The Bank's internal target includes an adequate buffer over the regulatory minimum ensuring sufficient flexibility for future capital deployment and in consideration of the Bank's risk appetite, the volatility of planning assumptions, the results from stress testing and contingency planning.

The Bank has a comprehensive risk management framework to ensure that the risks taken while conducting its business activities are consistent with its risk appetite, its impact on capital relative to internal targets, and that there is an appropriate balance between risk and return. Refer to the Risk Management section for further discussion on the Bank's risk management framework. In managing the Bank's capital base, close attention is paid to the cost and availability of the various types of capital, desired leverage, changes in the assets and risk-weighted assets, and the opportunities to profitably deploy capital. The amount of capital required for the business risks being assumed, and to meet regulatory requirements, is balanced against the goal of generating an appropriate return for the Bank's shareholders.

Capital generation

Capital is generated internally through net earnings after dividend payments. As well, capital is generated by the issuance of common shares, preferred shares and other equity instruments, and subordinated debentures, net of redemptions.

Capital deployment

The Bank deploys capital to support sustainable, long-term revenue and net income growth. The growth can be through existing businesses by attracting new customers, increasing cross-selling activities to existing customers, adding new products and enhancing sales productivity, or through acquisitions. All major initiatives to deploy capital are subject to rigorous analysis, validation of business case assumptions and evaluation of expected benefits. Key financial criteria include impact on earnings per share, capital ratios, return on invested capital, expected payback period and internal rate of return based on discounted cash flows.

Regulatory capital and total loss absorbing capacity ratios

The Bank continues to maintain strong, high quality capital levels which position it well for future business growth and opportunities. The CET1 ratio as at October 31, 2024 was 13.1%, an increase of approximately 10 basis points from the prior year. The ratio benefited from internal capital generation, share issuances under the Bank's Shareholder Dividend and Share Purchase Plan, and revaluation gains on FVOCI securities, partly offset by the adoption impacts from the revised Basel III FRTB market and CVA capital requirements, RWA growth and the Bank's initial investment in KeyCorp.

The Bank's Tier 1 capital ratio was 15.0% as at October 31, 2024, an increase of approximately 20 basis points from the prior year, due primarily to the above noted impacts to the CET1 ratio and a U.S. $750 million issuance of Limited Recourse Capital Notes partly offset by a redemption of $300 million of preferred shares.

The Bank's Total capital ratio was 16.7% as at October 31, 2024, a decrease of approximately 50 basis points from 2023, due primarily to redemptions of $3.25 billion of subordinated debentures, partly offset by the issuance of $1 billion of subordinated debentures and the above noted impacts to the Tier 1 capital ratio.

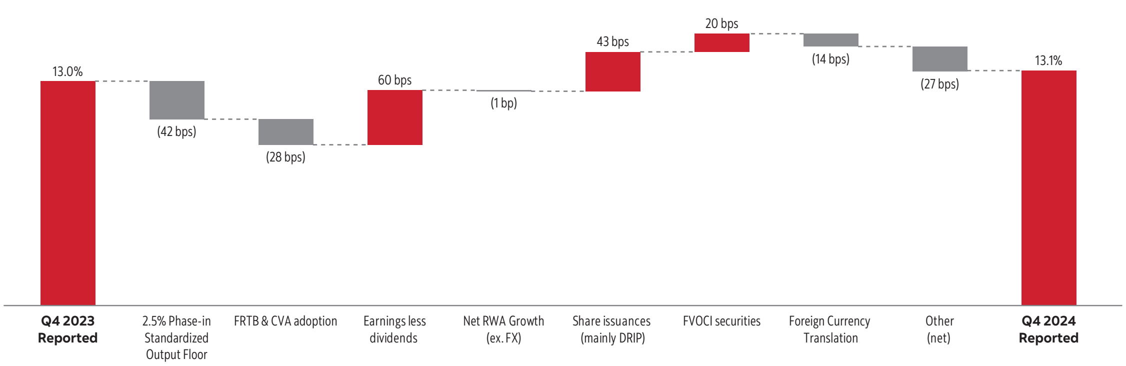
The TLAC ratio was 29.7% as at October 31, 2024, a decrease of approximately 90 basis points from the prior year, primarily from higher RWA.

