Retail & Small Business Risk Canada

CANADA CREDIT COMMITTEE

Portfolio Review Data: October 31, 2023

November 29, 2023

Scotia®

Agenda

1 Items for Approval or Notification

2 Portfolio Performance: Risk Reviews

- Real Estate Secured Lending
- Automotive Lending
- Unsecured Lending
- Small Business

3 Presentations

• Adjudication Centre of Expertise	Lawrence Engel
• Primacy Customer Metric	Adam Eveline
• Risk Appetite F24 Timelines	Adam Eveline

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Items for Approval or Notification

Authority Limit Utilization

Scotiabank

Canadian CRP Authority Limits Tracker (Estd $MM)

$MM	BNS AF	BNS COL	BNS RESL	BNS SB	BNS UNS	TNG SEC	TNG UNS	Total
Auth Amount	641	0	225	277	401	0	5	**1,550**
Gross Loss	8	0	0	3	22	0	0	**33**
RAR	46		2	2	51		0	**101**

Unsecured Lending

Authority	Limit	Auth Amt	Bal	Uti
1.SVP&Head RR	3,400	0	3,400	0.0%
2.SVP Ret&SB CR	2,200	0	2,200	0.0%
3.VP	975	401	574	41.1%
4.Director	0	0	0	0.0%
5.Sr. Manager	0	0	0	0.0%
Total	**6,575**	**401**	**6,174**	**6.1%**

Automotive Finance

Authority	Limit	Auth Amt	Bal	Uti
1.SVP&Head RR	3,700	0	3,700	0.0%
2.SVP Ret&SB CR	2,200	0	2,200	0.0%
3.VP	1,320	641	679	48.6%
4.Director	0	0	0	0.0%
5.Sr. Manager	0	0	0	0.0%
Total	**7,220**	**641**	**6,579**	**8.9%**

RESL

Authority	Limit	Auth Amt	Bal	Uti
1.SVP&Head RR	6,900	0	6,900	0.0%
2.SVP Ret&SB CR	4,400	0	4,400	0.0%
3.VP	1,900	225	1,675	11.8%
4.Director	0	0	0	0.0%
5.Sr. Manager	0	0	0	0.0%
Total	**13,200**	**225**	**12,975**	**1.7%**

Small Business

Authority	Limit	Auth Amt	Bal	Uti
1.SVP&Head RR	2,500	0	2,500	0.0%
2.SVP Ret&SB CR	1,300	0	1,300	0.0%
3.VP	825	275	550	33.3%
4.Director	50	3	48	5.0%
5.Sr. Manager	0	0	0	0.0%
Total	**4,675**	**277**	**4,398**	**5.9%**

Note
1. Limit, Auth Amt, Bal ($MM)
2. Uti (Utilization %): Auth Amt / Limit -> **Legend:** Uti < 60% Green, 60% - 90% Orange, > 90% Red

02

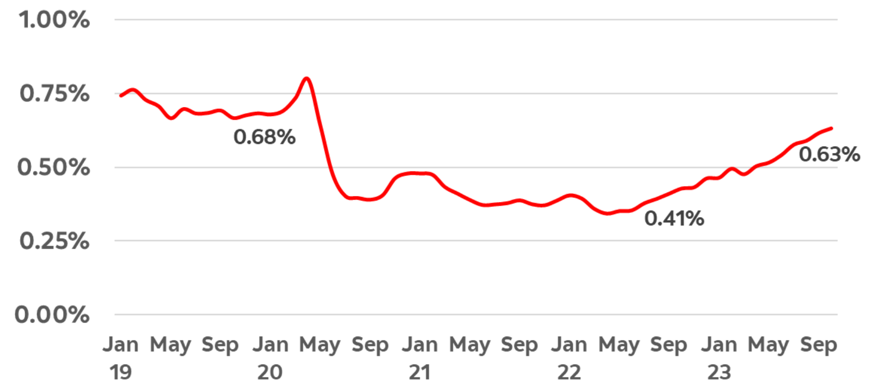
Portfolio Performance: Risk Reviews

Total Retail | Portfolio Trends and Notable Highlights

Portfolio Trends

- Balances continue to decrease mainly due to lower Mortgage credit demand and reduced Auto originations impacted from de-risking, rising vehicle prices and higher rates, partially offset by Unsecured products
- %31+ delinquency at 0.63%, slightly higher MoM (+1bp) with largest increases observed in Prime Auto (+8bps) and Near-Prime Auto (+38bps) followed by RESL (+1bp).
- YoY delinquency continues to climb across all products except for Credit Cards which is showing stable trends for %31+ (-1bps) and %91+ (-2bps).

31+ Delinquency



As of Oct'23

Originations

- New bookings are relatively stable MoM ($5.1Bn, +1%), however, are lower QoQ (-5.8%) and YoY (-23%) mainly driven by large reductions in Mortgages and Prime Auto (-33% and -31% respectively) in line with industry trends and de-risking expectations.
- Vintage delinquency of 0.55% improved 7bps MoM driven by reductions in Lines of Credit and Prime Auto. However, delinquency remains higher QoQ and YoY across most products (except for SDA and Cards) and driven by the effects of lower mortgage weighting contribution on total retail delinquency levels.

Takeaways

- Despite higher interest rates, Mortgage indebtedness levels at origination have decreased after management actions. Proportion of 'Uninsured Mortgages with booked TDSR>50%' has decreased from 9.1% in Q2F23 to 5.6% (SCC limit of 7%).
- Cards %91+ continue to show stable performance (-2bps YoY) in contrast with all other retails products (Prime Auto +55%, ULOC +39%, and HELOC +134%). Cards receivables have increased Y/Y by over $1Bn in part driven by Risk strategy changes.
- %91+ for HELOC and ULOC is higher Q/Q and Y/Y, with HELOC reaching highest levels in last 5 years.

Residential Mortgages

Portfolio Trends

- Balances decreased -0.4% MoM, decreasing for 11 months in a row (-4.2% YoY) to $268Bn.
- 31+ increased to 0.47% (+1bps MoM, +17bps YoY). Delinquency increase driven by VRM portfolio while FRM delinquency relatively stable
- Tail risk increased +3bp M/M to 0.57% with increased mainly observed from non-condo balances over $500M at 1.1% (+8bps). Regionally, highest increase observed in ON (+7bps).

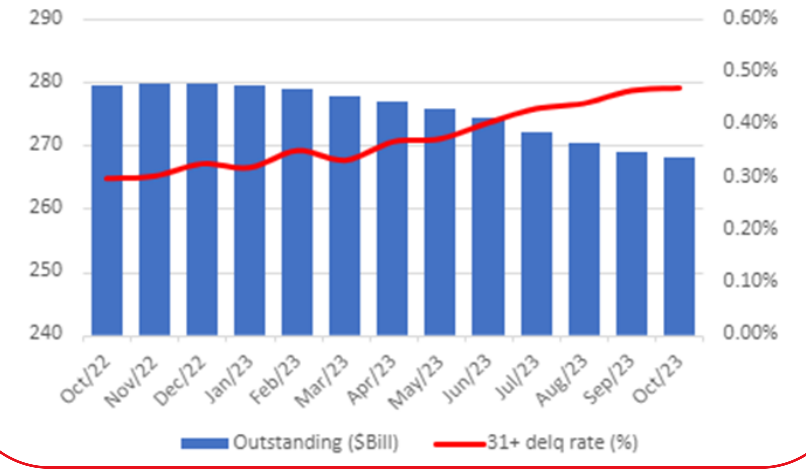
Originations

- New bookings at $2.2Bn decreased –1.4% MoM and remain lower compared to last year (-32.3% Y/Y) due to elevated interest rates and in line with market trends.
- % VRM continue to decline (from 55% to 10% YoY). Originations with a 5-year term down from 71% to 43% YoY.
- LTV at 62.1%, decreased -60bps MoM and remains lower -260bps YoY as customers are opting for higher down payments to reduce total loan amounts

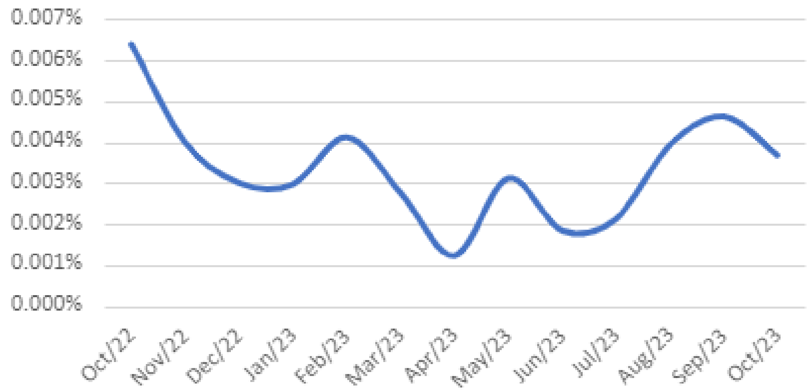
Takeaways

- Mortgage 31+ delinquency is ~60% higher YoY, with largest increase observed in STEP Restructured loans (at 0.45% | +114% YoY) compared to Purchase loans (at 0.47 | +48% YoY) and Refinance loans (at 0.48% | +60% YoY)
- Mortgage Renewal: ~9% ($25 Bn) of mortgage portfolio balance renewed during F23. 93% of renewal balance ($24 Bn) was FRM with a 13% monthly payment shock experienced. F'24 FRM upcoming renewals (12% of the portfolio - $31.4 Bn) are expected to experience a payment shock of 18%.

Balances and %31+



Net Write-offs %



Home Equity Line of Credit (HELOC)

Portfolio Trends

- Balances increased +0.1% MoM to $22 Bn (+1.4% YoY).
- HELOC %31+ increased +1bps MoM and +24bps YoY to 0.53%. Highest increase in Quebec (at 0.50%, 3.3x YoY).

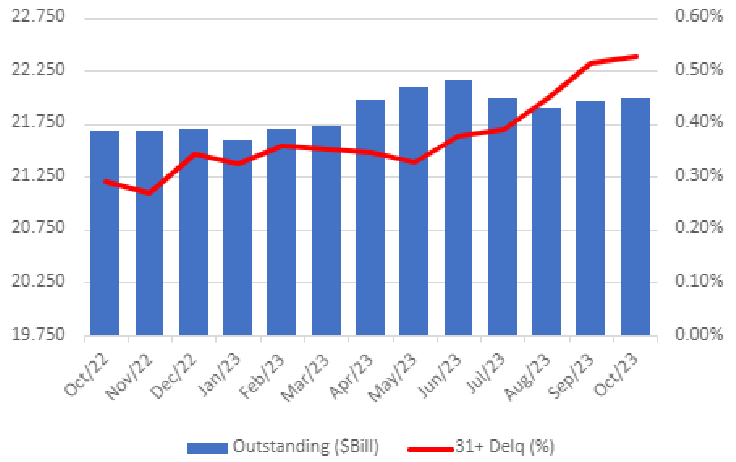
Originations

- New bookings at $0.87Bn, increased +5.9% MoM but down –4.5% YoY.
- HELOC 31+% MOB6 decreased -4bps MoM to 0.04%, driven by customers with credit card product -7bps MoM
- HELOC 31+% MOB12 increased +8bps MoM to 0.29% mainly driven by increase observed in customers with credit card product +27bps M/M.

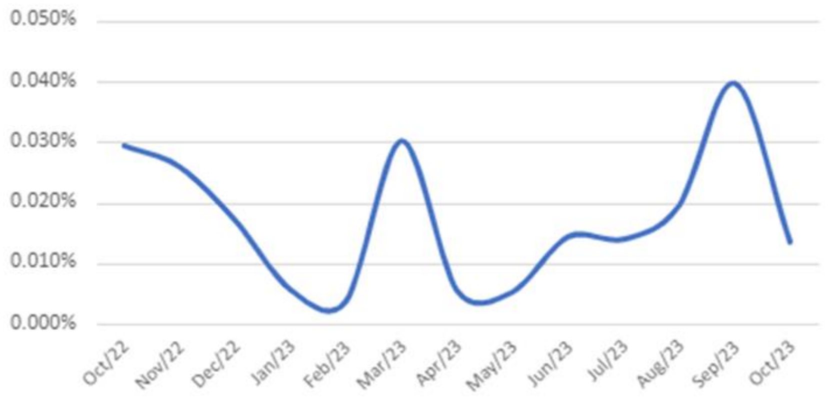
Takeaways

- Performance deterioration for HELOC: Higher cost of living and interest rates are impacting customers' ability to make payments. %31+ and %91+ is higher MoM and YoY, reaching highest levels in the past 5 years for %91+ and delinquent customers showing higher account balances and utilization rates compared to total product levels
- De-risking strategies have been implemented in response to increased delinquency observed in HELOC. Restrictions for STEP restructures and enhanced HELOC limit monitoring are in place for HELOC product.

Balances and %31+



Net Write-offs %



Prime Auto

Portfolio Trends

- Outstanding balance is $35.2Bn, decreasing for two consecutive months (-0.3% MoM) driven by de-risking actions implemented in Sep'23 and elevated interest rates.
- 31+% delinquency is 1.36%, up by +8bps MoM and by +39bps YoY, continuing its upward trend. Delinquency increases throughout the year, consistently driven by Used car segment, and increased concentration of Bureau (FICO) score 'Below-Prime' segment resulted from external factors like macro environment uncertainty and rising vehicle price.
- Concentration of % Used from outstanding balance is 27.3%, which has slightly decreased from the peak of 27.7% in Feb'23.

