



Report to Shareholders

Third Quarter 2025

National Bank reports its results for the Third Quarter of 2025

The financial information reported in this document is based on the unaudited interim condensed consolidated financial statements for the quarter and the nine-month period ended July 31, 2025 and is prepared in accordance with IAS 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). All amounts are presented in Canadian dollars.

MONTREAL, August 27, 2025 – For the third quarter of 2025, National Bank is reporting net income of \$1,065 million, up 3% from \$1,033 million in the third quarter of 2024. Diluted earnings per share stood at \$2.58 compared to \$2.89 in the third quarter of 2024. Excluding specified items⁽¹⁾ recorded in the third quarters of 2025 and 2024 related to the acquisition of Canadian Western Bank (CWB)⁽²⁾, adjusted net income⁽¹⁾ stood at \$1,104 million, up 15% from \$960 million in the corresponding quarter of 2024. Adjusted diluted earnings per share⁽¹⁾ stood at \$2.68, stable compared to the corresponding quarter of 2024.

For the nine-month period ended July 31, 2025, the Bank's net income totalled \$2,958 million, up 3% from \$2,861 million for the corresponding period in 2024. Diluted earnings per share stood at \$7.50 for the nine-month period ended July 31, 2025 versus \$8.03 for the corresponding period in 2024, the decrease being attributable to the common shares issued as part of the acquisition of CWB⁽²⁾. Excluding specified items⁽¹⁾, adjusted net income⁽¹⁾ for the nine-month period ended July 31, 2025 totalled \$3,320 million, up 19% from \$2,788 million for the corresponding period in 2024, and adjusted diluted earnings per share⁽¹⁾ stood at \$8.46, up 8% from \$7.82 for the nine-month period ended July 31, 2024, driven by good performance in all of the business segments.

“The Bank reported solid third quarter results, reflecting strong revenue fundamentals and credit performance, combined with synergy momentum from the CWB acquisition. With strong capital levels and a disciplined approach to credit and efficiency, we will continue to execute our CWB integration plan while investing in business growth,” said Laurent Ferreira, President and Chief Executive Officer of National Bank of Canada.

Highlights

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2025 ⁽²⁾	2024 ⁽³⁾	% Change	2025 ⁽²⁾	2024 ⁽³⁾	% Change
Net income	1,065	1,033	3	2,958	2,861	3
Diluted earnings per share (<i>dollars</i>)	\$ 2.58	\$ 2.89	(11)	\$ 7.50	\$ 8.03	(7)
Income before provisions for credit losses and income taxes	1,524	1,455	5	4,769	3,994	19
Return on common shareholders' equity ⁽⁴⁾	13.6 %	18.4 %		13.8 %	17.5 %	
Dividend payout ratio ⁽⁴⁾	44.3 %	41.6 %		44.3 %	41.6 %	
Operating results – Adjusted⁽¹⁾						
Net income – Adjusted	1,104	960	15	3,320	2,788	19
Diluted earnings per share – Adjusted (<i>dollars</i>)	\$ 2.68	\$ 2.68	–	\$ 8.46	\$ 7.82	8
Income before provisions for credit losses and income taxes – Adjusted	1,643	1,354	21	5,103	3,893	31
Return on common shareholders' equity – Adjusted ⁽⁵⁾	14.1 %	17.0 %		15.6 %	17.0 %	
				As at July 31, 2025	As at October 31, 2024	
CET1 capital ratio under Basel III ⁽⁶⁾				13.9 %	13.7 %	
Leverage ratio under Basel III ⁽⁶⁾				4.7 %	4.4 %	

(1) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP financial measures.

(2) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(3) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes. For additional information, see the Financial Reporting Method section.

(4) See the Glossary section on pages 53 to 56 for details on the composition of these measures.

(5) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP ratios.

(6) See the Financial Reporting Method section on pages 6 to 12 for additional information on capital management measures.

Personal and Commercial⁽¹⁾

- Net income totalled \$370 million in the third quarter of 2025 versus \$366 million in the third quarter of 2024, a 1% increase. Adjusted net income⁽²⁾ totalled \$386 million, up 5% from the corresponding quarter of 2024.
- At \$1,449 million, third-quarter total revenues rose \$251 million or 21% year over year due to the inclusion of CWB, which represents \$228 million or 19%, as well as an increase in net interest income related to growth in loan and deposit volumes, partly offset by a lower net interest margin.
- Compared to a year ago, personal lending grew 12% and commercial lending grew 61%, due to the inclusion of CWB loans and strong organic growth.
- Net interest margin⁽³⁾ stood at 2.25% in the third quarter of 2025, down from 2.31% in the third quarter of 2024.
- Third-quarter non-interest expenses stood at \$805 million, up 31% year over year, of which the inclusion of CWB drove a 22% increase.
- Provisions for credit losses rose \$55 million year over year, mainly due to the provisions for credit losses on impaired loans.
- At 55.6%, the third-quarter efficiency ratio⁽³⁾ deteriorated compared to 51.3% in the third quarter of 2024.

Wealth Management⁽¹⁾

- Net income totalled \$244 million in the third quarter of 2025, a 12% increase from \$217 million in the corresponding quarter of 2024.
- Third-quarter total revenues amounted to \$811 million compared to \$716 million in third-quarter 2024, a \$95 million or 13% increase driven mainly by growth in fee-based revenues and the inclusion of CWB's revenues.
- Third-quarter non-interest expenses stood at \$477 million versus \$416 million in third-quarter 2024, a 15% increase associated with revenue growth and with the impact of the inclusion of CWB.
- At 58.8%, the third-quarter efficiency ratio⁽³⁾ deteriorated compared to 58.1% in the third quarter of 2024.

Financial Markets⁽¹⁾

- Net income totalled \$334 million in the third quarter of 2025, up 5% from \$318 million in the third quarter of 2024.
- Third-quarter total revenues amounted to \$777 million, a 13% increase that was mainly due to growth in corporate and investment banking revenues.
- Third-quarter non-interest expenses stood at \$347 million compared to \$320 million in third-quarter 2024, an increase that was due to compensation and employee benefits as well as technology investment expenses.
- Third-quarter provisions for credit losses were \$24 million compared to \$22 million in the corresponding quarter of 2024.
- At 44.7%, the efficiency ratio⁽³⁾ improved from 46.4% in the third quarter of 2024.

U.S. Specialty Finance and International

- Net income totalled \$178 million in the third quarter of 2025, up 13% from \$158 million in the third quarter of 2024.
- Third-quarter total revenues amounted to \$402 million, an 11% year-over-year increase driven mainly by revenue growth at the ABA Bank subsidiary.
- Non-interest expenses for the third quarter of 2025 stood at \$135 million, a 17% year-over-year increase mainly attributable to the ABA Bank subsidiary.
- Third-quarter provisions for credit losses were down \$4 million year over year, with the decrease being attributable to the Credigy subsidiary, partly offset by higher provisions for credit losses at the ABA Bank subsidiary.
- At 33.6%, the efficiency ratio⁽³⁾ deteriorated from 31.9% in the third quarter of 2024.

Other⁽¹⁾

- The *Other* heading reported a net loss of \$61 million in the third quarter of 2025 compared to a net loss of \$26 million in the corresponding quarter of 2024, owing mainly to the specified items⁽²⁾ related to the CWB acquisition which had an unfavourable impact of \$21 million on the net loss for the third quarter of 2025 compared to a favourable impact of \$73 million on the net loss of the corresponding quarter of 2024. These elements were partly offset by a higher contribution from Treasury activities and by the inclusion of CWB results.

Capital Management⁽¹⁾

- As at July 31, 2025, the Common Equity Tier 1 (CET1) capital ratio under Basel III⁽⁴⁾ stood at 13.9%, up from 13.7% as at October 31, 2024, and the Basel III⁽⁴⁾ leverage ratio was 4.7%, up from 4.4% as at October 31, 2024.
- The Bank announced a normal course issuer bid to repurchase for cancellation up to 8,000,000 common shares. This normal course issuer bid is subject to the approval of the Office of the Superintendent of Financial Institutions (Canada) and the Toronto Stock Exchange.

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(2) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP financial measures.

(3) See the Glossary section on pages 53 to 56 for details on the composition of these measures.

(4) See the Financial Reporting Method section on pages 6 to 12 for additional information on capital management measures.

Management's Discussion and Analysis

August 26, 2025

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). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements (the Consolidated Financial Statements) and accompanying notes for the quarter and nine-month period ended July 31, 2025 and with the audited annual consolidated financial statements for the year ended October 31, 2024 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. 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.

