. 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 quarters ended January 31, 2024 and 2023, the Bank did not repurchase any common shares.

(unaudited) (millions of Canadian dollars)

Note 11 – Capital Disclosure

The Bank and all other major Canadian banks have to maintain the following minimum capital ratios established by the Office of the Superintendent of Financial Institutions (OSFI): a CET1 capital ratio of at least 11.5%, a Tier 1 capital ratio of at least 13.0%, and a Total capital ratio of at least 15.0%. All of these ratios include a capital conservation buffer of 2.5% established by the Basel Committee on Banking Supervision (BCBS) and OSFI, a 1.0% surcharge applicable solely to Domestic Systemically Important Banks (D-SIBs), and a 3.5% domestic stability buffer (DSB) established by OSFI. The DSB, which can vary from 0% to 4.0% of risk-weighted assets (RWA), consists 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. The Bank also has to meet the requirements of the capital output floor 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. For fiscal 2024, the floor factor is set at 67.5%. 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. Lastly, OSFI requires D-SIBs to maintain a Basel III leverage ratio of at least 3.5%, which includes 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 25.0% (including the DSB) of RWA and a TLAC leverage ratio of at least 7.25%. 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 first quarter of 2024, the Bank implemented OSFI's finalized guidance of the revised market risk capital rules, consistent with the BCBS's Fundamental Review of the Trading Book (FRTB) as well as the revised credit valuation adjustment (CVA) risk framework.

During the quarter ended January 31, 2024, the Bank was compliant with all of OSFI's regulatory capital, leverage, and TLAC requirements.

Regulatory Capital[1], Leverage Ratio[1] and TLAC[2]

	As at January 31, 2024	As at October 31, 2023
Capital		
CET1	**17,350**	16,920
Tier 1	**20,498**	20,068
Total	**21,423**	21,056
Risk-weighted assets	**132,370**	125,592
Total exposure	**478,484**	456,478
Capital ratios		
CET1	**13.1 %**	13.5 %
Tier 1	**15.5 %**	16.0 %
Total	**16.2 %**	16.8 %
Leverage ratio	**4.3 %**	4.4 %
Available TLAC	**37,162**	36,732
TLAC ratio	**28.1 %**	29.2 %
TLAC leverage ratio	**7.8 %**	8.0 %

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

(unaudited) (millions of Canadian dollars)

Note 12 – Share-Based Payments

Stock Option Plan
During the quarter ended January 31, 2024, the Bank awarded 1,222,652 stock options (1,416,060 stock options during the quarter ended January 31, 2023) with an average fair value of $13.74 per option ($14.76 in 2023).

As at January 31, 2024, there were 11,892,260 stock options outstanding (11,546,688 stock options as at October 31, 2023).

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.

	Quarter ended January 31	
	2024	2023
Risk-free interest rate	**3.61%**	3.25%
Expected life of options	**7 years**	7 years
Expected volatility	**22.29%**	23.13%
Expected dividend yield	**4.62%**	4.23%

During the quarter ended January 31, 2024, a $4 million compensation expense was recorded for this plan ($5 million for the quarter ended January 31, 2023).

Note 13 – 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 January 31
	Pension plans		Other post-employment benefit plans	
	2024	2023	**2024**	2023
Current service cost	**20**	23	**–**	–
Interest expense (income), net	**(4)**	(6)	**1**	2
Administrative costs	**1**	1		
Expense of the defined benefit component	**17**	18	**1**	2
Expense of the defined contribution component	**4**	1		
Expense recognized in *Net income*	**21**	19	**1**	2
Remeasurements(1)				
Actuarial (gains) losses on defined benefit obligation	**504**	330	**8**	6
Return on plan assets(2)	**(523)**	(264)		
Remeasurements recognized in *Other comprehensive income*	**(19)**	66	**8**	6
	2	85	**9**	8

(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 14 – 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".

In October 2023, the Bank filed a notice of appeal with the Tax Court of Canada, and the matter is now in litigation. 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 January 31, 2024.

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 included 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 as at January 31, 2023, 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 during the quarter ended January 31, 2023.

Proposed Legislation

On November 30, 2023, the Government of Canada introduced Bill C-59 – *An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023 and certain provisions of the budget tabled in Parliament on March 28, 2023* to implement 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 (except for dividends received on "taxable preferred shares" as defined in the *Income Tax Act*), as well as the application of a 2% tax on the net value of equity repurchases occurring as of January 1, 2024. Although these tax measures were not substantively enacted at the reporting date, the consolidated financial statements reflect, since January 1, 2024, the denial of the deduction in respect of the dividends covered by Bill C-59.

During fiscal 2023, the Government of Canada proposed to implement the Pillar 2 rules (global minimum tax) published by the Organisation for Economic Co-operation and Development (OECD) that will apply to fiscal years beginning on or after December 31, 2023 (November 1, 2024 for the Bank). To date, the Pillar 2 rules have not yet been included in a bill in Canada but have been included in a bill or enacted in certain jurisdictions where the Bank operates. The Pillar 2 rules do not apply to this fiscal year, and the Bank is currently assessing its income tax exposure arising from these rules.