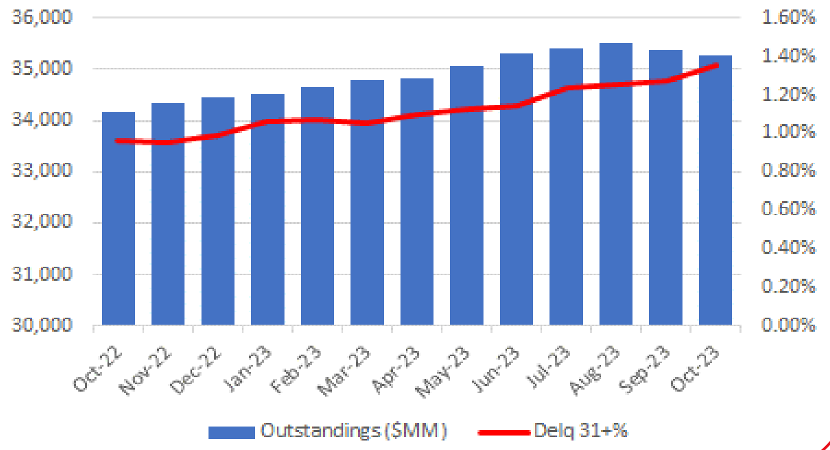
Originations

- New booking $ in Oct'23 is $896MM, down by -2.7% MoM due to continued effect from de-risking actions rolled out in Sep'23, rising vehicle prices, and higher rates.
- %31+MOB3 increased to 0.61%, up by +13bps MoM, due to a spike from Used car segment, especially from European Luxury OEMs (Mercedes-Benz, Audi, Porsche and Land Rover).
- Concentration of Used car segment decreased to 26.6%, by -277bps MoM and by -1,184bps YoY

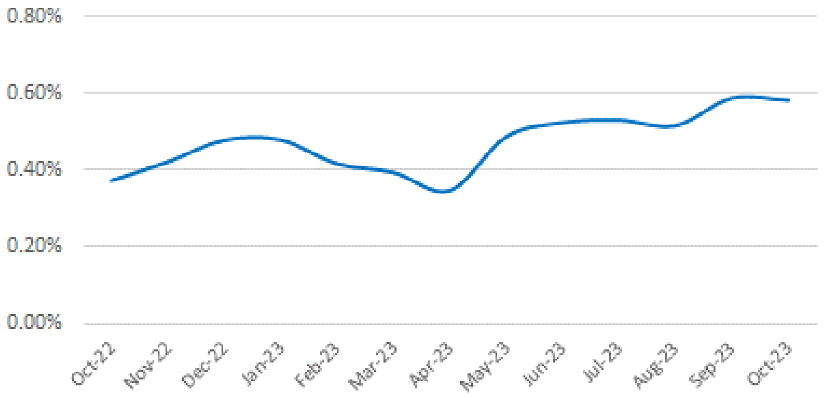
Takeaways

- Prime portfolio de-risking changes working as expected reducing higher-risk used vehicles and below prime non-Subvented loans. As a result, Prime 'New Car' concentration on new originations improved (at 74.1%, +1.5% Q/Q and +12.5% Y/Y). Prime and Above contribution in total originations has also increased to 69.3% (+2.4% Q/Q and +3.3% Y/Y).
- Industry conditions and macro environment have impacted Prime portfolio performance. Action plans in place including Pre-delinquency multi-channel treatments in the Customer Relief Team in Automotive Finance with expanded digital LMTs.

Balances and %31+



Net Write-offs %



Scotia Dealer Advantage (SDA)

Portfolio Trends

- Outstanding balance at $2.80Bn, down by -0.1% MoM and by -4.5% YoY. Number of account and balance has been consistently shrinking due to rising vehicle price and elevated financing rates impacting vehicle affordability.
- 31+% is 5.22%, substantially increased by +38bps MoM and by +69bps YoY, however marginal increase by +6 bps QoQ. Increases driven by October ending on Tuesday impacting customers with bi-weekly schedule.
- Delinquency and Write-off% impacted by increase in concentration of Used Cars.

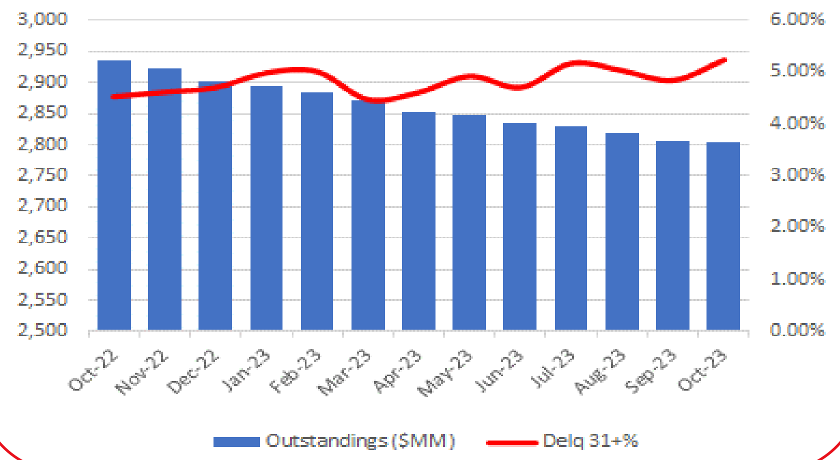
Originations

- New origination rebounded to $90.6MM, up by +17.5% MoM but still lower by -14.4% YoY.
- 31+% MOB 3 and MOB 6 both increased MoM to 3.20% (+115bps) and to 4.01% (+65bps) respectively, deterioration consistent with increase in portfolio delinquency.
- Concentration of Used car has slightly decreased by -66bps MoM, but still accounts for most of new origination (86.6%)

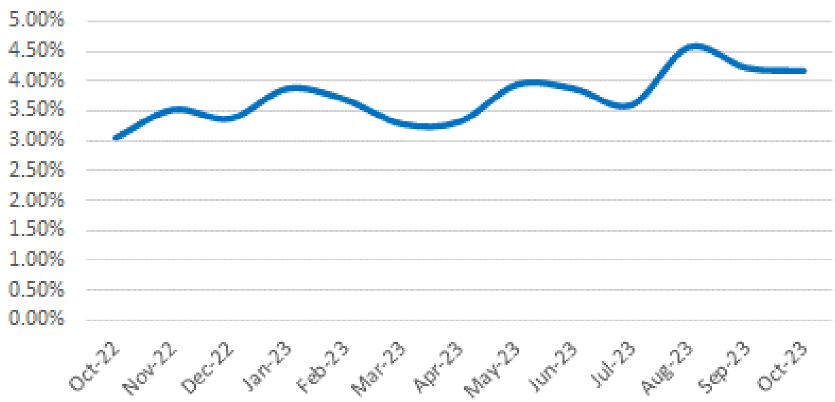
Takeaways

- Credit demand continue to be lower compared to last year and historical levels, consistent with industry trends and elevated interest rates.
- Used car accounts for 81% of total balance, up by 377bps YoY, contributing to increase in portfolio delinquency.
- After two months of continuous improvement, %31+ delinquency increased across all customer segments and regions compared to last month, as majority of SDA customers receive their paycheques on either Thursdays or Fridays and are on bi-weekly pay schedules which results in high delinquency before Fridays (Oct'23 ended on Tuesday).

Balances and %31+



Net Write-offs %



Auto Leasing

Portfolio Trends

- Outstanding balance has increased for the last seven consecutive months to 4.0Bn (up by +0.7% MoM and by +1.6% YoY)
- Balance growth driven by Mazda (up by +11.9% YoY by +1.5% MoM) accounting for 50.7% of total portfolio. Volvo (23.2%) and Land Rover (19.4%) are second and third largest contributor.
- Delinquency gradually increased throughout FY'23. 31+% in Oct'23 at 0.39% (up by +17bps YoY), primarily driven by 'Sub-Prime' segment and Ontario & Quebec regions.
- Annualized Net Write-off % is stable at 0%

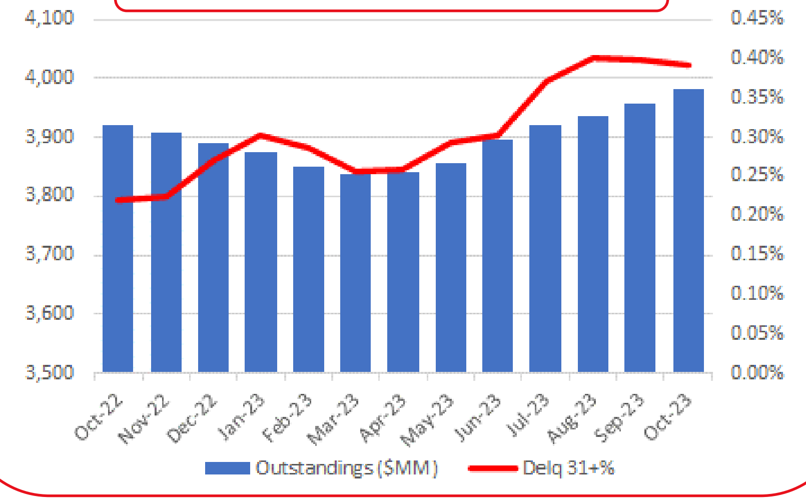
Originations

- New origination at $164MM, up by +4.7% MoM and +20.3% YoY, benefitting from improvements around new vehicle supply shortage with overall stable origination credit quality.
- 31+% MOB6 (booked in Apr'23) has normalized to 0.20% (by -16bps MoM) which was impacted by three large accounts from Land Rover in the previous month.

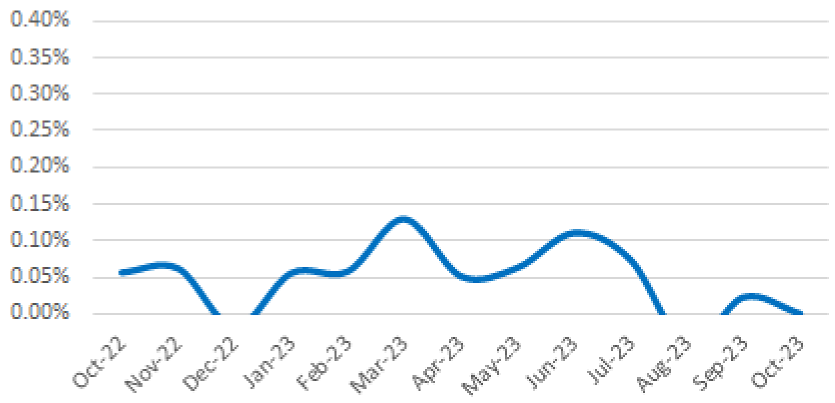
Takeaways

- Despite recent rise in 31+% delinquency, Leasing is showing the most stable performance among the three Automotive portfolios.
- Land Rover and Jaguar shows the highest risk with 31+% delinquency of 1.2% (vs. Total Lease portfolio of 0.39%), and accounts for 22.3% of total balance.
- Credit quality at origination is strong, with 'Prime & Above' (CV score) concentration at 81.4% as of Oct'23, significantly higher +612bps MoM and +497bps YoY.

Balances and %31+



Net Write-offs %



Credit Cards

Portfolio Trends

- Balance increased to $7.21Bn (MoM + 0.6%, QoQ +4.19%), mainly driven by strong pre-approval campaign results and normalizing credit demand coupled with investments in Marketing and Scene+.
- Utilization rate is at 22.4%, relatively stable MoM (-23 bps) and +20 bps higher QoQ.
- 31+% delinquency of 1.46% is -1 bps lower MoM (+10 bps QoQ).Gross write-off % of 2.92% is lower MoM (-21 bps) and QoQ (-11 bps).

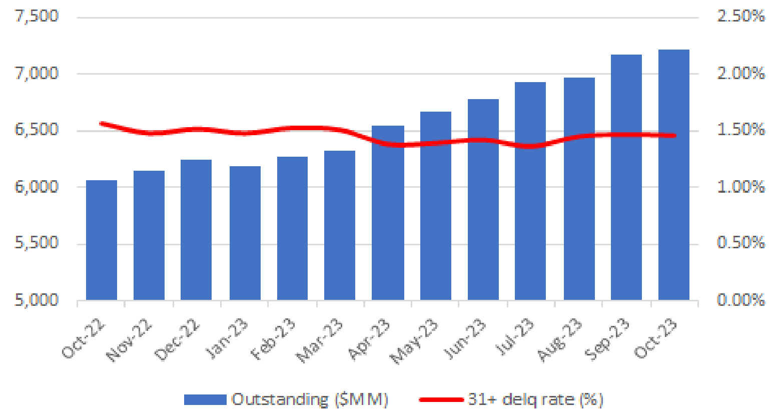
Originations

- Total credit limit granted of $392MM is higher MoM (+2.44%), slightly lower QoQ (-1.37%) in line with expectations.
- 31+% vintage delinquency at 6 months on book is flat at 1.72% but remains lower QoQ and YoY driven by Risk strategy improvements (-30 bps QoQ, -105 bps YoY).

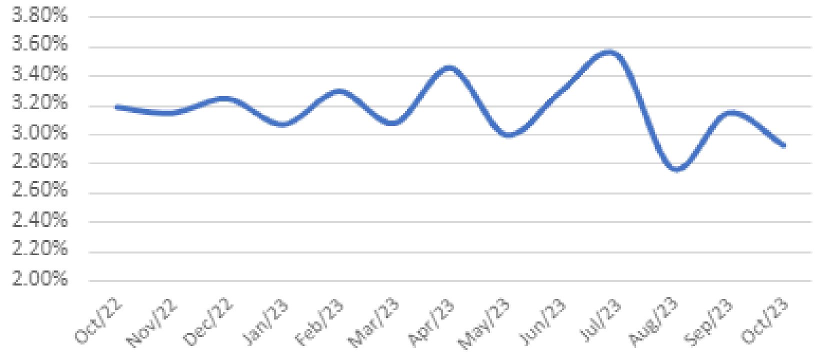
Account Management

- Retail spend of $3.90 Bn is lower MoM (-9.2%). At account level, Spend and Payments both decreased resulting in slightly higher balance of $1,792.
- Pre-approvals for Cards remains strong MoM and continue to be higher YTD (+31.2%) as a result of strong campaign results last Quarter.
- Credit Limit Increases at $275MM are expected to be slightly higher compared to last Quarter.

Balances and %31+



Net Write-offs %



Unsecured Line of Credit (ULOC)

Portfolio Trends

- Total balances increased slightly to $12.43 Bn (MoM +0.13%, QoQ +1.2%).
- Delinquency remain elevated mainly driven by macroeconomic environments and elevated interest rates, consistent with industry trends. 31+% of 0.91% is flat MoM (+9 bps QoQ).
- Gross write-off rate of 2.29% is lower MoM (-29 bps) and QoQ (-6 bps).

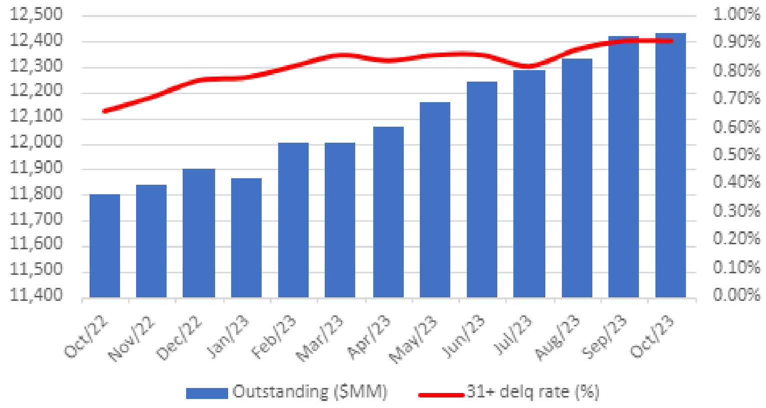
Originations

- Total limit granted of $354MM is higher MoM (-11.5%) but lower QoQ (-5.5%).
- 31+% vintage delinquency at 6 months on book at 0.85% is lower by -15 bps MoM but remains high (+3 bps QoQ, +21 bps YoY), driven by higher cost of living impacting customer's ability to make payments.