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Caution Regarding Forward-Looking Statements

Certain statements in this document are forward-looking statements. These 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 in the messages from management, as well as other statements about the economy, market changes, the Bank's objectives, outlook, and priorities for fiscal 2025 and beyond, the strategies or actions that the Bank will take to achieve them, expectations for the Bank's financial condition and operations, the regulatory environment in which it operates, the potential impacts of increased geopolitical uncertainty on the Bank and its clients, its environmental, social, and governance targets and commitments, the impacts and benefits of the acquisition of Canadian Western Bank (CWB), and certain risks to which the Bank is exposed. The Bank may also make forward-looking statements in other documents and regulatory filings, as well as orally. These forward-looking statements are typically identified by verbs or words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend" and "plan", the use of future or conditional forms, notably verbs such as "will", "may", "should", "could" or "would", as well as similar terms and expressions.

These forward-looking statements are intended to assist the security holders of the Bank in understanding the Bank's financial position and results of operations as at the dates indicated and for the periods then ended, 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 that the Bank deems reasonable as at the date thereof and are subject to inherent uncertainty and 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 will 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 materially from these statements due to a number of factors. Therefore, 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 materially 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 other uncertainties and potential events and the risks 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 2025, in particular in the context of increased geopolitical uncertainty, 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 allowances for credit losses. These assumptions appear in the *2024 Annual Report* in the Economic Review and Outlook section and, for each business segment, in the Economic and Market Review sections of the *2024 Annual Report* and the Economic Review and Outlook section of this document, 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 their future outcome is subject to a variety of 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 business and financial market conditions in Canada, the United States, and the other countries where the Bank operates, including recession risk; geopolitical and sociopolitical uncertainty; the measures affecting trade relations between Canada and its partners, including the imposition of tariffs and any measures taken in response to such tariffs, as well as the possible impacts on our clients, our operations and, more generally, the economy; exchange rate and interest rate fluctuations; inflation; global supply chain disruptions; higher funding costs and greater market volatility; changes to fiscal, monetary, and other public policies; regulatory oversight and changes to regulations that affect the Bank's business; the Bank's ability to successfully integrate CWB and the undisclosed costs or liability associated with the acquisition; climate change, including physical risks and risks related to the transition to a low-carbon economy; the Bank's ability to meet stakeholder expectations on environmental and social issues, the need for active and continued stakeholder engagement; the availability of comprehensive and high-quality information from customers and other third parties, including greenhouse gas emissions; the ability of the Bank to develop indicators to effectively monitor progress; the development and deployment of new technologies and sustainable products; the ability of the Bank to identify climate-related opportunities as well as to assess and manage climate-related risks; 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 ability of the Bank to recruit and retain key personnel; technological innovation, including open banking and the use of artificial intelligence; heightened competition from established companies and from competitors offering non-traditional services; model risk; changes in the performance and creditworthiness of the Bank's clients and counterparties; the Bank's exposure to significant regulatory issues or litigation; changes made to the accounting policies used by the Bank to report its financial position, including the uncertainty related to assumptions and significant accounting estimates; changes to tax legislation in the countries where the Bank operates; changes to capital and liquidity guidelines as well as to the instructions related 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; third-party risk, including failure by third parties to fulfil their obligations to the Bank; the potential impacts of disruptions to the Bank's information technology systems due to cyberattacks and theft or disclosure of data, including personal information and identity theft; the risk of fraudulent activity; and possible impacts of major events on 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; and the ability of the Bank to anticipate and successfully manage risks arising from all of the foregoing factors.

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 *2024 Annual Report* as well as in the Risk Management section of this Report to Shareholders for the third quarter of 2025 and may be updated in the quarterly reports to shareholders filed thereafter.

Acquisition

Canadian Western Bank (CWB) Acquisition

On February 3, 2025, the Bank completed the acquisition of CWB, a diversified financial services institution based in Edmonton, Alberta, in which the Bank had already been holding a 5.9% equity interest. This transaction will enable the Bank to accelerate its growth across Canada. The business combination brings together two complementary Canadian banks with growing businesses, thereby enhancing customer service by offering a full range of products and services nationwide, with a regionally focused service model.

The total consideration transferred of \$6.8 billion included \$5.3 billion for 100% of the common shares of CWB acquired by way of a share exchange at an exchange ratio of 0.450 of a common share of the National Bank for each CWB common share, other than those held by the National Bank, \$1.4 billion for the settlement of pre-existing relationships and \$0.1 billion for the issuance of replacement share-based payment awards. The fair value of the Bank's common shares issued was determined on the basis of the share price on the Toronto Stock Exchange (TSX) at closing on January 31, 2025 at a price of \$128.99 per share. At acquisition date, the Bank obtained a 100% interest in the CWB voting shares and the 5.9% previously held interest was remeasured to its fair value of \$0.3 billion. The non-controlling interest in CWB recognized at acquisition date was measured at a fair value of \$0.6 billion and represented CWB's preferred shares and Limited Recourse Capital Notes (LRCN) outstanding on that date. Total purchase consideration amounted to \$7.7 billion.

Based on the estimated fair values, the preliminary purchase price allocation, including goodwill, assigns \$45.4 billion to assets and \$37.7 billion to liabilities at acquisition date. The estimated goodwill of \$1.6 billion reflects the expected expense synergies from our Personal and Commercial and Wealth Management banking services operations, expected funding synergies, and the expected growth from the product and service platform at a national scale. Goodwill is not deductible for tax purposes.

For additional information, see Note 19 to the Consolidated Financial Statements.

The following table present the impacts of the CWB acquisition on the results of Personal and Commercial, the main segment impacted, and the Bank's consolidated results.

	Quarter ended July 31, 2025						Nine months ended July 31, 2025									
	Results			Consolidated results			Results			Consolidated results						
	Personal and Commercial	Excluding CWB	CWB impact ⁽¹⁾	Total	Excluding CWB	CWB impact ⁽¹⁾	Total	Personal and Commercial	Excluding CWB	CWB impact ⁽¹⁾	Total					
Operating results																
Net interest income		967	213	1,180		934	238	1,172		2,832	438	3,270		2,860	489	3,349
Non-interest income		254	15	269		2,231	46	2,277		769	30	799		6,840	93	6,933
Total revenues		1,221	228	1,449		3,165	284	3,449		3,601	468	4,069		9,700	582	10,282
Non-interest expenses		669	136	805		1,747	178	1,925		1,961	289	2,250		5,112	401	5,513
Income before provisions for credit losses and income taxes		552	92	644		1,418	106	1,524		1,640	179	1,819		4,588	181	4,769
Provisions for credit losses		121	13	134		190	13	203		435	287	722		715	287	1,002
Income before income taxes (recovery)		431	79	510		1,228	93	1,321		1,205	(108)	1,097		3,873	(106)	3,767
Income taxes (recovery)		119	21	140		231	25	256		332	(27)	305		836	(27)	809
Net income		312	58	370		997	68	1,065		873	(81)	792		3,037	(79)	2,958
Operating results - Adjusted⁽²⁾																
Net interest income – Adjusted		967	213	1,180		934	238	1,172		2,832	438	3,270		2,888	489	3,377
Non-interest income – Adjusted		254	15	269		2,231	46	2,277		769	30	799		6,859	93	6,952
Total revenues – Adjusted		1,221	228	1,449		3,165	284	3,449		3,601	468	4,069		9,747	582	10,329
Non-interest expenses – Adjusted		669	113	782		1,664	142	1,806		1,961	242	2,203		4,929	297	5,226
Income before provisions for credit losses and income taxes – Adjusted		552	115	667		1,501	142	1,643		1,640	226	1,866		4,818	285	5,103
Provisions for credit losses – Adjusted		121	13	134		190	13	203		435	57	492		715	57	772
Income before income taxes (recovery) – Adjusted		431	102	533		1,311	129	1,440		1,205	169	1,374		4,103	228	4,331
Income taxes (recovery) – Adjusted		119	28	147		301	35	336		332	50	382		947	64	1,011
Net income – Adjusted		312	74	386		1,010	94	1,104		873	119	992		3,156	164	3,320

(1) Refers to the impact of the CWB transaction on the results.

(2) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP financial measures.

Economic Review and Outlook

Global Economy

While the United States is still negotiating trade agreements with many countries, those that are already concluded (with Japan, Vietnam, Indonesia, the United Kingdom and the European Union) unfortunately suggest that any return to the *status quo* in international trade is not in the cards. Even those countries that have managed to reach agreements with Washington have not been able to completely eliminate the tariffs imposed on them. For all the countries concerned, higher trade barriers will lead to slower growth, all other things being equal, but we do not believe that this will be the eventual result. We think that most governments around the world will respond to any signs of weaker growth by loosening the purse strings, since this has been the reflex ever since the beginning of the pandemic. While fiscal stimulus measures may well complicate public finances by pushing up long-term yields and, by extension, the cost of servicing debt, they could nevertheless offset some of the negative impact of tariffs and keep global growth resilient.