The Leverage ratio was 4.4% as at October 31, 2024, an increase of 20 basis points from the prior year, due primarily to growth in Tier 1 capital.

The TLAC Leverage ratio was 8.8%, an increase of approximately 20 basis points from 2023, due primarily to higher available TLAC.

The Bank's capital, leverage and TLAC ratios continue to be in excess of OSFI's minimum capital ratio requirements for 2024. In 2025, the Bank will continue to maintain strong capital ratios, continuing to optimize capital deployment in line with its strategic plans while absorbing the impact of the Bank's increased investment in KeyCorp.

C23 Continuity of Common Equity Tier 1 ratio (1)



(1) This measure has been disclosed in this document in accordance with OSFI Guideline – Capital Adequacy Requirements (November 2023).

T29 Regulatory capital[1] and total loss absorbing capacity (TLAC)[2] ratios

As at October 31 ($ millions)	2024	2023
Common Equity Tier 1 capital		
Total Common Equity[3]	$ 73,590	$ 68,853
Qualifying non-controlling interest in common equity of subsidiaries	683	763
Goodwill and intangibles, net of deferred tax liabilities[4]	(15,044)	(15,738)
Threshold related deductions	–	–
Net deferred tax assets (excluding those arising from temporary differences)	(451)	(231)
Other Common Equity Tier 1 capital deductions[5]	1,853	3,394
Common Equity Tier 1	60,631	57,041
Additional Tier 1 capital		
Preferred shares[6]	–	300
Subordinated additional Tier 1 capital notes (NVCC)	3,249	3,249
Limited recourse capital notes (NVCC)	5,530	4,526
Capital instrument liabilities – trust securities[6]	–	–
Other Tier 1 capital adjustments[7]	89	107
Net Tier 1 capital	69,499	65,223
Tier 2 capital		
Subordinated debentures, net of amortization[6]	6,190	8,412
Allowance for credit losses eligible for inclusion in Tier 2 and excess allowance (re: IRB approach)	1,942	1,931
Qualifying non-controlling interest in Tier 2 capital of subsidiaries	77	85
Tier 2 capital	8,209	10,428
Total regulatory capital	77,708	75,651
Non-regulatory capital elements of TLAC		
External TLAC instruments	59,092	58,001
TLAC deductions and other adjustments	952	852
TLAC available after deductions	137,752	134,504
Risk-weighted assets ($ billions)[1]		
Credit risk	398.2	378.7
Market risk	14.7	12.0
Operational risk	51.1	49.3
Risk-weighted assets	$ 464.0	$ 440.0
Regulatory Capital [1] and TLAC [2] ratios		
Common Equity Tier 1	13.1%	13.0%
Tier 1	15.0%	14.8%
Total	16.7%	17.2%
Total loss absorbing capacity	29.7%	30.6%
Leverage[8]		
Leverage exposures	$ 1,563,140	$ 1,562,963
Leverage ratio	4.4%	4.2%
Total loss absorbing capacity leverage ratio[2]	8.8%	8.6%

(1) 2024 regulatory capital ratios are based on Revised Basel III requirements as determined in accordance with OSFI Guideline – Capital Adequacy Requirements (November 2023). Prior year regulatory capital ratios were prepared in accordance with OSFI Guideline – Capital Adequacy Requirements (February 2023).
(2) This measure has been disclosed in this document in accordance with OSFI Guideline – Total Loss Absorbing Capacity (September 2018).
(3) Includes Other Reserves adjusted for regulatory capital purposes.
(4) Reported amounts are based on OSFI's requirements that goodwill relating to investments in associates be classified as goodwill for regulatory reporting purposes.
(5) Other CET1 capital deductions under Basel III include gains/losses due to changes in own credit risk on fair valued liabilities, pension plan assets and other items.
(6) Non-qualifying Tier 1 and Tier 2 capital instruments were subject to a phase-out period until 2022.
(7) Other Tier 1 capital adjustments under Basel III rules include eligible non-controlling interests in subsidiaries.
(8) The leverage ratios are based on Revised Basel III requirements as determined in accordance with OSFI Guideline – Leverage Requirements (February 2023).