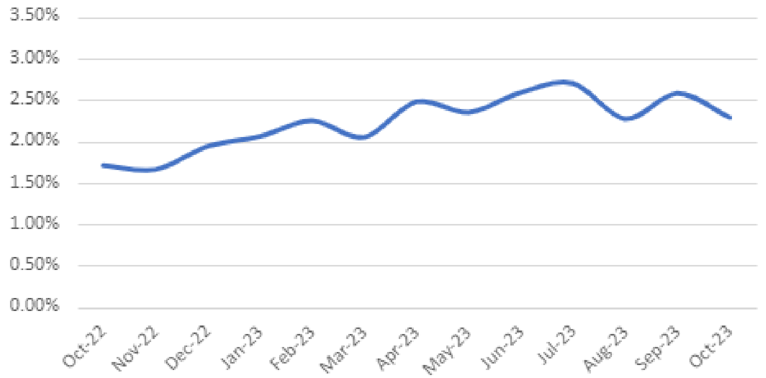
Account Management

- Pre-approval for ULOC with 167MM granted is higher compared to last Month (+63.6%) but lags slightly behind YTD (-14.3%).
- Credit Limit Decreases of $11.7MM are expected to be higher QoQ with average CLD per account of $6.03M, ~9.6% lower compared to last Quarter.
- Credit Limit Increase relaunched last month with $72MM in total limits expected by end of Q4, with $5.07M avg. limit increase per account.

Balances and %31+



Net Write-offs %



Small Business

Portfolio Trends

- Portfolio balance is at $10.8Bn, higher increased MoM (+0.3% | $32MM) mainly driven by Finance (+4.2% | $16MM) and Agriculture (+0.6% | $15MM).
- % 31+ delinquency is at 2.14%, +2bps MoM (1.8% excluding HASCAP). Increase is mainly driven by Finance (+180bps).
- 91+ delinquency decreased slightly MoM at 1.58%, however, YoY is higher by 40 bps.

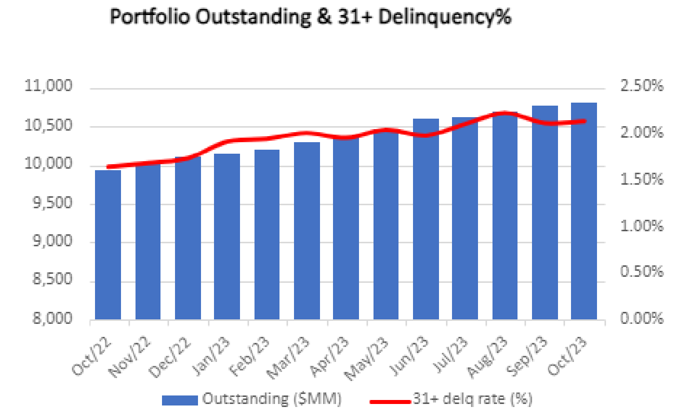
Originations

- Approval rate at 61% is higher MoM (+537bps), and YoY (+254bps). Credit demand continues to increase, as monthly applications were 15% higher MoM and 33% higher compared to last year.
- New Bookings ($225MM) decreased MoM (-6%) and increased YoY (+6%). Decrease MoM is mainly driven by SPSP (-45%), SPP (-15%) and Agriculture (-28%).

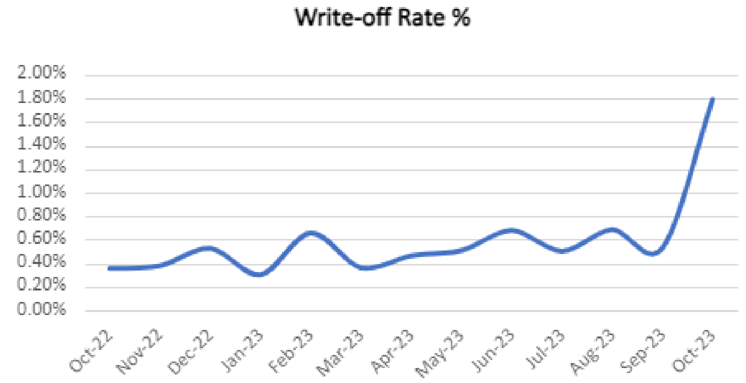
Takeaways

- Portfolio Balances continuously growing (+9% YoY) driven by Finance (+45%), Retail (+24%), Health (+11%) and Construction (+12%). From a Product perspective, growth is driven by Loans, followed by Cards.
- 31+ delinquency increased +49bps YoY sitting at 2.1%, with largest delinquency increases observed in Construction (+147bps) and Others (+110bps), followed by Retail and Business.
- 91+ delinquency levels increased YoY from 1.3% to 1.6% as of Oct’23.
- NWO% spike mainly driven due to asset sale in Q4 (write-off of fully provisioned loans that were sold)

Balances and %31+



Net Write-offs %



03

Presentations

Adjudication Centre of Expertise update	Lawrence E.
Primacy Customer Metric	Adam E.
Risk Appetite F24 Timelines	Adam E.

Adjudication Centre of Expertise
Q4 2023 – CCC Update

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ACE - Executive Overview | October YTD F2023

Overall Volumes	October Volumes	YTD Volumes	M/M	YTD Y/Y	Touches per Account	Approval Rate	Action Request Rate	Amend. Rate	SLA
Retail Unsecured Lending (Incl. HVC)	4,932	68,630	-22%	30%	1.4	61%	12%	18%	100%
Indirect Automotive Lending (Incl. DFC, SDA)	12,716	193,737	5%	-25%	1.7	75%	8%	30%	91%
RESL Branch Network	4,400	55,665	10%	-34%	3.0	72%	18%	52%	100%
Indirect Mortgages (HFS, SMA)	9,959	101,059	20%	-34%	2.3	83%	10%	51%	100%
Private Banking (Incl. Credit Review)	1,201	16,033	-1%	-7%	2.7	89%	29%	37%	99%
ACE Retail/Indirect Total	**33,208**	**435,124**	**4%**	**-23%**	**1.2**	**75%**	**11%**	**36%**	**96%**
Small Business (Incl. SPSP, Specialty)	3,652	53,846	-15%	-3%	1.4	74%	21%	18%	96%
Small Business Credit Review	176	5,613	24%	-8%	1.3	89%	31%	N/A	N/A
Credit Adjudication Program (CAP)	46	175	-32%	-	N/A	35%	14%	31%	99%
ACE Small Business Total	**3,874**	**59,634**	**-14%**	**-3%**	**1.3**	**76%**	**22%**	**18%**	**96%**
ACE Total Overall	**37,082**	**494,758**	**1%**	**-21%**	**1.2**	**75%**	**12%**	**34%**	**96%**

Turnaround Time Breakdown

Channel	≤ 4 Hrs.	≤ 12 Hrs.	≤ 24 Hrs	≤ 48 Hrs	Target/Plan
Unsecured	80.7%	86.7%	99.9%	100%	85%
RESL	88.3%	93.5%	100%	100%	85%
Private Banking	72.3%	78.1%	98.9%	100%	85%
Small Business	31.0%	41.0%	70.0%	96.0%	85%

	Oct F2023	YTD F2023	Target TAT
Deal Finance Centre	13.4 min	16.5 min	25 min
Scotia Dealer Advantage	11.3 min	18.9 min	40 min

Key Performance Indicators

Indicator	Oct F2023	YTD F2023		Target/Plan
Productivity (Retail, Indirect MTG, DFC, PB)	78.8%	73.6%		100%
Productivity (SB)	93.0%	96.0%		95%
Internal Quality Control ("QC") % of processing reviewed and adhered	98.00%	96.75%		95%
Operating Expenses total monthly operating expenses	TBD	TBD	-	TBD

Commentary

- Retail productivity remains below target; driven by lower volumes coming into ACE. 5 FTE working with BSC to assist in stabilizing LSSB volumes.
- Overall YTD approval rate is 75% with all segments achieving their respective target SLA's.
- Changes made to CRU logic for Small Business have reduced volumes by 60% with a greater focus on high-risk accounts. MoM increase of 24% represents a small add-back over September volumes.

ACE – Adjudication Review | Audit and PAE Findings | October YTD F2023

F2023 October		Risk Governance: Adherence to Exception Authority	Risk Governance: OM Accuracy	Risk Governance: Capacity Replication	Risk Governance: Exceptions Identified	Risk Governance: Appropriate Conditioning	Observational Feedback: Quality of Decision	Observational Feedback: Quality of Communication
Branch	ACE - Retail + PB	98.03%	97.33%	99.36%	94.00%	94.63%	98.64%	99.55%
Indirect Mortgage	ACE - SMA + HFS + Tangerine	97.64%	95.93%	98.52%	97.56%	99.19%	97.86%	100.00%
Indirect Auto	ACE - DFC + SDA	100.00%	97.63%	100.00%	98.94%	99.78%	99.78%	99.78%
Small Business	ACE - SB + SB Specialty	99.42%	92.93%	96.88%	84.21%	94.83%	98.59%	99.52%
Credit Review	ACE CRU - SB + PBODF	100%	100%	100%	100%	100%	100%	100%
Target 95% Satisfactory and Low Risk Impact		**99.15%**	**96.43%**	**99.03%**	**94.75%**	**97.71%**	**99.04%**	**99.71%**

		F2023 October: Applications Reviewed	F2023 October: % of ACE Decisions Reviewed
Branch	ACE - Retail + PB	220	2.52
Indirect Mortgage	ACE - SMA + HFS + Tangerine	141	1.57
Indirect Auto	ACE - DFC + SDA	454	3.57
Small Business	ACE - SB + SB Specialty	213	7.71
Credit Review	ACE CRU - SB + PBODF	21	13.64
Other Reviews: CMHC and CG Reviews		26	100
Number of AR Reviews and % of Total ACE Decisions excluding 'Other Reviews'		**1,049**	**3.15%**

		F2023 FY: Applications Reviewed	F2023 FY: % of ACE Decisions Reviewed
Branch	ACE - Retail + PB	3,470	2.96
Indirect Mortgage	ACE - SMA + HFS + Tangerine	2,884	3.16
Indirect Auto	ACE - DFC + SDA	6,363	3.28
Small Business	ACE - SB + SB Specialty	1,987	4.69
Credit Review	ACE CRU - SB + PBODF	209	4.99
Other Reviews: Sagen, CMHC and CG Reviews		110	100
Number of AR Reviews and % of Total ACE Decisions excluding 'Other Reviews'		**14,913**	**3.32%**

Commentary/Observations

- F2023 October AR rating results are within the established target of 95% satisfactory & low risk impact for each of the 7 metrics.
- Areas of opportunity include Exceptions Identified and Appropriate Conditioning. AR findings include missing conditions, omission of conditions specific to programs, insufficient details in conditions and not identifying all conditions.
- The Over Lending Limit Report identified only 37 deficiency findings in fiscal 2023 with none in the last 2 months, indicating ACE officers are adhering to their individual lending limits the vast majority of the time.
- The AR team has completed 1,728 Automated Officer (AO) reviews in fiscal 2023 and have found no major items of note indicating AO is operating as expected.

Review Area	Completed	Status
Audit - Small Business Audit	May 2023	Satisfactory – Stab
AR - Sagen Review*	July 2023	No material issues
AR - Canada Guarantee Review*	October 2023	No material issues
AR - CMHC Review*	October 2023	No material issues

*Default insurer audit requiring Adjudication Review (AR) review of ACE decisions.

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Highlights - ACE F2023

Automotive

- DFC POI waiver reduced on funded application from 25% in Nov ’22 down to 8% Oct ’23 – part of derisking strategy and risk mitigation to the Bank
- Cross Senior Support – in absence of Director to support 15-hour workday – maintaining the 25-minute Service Level Agreement

RESL

- Funded conventional non-program applications - TDSR over 50% decreased from 10.6% in April 2023 to 4.2% in September 2023 – part of overall de-risking strategy and to reduce below the Senior Credit Committee (SCC) level of 7%.
- Clarification of policy for Total number of property limits, Qualification of amortization for LOC only applications, bridge loans, review of 19 current items.
- Automated Officer – Implementation for all RESL applications – reduces non-material amendments from 17 mins to 2 mins – fiscal year reviewed 1,735 applications – Speed to Customer and improves staff capacity.
- Private Baking – removal of Summary of Personal Finance and Business Needs assessment review from ACE – reduce Action Request to the Business Line

Unsecured Lending

- Unsecured – New to Canada policy to align with the Foreign Worker
- BNS Aggregate credit using the higher of the two and not using combined (applicable for RESL as well) – clarity from GRM
- Private Banking Credit Limit Increase (CLI) – through constellation and CCRL – new process to support decommission of ReCap

Small Business

- Collaboration with GRM on Exception reporting as current reporting did not capture OM exceptions accurately. New reporting reflect 6741 vs 2138 reported previously. Ongoing efforts will continue
- Simplification of the SPP ACE Plus intake form creating additional capacity of 6-8 minutes per application representing 10% savings in time to underwrite. In addition, it saves time for LSSB allowing them to cut and paste conditions faster
- CRU risk parameters revisited and simplified, resulting in a 60-70% reduction in reviews sent to ACE with future FTE savings
- Enhancements to DSR which ACE identified and tested prior to launch which is improving accuracy and flexibility to spread larger connections

Appendix
Individual Product Segment Dashboards

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ACE – Retail Unsecured Operations | Key Indicators & SLA Targets | October YTD F2023

Foot Notes

1. Volumes represent YTD total activities.
2. Y/Y represents YTD change between this fiscal year and last fiscal year.
3. SLA Target

- Retail = 85%
- HVC = 90%

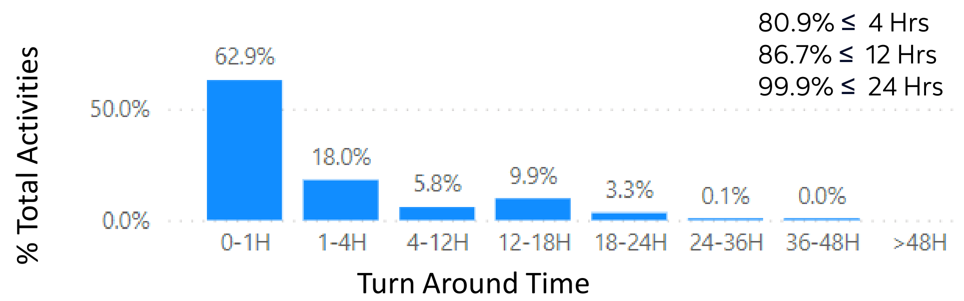
🔴 More than 5% below target
🟡 0%-5% below target
🟢 Equal/Above target