In the U.S., the economic data have been rather disappointing. More specifically, consumption has been relatively weak since the beginning of the year. This slowdown can be attributed in part to a weakening labour market, but it also reflects the delayed effect of interest rate hikes. It should be remembered that following the pandemic, households not only relied on generous government support to increase spending, they also took advantage of extremely low borrowing costs to take on more debt. This frenzy is now coming back to haunt some consumers, particularly in areas where rate changes are passed on more quickly to debt holders, such as in advances on credit cards. And we do not expect this situation to improve significantly in the coming months, as rates are likely to remain high for the foreseeable future while inflation remains stubbornly too high. In the meanwhile, this should translate into below-potential growth. However, the situation could turn around fairly quickly in 2026, when the effects of the One Big Beautiful Bill (OBBB) will begin to be felt. According to the Wharton Business School at the University of Pennsylvania, the tax cuts and spending increases in this legislation will inject no less than \$3.2 trillion into the U.S. economy over the next decade, with a significant portion of this amount coming in the first three years. Although certain factors could dampen the impact of the OBBB on the economy, the law is still expected to stimulate significant growth in 2026 (impact of 0.5%⁽¹⁾ on annual growth). This would translate into 1.4%⁽¹⁾ growth in both 2025 and 2026.

Canadian Economy

As negotiations on a trade agreement between Canada and the United States have stalled, the U.S. government raised the tariffs on Canadian imports from 25% to 35% in August (except for energy and potash, which remain at 10%). At first glance, it might seem that the U.S. is imposing on Canada one of the highest tariff rates in the world. But this is not the case, as the rate only applies to goods that do not comply with the United States-Mexico-Canada Agreement (USMCA). Compliance has quickly improved since these tariffs were introduced, so the effective tariff rate on exports to the United States has fallen significantly. It stands at around 5% according to our calculations, with most of the exposure tied to sectoral duties, especially those on metal products and automobiles. Nevertheless, tariff uncertainty has been hobbling the economy back since the beginning of the year. The unemployment rate has risen by three-tenths of a percentage point (from 6.6% to 6.9%) since February, while the economy is on track to have contracted in the second quarter. This weakness also appears to be continuing into the third quarter. Problems are apparent in the manufacturing sector, where activity contracted significantly in July, as reflected in the S&P Global Purchasing Managers' Index (PMI). Weakness in this sector alone should not give too much cause for concern, as it now accounts for only 10% of GDP and the labour market. Unfortunately, this does not appear to be the case. Canada's Services PMI is also in contraction and stands among the weakest of the countries covered. Household spending has held up so far, but it could come under pressure. Hiring intentions are weak, and the uncertainty could prompt households to cut back on spending. In addition, despite interest rate cuts by the Bank of Canada, borrowers who need to renew their loans will see their mortgage payments increase by an average of 10% in 2025. Developments in the housing market also suggest that interest rates are probably still too high. These weaknesses are particularly apparent in the urban centers of Ontario and British Columbia. Although uncertainty over tariffs weakened the Canadian economy in the first half of the year, unfortunately this has not yet eased inflationary pressures, preventing the Bank of Canada from lowering its key interest rate further. Nevertheless, we continue to believe that further monetary easing will be necessary by the end of the year. With the labour market deteriorating, wages are showing signs of moderating, and this bodes well for inflation in the coming months. We are maintaining our economic growth forecasts at 1.3%⁽¹⁾ for 2025 and 1.1%⁽¹⁾ for 2026. The unemployment rate is expected to average 7.0%⁽¹⁾ in 2025 and 7.1%⁽¹⁾ in 2026.

Quebec Economy

Given the current uncertainty around tariffs, Quebec's economy is on track to have experienced a more pronounced contraction in the second quarter than the rest of the country. It is vulnerable to Uncle Sam's tariff salvos, partly because the province has a larger manufacturing sector (12.3% of GDP compared to 9.1% nationally), but also because it has a higher tariff rate than the country as a whole (7.6% compared to 4.9%). However, we continue to believe that the Quebec economy is well positioned to weather the challenges it currently faces. First, it is less vulnerable to sectoral shocks. Quebec is the fourth most diversified economy in North America, after Manitoba, Pennsylvania and Texas. In terms of exports, Quebec is the most diversified province. In addition, Quebec consumers have been less affected by the fight against inflation since 2022 and the resulting restrictive monetary policy, as they are less indebted due to more affordable housing prices. In fact, despite the current uncertainty, Quebec's real estate market is proving to be more resilient, particularly, when compared with Ontario and British Columbia. Quebec households have a higher savings rate than the rest of the country, which could enable them to better withstand headwinds. And the labour market is holding up well. The unemployment rate has risen slightly from its low in February (5.3%), but at 5.5%, it is still well below the national average (6.9%) and the third lowest among Canada's provinces. Our growth forecasts for Quebec are 1.1%⁽¹⁾ in 2025 and 0.9%⁽¹⁾ in 2026. With a population that is growing more slowly than in the rest of the country, Quebec is expected to continue to have one of the lowest unemployment rates in Canada, averaging 5.9%⁽¹⁾ in 2025 and 6.0%⁽¹⁾ in 2026 (compared to 7.1%⁽¹⁾ for Canada).

(1) Growth forecasts for real GDP or unemployment rate, National Bank Financial's Economics and Strategy group

Financial Reporting Method

The Bank's Consolidated Financial Statements are prepared in accordance with IFRS, as issued by the IASB and represent Canadian GAAP.

Effective November 1, 2024, the Bank discontinued taxable equivalent basis (TEB) reporting for revenues and income taxes. Using the TEB method is less relevant since the introduction of the Pillar 2 rules (global minimum tax) during the first quarter of 2025 and Bill C-59 in relation to the taxation of certain Canadian dividends during fiscal 2024. This change has no impact on net income previously disclosed. Data for the 2024 periods were adjusted to reflect this change.

On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and nine-month period ended July 31, 2025 in the Personal and Commercial, Wealth Management, and Financial Markets segments and in the *Other* heading of segment disclosures. For additional information on the impact of the CWB acquisition on the Bank's results, see the Acquisition section.

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.

The key non-GAAP financial measures used by the Bank to analyze its results are described below, and a quantitative reconciliation of these measures is presented in the tables in the Reconciliation of Non-GAAP Financial Measures section on pages 10 to 12 and in the Consolidated Results table on page 14. It should be noted that, for the quarter and the nine-month period ended July 31, 2025, as part of the CWB transaction, several acquisition-related items have been excluded from results since, in the opinion of management, they do not reflect the underlying performance of the Bank's operations, in particular, acquisition and integration charges, amortization of intangible assets related to the CWB acquisition and the income tax recovery related to a change in tax treatment. In addition, for the nine-month period ended July 31, 2025, the amortization of subscription receipt issuance costs, the gain resulting from the remeasurement at fair value of the CWB common shares already held by the Bank, the loss resulting from the impact of managing fair value changes and the initial provisions for credit losses on non-impaired loans acquired from CWB were excluded from the results. For the quarter and nine-month period ended July 31, 2024, several acquisition-related items had been excluded from results (in particular, the amortization of the subscription receipt issuance costs, the gain resulting from the remeasurement at fair value of the CWB common shares already held by the Bank, the loss resulting from the impact of managing fair value changes and acquisition and integration charges).

Adjusted Net Interest Income

This item represents net interest income excluding specified items. Specified items 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.

Adjusted Non-Interest Income

This item represents non-interest income excluding specified items. Specified items 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.

Adjusted Total Revenues

This item represents total revenues excluding specified items. It consists of adjusted net interest income and adjusted non-interest income. Specified items 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. Specified items 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 excluding specified items. It also represents the difference between adjusted total revenues and adjusted non-interest expenses. Specified items 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 Provisions for Credit Losses

This item represents provisions for credit losses excluding specified items. Specified items are excluded so that provisions for credit losses 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 (Recovery)

This item represents income taxes excluding income taxes (recovery) on specified items.

Adjusted Net Income

This item represents net income excluding specified items. Specified items 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. Specified items 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. Specified items 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. Specified items 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, and a quantitative reconciliation of these non-GAAP financial measures is presented on page 7 of the document entitled *Supplementary Financial Information – Third Quarter 2025* available on the Bank's website at nbc.ca.

Adjusted Non-Trading Net Interest Income

This item represents non-trading net interest income excluding specified items. 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 financial liabilities, and is used to calculate adjusted non-trading net interest margin. Specified items are excluded so that adjusted non-trading 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.