T30 Changes in regulatory capital

For the fiscal years ($ millions)	2024	2023
Total capital, beginning of year	**$ 75,651**	$ 70,710
Changes in Common Equity Tier 1		
Net income attributable to common equity holders of the Bank	**7,286**	6,991
Dividends paid to equity holders of the Bank	**(5,198)**	(5,003)
Shares issued	**1,945**	1,402
Shares repurchased/redeemed	**–**	–
Gains/losses due to changes in own credit risk on fair valued liabilities	**723**	1,001
ECL transitional adjustment	**–**	(75)
Movements in accumulated other comprehensive income, excluding cash flow hedges	**(1,577)**	7
Change in non-controlling interest in common equity of subsidiaries	**(80)**	69
Change in goodwill and other intangible assets (net of related tax liability)(1)	**694**	(192)
Other changes including regulatory adjustments below:	**(202)**	(240)
– Deferred tax assets that rely on future profitability (excluding those arising from temporary differences)	**(220)**	(143)
– IFRS 17 impact	**(86)**	–
– Other capital deductions	**85**	(162)
– Other	**19**	65
Changes in Common Equity Tier 1	**$ 3,591**	$ 3,960
Changes in Additional Tier 1 Capital		
Issued	**1,004**	–
Redeemed	**(300)**	–
Other changes including regulatory adjustments and phase-out of non-qualifying instruments	**(20)**	1
Changes in Additional Tier 1 Capital	**$ 684**	$ 1
Changes in Tier 2 Capital		
Issued	**1,000**	1,447
Redeemed	**(3,250)**	–
Allowance for credit losses eligible for inclusion in Tier 2 and Excess Allowance under IRB(2)	**11**	62
Other changes including regulatory adjustments and phase-out of non-qualifying instruments	**21**	(529)
Changes in Tier 2 Capital	**$ (2,218)**	$ 980
Total capital generated (used)	**$ 2,057**	$ 4,941
Total capital, end of year	**$ 77,708**	$ 75,651

(1) Reported amounts are based on OSFI's requirements that goodwill relating to investments in associates be classified as goodwill for regulatory reporting purposes.
(2) Eligible allowances for 2024 and 2023.

Regulatory capital components

The Bank's regulatory capital is divided into three components – CET1, Additional Tier 1 capital and Tier 2 capital, depending on their degree of permanency and loss absorbency. All components of capital provide support for banking operations and protect depositors.

CET1 consists primarily of common shareholders' equity, regulatory derived non-controlling interest capital, and prescribed regulatory adjustments or deductions. These regulatory deductions include goodwill, intangible assets (net of deferred tax liabilities), deferred tax assets that rely on future profitability, defined-benefit pension assets and the shortfall (if any) of the allowance for credit losses to regulatory parameter-based expected losses.

Additional Tier 1 capital consists primarily of qualifying non-cumulative preferred shares, and qualifying other equity instruments (as described in Note 25). Tier 2 capital consists mainly of qualifying subordinated debentures and eligible allowances for credit losses.

The Bank's CET1 capital was $60.6 billion as at October 31, 2024, an increase of approximately $3.6 billion from the prior year due primarily to:

- $2.1 billion growth from internal capital generation, net of dividends paid;
- $1.9 billion from share issuances, mainly from the Bank's Shareholder Dividend and Share Purchase Plan;
- $0.7 billion from changes in the regulatory deduction for own credit risk on fair valued liabilities; and,
- $0.4 billion from lower regulatory deductions and other regulatory adjustments.