4. NSR is all non-standard requests which involve no credit bureau hit.

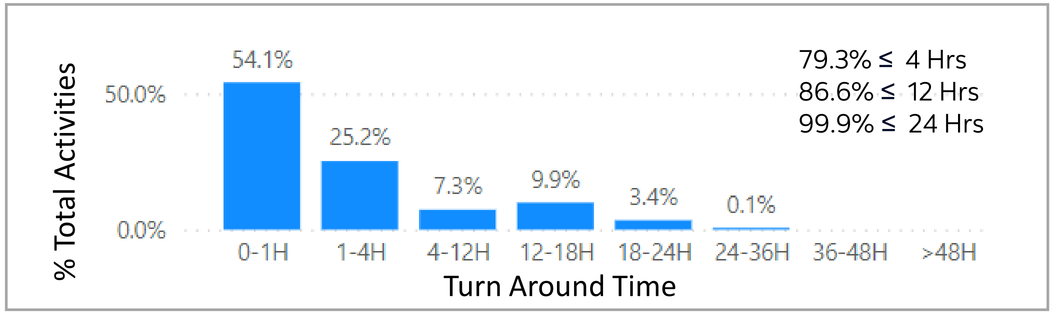
5. NTC – New to Canada program

Overall Volumes	October Volumes	YTD Volumes[1]	M/M	YTD Y/Y[2]	Touches per Account	Approval Rate	Action Request Rate	Amend. Rate	Handle Time (min)	SLA[3]
Overall Retail Unsecured	**4,932**	**68,630**	**-22%**	**30%**	**1.4**	**61%**	**12%**	**18%**	**31**	🟢 100%
Retail - Credit Cards	1,428	27,314	-30%	-4%	1.3	64%	9%	17%	26	🟢 100%
Retail - Line of Credits	837	12,026	-16%	0%	1.5	46%	18%	20%	46	🟢 100%
Retail – SPL	196	2,528	-2%	2%	1.4	33%	10%	22%	37	🟢 100%
Retail – Overdrafts	39	436	34%	31%	1.2	35%	15%	11%	23	🟢 100%
Retail – NSR[4]	214	2,833	-12%	22%	1.7	58%	28%	21%	81	🟢 99%
Retail NTC[5] – CC, LOC, SPL, ODP	1,664	15,662	-24%	-	1.2	72%	6%	12%	19	🟢 100%
HVC - Credit Cards	126	1,394	-17%	30%	1.7	72%	22%	24%	32	🟢 100%
HVC - Line of Credits	319	5,076	-16%	-3%	1.8	58%	18%	29%	43	🟢 100%
HVC – SPL	96	1,205	-9%	41%	1.7	52%	13%	32%	36	🟢 100%
HVC – Overdrafts	12	102	100%	38%	1.2	55%	19%	13%	32	🟢 100%
HVC – NSR	0	3	-100%	0%	1.0	0%	50%	0%	41	🟢 100%
HVC NTC[5] – CC, LOC, SPL	1	51	-91%	-	1.5	55%	12%	24%	15	🟢 100%

Turnaround Time Breakdown - Retail



Turnaround Time Breakdown - HVC



Commentary

- Unsecured volumes decreased ~22% M/M and up ~ 30% Y/Y. The increase Y/Y is attributed to the focus on Credit Card growth and additional growth in New to Canada (NTC) and Refugee programs.
- For High Value Customer (HVC) applications, ~ 54% are reviewed and decisioned within 1 hour and ~79% are reviewed and decisioned within 4 hours.
- Additional focus has been placed on cross channel support to ensure that we are fully leveraged for peaks in volumes in the Retail Channel and other areas of ACE . We continue to meet SLA for the month of October (SLA- 100%)

Key Performance Indicators

Indicator	Oct F2023	YTD F2023		Target/Plan
Internal Quality Control ("QC") % of processing reviewed and adhered	97.4%	95.8%	🟢	N/A
Operating Expenses total monthly operating expenses	$0.13MM	$1.59MM	-	$1.68MM

ACE – RESL Operations | Key Indicators & SLA Targets | October YTD F2023

Foot Notes

1. Volumes represent YTD total activities.
2. Y/Y represents YTD change between this fiscal year and last fiscal year.
3. SLA Targets

- Retail, HFS & SMA = 85%
- HVC = 90%

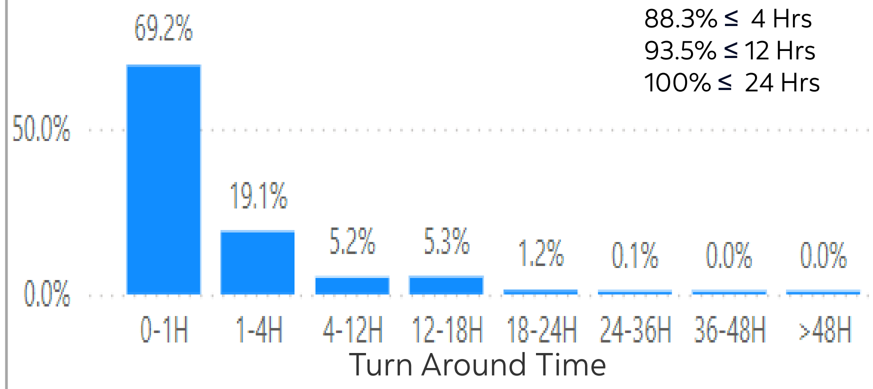
More than 5% below target
0%-5% below target
Equal/Above target

4. Automated Officer: CEA automated decision for non-material amendments and a TDSR variance <2%.
Note: AO volumes are already accounted for within Overall Volumes.

5. HFS Volumes includes E-Home applications.

Overall Volumes	October Volumes	YTD Volumes[1]	M/M	YTD Y/Y[2]	Touches per Account	Approval Rate	Action Request Rate	Amend. Rate	Handle Time (min)	SLA[3]
Branch Network Overall	**4,400**	**55,665**	**10%**	**-34%**	**3.0**	**72%**	**18%**	**52%**	**33**	**100%**
Retail	2,057	27,072	3%	-36%	2.8	69%	19%	50%	34	100%
Retail – NTC	39	208	144%	-	2.8	50%	21%	49%	40	100%
High Value Customers (HVC)	2,304	28,358	16%	-31%	3.1	75%	17%	54%	32	100%
High Value Customers (HVC) - NTC	0	27	-	-	5.4	52%	15%	67%	58	100%
Automated Officer[4]	93	1,210	43%	-2%	-	100%	-	-	-	-
Indirect Mortgage Overall	**9,959**	**101,059**	**20%**	**-33%**	**2.3**	**83%**	**10%**	**51%**	**23**	**100%**
Home Financing Solutions (HFS)[5]	3,660	44,408	14%	-31%	2.4	84%	9%	53%	24	100%
Scotia Mortgage Authority (SMA)	6,299	56,651	24%	-36%	2.3	82%	10%	49%	23	100%
Automated Officer[4]	95	525	34%	-	-	100%	-	-	-	-

Turnaround Time Breakdown



88.3% ≤ 4 Hrs
93.5% ≤ 12 Hrs
100% ≤ 24 Hrs

Key Performance Indicators

Indicator	Oct F2023	YTD F2023		Target/Plan
Internal Quality Control ("QC") % of processing reviewed and adhered is satisfactory and low risk impact	97.7%	96.9%		95%
Operating Expenses total monthly operating expenses	$0.62MM	$7.76MM	-	$8.20MM

Commentary

- Retail and HVC volumes output increased 3% and 16% respectively M/M . Volume increased slightly due to competitive rates (bundle package) and time of year. This was the expectation that volumes could increase marginally in October but volume for remainder of the calendar year will be lower than Y/Y monthly numbers.
- Indirect Mortgage saw an increase M/M of 20%. (SMA volumes up 24% and HFS up 14%). Market is up slightly in October v September and Bundle package likely has provided more interest especially in the Broker/SMA channel. De-risking measures continue to hinder some volumes from the business line and therefore to ACE.
- Total TAT remains strong with ~ 69% of RESL applications being decisioned within 1 hour and ~88% within 4 hours.

ACE – Indirect Automotive Operations | Key Indicators & SLA Targets | October YTD F2023

Foot Notes

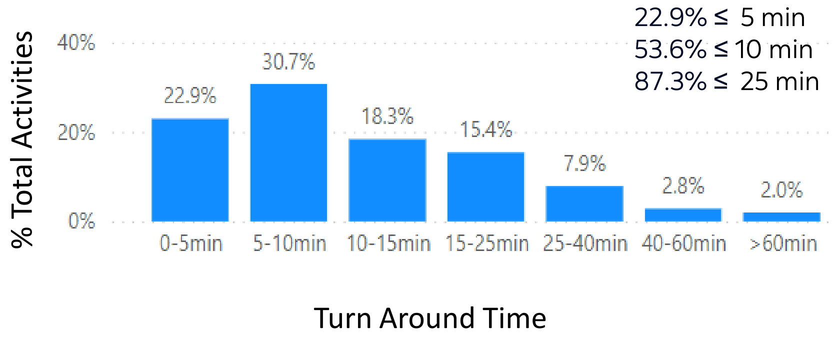
1. Volumes represent YTD total activities.
2. Y/Y represents YTD change between this fiscal year and last fiscal year.
3. Handle Time is for DFC only. SDA data based on Turn Around Time (TAT) due to system limitations.
4. SLA Performance is based on TAT and is measured in minutes.

- DFC TAT target = 25 mins
- SDA TAT target = 40 mins

🔴 SLA is over TAT target
🟢 SLA is under TAT target

Overall Volumes	October Volumes	YTD Volumes[1]	M/M	YTD Y/Y[2]	Touches per Account	Approval Rate	Action Request Rate	Amend. Rate	Handle Time (Min)[3]	SLA[4]
Overall Indirect Automotive	**12,716**	**193,737**	**5%**	**-25%**	**1.7**	**75%**	**8%**	**30%**	n/a	🟢 **91%**
Dealer Finance Center (Prime) – Finance	7,514	121,724	17%	-31%	1.7	72%	10%	32%	6.6	🟢 87%
Dealer Finance Center (Prime) – Lease	1,032	10,269	5%	31%	1.8	75%	12%	33%	6.9	🟢 91%
Scotia Dealer Advantage (non-prime)	4,170	61,744	-12%	-15%	n/a	80%	3%	25%	18.6	🟢 100%

Turnaround Time Breakdown - DFC



Key Performance Indicators

Indicator	Oct F2023	YTD F2023		Target/Plan
Internal Quality Control ("QC") % of processing reviewed and adhered	99.5%	99.4%	🟢	95%
Operating Expenses total monthly operating expenses	$0.29MM	$3.65MM	-	$3.86MM

Commentary

- Prime Finance volumes (DFC) Increased ~17% M/M and Leases increased ~5% M/M. While Y/Y saw a decrease in Finance of ~31% and an increase in Leases ~31% Business Line volumes continue to be lower Y/Y, ACE is reviewing a lower percentage of volumes due to de-risking measures and increase in interest rates.
- Near Prime (SDA) decreased ~12% M/M and decreased ~15% Y/Y.
- Productivity continues to be challenging over the last 10 months with a decrease in volumes due to de-risking and an increase in interest rates.
- A focus on cross channel support has been implemented as ACE continues to see spikes in daily volumes in other channels and staff is utilized to support SLA across ACE.

ACE – Private Banking Operations | Key Indicators & SLA Targets | October YTD F2023

Foot Notes

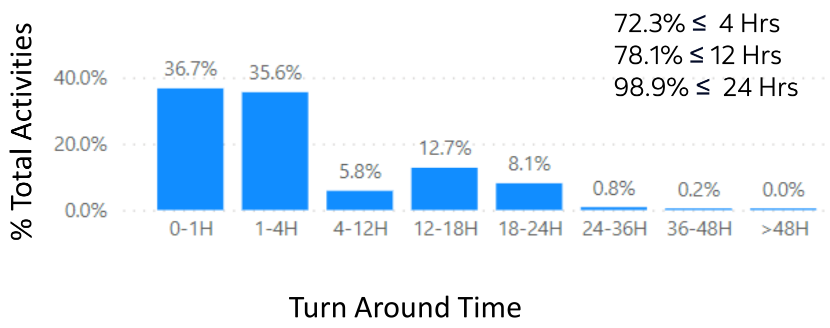
1. Volumes represent YTD total activities.
2. Y/Y represents YTD change between this fiscal year and last fiscal year.
3. ACE Private Banking SLA Targets = 90%

   - More than 5% below target
   - 0%-5% below target
   - Equal/Above target

4. Credit Card Volumes and approval rates includes standard retail and New To Canada (NTC).

Overall Volumes	October Volumes	YTD Volumes[1]	M/M	YTD Y/Y[2]	Touches per Account	Approval Rate	Action Request Rate	Amend. Rate	Handle Time (min)	SLA[3]
Overall Private Banking	**1,201**	**16,033**	**-1%**	**-7%**	**2.7**	**89%**	**29%**	**37%**	**69**	**99%**
Mortgages	691	7,752	8%	-14%	3.3	89%	25%	47%	49	99%
Mortgages – Retail	177	2,257	4%	-18%	3.8	83%	32%	44%	52	99%
Mortgages - HFS	514	5,495	9%	-13%	3.1	90%	22%	48%	48	99%
Credit Cards[4]	86	988	-17%	0%	1.8	78%	32%	23%	37	99%
Line of Credit	43	960	-38%	-5%	2.4	81%	28%	34%	56	99%
PBODF/PBOLL	361	4,727	-5%	-19%	2.5	92%	33%	30%	91	100%
Annual Reviews	20	373	25%	7%	1.1	97%	14%	0%	195	98%

Turnaround Time Breakdown



Key Performance Indicators

Indicator	Oct F2023	YTD F2023		Target/Plan
Internal Quality Control ("QC") % of processing reviewed and adhered	98.8%	94.6%	●	95%
Operating Expenses total monthly operating expenses	$0.87MM	$1.09MM	-	$1.15MM

Commentary

- Overall volumes decreased ~1% M/M and down ~7% Y/Y. Higher interest rates and market uncertainty could be attributed to the decrease in volumes M/M and Y/Y. Noted increase in applications done by HFS/ PB up 9% M/M.
- 72% of applications are reviewed within 4 hours.
- ACE sustained approval rate at 89% which is consistent with YTD (this is inclusive of Annual Reviews).
- Action Requests are at 29% YTD working with the Business Line to improve first time right.
- Service Level Agreements (SLA) are within target due to Queue Management for all time zones across Canada.