Net Interest Income Related to Trading Activities

This item represents net interest income related to trading activities which 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.

Non-Interest Income Related to Trading Activities

This item represents non-interest income related to trading activities which 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.

Trading Activity Revenues

This item represents trading activity revenues which comprise dividends related to financial assets and financial 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.

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 Average Assets (ROA)

This item represents ROA excluding specified items. It is adjusted net income expressed as a percentage of average assets. This ratio is used to measure the Bank's efficiency in using all its assets to generate profits. Specified items are excluded so that ROA can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

Adjusted Return on Common Shareholders' Equity (ROE)

This item represents ROE excluding specified items. 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 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. 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 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 excluding specified items. 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. Specified items are excluded so that the operating leverage 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 excluding specified items. The ratio represents adjusted non-interest expenses expressed as a percentage of adjusted total revenues. It measures the efficiency of the Bank's operations. Specified items 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 excluding specified items. It is calculated by dividing adjusted non-trading net interest income by average non-trading interest-bearing assets. This ratio is a measure of the profitability of non-trading activities. Specified items are excluded so that the net interest margin, non-trading can be better evaluated by excluding items that management believes do not reflect the underlying financial performance of the Bank's operations.

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 53 to 56 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 do not prescribe any particular calculation method. These measures are calculated using various guidelines and advisories issued by the Office of the Superintendent of Financial Institutions (Canada) (OSFI), which are based on the standards, recommendations, and best practices of the Basel Committee on Banking Supervision (BCBS), as presented in the following table.

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

Reconciliation of Non-GAAP Financial Measures

Presentation of Results – Adjusted

(millions of Canadian dollars)

Quarter ended July 31

						2025 ⁽¹⁾	2024 ⁽²⁾
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Operating results							
Net interest income	1,180	235	(598)	369	(14)	1,172	769
Non-interest income	269	576	1,375	33	24	2,277	2,227
Total revenues	1,449	811	777	402	10	3,449	2,996
Non-interest expenses	805	477	347	135	161	1,925	1,541
Income before provisions for credit losses and income taxes	644	334	430	267	(151)	1,524	1,455
Provisions for credit losses	134	1	24	42	2	203	149
Income before income taxes (recovery)	510	333	406	225	(153)	1,321	1,306
Income taxes (recovery)	140	89	72	47	(92)	256	273
Net income	370	244	334	178	(61)	1,065	1,033
Items that have an impact on results							
Net interest income							
Amortization of the subscription receipt issuance costs ⁽³⁾	–	–	–	–	–	–	(5)
Impact on net interest income	–	–	–	–	–	–	(5)
Non-interest income							
Gain on the fair value remeasurement of an equity interest ⁽⁴⁾	–	–	–	–	–	–	120
Management of the fair value changes related to the CWB acquisition ⁽⁵⁾	–	–	–	–	–	–	(7)
Impact on non-interest income	–	–	–	–	–	–	113
Non-interest expenses							
CWB acquisition and integration charges ⁽⁶⁾	–	–	–	–	94	94	7
Amortization of intangible assets related to the CWB acquisition ⁽⁷⁾	23	2	–	–	–	25	–
Impact on non-interest expenses	23	2	–	–	94	119	7
Income taxes							
Income taxes on the amortization of the subscription receipt issuance costs ⁽³⁾	–	–	–	–	–	–	(2)
Income taxes on the gain on the fair value remeasurement of an equity interest ⁽⁴⁾	–	–	–	–	–	–	34
Income taxes on management of the fair value changes related to the CWB acquisition ⁽⁵⁾	–	–	–	–	–	–	(2)
Income taxes on the CWB acquisition and integration charges ⁽⁶⁾	–	–	–	–	(26)	(26)	(2)
Income taxes on the amortization of intangible assets related to the CWB acquisition ⁽⁷⁾	(7)	–	–	–	–	(7)	–
Income tax recovery related to a change in tax treatment ⁽⁸⁾	–	–	–	–	(47)	(47)	–
Impact on income taxes	(7)	–	–	–	(73)	(80)	28
Impact on net income	(16)	(2)	–	–	(21)	(39)	73
Operating results – Adjusted							
Net interest income – Adjusted	1,180	235	(598)	369	(14)	1,172	774
Non-interest income – Adjusted	269	576	1,375	33	24	2,277	2,114
Total revenues – Adjusted	1,449	811	777	402	10	3,449	2,888
Non-interest expenses – Adjusted	782	475	347	135	67	1,806	1,534
Income before provisions for credit losses and income taxes – Adjusted	667	336	430	267	(57)	1,643	1,354
Provisions for credit losses – Adjusted	134	1	24	42	2	203	149
Income before income taxes (recovery) – Adjusted	533	335	406	225	(59)	1,440	1,205
Income taxes (recovery) – Adjusted	147	89	72	47	(19)	336	245
Net income – Adjusted	386	246	334	178	(40)	1,104	960

- On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
- Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
- During the quarter ended July 31, 2024, the Bank recorded an amount of \$5 million (\$3 million net of income taxes) to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (for additional information, see Notes 8 and 10 to the Consolidated Financial Statements).
- During the quarter ended July 31, 2024, the Bank recorded a gain of \$120 million (\$86 million net of income taxes) upon the remeasurement at fair value of the interest already held in CWB.
- During the quarter ended July 31, 2024, the Bank recorded a mark-to-market loss of \$7 million (\$5 million net of income taxes) on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that result in volatility of goodwill and capital on closing of the transaction.
- During the quarter ended July 31, 2025, the Bank recorded acquisition and integration charges of \$94 million (\$68 million net of income taxes) (2024: \$7 million, \$5 million net of income taxes) related to the CWB transaction.
- During the quarter ended July 31, 2025, the Bank recorded an amount of \$25 million (\$18 million net of income taxes) to reflect the amortization of intangible assets related to the CWB acquisition.
- During the quarter ended July 31, 2025, income tax recovery of \$47 million was recorded due to a change in tax treatment related to unrealized gains recognized in fiscal 2024 and in the first quarter of 2025 from the remeasurement at fair value of the interest already held by the Bank in CWB.

(millions of Canadian dollars)

Nine months ended July 31

						2025 ⁽¹⁾	2024 ⁽²⁾
	Personal and Commercial	Wealth Management	Financial Markets	USF&I	Other	Total	Total
Operating results							
Net interest income	3,270	692	(1,612)	1,095	(96)	3,349	2,155
Non-interest income	799	1,686	4,397	102	(51)	6,933	6,301
Total revenues	4,069	2,378	2,785	1,197	(147)	10,282	8,456
Non-interest expenses	2,250	1,394	1,117	375	377	5,513	4,462
Income before provisions for credit losses and income taxes	1,819	984	1,668	822	(524)	4,769	3,994
Provisions for credit losses	722	2	124	152	2	1,002	407
Income before income taxes (recovery)	1,097	982	1,544	670	(526)	3,767	3,587
Income taxes (recovery)	305	264	292	140	(192)	809	726
Net income	792	718	1,252	530	(334)	2,958	2,861
Items that have an impact on results							
Net interest income							
Amortization of the subscription receipt issuance costs ⁽³⁾	-	-	-	-	(28)	(28)	(5)
Impact on net interest income	-	-	-	-	(28)	(28)	(5)
Non-interest income							
Gain on the fair value remeasurement of an equity interest ⁽⁴⁾	-	-	-	-	4	4	120
Management of the fair value changes related to the CWB acquisition ⁽⁵⁾	-	-	-	-	(23)	(23)	(7)
Impact on non-interest income	-	-	-	-	(19)	(19)	113
Non-interest expenses							
CWB acquisition and integration charges ⁽⁶⁾	1	3	-	-	234	238	7
Amortization of intangible assets related to the CWB acquisition ⁽⁷⁾	46	3	-	-	-	49	-
Impact on non-interest expenses	47	6	-	-	234	287	7
Provisions for credit losses							
Initial provisions for credit losses on non-impaired loans acquired from CWB ⁽⁸⁾	230	-	-	-	-	230	-
Impact on provisions for credit losses	230	-	-	-	-	230	-
Income taxes							
Income taxes on the amortization of the subscription receipt issuance costs ⁽³⁾	-	-	-	-	(8)	(8)	(2)
Income taxes on the gain on the fair value remeasurement of an equity interest ⁽⁴⁾	-	-	-	-	1	1	34
Income taxes on management of the fair value changes related to the CWB acquisition ⁽⁵⁾	-	-	-	-	(6)	(6)	(2)
Income taxes on the CWB acquisition and integration charges ⁽⁶⁾	-	(1)	-	-	(64)	(65)	(2)
Income taxes on the amortization of intangible assets related to the CWB acquisition ⁽⁷⁾	(13)	-	-	-	-	(13)	-
Income taxes on initial provisions for credit losses on non-impaired loans acquired from CWB ⁽⁸⁾	(64)	-	-	-	-	(64)	-
Income tax recovery related to a change in tax treatment ⁽⁹⁾	-	-	-	-	(47)	(47)	-
Impact on income taxes	(77)	(1)	-	-	(124)	(202)	28
Impact on net income	(200)	(5)	-	-	(157)	(362)	73
Operating results – Adjusted							
Net interest income – Adjusted	3,270	692	(1,612)	1,095	(68)	3,377	2,160
Non-interest income – Adjusted	799	1,686	4,397	102	(32)	6,952	6,188
Total revenues – Adjusted	4,069	2,378	2,785	1,197	(100)	10,329	8,348
Non-interest expenses – Adjusted	2,203	1,388	1,117	375	143	5,226	4,455
Income before provisions for credit losses and income taxes – Adjusted	1,866	990	1,668	822	(243)	5,103	3,893
Provisions for credit losses – Adjusted	492	2	124	152	2	772	407
Income before income taxes (recovery) – Adjusted	1,374	988	1,544	670	(245)	4,331	3,486
Income taxes (recovery) – Adjusted	382	265	292	140	(68)	1,011	698
Net income – Adjusted	992	723	1,252	530	(177)	3,320	2,788