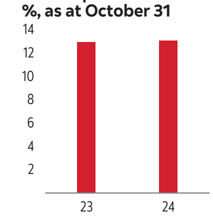
Partly offset by:

- $1.6 billion decrease from movements in Accumulated Other Comprehensive Income, excluding cash flow hedges, primarily from the impact of foreign currency translation, net of changes in the fair values of investment securities.

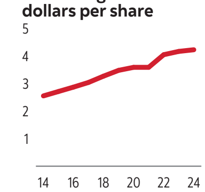
The Bank's Tier 1 capital increased by $4.3 billion to $69.5 billion, primarily due to the above noted impacts to CET1 capital and a USD $750 million issuance of Limited Recourse Capital Notes partly offset by a redemption of $300 million of preferred shares.

Total capital increased by $2.1 billion during the year to $77.7 billion, mainly due to the above noted impacts to CET1 and Tier 1 capital, and the issuance of $1 billion of subordinated debentures, partly offset by redemptions of $3.25 billion of subordinated debentures.

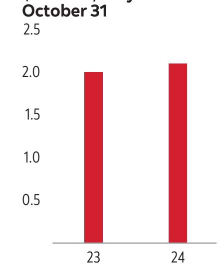
C24 CET1 capital
%, as at October 31



C25 Dividend growth
dollars per share



C26 Internally generated capital
$ billions, for years ended October 31



Dividends

The annual dividend in 2024 was $4.24, an increase of $0.06 from 2023. The Board of Directors approved a quarterly dividend of $1.06 per common share, at its meeting on December 2, 2024. This quarterly dividend applies to shareholders of record at the close of business on January 7, 2025, and is payable January 29, 2025.

T31 Selected capital management activity

For the fiscal years ($ millions)	2024	2023
Dividends		
Common	**$ 5,198**	$ 5,003
Preferred and other equity instruments	**472**	419
Common shares issued[1]	**1,945**	1,402
Common shares repurchased for cancellation under the Normal Course Issuer Bid[2]	**–**	–
Preferred shares and other equity instruments issued	**–**	–
Preferred shares and other equity instruments redeemed	**300**	–
Maturity, redemption and repurchase of subordinated debentures	**3,250**	78

(1) Represents primarily cash received for stock options exercised during the year and common shares issued pursuant to the Shareholder Dividend and Share Purchase Plan.
(2) No buybacks in fiscal 2024.

Normal Course Issuer Bid

The Bank currently does not have an active normal course issuer bid and did not repurchase any common shares pursuant to a normal course issuer bid during the years ended October 31, 2024 and October 31, 2023.

Share data and other capital instruments

The Bank's common and preferred share data, as well as certain other capital instruments, are shown in T32. Further details, including exchangeability features, are discussed in Note 22 and Note 25 of the consolidated financial statements.

T32 Shares and other instruments

As at October 31, 2024	Amount ($ millions)	Dividends declared per share[1]	Number outstanding (000s)	Conversion features
Common shares[2]	$ 22,054	$ 4.24	1,244,436	n/a
NVCC Preferred Shares[3]				
Preferred shares Series 40[4]	–	0.303125	–	–

NVCC Additional Tier 1 Securities[3][6]	Amount ($ millions)	Distribution[5]	Yield (%)	Number outstanding (000s)
Subordinated Additional Tier 1 Capital Notes[7]	U.S.$ 1,250	U.S.$ 19.3341	7.566	1,250
Subordinated Additional Tier 1 Capital Notes[8]	U.S.$ 1,250	U.S.$ 12.25	4.900	1,250
Limited Recourse Capital Notes Series 1[9]	$ 1,250	$ 9.25	3.700	1,250
Limited Recourse Capital Notes Series 2[10]	U.S.$ 600	U.S.$ 9.0625	3.625	600
Limited Recourse Capital Notes Series 3[11]	$ 1,500	$ 17.5575	7.023	1,500
Limited Recourse Capital Notes Series 4[12]	U.S.$ 750	U.S.$ 21.5625	8.625	750
Limited Recourse Capital Notes Series 5[13]	U.S.$ 750	U.S.$ 20.0000	8.000	750