ACE - Small Business Operations | Key Indicators & SLA Targets | October YTD F2023

Foot Notes

1. Volumes represent YTD total activities.
2. Y/Y represents YTD change between this fiscal year vs last fiscal year.
3. Approval rate is based on decisioned applications (approved + declined).
4. Applications that require pre-funding conditions validation.
5. ACE Small Business SLA Targets = 85%

   🔴 More than 5% below target
   🟡 0%-5% below target
   🟢 Equal/Above target

6. Credit Adjudication Platform -CAP volumes are included in overall volumes starting from July 1, 2023.

Overall Volumes	October Volumes	YTD[1] Volumes	M/M	YTD Y/Y[2]	Touches per Account	FTR	Amend. Rate FTR	Approval Rate[3]	Pre-funding Rate[4]	Action Request Rate	Abandon Rate	Amend. Rate	SLA[5]
Small Business Overall	**3,874**	**59,634**	**-14%**	**-3%**	**1.3**	**58%**	**12%**	**76%**	**20%**	**22%**	**12%**	**18%**	🟢 **96%**
Small Business (Excl. SPSP)	2,102	29,312	-16%	2%	1.4	47%	13%	65%	18%	24%	13%	16%	🟢 95%
Scotia Professional Student Plan	356	8,863	-39%	-7%	1.4	80%	5%	84%	2%	24%	14%	7%	🟢 98%
Small Business Specialty	1,194	15,671	1%	-7%	1.2	63%	25%	85%	31%	15%	9%	28%	🟢 95%
SBH/CAP Volumes[6]	46	175	-32%	-	N/A	58%	N/A	35%	N/A	14%	N/A	31%	🟢 99%
Credit Review Unit	176	5,613	24%	-8%	1.3	N/A	N/A	89%	N/A	31%	N/A	N/A	N/A

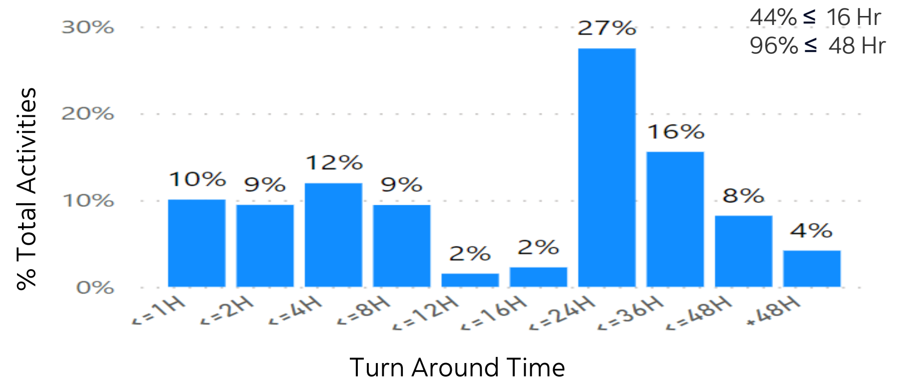
Key Performance Indicators

Indicator	Oct F2023	YTD F2023	Target/Plan
Internal Quality Control ("QC") % of processing reviewed and adhered	95.2%	95.2%	95%
Operating Expenses total monthly operating expenses	$0.46MM	$5.73MM	$6.06MM

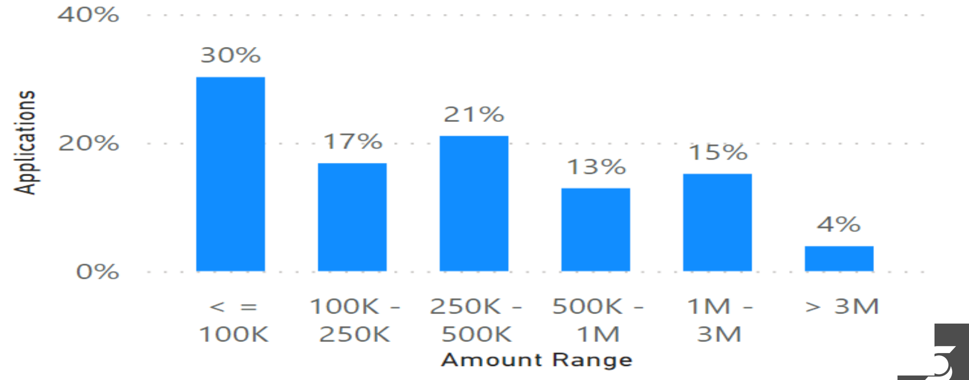
CRU Action Request Pending by Region in Days

Region (group)	Pending Days Group 0-15	15-30	30-60	60-90	90-180	>=180	Total
Prairie Region	1	4	1	2	13	10	31
Ontario Region	1	3	3	3	9	5	24
Healthcare	4	2	1		8	11	26
Quebec & Est Ont Re..	2	1	4		8	5	20
Toronto Region	3	4	1	1	11	10	30
BC & Yukon Region	2		3	1	9	6	21
Atlantic Region		2	1	1	4	3	11
AG Specialty & Franc..	2	1	5	6	13		27
Global Wealth Mana..	3				2		5
Other		3	1	2	4	4	14
Grand Total	18	20	20	16	81	54	209

Turnaround Time Breakdown



% of Total Activities by Application Aggregate Amount



Primacy Customer Definition

- Canadian Retail and Small Business -

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CB Retail Primacy Definition

CB Retail Primacy Definition | Proposed definition yields a primacy rate of ~28% regardless of the changes to transactions or digital engagement cut-offs

Proposed Primacy Definition

Core Banking Needs					Account Usage		Digital
D2D Account	+	**Payment Products**	OR	**Other "Money In"**	**Active product usage**	+	**Digital engagement**
Active chequing account		Credit Card		Saving/ Investing	15 transactions per month or Reoccurring transaction (e.g. Pre-Authorized txn and/or Payroll)		Digitally active with 1 or more financial transactions in the last 30 days

(The "Account Usage" and "Digital" blocks are each joined to the Core Banking Needs block with +.)

BNS CB Retail clients at a glance

8.2MM
Total Retail clients

$21M
Avg deposit balance

$7M
Avg loan balance

$1.0M
L12M avg revenue

% of primary clients	Avg. primary client deposits	Avg. primary client loans	Avg. primary client L12M rev
27.6% *(2.29 clients)*	**$32M** *(1.6x avg client)*	**$6.4M** *(0.9x avg client)*	**$1.5M** *(1.6x avg client)*

- CID&A "owns" primacy flag
- Risk Analytics and MIS will own the data solution for ingesting the flag into Boss server for wider use across Canada Retail Credit Risk
- Preliminarily, Primacy flag used for analytics and reporting, followed by production use in Risk strategies

CB Small Business Primacy Definition

SB Client Primacy: To be considered Primary, a client must meet the following criteria

Core Banking Needs

Operating Account

- ✓ Active operating account

\+

Cash Management

- ✓ Cash Management Products

OR

- ✓ Merchant Services

OR

- ✓ Credit Card

\+

Account Usage

Active Product Usage

- ✓ **20** transactions per month (3 month rolling avg)

\+

Digital

Digital Engagement

- ✓ Digitally active on SOL or SCO, at least one login last 90 days.

Risk Appetite F24

- timelines -

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Annual Monitoring Limits Setting | Overview

Timelines and Deliverables

W1 Nov 2023	W4 Nov 2023	W4 Nov 2023	W2 Dec 2023	W3 Dec 2023	W1 Jan 2023
Kick-off	Data gathering and Analysis	Deliver Quarterly Monitoring Memo	Limit Setting and Socialize	Feedback and Finalize	Sign Off / Attestation

Deliverables

- Residential Mortgage Underwriting Policy (RMUP) Limits
- Governance Limits (Product Monitoring Limits)
- Escalation Metrics
- PCL Limits
- Quarterly Monitoring Memo (ongoing)
- Guardrails Limits (not reported in SCC Monitoring Memo)

Current SCC Limits – for reference

RMUP Limits

Real Estate Secured Lending (RESL) Limits

Portfolio	2023 SCC Limit
RESL O/S Volume $ (BN)	
RESL	**322**
Residential Mortgages	298
▪ Uninsured	231
Real Estate Secured Lines of Credit	
▪ Real Estate Secured Lines of Credit	23
▪ Real Estate Secured Lines of Credit Authorized Limit	86
RESL New Originations (YTD)	
Residential Mortgages	
Uninsured Mortgages	
▪ Average TDSR	46%
▪ Average GDSR	43%
▪ Average LTV for Uninsured Mortgage	70%
▪ % of mortgages TDSR>50%	7%
▪ Risk Rating D/E and TDSR>50%	2.50%
▪ <Lower Cut-off (LCO)	2%
Non-Conforming Mortgages	8%
Real Estate Secured Lines of Credit	
▪ Average LTV	55%
▪ < LCO	1%
RESL Portfolio Performance	
Residential Mortgages	
▪ Reportable Delinquency Ratio	1.00%
▪ CRI D/E	5.00%
▪ Tail Risk	2.00%
Real Estate Secured Lines of Credit	
▪ Reportable Delinquency Ratio	0.75%
▪ CRI D/E	5.00%
▪ Tail Risk	2.00%
RESL Geographic Concentration	
Atlantic	11.00%
Quebec	14.00%
GTA	30.00%
Ontario	30.00%
Manitoba & Sask.	9.00%
Alberta	20.00%
B.C & Territories	21.00%

Governance Limits

Automotive Lending SCC Limits

Portfolio	2023 SCC Limit
Prime Lending - Indirect Auto & Leasing	
▪ Reportable Delinquency Ratio	1.40%
▪ CRI D/E	9.00%
▪ StartRight	3.00%
Non-Prime Lending - SDA	
▪ Reportable Delinquency Ratio	6.00%
▪ Portfolio % of Total Auto Lending	10.00%
Automotive Lending New Originations (YTD)	
Prime Lending - Indirect Auto	
▪ Average TDSR	42%
▪ Average LTV	130%
▪ StartRight	1%
▪ < LCO	1%
▪ Tail Risk	3%
Non-Prime Lending - SDA	
▪ Average TDSR	37%
▪ Average LTV	150%
▪ < LCO	3%

Unsecured Lending SCC Limits

Portfolio	2023 SCC Limit
Credit Cards	
▪ Reportable Delinquency Ratio	3.30%
▪ CRI D/E	16.00%
Scotia Lines of Credit	
▪ Reportable Delinquency Ratio	2.00%
▪ CRI D/E	7.00%
Unsecured Lending New Originations (YTD)	
Credit Cards	
▪ < LCO	2.00%
▪ Tail Risk	0.10%
Scotia Lines of Credit	
▪ < LCO	2.50%
▪ Tail Risk	0.41%
Direct SPL	
▪ Tail Risk	4.40%

PCL Monitoring Limits

Portfolio	2023 SCC Limit
RESL	**0.01%**
Total Automotive Lending	**0.67%**
▪ Prime Lending - Indirect Auto & Leasing	0.47%
▪ Non-Prime Lending - SDA	3.47%
Total Unsecured	**2.34%**
▪ Credit Cards	3.26%
▪ Tangerine	3.79%
▪ Unsecured Scotialine	1.67%
▪ Direct SPL & ODP	6.29%
Total Retail	**0.21%**
Total Small Business	**0.43%**

Escalation Metrics

Portfolio	2023 SCC Limit
Vintage Performance 31+ @ 6 MOB	
Mortgages	0.20%
HELOC	0.60%
Prime Auto	1.70%
SDA	5.50%
Credit Cards	3.50%
Unsecured Lines	1.20%
Portfolio Performance 91+ Delinquency %	
Mortgages	0.25%
HELOC	0.25%
Prime Auto	1.00%
SDA	2.50%
Credit Cards	1.20%
Unsecured Lines	0.70%
Collections Efficiency Cycle PD1 to PD4	
Mortgages	6.00%
HELOC	3.00%
Prime Auto	7.00%
SDA	12.50%
Credit Cards	16.50%
Unsecured Lines	16.00%

Note: RESL OS Volume and Reportable Delinquency Ratio include Tangerine. RESL Tangerine origination metrics measured separately. RESL TDSR/LCO numbers represent funding outside of the speciality programs.
Chase is excluded in Unsecured reportable delinquency ratios. Impact of including Chase in reportable delinquency ratios is non-material and falls within SCC monitoring threshold. Chase and Tangerine are excluded from all other parameters.
PCL figures based on IFRS9 accounting principles. Credit cards excludes Tangerine in Escalation Metrics.

CCC Appendix

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Guardrails Q4 2023

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Canadian Banking – Guardrails Update

Trend Legend:
- Below F23 Limit
- Above F23 Early Warning Threshold
- Above F23 Risk Appetite Threshold

Vintage at 6MOB is +9 bps higher QoQ, mainly driven by significantly lower weighting contributions from RESL originations, coupled with elevated delinquency levels on Prime Auto and Unsecured lines. Vintage delinquency continues to normalize across most products, partially offset by improvements in Near Prime Auto and Credit Cards, in line with industry trends and remain below F'23 SCC Limit.