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(2) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

(3) During the nine-month period ended July 31, 2025, the Bank recorded an amount of \$28 million (\$20 million net of income taxes) to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (2024: \$5 million, \$3 million net of income taxes). For additional information, see Notes 8 and 10 to the Consolidated Financial Statements.

(4) During the nine-month period ended July 31, 2025, the Bank recorded a gain of \$4 million upon the remeasurement at fair value of the interest already held in CWB (2024: \$120 million, \$86 million net of income taxes).

(5) During the nine-month period ended July 31, 2025, the Bank recorded a mark-to-market loss of \$23 million (\$17 million net of income taxes) on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that resulted in volatility of goodwill and capital on closing of the transaction (2024: \$7 million, \$5 million net of income taxes).

(6) During the nine-month period ended July 31, 2025, the Bank recorded acquisition and integration charges of \$238 million (\$173 million net of income taxes) related to the CWB transaction (2024: \$7 million, \$5 million net of income taxes).

(7) During the nine-month period ended July 31, 2025, the Bank recorded an amount of \$49 million (\$36 million net of income taxes) to reflect the amortization of intangible assets related to the CWB acquisition.

- (8) During the nine-month period ended July 31, 2025, the Bank recorded initial provisions for credit losses on non-impaired loans acquired from CWB of \$230 million (\$166 million net of income taxes).
- (9) During the nine-month period ended July 31, 2025, income tax recovery of \$47 million was recorded due to a change in tax treatment related to unrealized gains recognized in fiscal 2024 and in the first quarter of 2025 from the remeasurement at fair value of the interest already held by the Bank in CWB.

Presentation of Basic and Diluted Earnings Per Share – Adjusted

(Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2025 ⁽¹⁾	2024	% Change	2025 ⁽¹⁾	2024	% Change
Basic earnings per share	\$ 2.61	\$ 2.92	(11)	\$ 7.58	\$ 8.09	(6)
Amortization of the subscription receipt issuance costs ⁽²⁾	–	0.01		0.05	0.01	
Gain on the fair value remeasurement of an equity interest ⁽³⁾	–	(0.25)		(0.01)	(0.25)	
Management of the fair value changes related to the CWB acquisition ⁽⁴⁾	–	0.01		0.05	0.01	
CWB acquisition and integration charges ⁽⁵⁾	0.17	0.02		0.46	0.02	
Amortization of intangible assets related to the CWB acquisition ⁽⁶⁾	0.05	–		0.10	–	
Initial provisions for credit losses on non-impaired loans acquired from CWB ⁽⁷⁾	–	–		0.44	–	
Income tax recovery related to a change in tax treatment ⁽⁸⁾	(0.12)	–		(0.12)	–	
Basic earnings per share – Adjusted	\$ 2.71	\$ 2.71	–	\$ 8.55	\$ 7.88	9
Diluted earnings per share	\$ 2.58	\$ 2.89	(11)	\$ 7.50	\$ 8.03	(7)
Amortization of the subscription receipt issuance costs ⁽²⁾	–	0.01		0.05	0.01	
Gain on the fair value remeasurement of an equity interest ⁽³⁾	–	(0.25)		(0.01)	(0.25)	
Management of the fair value changes related to the CWB acquisition ⁽⁴⁾	–	0.01		0.05	0.01	
CWB acquisition and integration charges ⁽⁵⁾	0.17	0.02		0.46	0.02	
Amortization of intangible assets related to the CWB acquisition ⁽⁶⁾	0.05	–		0.10	–	
Initial provisions for credit losses on non-impaired loans acquired from CWB ⁽⁷⁾	–	–		0.44	–	
Income tax recovery related to a change in tax treatment ⁽⁸⁾	(0.12)	–		(0.13)	–	
Diluted earnings per share – Adjusted	\$ 2.68	\$ 2.68	–	\$ 8.46	\$ 7.82	8

- (1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and the nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
- (2) During the nine-month period ended July 31, 2025, the Bank recorded an amount of \$28 million (\$20 million net of income taxes) to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (for additional information, see Notes 8 and 10 to the Consolidated Financial Statements). For the quarter and the nine-month period ended July 31, 2024, this amount was \$5 million (\$3 million net of income taxes).
- (3) During the nine-month period ended July 31, 2025, the Bank recorded a gain of \$4 million upon the remeasurement at fair value of the interest already held in CWB. For the quarter and nine-month period ended July 31, 2024, the Bank recorded a gain of \$120 million (\$86 million net of income taxes).
- (4) During the nine-month period ended July 31, 2025, the Bank recorded a mark-to-market loss of \$23 million (\$17 million net of income taxes) on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that resulted in volatility of goodwill and capital on closing of the transaction. For the quarter and the nine-month period ended July 31, 2024, the loss totalled \$7 million (\$5 million net of income taxes).
- (5) During the quarter ended July 31, 2025, the Bank recorded acquisition and integration charges of \$94 million (\$68 million net of income taxes) related to the CWB transaction. For the nine-month period ended July 31, 2025, these charges are \$238 million (\$173 million net of income taxes) and for the quarter and the nine-month period ended July 31, 2024, these charges were \$7 million (\$5 million net of income taxes).
- (6) During the quarter ended July 31, 2025, the Bank recorded an amount of \$25 million (\$18 million net of income taxes) to reflect the amortization of intangible assets related to the CWB acquisition. For the nine-month period ended July 31, 2025, these charges are \$49 million (\$36 million net of income taxes).
- (7) During the nine-month period ended July 31, 2025, the Bank recorded initial provisions for credit losses on non-impaired loans acquired from CWB of \$230 million (\$166 million net of income taxes).
- (8) During the quarter and the nine-month period ended July 31, 2025, income tax recovery of \$47 million was recorded due to a change in tax treatment related to unrealized gains recognized in fiscal 2024 and in the first quarter of 2025 from the remeasurement at fair value of the interest already held by the Bank in CWB.