NVCC Subordinated Debentures[3]	Amount ($ millions)	Interest Rate (%)
Subordinated debentures due December 2025	U.S.$ 1,250	4.500
Subordinated debentures due January 2029[14]	$ –	3.890
Subordinated debentures due July 2029[15]	$ –	2.836
Subordinated debentures due May 2032	$ 1,750	3.934
Subordinated debentures due December 2032	JPY 33,000	1.800
Subordinated debentures due August 2033	$ 1,000	5.679
Subordinated debentures due December 2033	JPY 12,000	1.830
Subordinated debentures due August 2034	$ 1,000	4.959
Subordinated debentures due May 2037	U.S.$ 1,250	4.588

Other	Amount ($ millions)	Distribution[5]	Yield (%)	Number outstanding (000s)
Scotiabank Trust Securities – Series 2006-1 issued by Scotiabank Capital Trust[16a,b]	$ 750	28.25	5.650	750

Options	Number outstanding (000s)
Outstanding options granted under the Stock Option Plans to purchase common shares[2]	11,456

(1) Dividends declared from November 1, 2023 to October 31, 2024.
(2) Dividends on common shares are paid quarterly, if and when declared. As at November 22, 2024, the number of outstanding common shares and options was 1,244,973 thousand and 10,912 thousand, respectively.
(3) These securities contain Non-Viability Contingent Capital (NVCC) provisions necessary to qualify as regulatory capital under Basel III. Refer to Notes 22 and 25 of the consolidated financial statements in the Bank's 2024 Annual Report for further details.
(4) On January 29, 2024, the Bank redeemed all outstanding Non-cumulative Preferred Shares Series 40 at a price equal to $25.00 per share plus dividends declared on November 28, 2023 of $0.303125 per Series 40 share.
(5) Distributions per face amount of $1,000 or U.S.$1,000 semi-annually or quarterly, as applicable.
(6) Quarterly distributions are recorded in each fiscal quarter if and when paid.
(7) In respect of these securities, on June 28, 2023, the Bank announced the interest rate transition from three-month USD LIBOR to three-month Term SOFR, plus a spread adjustment of 26.161 bps, for interest periods commencing on or after July 12, 2023.
(8) Subsequent to the initial five-year fixed rate period ending on June 4, 2025, and resetting every five years thereafter, the distributions, if and when paid, will be determined by the sum of the five-year U.S. Treasury rate plus 4.551%.
(9) Subsequent to the initial five-year fixed rate period ending on July 27, 2026, and resetting every five years thereafter, the distributions will be determined by the sum of the five-year Government of Canada Yield plus 2.761%.
(10) Subsequent to the initial five-year fixed rate period ending on October 27, 2026, and resetting every five years thereafter, the distributions will be determined by the sum of the five-year U.S. Treasury rate plus 2.613%.
(11) Subsequent to the initial five-year fixed rate period ending on July 27, 2027, and resetting every five years thereafter, the distributions, if and when paid, will be determined by the sum of the five-year Government of Canada Yield plus 3.95%.
(12) Subsequent to the initial five-year fixed rate period ending on October 27, 2027, and resetting every five years thereafter, the distributions will be determined by the sum of the five-year U.S. Treasury rate plus 4.389%.
(13) Subsequent to the initial five-year fixed rate period ending on January 27, 2029, and resetting every five years thereafter, the distributions, if and when paid, will be determined by the sum of the five-year U.S. Treasury rate plus 4.017%.
(14) On January 18, 2024, the Bank redeemed all outstanding $1,750 million 3.89% Subordinated Debentures (NVCC) due January 2029, at 100% of their principal amount plus accrued interest.
(15) On July 3, 2024, the Bank redeemed all outstanding $1,500 million 2.836% Subordinated Debentures (NVCC) due July 2029, at 100% of their principal amount plus accrued and unpaid interest.
(16)(a) On September 28, 2006, Scotiabank Capital Trust issued 750,000 Scotiabank Trust Securities – Series 2006-1 (Scotia BaTS II Series 2006-1). The holders of Scotia BaTS II Series 2006-1 are entitled to receive non-cumulative fixed cash distributions payable semi-annually in an amount of $28.25 per security. With regulatory approval, these securities may be redeemed in whole upon the occurrence of certain tax or regulatory capital changes, or in whole or in part on December 30, 2011 and on any distribution date thereafter at the option of Scotiabank Capital Trust. The holder has the right at any time to exchange their security into Non-cumulative Preferred Shares Series S of the Bank. The Series S shares will be entitled to cash dividends payable semi-annually in an amount of $0.4875 per $25.00 share. Refer to Note 25(c) – Restrictions on payment of dividends and retirement of shares. The Scotia BaTS II Series 2006-1 may be automatically exchanged, without the consent of the holder, into Non-cumulative Preferred Shares Series T of the Bank in the following circumstances: (i) proceedings are commenced for the winding-up of the Bank; (ii) the Superintendent takes control of the Bank or its assets; (iii) the Bank has a Tier 1 Capital ratio of less than 5% or a Total Capital ratio of less than 8%; or (iv) the Superintendent has directed the Bank to increase its capital or provide additional liquidity and the Bank elects such automatic exchange or the Bank fails to comply with such direction. The Series T shares will be entitled to non-cumulative cash dividends payable semi-annually in an amount of $0.625 per $25.00 share. If there is an automatic exchange of the Scotia BaTS II Series 2006-1 into Preferred Shares Series T of the Bank, then the Bank would become the sole beneficiary of the Trust.
(16)(b) No cash distributions will be payable on the Scotia BaTS II Series 2006-1 in the event that the regular dividend is not declared on the Bank's preferred shares and, if no preferred shares are outstanding, the Bank's common shares. In such a circumstance the net distributable funds of the Trust will be payable to the Bank as the holder of the residual interest in the Trust. Should the Trust fail to pay the semi-annual distributions on the Scotia BaTS II Series 2006-1 in full, the Bank will not declare dividends, of any kind on any of its preferred or common shares for a specified period of time. Refer to Note 25(c) – Restrictions on payment of dividends and retirement of shares of the consolidated financial statements in the Bank's 2024 Annual Report.