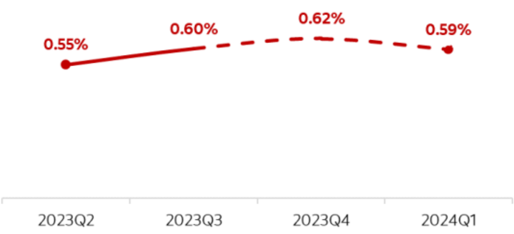
Key Metrics

	Actual	QoQ | YoY
31+ @ 3MOB | Q3'23	0.60%	+4 bps | -3 bps
31+ @ 6MOB | Q2'23	● 0.55%	+9 bps | +30 bps
Write-Off @ 12MOB | Q4'22	0.10%	+2 bps | +4 bps

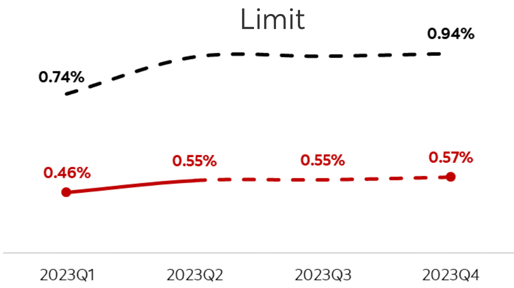
Periods mentioned above and included in the graphs reflecting dates when accounts were acquired

Limits at 3 MOB and Write-off will be incorporated for F'24. Small Business not included in Total Retail trends

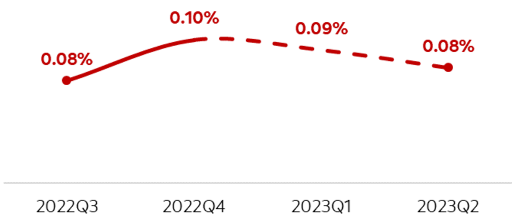
31+ Delinquency @ 3MOB



31+ Delinquency @ 6MOB



Write-Off @12MOB



Actuals — Forecast — Tracking Limit @ 6 MOB (SCC)

Product breakdown

31+ Delinquency @ 6MOB

PRODUCT	Q2'23 Value	Q3'23 Fcst Value	Q4'23 Fcst Value	Q1'24 Fcst Value	F'23 Limit
Credit Cards	1.41%	1.41%	1.68%	1.68%	3.50%
ULOC	0.81%	0.81%	0.85%	0.85%	1.20%
SDA	3.45%	3.73%	3.88%	3.85%	5.50%
Prime Auto	0.97%	0.96%	1.00%	0.82%	1.70%
HELOC	0.15%	0.23%	0.25%	0.26%	0.60%
Mortgages	0.16%	0.15%	0.15%	0.14%	0.20%

Write-Off @ 12MOB

PRODUCT	Q2'23 Fcst Value	Q3'23 Fcst Value	Q4'23 Fcst Value	Q1'24 Fcst Value
Credit Cards	1.65%	1.58%	1.80%	1.80%
ULOC	0.87%	0.89%	1.03%	1.11%
SDA	2.67%	2.82%	2.95%	2.91%
Prime Auto	0.15%	0.15%	0.15%	0.13%
HELOC	0.00%	0.00%	0.00%	0.00%
Mortgages[1]	0.68%	0.72%	0.84%	0.68%

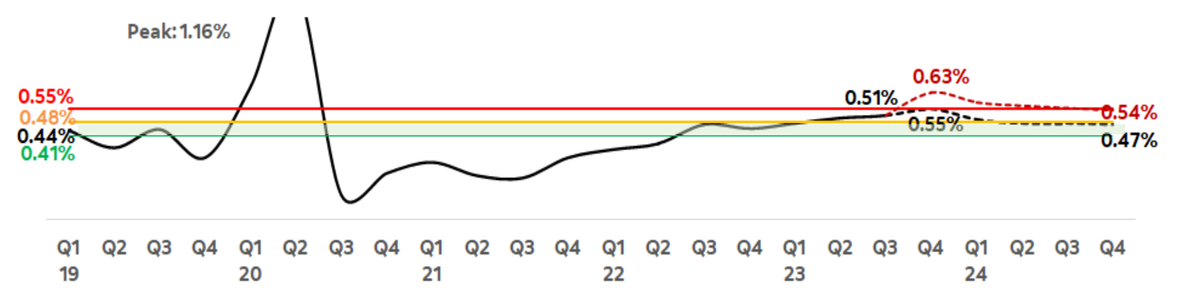
[1]Values refer to 31+ Delinquency @24 MOB for Mortgages

Guardrails Update – Automotive Lending

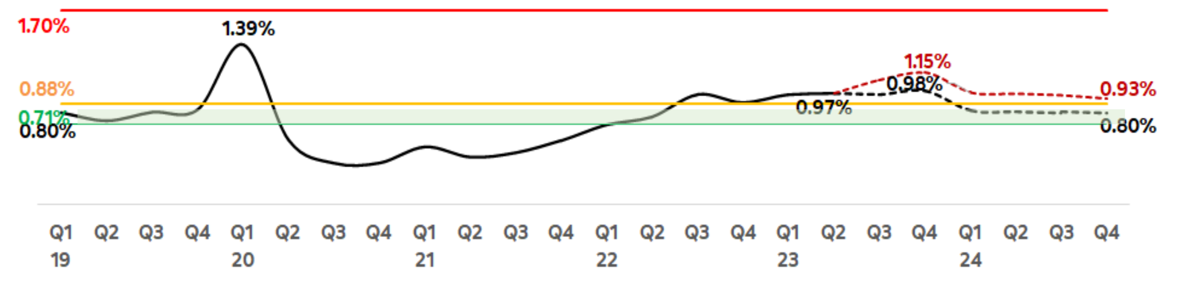
Prime Auto

Delinquency has increased throughout FY23, driven by increased concentration from Used segment and elevated cost of living and rising interest rate. In addition to de-risking strategy implemented in Feb-Mar'23, 2nd phase of de-risking action was rolled out in Sep'23, to curve delinquency levels on Used car segment. We are expecting the delinquency rate to turnaround and stabilize in Q1'24 once the de-risking action takes full effect, along with ease of new vehicle supply shortage.

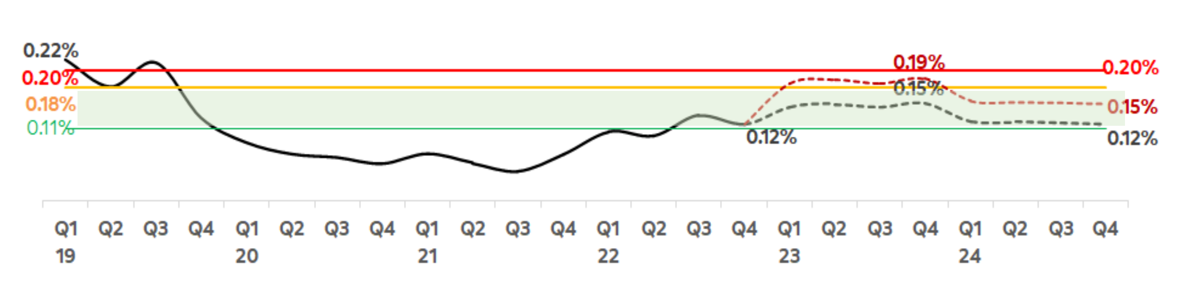
31+ @ 3MOB



31+ @ 6MOB



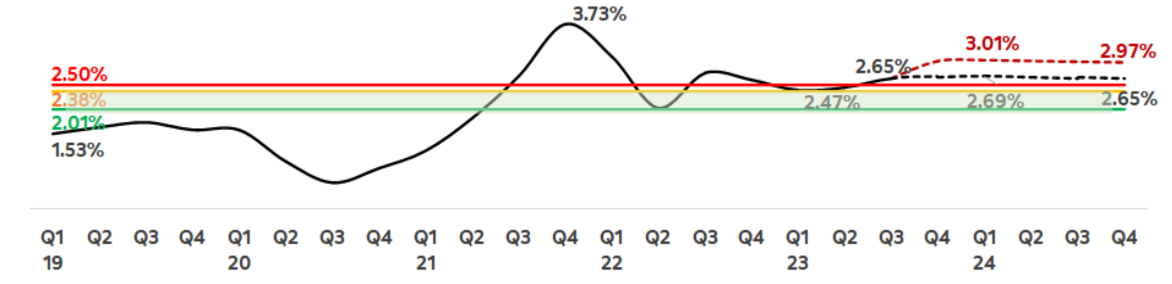
WO @ 12MOB



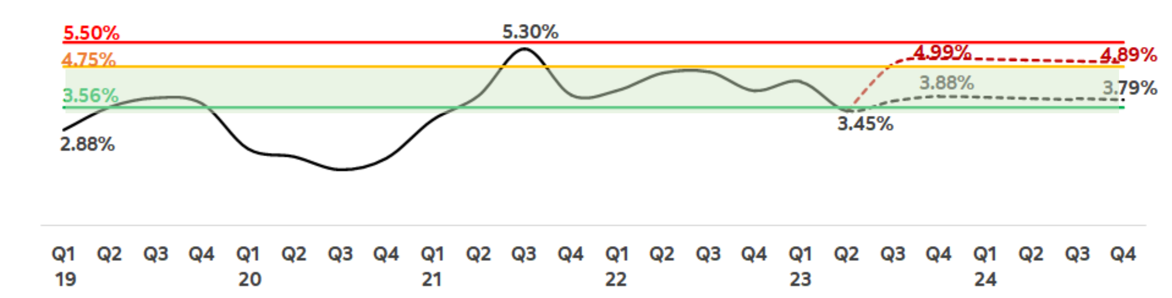
SDA

Similar to Prime, supply chain issues have adversely impacted vintage delinquency since FY21, driven by increased concentration of Used Car segment coupled with higher delinquency of that Used Car segment. We are expecting delinquency trend in FY'24 to maintain similar level to the latest actual in anticipation of continuous improvement around new vehicle supply, however, with existing upside risk from elevated cost of living and high interest rate environment.

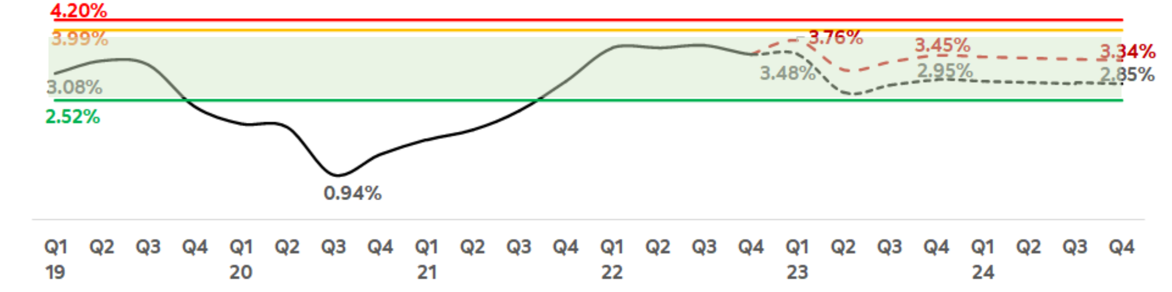
31+ @ 3MOB



31+ @ 6MOB



WO @ 12MOB



Note: Limit for 31+ at 6 MOB reflects last SCC limit defined for F'23, while limits at 3 and 24 MOB were defined last year and are being updated, in order to be incorporated into upcoming monthly refresh

Actuals | Base Forecast | Stress Forecast | Target Range | Early Warning | Risk Appetite Threshold | 4 Yr. Average

Guardrails Update – Real Estate Secured Lending

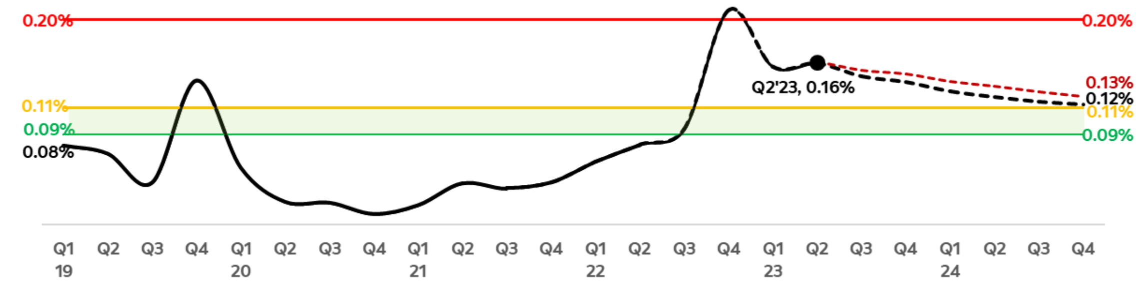
Mortgages

MOB 6 delinquency increased QoQ and remains at elevated levels compared to historical averages mainly driven by VRM. Early delinquencies are expected to decrease as a result of de-risking strategies coupled with decreasing proportion for variable rate bookings. 24 MOB delinquency is expected to increase, exceeding Risk Appetite Threshold in upcoming quarters.

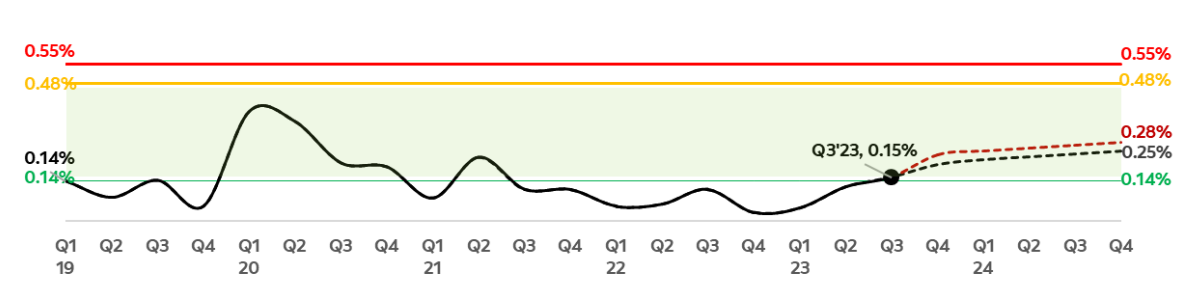
HELOC

Delinquencies increased QoQ in line with expectations but remain well below Early Warning levels. Higher cost of living and elevated interest rates are expected to continue impacting customers' ability to make payments. However, we expect credit quality and losses to stay within early warning and risk appetite thresholds up to Q4'23 as enhanced limit monitoring and de-risking strategies have been implemented.