Highlights

(millions of Canadian dollars, except per share amounts)	Quarter ended July 31			Nine months ended July 31		
	2025 ⁽¹⁾	2024 ⁽²⁾	% Change	2025 ⁽¹⁾	2024 ⁽²⁾	% Change
Operating results						
Total revenues	3,449	2,996	15	10,282	8,456	22
Income before provisions for credit losses and income taxes	1,524	1,455	5	4,769	3,994	19
Net income	1,065	1,033	3	2,958	2,861	3
Return on common shareholders' equity ⁽³⁾	13.6 %	18.4 %		13.8 %	17.5 %	
Operating leverage ⁽³⁾	(9.8) %	10.5 %		(2.0) %	5.4 %	
Efficiency ratio ⁽³⁾	55.8 %	51.4 %		53.6 %	52.8 %	
Earnings per share						
Basic	\$ 2.61	\$ 2.92	(11)	\$ 7.58	\$ 8.09	(6)
Diluted	\$ 2.58	\$ 2.89	(11)	\$ 7.50	\$ 8.03	(7)
Operating results – Adjusted⁽⁴⁾						
Total revenues – Adjusted ⁽⁴⁾	3,449	2,888	19	10,329	8,348	24
Income before provisions for credit losses and income taxes – Adjusted ⁽⁴⁾	1,643	1,354	21	5,103	3,893	31
Net income – Adjusted ⁽⁴⁾	1,104	960	15	3,320	2,788	19
Return on common shareholders' equity – Adjusted ⁽⁵⁾	14.1 %	17.0 %		15.6 %	17.0 %	
Operating leverage – Adjusted ⁽⁵⁾	1.7 %	9.2 %		6.4 %	4.9 %	
Efficiency ratio – Adjusted ⁽⁵⁾	52.4 %	53.1 %		50.6 %	53.4 %	
Diluted earnings per share – Adjusted ⁽⁴⁾	\$ 2.68	\$ 2.68	–	\$ 8.46	\$ 7.82	8
Common share information						
Dividends declared	\$ 1.18	\$ 1.10	7	\$ 3.46	\$ 3.22	7
Book value ⁽³⁾	\$ 77.20	\$ 64.64		\$ 77.20	\$ 64.64	
Share price						
High	\$ 144.96	\$ 118.17		\$ 144.96	\$ 118.17	
Low	\$ 121.09	\$ 106.21		\$ 107.01	\$ 86.50	
Close	\$ 144.13	\$ 115.48		\$ 144.13	\$ 115.48	
Number of common shares (thousands)	391,967	340,523		391,967	340,523	
Market capitalization	56,494	39,324		56,494	39,324	

(millions of Canadian dollars)	As at July 31, 2025 ⁽¹⁾	As at October 31, 2024	% Change
Balance sheet and off-balance-sheet			
Total assets	552,621	462,226	20
Loans, net of allowances	292,743	243,032	20
Deposits	402,286	333,545	21
Equity attributable to common shareholders	30,261	22,400	35
Assets under administration ⁽³⁾	817,718	766,082	7
Assets under management ⁽³⁾	183,182	155,900	17
Regulatory ratios under Basel III⁽⁶⁾			
Capital ratios			
Common Equity Tier 1 (CET1)	13.9 %	13.7 %	
Tier 1	15.6 %	15.9 %	
Total	17.8 %	17.0 %	
Leverage ratio	4.7 %	4.4 %	
TLAC ratio ⁽⁶⁾	30.0 %	31.2 %	
TLAC leverage ratio ⁽⁶⁾	9.0 %	8.6 %	
Liquidity coverage ratio (LCR) ⁽⁶⁾	161 %	150 %	
Net stable funding ratio (NSFR) ⁽⁶⁾	123 %	122 %	
Other information			
Number of employees – Worldwide (full-time equivalent)	32,836	29,196	12
Number of branches in Canada	393	368	7
Number of banking machines in Canada	952	940	1

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and the nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(2) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

(3) See the Glossary section on pages 53 to 56 for details on the composition of these measures.

(4) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP financial measures.

(5) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP ratios.

(6) See the Financial Reporting Method section on pages 6 to 12 for additional information on capital management measures.

Financial Analysis

Consolidated Results

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2025 ⁽¹⁾	2024 ⁽²⁾	% Change	2025 ⁽¹⁾	2024 ⁽²⁾	% Change
Operating results						
Net interest income	1,172	769	52	3,349	2,155	55
Non-interest income	2,277	2,227	2	6,933	6,301	10
Total revenues	3,449	2,996	15	10,282	8,456	22
Non-interest expenses	1,925	1,541	25	5,513	4,462	24
Income before provisions for credit losses and income taxes	1,524	1,455	5	4,769	3,994	19
Provisions for credit losses	203	149	36	1,002	407	
Income before income taxes	1,321	1,306	1	3,767	3,587	5
Income taxes	256	273	(6)	809	726	11
Net income	1,065	1,033	3	2,958	2,861	3
Diluted earnings per share (<i>dollars</i>)	2.58	2.89	(11)	7.50	8.03	(7)
Specified items⁽³⁾						
Amortization of the subscription receipt issuance costs	–	(5)		(28)	(5)	
Gain on the fair value remeasurement of an equity interest	–	120		4	120	
Management of the fair value changes related to the CWB acquisition	–	(7)		(23)	(7)	
CWB acquisition and integration charges	(94)	(7)		(238)	(7)	
Amortization of intangible assets related to the CWB acquisition	(25)	–		(49)	–	
Initial provisions for credit losses on non-impaired loans acquired from CWB	–	–		(230)	–	
Specified items before income taxes	(119)	101		(564)	101	
Income tax recovery related to a change in tax treatment	(47)	–		(47)	–	
Income taxes related to specified items	(33)	28		(155)	28	
Specified items after income taxes	(39)	73		(362)	73	
Operating results – Adjusted⁽³⁾						
Net interest income – Adjusted	1,172	774	51	3,377	2,160	56
Non-interest income – Adjusted	2,277	2,114	8	6,952	6,188	12
Total revenues – Adjusted	3,449	2,888	19	10,329	8,348	24
Non-interest expenses – Adjusted	1,806	1,534	18	5,226	4,455	17
Income before provisions for credit losses and income taxes – Adjusted	1,643	1,354	21	5,103	3,893	31
Provisions for credit losses – Adjusted	203	149	36	772	407	90
Income before income taxes – Adjusted	1,440	1,205	20	4,331	3,486	24
Income taxes – Adjusted	336	245	37	1,011	698	45
Net income – Adjusted	1,104	960	15	3,320	2,788	19
Diluted earnings per share – Adjusted (<i>dollars</i>)	2.68	2.68	–	8.46	7.82	8
Average assets ⁽⁴⁾	567,070	461,504	23	535,396	453,054	18
Average loans ⁽⁴⁾⁽⁵⁾	288,309	236,990	22	272,486	232,288	17
Average deposits ⁽⁴⁾	404,700	319,246	27	384,304	309,765	24
Operating leverage ⁽⁶⁾	(9.8) %	10.5 %		(2.0) %	5.4 %	
Operating leverage – Adjusted ⁽⁷⁾	1.7 %	9.2 %		6.4 %	4.9 %	
Efficiency ratio ⁽⁶⁾	55.8 %	51.4 %		53.6 %	52.8 %	
Efficiency ratio – Adjusted ⁽⁷⁾	52.4 %	53.1 %		50.6 %	53.4 %	

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and the nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(2) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

(3) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP financial measures.

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

(5) Including customers' liability under acceptances for the quarter and the nine-month period ended July 31, 2024.

(6) See the Glossary section on pages 53 to 56 for details on the composition of these measures.

(7) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP ratios.

Financial Results

For the third quarter of 2025, the Bank is reporting net income of \$1,065 million, up 3% from \$1,033 million in the third quarter of 2024. Diluted earnings per share stood at \$2.58 in the third quarter of 2025 compared to \$2.89 for the third quarter of 2024. Excluding specified items recorded in the third quarters of 2025 and 2024 related to the acquisition of CWB, adjusted net income stood at \$1,104 million, up 15% from \$960 million in the corresponding quarter of 2024. Adjusted diluted earnings per share stood at \$2.68, stable compared to the corresponding quarter of 2024.

For the nine-month period ended July 31, 2025, the Bank's net income totalled \$2,958 million, up 3% from \$2,861 million for the corresponding period in 2024. Diluted earnings per share stood at \$7.50 for the nine-month period ended July 31, 2025, versus \$8.03 for the corresponding period in 2024, the decrease being attributable to the common shares issued as part of the acquisition of CWB. Excluding specified items, adjusted net income for the nine-month period ended July 31, 2025 totalled \$3,320 million, up 19% from \$2,788 million for the nine-month period ended July 31, 2024, and adjusted diluted earnings per share stood at \$8.46, up 8% from \$7.82 for the nine-month period ended July 31, 2024, driven by good performance in all of the business segments.

Return on common shareholders' equity was 13.8% for the nine-month period ended July 31, 2025, compared to 17.5% in the corresponding period of 2024.

Total Revenues

For the third quarter of 2025, the Bank's total revenues amounted to \$3,449 million, up \$453 million or 15% compared to the corresponding quarter of 2024, of which the inclusion of CWB drove a 9% increase. In the Personal and Commercial segment, total revenues rose due to the inclusion of CWB revenues, growth in personal and commercial loans and deposits (including the transition from bankers' acceptances to loans referencing the Canadian Overnight Repo Rate Average (CORRA)), which more than offset the impact of a lower net interest margin, as well as to the increase in internal commission revenues related to the distribution of Wealth Management products. These increases were partly offset by lower credit fees related to the transition of bankers' acceptances to CORRA loans and revenues related to merger and acquisition activities. The growth in total revenues in the Wealth Management segment was mainly attributable to increases in fee-based revenues, notably revenues from investment management and trust service fees, as well as mutual fund revenues. This growth was also due to an increase in net interest income and securities brokerage commissions, which was driven by an increase in client activity. Total revenues for the Financial Markets segment for the third quarter of 2025 increased by 13% compared to the third quarter of 2024 as a result of higher corporate and investment banking revenues. In the USSF&I segment, total revenues were up 11% compared to the third quarter of 2024 as a result of revenue growth at the ABA Bank subsidiary, stemming from business growth, and dividend income recorded in the third quarter of 2025 on an investment in a financial group. Total revenues for the *Other* heading were lower in the third quarter of 2025 than in the corresponding quarter of 2024, due to a \$120 million gain recorded in the third quarter of 2024 in gains on non-trading securities as a result of the remeasurement at fair value of the interest in CWB already held by the Bank, partly offset by a higher contribution from Treasury activities and the inclusion of CWB's revenues.