Note 15 – 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 January 31	
	2024	2023[1]
Basic earnings per share		
Net income attributable to the Bank's shareholders and holders of other equity instruments	**922**	876
Dividends on preferred shares and distributions on other equity instruments	**37**	35
Net income attributable to common shareholders	**885**	841
Weighted average basic number of common shares outstanding *(thousands)*	**338,675**	336,993
Basic earnings per share *(dollars)*	**2.61**	2.49
Diluted earnings per share		
Net income attributable to common shareholders	**885**	841
Weighted average basic number of common shares outstanding *(thousands)*	**338,675**	336,993
Adjustment to average number of common shares *(thousands)*		
Stock options[2]	**2,664**	3,450
Weighted average diluted number of common shares outstanding *(thousands)*	**341,339**	340,443
Diluted earnings per share *(dollars)*	**2.59**	2.47

(1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.
(2) For the quarter ended January 31, 2024, the calculation of diluted earnings per share excluded an average number of 1,719,303 options outstanding with a weighted average exercise price of $96.35 (1,754,368 options outstanding with a weighted average exercise price of $96.35 for the quarter ended January 31, 2023), given that the exercise price of these options was greater than the average price of the Bank's common shares.

Note 16 – 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, 2023. This presentation reflects the retrospective application of the accounting policy changes arising from the adoption of IFRS 17. The figures for the 2023 quarters have been adjusted to reflect these accounting policy changes.

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 January 31[1]

	Personal and Commercial		Wealth Management		Financial Markets		USSF&I		Other		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Net interest income[2]	**870**	825	**198**	208	**(518)**	(91)	**301**	299	**(100)**	(142)	**751**	1,099
Non-interest income[2]	**284**	279	**462**	429	**1,273**	780	**25**	20	**(85)**	(45)	**1,959**	1,463
Total revenues	**1,154**	1,104	**660**	637	**755**	689	**326**	319	**(185)**	(187)	**2,710**	2,562
Non-interest expenses	**615**	593	**390**	364	**313**	287	**100**	98	**31**	48	**1,449**	1,390
Income before provisions for credit losses and income taxes	**539**	511	**270**	273	**442**	402	**226**	221	**(216)**	(235)	**1,261**	1,172
Provisions for credit losses	**71**	61	**–**	–	**17**	(9)	**36**	35	**(4)**	(1)	**120**	86
Income before income taxes (recovery)	**468**	450	**270**	273	**425**	411	**190**	186	**(212)**	(234)	**1,141**	1,086
Income taxes (recovery)[2][3]	**129**	124	**74**	75	**117**	113	**40**	39	**(141)**	(141)	**219**	210
Net income	**339**	326	**196**	198	**308**	298	**150**	147	**(71)**	(93)	**922**	876
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	**339**	326	**196**	198	**308**	298	**150**	147	**(71)**	(93)	**922**	876
Average assets[4]	**155,031**	146,131	**8,708**	8,523	**190,443**	173,262	**26,025**	21,606	**62,459**	75,424	**442,666**	424,946
Total assets	**156,433**	146,797	**8,769**	8,427	**180,458**	163,581	**26,667**	22,072	**61,600**	77,410	**433,927**	418,287

(1) Certain comparative figures have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to these consolidated financial statements.

(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 $37 million ($78 million in 2023), *Non-interest income* was grossed up by $73 million ($52 million in 2023), and an equivalent amount was recognized in *Income taxes (recovery)*. The effect of these adjustments have been reversed under the *Other* heading. In light of the proposed legislation with respect to Canadian dividends, the Bank did not either recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024 (for additional information, see Note 14).

(3) During the quarter ended January 31, 2023, the Bank had 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 included the impact related to current and deferred taxes for fiscal 2022. These items were recorded in the *Other* heading. For additional information on these tax measures, see Note 14.

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

Note 17 – Event After the Consolidated Balance Sheet Date

Issuance of Subordinated Debt

On February 5, 2024, the Bank issued medium-term notes for a total amount of $500 million. They bear interest at 5.279% and mature on February 15, 2034. The interest on these notes will be payable semi-annually at a rate of 5.279% per annum until February 15, 2029 and, thereafter, will be payable quarterly at a floating rate equal to Daily Compounded CORRA plus 1.80%. With the prior approval of OSFI, the Bank may, at its option, redeem these notes as of February 15, 2029, in whole or in part, at their nominal value plus accrued and unpaid interest. Given that the medium-term notes satisfy the non-viability contingent capital requirements, they qualify for the purposes of calculating regulatory capital under Basel III.

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
800 Saint-Jacques Street, 28th Floor
Montreal, Quebec H3C 1A3
Telephone: 514-394-8644
Email: *pa@nbc.ca*

Quarterly Report Publication Dates for Fiscal 2024
(subject to approval by the Board of Directors of the Bank)

First quarter	February 28
Second quarter	May 29
Third quarter	August 28
Fourth quarter	December 4

Disclosure of
First Quarter 2024 Results

Conference Call
- A conference call for analysts and institutional investors will be held on Wednesday, February 28, 2024 at 1:00 p.m. EST.
- Access by telephone in listen-only mode: 1-800-806-5484 or 416-340-2217. The access code is 8438144#.
- A recording of the conference call can be heard until May 24, 2024 by dialing 1-800-408-3053 or 905-694-9451. The access code is 8808810#.

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