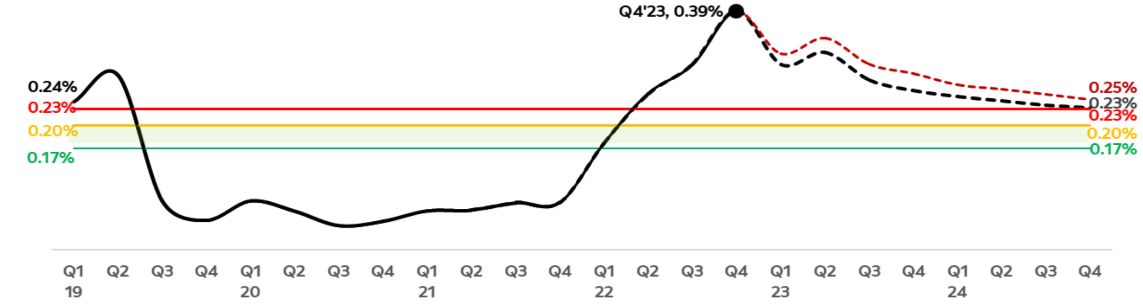
31+ @ 6MOB



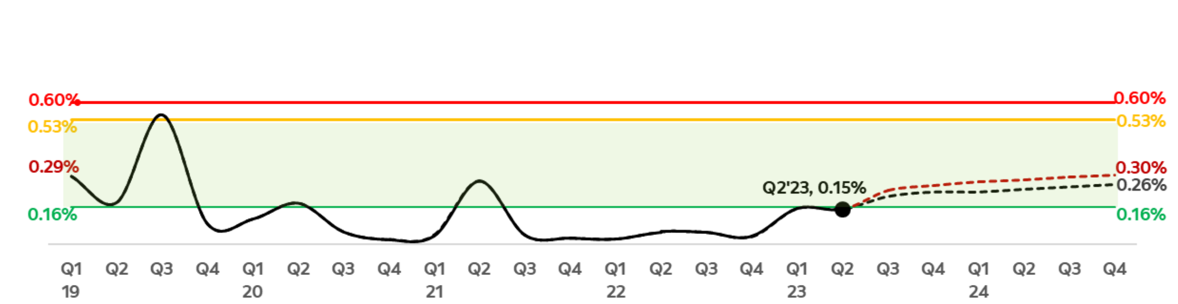
31+ @ 3MOB



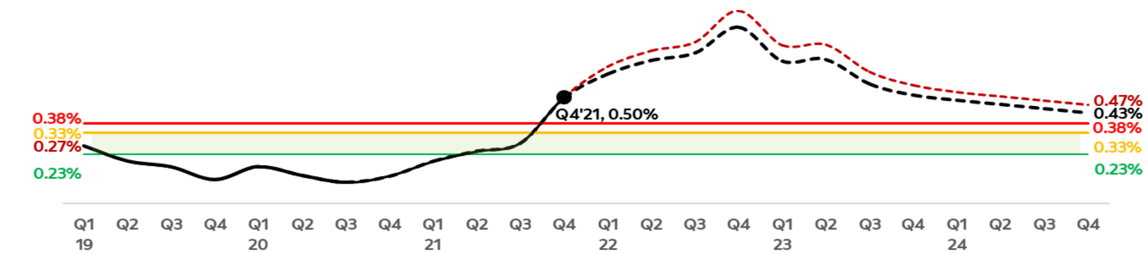
31+ @ 12MOB



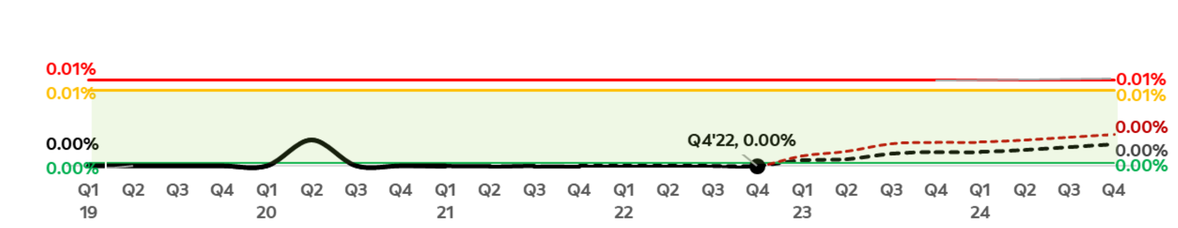
31+ @ 6MOB



31+ @ 24MOB



WO @ 12MOB

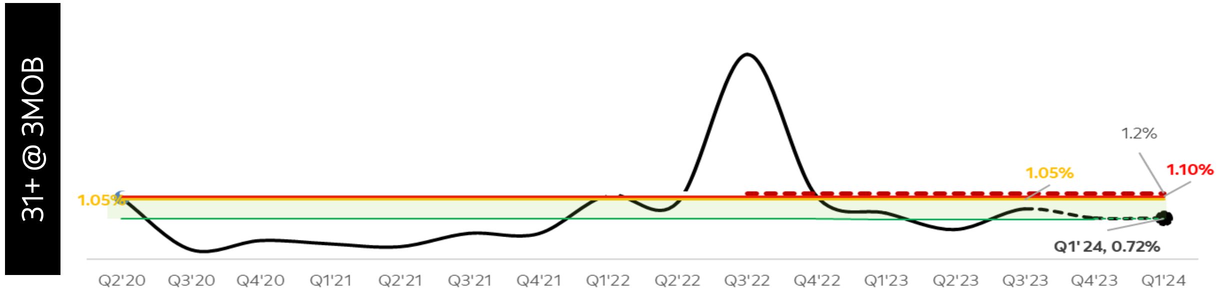


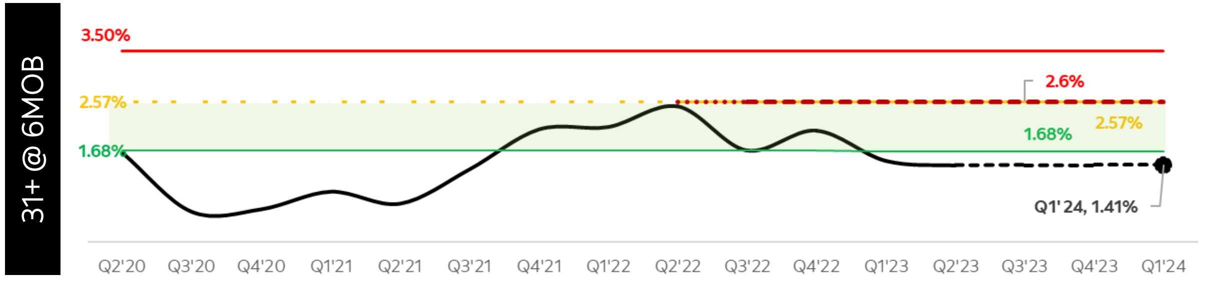
Actuals | Base Forecast | Stress Forecast | Target Range | Early Warning | Risk Appetite Threshold | 4 Yr. Average

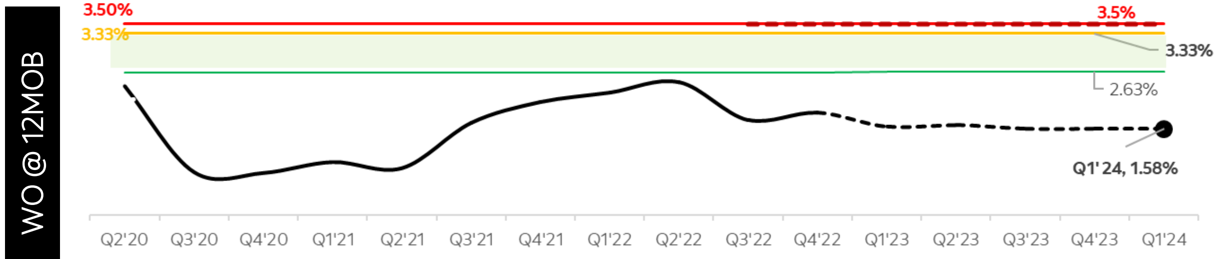
Guardrails Update – Unsecured Lending

Credit Cards

Early delinquency rate 31+ @3MOB has shown upward trend but still below early warning. 31+ @6MOB and write-off rates are below 4-year average and stable Q/Q. Forecasted numbers for the next few quarters are expected to be slightly higher due to the high interest environment and prime expansion.

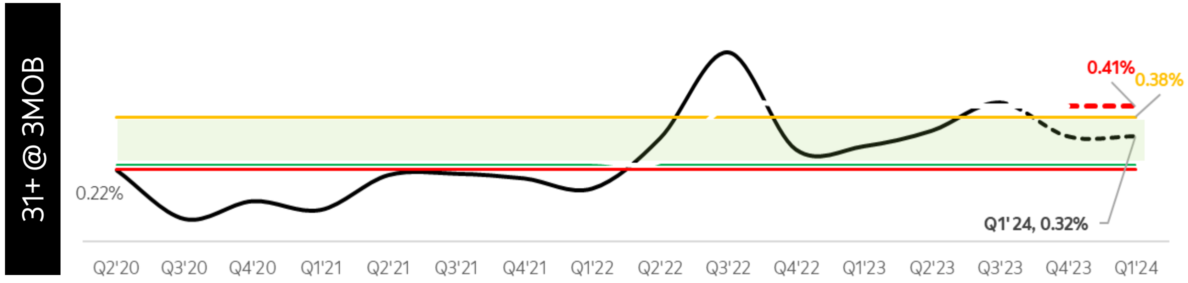


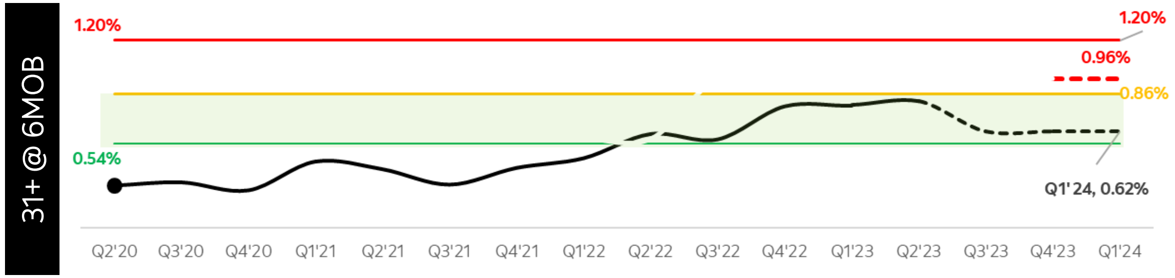


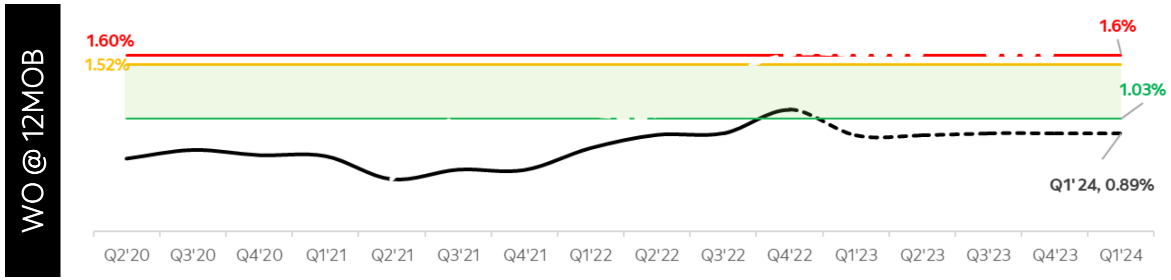


ULOC

Early delinquency rate 31+ @3MOB is increasing quarter over quarter and is currently at 0.34%, Higher early delinquent rate was observed from NPA prime population. 31+ @6MOB is stable but close to the early warning threshold 0.86%. Charge-off rate for Q4'22 exceeded the 4-year average number at 1.11% and is forecasted to be fluctuated around the 4-year average line.







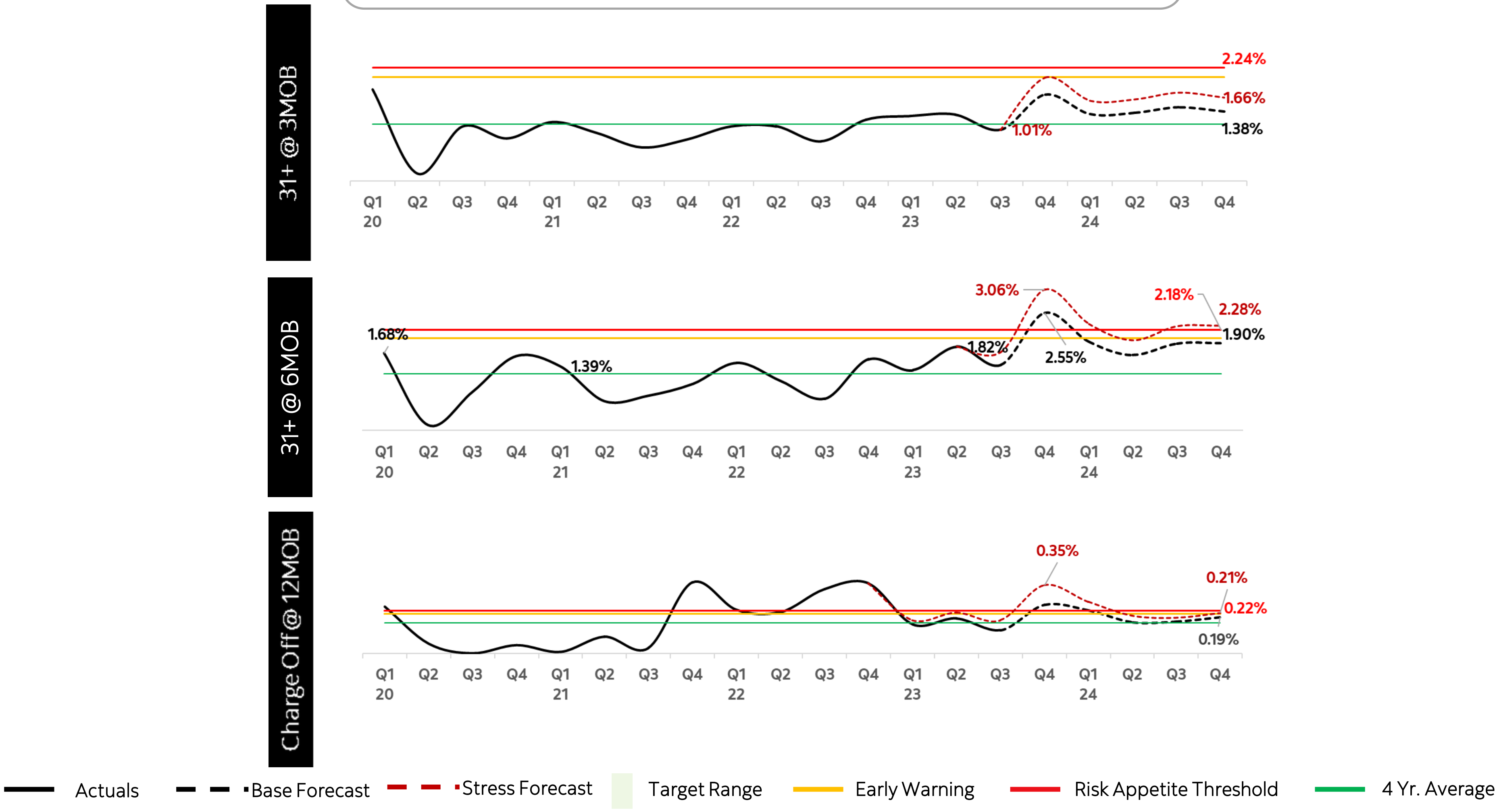
Note: Limit for 31+ at 6 MOB reflects last SCC limit defined for F'23, while limits at 3 and 12 MOB were defined last year and are being updated, in order to be incorporated into upcoming monthly refresh

Actuals | Base Forecast | Stress Forecast | Target Range | Early Warning | Risk Appetite Threshold | 4 Yr. Average