For the nine-month period ended July 31, 2025, the Bank's total revenues amounted to \$10,282 million, compared to \$8,456 million in the corresponding period of 2024, an increase of \$1,826 million or 22%, of which the inclusion of CWB drove an increase of \$582 million or 7%. Total revenues for the Financial Markets segment were up \$768 million, or 38%, compared to the corresponding period in 2024, mainly due to significant growth in global markets revenues. In the Personal and Commercial segment, total revenues rose \$586 million or 17%, mainly driven by the inclusion of CWB which contributed \$468 million to the segment's total revenues. The remaining increase is explained by the increase in net interest income arising from growth in loans and deposits (including the transition of bankers' acceptances to CORRA loans), partly offset by a decrease in the net interest margin, as well as growth in internal commission revenues related to the distribution of Wealth Management products. These increases were partly offset by a decrease in revenues from bankers' acceptances and revenues related to merger and acquisition activities. The increase in total revenues in the Wealth Management segment was mainly due to increases from fee-based revenues, notably revenues from investment management and trust service fees, as well as mutual fund revenues as a result of growth in assets under administration and under management. The growth was also attributable to the rise in net interest income and securities brokerage commissions, which was driven by an increase in client activity. In the USSF&I segment, total revenues rose 15% compared to the nine-month period ended July 31, 2024, which was driven by revenue growth at the ABA Bank subsidiary stemming from business growth and revenue growth at Credigy. For the nine-month period ended July 31, 2025, total revenues in the *Other* heading were lower than in the corresponding period in 2024, mainly due to a \$120 million gain recorded in the third quarter of 2024 as a result of the remeasurement at fair value of the interest in CWB already held by the Bank and the unfavourable impact of specified items related to the acquisition of CWB recorded during the nine-month period ended July 31, 2025. These items were partly offset by a higher contribution from Treasury activities and the inclusion of CWB's revenues. Excluding specified items, adjusted total revenues amounted to \$10,329 million in the nine-month period ended July 31, 2025, up 24% from \$8,348 million recorded in the corresponding period of 2024.

Non-Interest Expenses

For the third quarter of 2025, non-interest expenses stood at \$1,925 million, up \$384 million or 25% from the corresponding quarter of 2024, of which \$178 million or 12% was attributable to the inclusion of CWB. Compensation and employee benefits were higher than in the third quarter of 2024 owing to salary growth as well as higher variable compensation related to revenue growth. Occupancy expenses, including depreciation expense, were up compared to the third quarter of 2024, due to the inclusion of CWB, expenses related to the Bank's new head office building and the expansion of the banking network at the ABA Bank subsidiary. The increase in technology expenses, including depreciation expense, is attributable to investments made to support the Bank's technological evolution and business development plan. Professional fees rose, notably due to expenses related to the acquisition and integration of CWB recorded during the third quarter of 2025. Communication expenses were also higher compared to the corresponding quarter of 2024. The increase in other expenses was mainly due to the amortization of intangible assets related to the CWB acquisition. Excluding specified items related to the CWB acquisition, adjusted non-interest expenses stood at \$1,806 million in the third quarter of 2025, up 18% from \$1,534 million in the corresponding quarter of 2024, of which 9% stems from the inclusion of CWB.

For the nine-month period ended July 31, 2025, non-interest expenses totalled \$5,513 million, up 24% compared to the corresponding period in 2024, partly due to the inclusion of CWB, which explained a 9% increase. The growth in non-interest expenses was essentially due to the same reasons provided above for the quarter. In addition, a \$22 million reversal of the provision for property taxes related to the Bank's new head office recorded during the second quarter of 2025 explains the change in occupancy expenses. Specified items recorded in non-interest expense stood at \$287 million for the nine-month period ended July 31, 2025 compared to \$7 million for the nine-month period ended July 31, 2024. Adjusted non-interest expenses were \$5,226 million for the nine-month period ended July 31, 2025, a 17% increase from \$4,455 million for the corresponding period in 2024, of which 7% stems from the inclusion of CWB.

Provisions for Credit Losses

For the third quarter of 2025, the Bank recorded provisions for credit losses of \$203 million compared to \$149 million in the corresponding quarter of 2024. Provisions for credit losses on non-impaired loans were up \$26 million compared to the third quarter of 2024, mainly due to loan portfolio growth, the effects of the migration of credit risk, which were less favourable in the third quarter of 2025, and the recalibration of certain risk parameters. These increases were partly offset by the impact related to updated macroeconomic scenarios, which was more favourable than in the corresponding quarter of 2024, and reduced uncertainties surrounding the imposition of tariffs. In addition, provisions for credit losses on impaired loans excluding Credigy's purchased or originated credit-impaired (POCI) loans⁽¹⁾ rose \$28 million compared to the third quarter of 2024. This increase was attributable to Personal Banking (including credit card receivables) and Commercial Banking (including CWB), partly offset by a decrease in the provisions for credit losses on impaired loans in the Financial Markets segment.

For the nine-month period ended July 31, 2025, the Bank's provisions for credit losses totalled \$1,002 million compared to \$407 million in the corresponding period in 2024. This significant increase stemmed in part from initial provisions for credit losses of \$230 million recorded on non-impaired loans acquired from CWB. In addition, the increase was due to higher provisions for credit losses on non-impaired loans, mainly due to the recalibration of certain risk parameters, uncertainties surrounding the imposition of new tariffs and the impact related to updated macroeconomic scenarios, which was less favourable than in the corresponding period in 2024. Provisions for credit losses on impaired loans excluding Credigy's POCI loans⁽¹⁾ increased due to Personal Banking (including credit card receivables) and Commercial Banking, the Financial Markets segment and the Credigy and ABA Bank subsidiaries. In addition, the Credigy subsidiary recorded provisions for credit losses on POCI loans of \$13 million during the nine-month period ended July 31, 2025 compared to \$8 million during the corresponding period of 2024, an increase explained by the remeasurement of certain portfolios.

Income Taxes

For the third quarter of 2025, income taxes stood at \$256 million compared to \$273 million in the corresponding quarter of 2024. The 2025 third-quarter effective income tax rate was 19% compared to 21% in the corresponding quarter of 2024. This was mainly due to the recognition of a one-time tax recovery related to a change in tax treatment, partly offset by the impact of applying the Pillar 2 rules (for additional information, see the Income Taxes section).

For the nine-month period ended July 31, 2025, the effective income tax rate stood at 21% compared to 20% in the corresponding nine-month period of 2024. The change in effective income tax rate was due to the same reasons as those mentioned for the quarter and a lower level of tax-exempt income for the nine-month period ended July 31, 2025.

(1) See the Glossary section on pages 53 to 56 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 disclosures. Each business segment is distinguished by services offered, type of clientele, and marketing strategy.