Credit ratings

Credit ratings are one of the factors that impact the Bank's access to capital markets and the terms on which it can conduct derivatives, hedging transactions and borrow funds. The credit ratings and outlook that the rating agencies assign to the Bank are based on their own views and methodologies.

The Bank continues to have strong credit ratings and its deposits and legacy senior debt are rated AA by Fitch Ratings, Aa2 by Moody's, AA by Morningstar DBRS and A+ by Standard and Poor's (S&P). The Bank's bail-inable senior debt is rated AA- by Fitch Ratings, A2 by Moody's, AA (low) by Morningstar DBRS, and A- by S&P. As of October 31, 2024, all such rating agencies have a Stable outlook on the Bank.

Credit ratings are not recommendations to purchase, sell or hold a security and are subject to revision or withdrawal at any time by the rating agency.

Risk-weighted assets

Regulatory capital requirements are based on OSFI's target minimum percentage of risk-weighted assets (RWA). RWA represent the Bank's exposure to credit, market and operational risks and are computed by applying a combination of the OSFI approved Bank's internal risk models and OSFI prescribed risk weights to on and off-balance sheet exposures. In addition, OSFI has adopted the revised Basel III aggregate output floor, which ensures that the Bank's total RWA are not lower than 72.5% of RWA as calculated by the revised Basel III framework's standardized approaches. The output floor has been set at 72.5% with an international phase-in period from 2023 to 2028. For Canadian banks, the floor is presently at 67.5%. As noted above, OSFI has delayed further increases to the floor to 2026 (70%) and 2027 (72.5%).