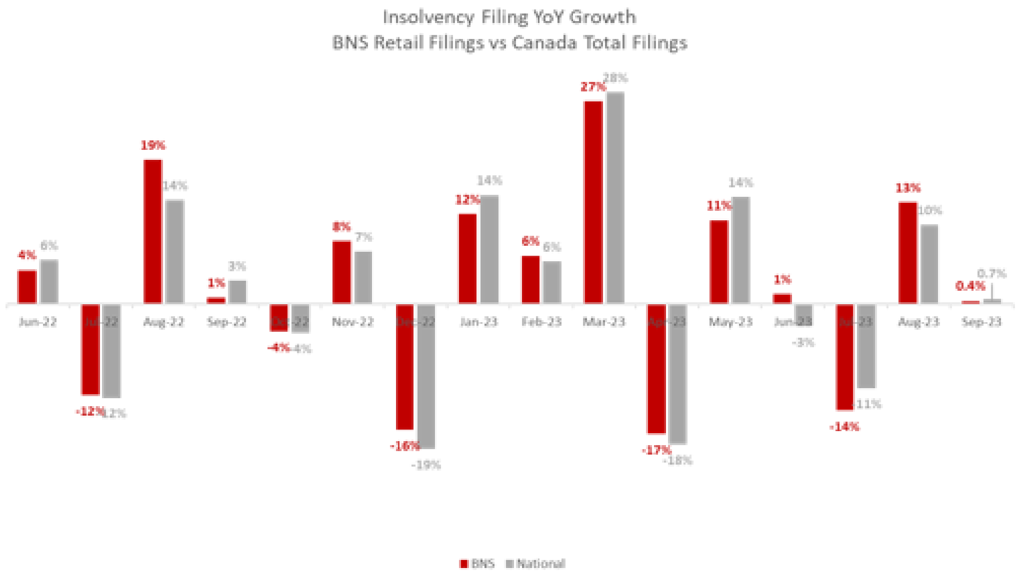
Guardrails Update – Small Business

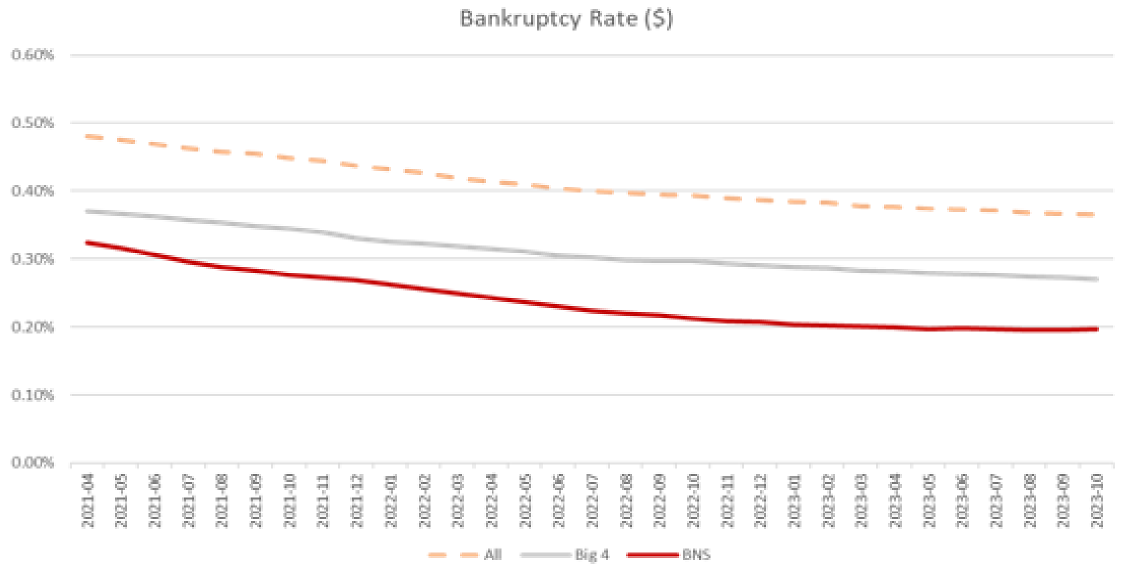
Small Business

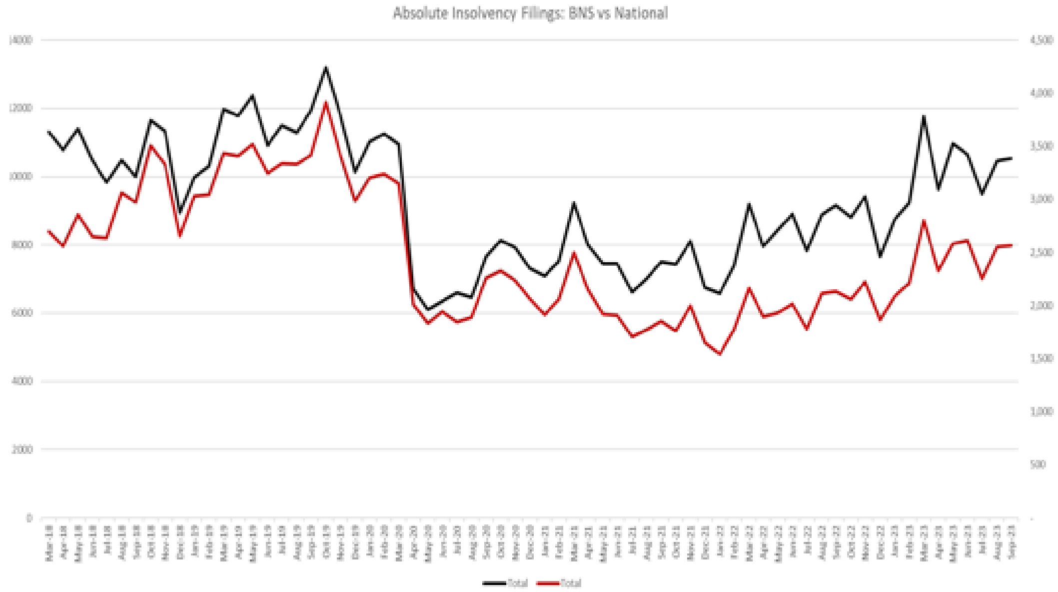
MOB 3 and 6 delinquencies have remained within target range. Delinquency for future quarters is expected to remain below threshold under both base and stress case scenarios, with continuous normalization trend observed since last year

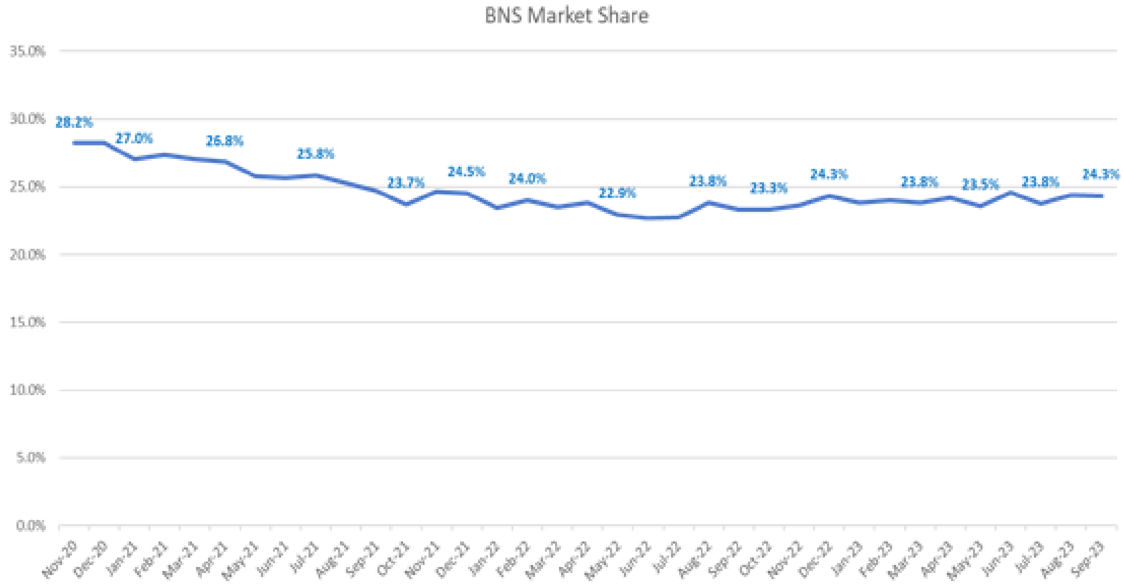


Insolvency Peer Comparisons









Concentration Limits (October)

October 2023

Lifecycle	Product	New Limits Issued	New Sub + Near Prime Limits	% Actual	% Limit	Var	Status
Originations (NPA+PA)	Cards	$262,676,709	$12,146,448	4.6%	9%	-4.4%	PASS
	ULOC	$234,228,800	$8,285,600	3.5%	9%	-5.5%	PASS
	Sub Total	*$496,905,509*	*$20,432,048*	*4.1%*	*9%*	*-4.9%*	*PASS*
CLI (NPA+PA)	Cards	$123,131,400	$1,757,400	1.4%	9%	-7.6%	PASS
	ULOC	$13,333,000	$290,500	2.2%	9%	-6.8%	PASS
	Sub Total	*$136,464,400*	*$2,047,900*	*1.5%*	*9%*	*-7.5%*	*PASS*
TOTAL	Cards	$385,808,109	$13,903,848	3.6%	9%	-5.4%	PASS
	ULOC	$247,561,800	$8,576,100	3.5%	9%	-5.5%	PASS
	TOTAL	**$633,369,909**	**$22,479,948**	**3.5%**	**9%**	**-5.5%**	**PASS**

* PA CLI number for ULOC is not included due to data issue

Mastercard

RCUL - October 2023 Portfolio At A Glance - MasterCard

	Actual	M/M Change	M/M Change %	Y/Y Change	Y/Y Change %	Q/Q Change	Q/Q Change %
OS Balance	$290.5MM	-$6.8MM	-2.30%	-$21.5MM	-6.90%	-$5.4MM	-1.82%
Accounts	243.6M	-2.1M	-0.85%	-14.5M	-5.63%	-5.2M	-2.10%
PD1 Balance	$9.3MM	-$2.0MM	-18.00%	-$1.9MM	-16.70%	-$1.0MM	-9.34%
PD1 Rate $%	3.21%	-0.61%	-16.07%	-0.38%	-10.53%	-0.27%	-7.66%
PD1-PD3 Balance	$13.3MM	-$2.0MM	-12.90%	-$2.2MM	-14.15%	-$0.8MM	-5.75%
PD1-PD3 Accounts	5.5M	-0.8M	-12.45%	-1.7M	-23.06%	-0.5M	-8.12%
PD1-PD3 Rate $%	4.59%	-0.56%	-10.85%	-0.39%	-7.79%	-0.19%	-4.01%
PD2+ Balance	$6.6MM	+$0.0MM	+0.31%	-$0.8MM	-11.04%	+$0.1MM	+1.58%
PD2+ Accounts	2.6M	+0.0M	+0.04%	-0.4M	-14.57%	30.00	+1.16%
PD2+ Rate $%	2.27%	+0.06%	+2.67%	-0.11%	-4.45%	+0.08%	+3.46%
PD4+ Balance	$2.6MM	+$0.0MM	-1.89%	-$0.5MM	-15.94%	+$0.0MM	-1.64%
PD4+ Accounts	1.0M	+0.0M	+2.37%	-0.1M	-10.79%	+0.0M	+1.28%
PD4+ Rate $%	0.89%	+0.00%	+0.42%	-0.10%	-9.71%	+0.00%	+0.18%
WO $	$1.0MM	+$0.1MM	+17.64%	+$0.0MM	+0.59%	-$0.1MM	-3.73%
WO Rate $%	4.08%	+0.69%	+20.40%	+0.30%	+8.05%	-0.04%	-2.69%
WO - BK $	$0.3MM	+$0.1MM	+44.91%	+$0.1MM	+19.37%	+$0.1MM	+6.99%
WO - BK Rate $%	1.42%	+0.46%	+48.32%	+0.31%	+28.22%	+0.03%	+8.15%
Net WO $	$1.0M	$0.1M	17.64%	$0.0M	0.59%	$0.1M	6.82%
Net WO Rate $%	4.08%	+0.69%	+20.40%	+0.30%	+8.05%	+0.33%	-2.69%

Legend
+10% Increase of Balances or Accounts +0.5% Increase of Rate +10% Decrease of Balances or Accounts +0.5% Decrease of Rate
Between +/- 10% Change of Balances or Accounts Between +/- 0.5% Change of Rate NA=Not Applicable * Accounts with credit limit > 0

Mastercard

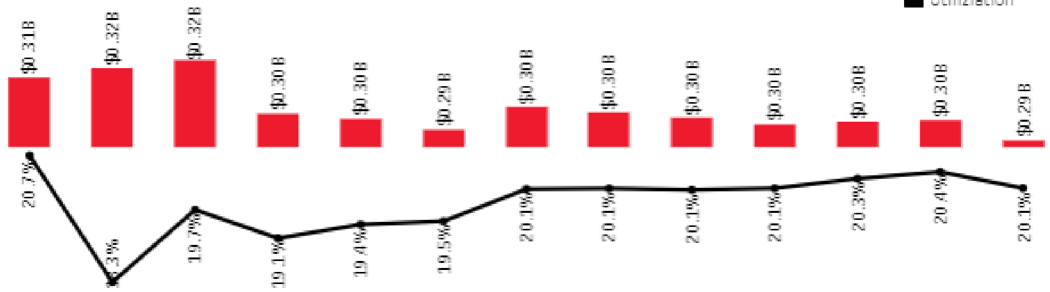
Current Month Snapshot - October 2023

Credit Limit	$1.4B	M/M | Y/Y -0.77% | -3.98%
Balance	$0.3B	M/M | Y/Y -2.30% | -6.90%
Utilization	20.1%	M/M | Y/Y -1.53% | -3.04%
PD2+%	2.27%	M/M | Y/Y 2.67% | -4.45%
PD4+%	0.89%	M/M | Y/Y 0.42% | -9.71%
Write Off	$1.0M	M/M | Y/Y +17.64% | +0.59%
Write Off%	4.08%	M/M | Y/Y 20.40% | 8.05%
Bankruptcy	$0.3M	M/M | Y/Y +44.91% | +19.37%
Credit Loss	$0.6M	M/M | Y/Y +6.88% | -7.21%
Net WO	$1.0M	M/M | Y/Y +17.64% | +0.59%
Net WO%	4.08%	M/M | Y/Y 20.40% | 8.05%

Monthly Trend until October 2023

Balance & Utilization

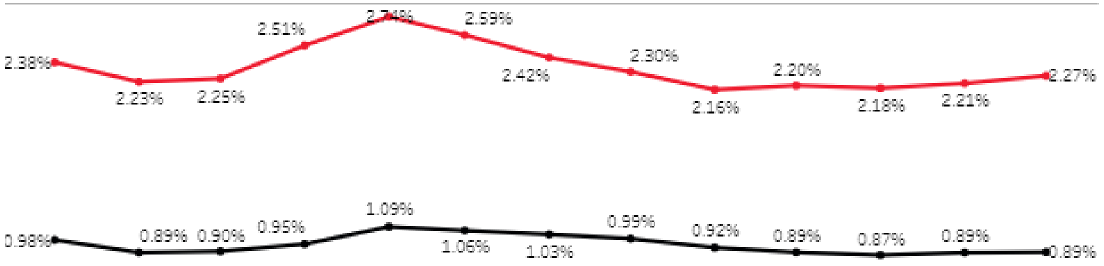
Legend
Bal
Utiliziation



Delinquency 31+% , 91+%

(PD2+%, PD4+%)

Legend
PD2+%
PD4+%



Vintage 6MOB - 31+ % (PD2+ %)

Bankruptcy and Credit Losses