As at year end, the Bank's RWA of $464.0 billion, represents an increase of approximately $24.0 billion, or 5.5%, from 2023, due primarily to the adoption impacts from the revised Basel III FRTB market and CVA capital requirements, higher RWA from changes in book quality, model updates, and the Bank's initial investment in KeyCorp, partly offset by lower volumes from capital optimization initiatives and the impacts from foreign currency translation.

Credit risk-weighted assets

Credit risk measures the risk that a borrower or counterparty will fail to honour its financial or contractual obligations to the Bank.

The credit risk component consists of on and off-balance sheet claims. The Basel III rules are not applied to traditional balance sheet categories but to categories of on and off-balance sheet exposures which represent general classes of assets or exposure types (e.g. Large Corporate, Mid-size Corporate, Small and Medium Enterprise, Sovereign, Bank, Retail Mortgages, Other Retail, Equity, etc.) based on their different underlying risk characteristics. Generally, while calculating capital requirements, exposure types are analyzed by the following credit risk exposure sub-types: drawn, undrawn, repo-style transactions, over-the-counter (OTC) derivatives, exchange-traded derivatives and other off-balance sheet claims.

Credit risk-weighted assets increased by $19.5 billion to $398.2 billion. The key drivers or components of the change are reflected in Table T33 below.

T33 Flow statement for Basel III credit risk-weighted assets ($ millions)

	2024[1]		2023[1]	
Credit risk-weighted assets movement by key driver ($ millions)	**Credit risk**	**Of which counterparty credit risk**	Credit risk	Of which counterparty credit risk
Credit risk-weighted assets as at beginning of year	**$ 378,670**	**$ 16,276**	$ 401,434	$ 20,217
Book size[2]	**(5,165)**	**246**	(4,121)	(4,081)
Book quality[3]	**17,516**	**662**	2,039	529
Model updates[4]	**6,640**	**635**	–	–
Methodology and policy[5]	**776**	**776**	(29,372)	(677)
Acquisitions and disposals	**2,749**	**–**	(560)	–
Foreign exchange movements	**(3,033)**	**165**	9,250	288
Other	**–**	**–**	–	–
Credit risk-weighted assets as at end of year	**$ 398,153**	**$ 18,760**	$ 378,670	$ 16,276

(1) Regulatory amounts reported in 2024 and 2023 are under Revised Basel III requirements.
(2) Book size is defined as organic changes in book size and composition (including new business and maturing loans).
(3) Book quality is defined as quality of book changes caused by experience such as underlying customer behaviour or demographics, including changes through model calibrations/realignments.
(4) Model updates are defined as model implementation, change in model scope or any change to address model enhancement.
(5) Methodology and policy is defined as methodology changes to the calculations driven by regulatory policy changes, such as new regulation (e.g. Basel III revision).

T34 Internal rating scale[(1)] and mapping to external rating agencies

Equivalent Rating

External Rating – S&P and Fitch	External Rating – Moody's	External Rating – Morningstar DBRS	Grade	IG Code	PD Range[(2)]
AAA to AA+	Aaa to Aa1	AAA to AA (high)	Investment grade	99-98	0.0000% – 0.0565%
AA to A+	Aa2 to A1	AA to A (high)		95	0.0565% – 0.0689%
A to A-	A2 to A3	A to A (low)		90	0.0689% – 0.0813%
BBB+	Baa1	BBB (high)		87	0.0813% – 0.1185%
BBB	Baa2	BBB		85	0.1185% – 0.1860%
BBB-	Baa3	BBB (low)		83	0.1860% – 0.2581%
BB+	Ba1	BB (high)	Non-Investment grade	80	0.2581% – 0.3581%
BB	Ba2	BB		77	0.3581% – 0.6668%
BB-	Ba3	BB (low)		75	0.6668% – 1.3555%
B+	B1	B (high)		73	1.3555% – 2.3298%
B to B-	B2 to B3	B to B (low)		70	2.3298% – 5.7966%
CCC+	Caa1	–	Watch list	65	5.7966% – 14.9037%
CCC	Caa2	–		60	14.9037% – 27.2859%
CCC- to CC	Caa3 to Ca	–		40	27.2859% – 46.7412%
–	–	–		30	46.7412% – 100.0000%
Default			Default	21	100%

(1) Applies to non-retail portfolio.
(2) PD Ranges as at October 31, 2024. The Range does not include the upper boundary for the row.

T35 Non-retail IRB portfolio exposure by internal rating grade[(1)]

As at October 31 ($ millions)		2024[(2)]					2023[(2)]				
Grade	IG Code	Exposure at default ($)[(4)]	RWA ($)[(5)]	PD (%)[(6)(9)]	LGD (%)[(7)(9)]	RW (%)[(8)(9)]	Exposure at default ($)[(4)]	RWA ($)[(5)]	PD (%)[(6)(9)]	LGD (%)[(7)(9)]	RW (%)[(8)(9)]
Investment grade[(3)]	99-98	157,031	1,030	–	14	1	150,660	648	–	10	–
	95	67,710	11,758	0.06	34	17	62,953	9,230	0.06	32	15
	90	48,113	10,146	0.07	43	21	58,486	10,701	0.07	39	18
	87	63,699	11,320	0.09	34	18	69,250	11,663	0.08	34	17
	85	49,920	15,343	0.16	39	31	58,639	15,751	0.13	38	27
	83	69,342	22,379	0.22	36	32	77,643	23,193	0.18	36	30
Non-Investment grade	80	54,770	21,985	0.30	37	40	54,968	19,923	0.25	37	36
	77	40,729	19,244	0.42	39	47	37,165	15,282	0.35	38	41
	75	27,324	18,610	1.05	38	68	26,291	17,142	0.90	39	65
	73	10,140	7,975	1.74	36	79	10,015	6,547	1.49	32	65
	70	3,791	3,282	3.11	34	87	3,226	2,988	2.56	39	93
Watch list	65	1,592	2,473	10.79	40	155	1,208	1,685	8.72	38	139
	60	986	1,972	20.59	40	200	1,225	990	17.02	17	81
	40	889	1,665	36.17	37	187	202	345	33.33	34	171
	30	232	361	60.41	43	156	106	168	53.33	37	158
Default[(10)]	21	1,313	3,529	100.00	42	269	1,009	1,653	100.00	35	164
Total		597,581	153,072	0.57	31	26	613,046	137,909	0.41	30	22
Government guaranteed residential mortgages		53,319	–	–	18	–	56,441	–	–	23	–
Total		650,900	153,072	0.52	30	24	669,487	137,909	0.38	29	21

(1) Excludes securitization exposures.
(2) Regulatory amounts reported in 2024 and 2023 are under Revised Basel III requirements.
(3) Excludes government guaranteed residential mortgages of $53.3 billion ($56.4 billion in 2023).
(4) After credit risk mitigation.
(5) RWA – Risk-Weighted Assets.
(6) PD – Probability of Default.
(7) LGD – Loss Given Default.
(8) RW – Risk Weight.
(9) Exposure at default used as basis for estimated weightings.
(10) Gross defaulted exposures, before any related allowances.

Credit risk-weighted assets – non-retail

The Bank uses the Internal Ratings Based (IRB) approach under revised Basel III to determine minimum regulatory capital requirements for credit risk in its Canadian, U.S. and European credit portfolios, and for a significant portion of its international corporate and commercial portfolios. The remaining credit portfolios are subject to the Standardized approach, which relies on the external credit ratings (e.g. S&P, Morningstar DBRS, Fitch, etc.) of borrowers, if available, or prescribed risk weights for real estate lending to compute regulatory capital for credit risk. For the Bank's Corporate, Bank and Sovereign IRB portfolios, the key risk measures used in the quantification of regulatory capital for credit risk include probability of default (PD), loss given default (LGD) and exposure at default (EAD).

- Probability of default (PD) measures the likelihood that a borrower, with an assigned Internal Grade (IG) rating, will default within a one-year time horizon. IG ratings are a component of the Bank's risk rating system. Each of the Bank's internal borrower IG ratings is mapped to a PD estimate.