Personal and Commercial

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2025 ⁽¹⁾	2024	% Change	2025 ⁽¹⁾	2024	% Change
Operating results						
Net interest income	1,180	913	29	3,270	2,653	23
Non-interest income	269	285	(6)	799	830	(4)
Total revenues	1,449	1,198	21	4,069	3,483	17
Non-interest expenses	805	615	31	2,250	1,842	22
Income before provisions for credit losses and income taxes	644	583	10	1,819	1,641	11
Provisions for credit losses	134	79	70	722	239	
Income before income taxes	510	504	1	1,097	1,402	(22)
Income taxes	140	138	1	305	386	(21)
Net income	370	366	1	792	1,016	(22)
Less: Specified items after income taxes ⁽²⁾	(16)	–		(200)	–	
Net income – Adjusted⁽²⁾	386	366	5	992	1,016	(2)
Net interest margin ⁽³⁾	2.25 %	2.31 %		2.27 %	2.34 %	
Average interest-bearing assets ⁽³⁾	208,107	157,327	32	192,266	151,376	27
Average assets ⁽⁴⁾	211,499	160,666	32	195,193	157,483	24
Average loans ⁽⁴⁾⁽⁵⁾	207,887	159,142	31	191,648	155,849	23
Net impaired loans ⁽³⁾	1,326	465		1,326	465	
Net impaired loans as a % of total loans and acceptances ⁽³⁾	0.6 %	0.3 %		0.7 %	0.3 %	
Average deposits ⁽⁴⁾	109,093	91,906	19	102,689	89,936	14
Efficiency ratio ⁽³⁾	55.6 %	51.3 %		55.3 %	52.9 %	
Efficiency ratio – Adjusted ⁽⁶⁾	54.0 %	51.3 %		54.1 %	52.9 %	

- (1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and the nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
- (2) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP financial measures. During the quarter and nine-month period ended July 31, 2025, the Bank recorded several items related to the CWB acquisition, including amortization of intangible assets of \$16 million net of income taxes (\$33 million net of income taxes for the nine-month period ended July 31, 2025). In addition, for the nine-month period ended July 31, 2025, the Bank recorded acquisition and integration charges of \$1 million and initial provisions for credit losses of \$166 million net of income taxes recorded on non-impaired loans acquired from CWB.
- (3) See the Glossary section on pages 53 to 56 for details on the composition of these measures.
- (4) Represents an average of the daily balances for the period.
- (5) Including customers' liability under acceptances for the quarter and nine-month period ended July 31, 2024.
- (6) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP ratios.

In the Personal and Commercial segment, net income totalled \$370 million in the third quarter of 2025, up 1% from \$366 million in the corresponding quarter of 2024. The increase in the segment's total revenues was partly offset by higher non-interest expenses (including specified items recorded in the third quarter of 2025) and provisions for credit losses. Adjusted net income was \$386 million, up 5% from the same quarter in 2024. The 29% increase in net interest income in the third quarter of 2025 was driven in part by the inclusion of CWB, which contributed to a 23% increase, as well as by growth in personal and commercial loans and deposits (including the transition of bankers' acceptances to loans at the CORRA rate), which more than offset the impact of a lower net interest margin. In addition, non-interest income decreased by 6% compared to the corresponding quarter in 2024.

Personal Banking's total revenues increased by \$50 million compared to the third quarter of 2024. This increase was driven by growth in loans and deposits, partly offset by a narrower margin on deposits, the increase in internal commission revenues related to the distribution of Wealth Management products and the inclusion of CWB's revenues. Commercial Banking's total revenues grew \$201 million compared to the corresponding quarter in 2024, mainly due to the inclusion of CWB's revenues and to an increase in net interest income that was driven by loan growth (including the transition of bankers' acceptances to loans at the CORRA rate) and deposit growth, partly offset by a reduction in the net interest margin. This increase was partly offset by a decline in revenues from bankers' acceptances related to the transition of bankers' acceptances to loans at the CORRA rate as well as revenues related to merger and acquisition activities.

For the third quarter of 2025, the segment's non-interest expenses stood at \$805 million, including specified items of \$23 million, up 31% compared to the corresponding quarter in 2024, due to the inclusion of CWB's non-interest expenses contributing to a 22% increase. The increase in non-interest expenses was also due to higher compensation and employee benefits, mainly from salary increases, fees and greater investments made as part of the segment's technological evolution, as well as an \$11 million lump-sum reimbursement recorded in the third quarter of 2024. The efficiency ratio of 55.6% in the third quarter of 2025 has deteriorated compared to the third quarter of 2024. Adjusted non-interest expenses amounted to \$782 million in the third quarter of 2025, compared to \$615 million in the third quarter of 2024. The adjusted efficiency ratio stood at 54.0% in the third quarter of 2025, compared to 51.3% in the third quarter of 2024.

The segment recorded provisions for credit losses of \$134 million in the third quarter of 2025 compared to \$79 million in the third quarter of 2024, up \$55 million. This increase is mainly explained by higher provisions for credit losses on impaired loans in Personal Banking (including credit card receivables) and in Commercial Banking. In addition, provisions for credit losses on non-impaired loans were up compared to the corresponding quarter of 2024.

For the nine-month period ended July 31, 2025, the Personal and Commercial segment's net income was \$792 million, down 22% from \$1,016 million in the corresponding period in 2024, mainly due to the increase in provisions for credit losses, notably the initial provisions for credit losses of \$230 million on the non-impaired loans acquired from CWB recorded in the second quarter of 2025. Adjusted net income was down 2% compared to \$1,016 million for the corresponding period in 2024, attributable to higher provisions for credit losses, which more than offset CWB's contribution. The increase in Personal Banking's total revenues was mainly due to growth in loans and deposits and an increase in the loan margin (partly offset by a narrower margin on deposits), as well as higher internal commission revenues arising from the distribution of the Wealth Management segment's products and the inclusion of CWB's revenues. In addition, the increase in Commercial Banking's total revenues was due to the inclusion of CWB's revenues and to growth in loans and deposits, partly offset by a narrower margin on loans and deposits. These increases were partly offset by a decline in credit fees related to the transition from bankers' acceptances to loans at the CORRA rate and a decrease in revenues related to merger and acquisition activities.

For the nine-month period ended July 31, 2025, non-interest expenses stood at \$2,250 million, a 22% increase compared to the corresponding period in 2024, due to the same reasons provided above for the quarter, notably the inclusion of CWB, which drove a 16% increase in non-interest expenses. The efficiency ratio of 55.3% has deteriorated compared to the nine-month period ended July 31, 2024. The segment's adjusted non-interest expenses increased by 20% compared to \$1,842 million for the nine-month period ended July 31, 2024. The adjusted efficiency ratio was 54.1% for the nine-month period ended July 31, 2025, compared to 52.9% for the corresponding period in 2024. For the nine-month period ended July 31, 2025, provisions for credit losses amounted to \$722 million, an increase of \$483 million compared to the corresponding period in 2024. This increase was due to initial provisions on credit losses of \$230 million on non-impaired loans acquired from CWB recorded in the second quarter of 2025 and higher provisions for credit losses on impaired loans in Personal Banking (including credit card receivables) as well as in Commercial Banking, attributable in particular to the portfolios acquired from CWB. In addition, provisions for credit losses on non-impaired loans increased.

Wealth Management

(millions of Canadian dollars)

	Quarter ended July 31			Nine months ended July 31		
	2025 ⁽¹⁾	2024	% Change	2025 ⁽¹⁾	2024	% Change
Operating results						
Net interest income	235	219	7	692	620	12
Fee-based revenues	482	409	18	1,399	1,178	19
Transaction-based and other revenues	94	88	7	287	261	10
Total revenues	811	716	13	2,378	2,059	15
Non-interest expenses	477	416	15	1,394	1,206	16
Income before provisions for credit losses and income taxes	334	300	11	984	853	15
Provisions for credit losses	1	–		2	–	
Income before income taxes	333	300	11	982	853	15
Income taxes	89	83	7	264	235	12
Net income	244	217	12	718	618	16
Less: Specified items after income taxes ⁽²⁾	(2)	–		(5)	–	
Net income – Adjusted⁽²⁾	246	217	13	723	618	17
Average assets ⁽³⁾	11,140	9,479	18	10,836	9,050	20
Average loans ⁽³⁾⁽⁴⁾	9,957	8,440	18	9,667	8,041	20
Net impaired loans ⁽⁵⁾	36	7		36	7	
Average deposits ⁽³⁾	58,179	43,285	34	53,818	42,144	28
Assets under administration ⁽⁵⁾	817,718	746,295	10	817,718	746,295	10
Assets under management ⁽⁵⁾	183,182	150,239	22	183,182	150,239	22
Efficiency ratio ⁽⁵⁾	58.8 %	58.1 %		58.6 %	58.6 %	
Efficiency ratio – Adjusted ⁽⁶⁾	58.6 %	58.1 %		58.4 %	58.6 %	

- (1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and the nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
- (2) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP financial measures. During the quarter and nine-month period ended July 31, 2025, the Bank recorded several items related to the CWB acquisition, including amortization of intangible assets of \$2 million net of income taxes (\$3 million for the nine-month period ended July 31, 2025). In addition, for the nine-month period ended July 31, 2025, the Bank recorded acquisition and integration charges of \$2 million net of income taxes.
- (3) Represents an average of the daily balances for the period.
- (4) Including customers' liability under acceptances for the quarter and the nine-month period ended July 31, 2024.
- (5) See the Glossary section on pages 53 to 56 for details on the composition of these measures.
- (6) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP ratios.

In the Wealth Management segment, net income totalled \$244 million in the third quarter of 2025, a 12% increase from \$217 million in the corresponding quarter of 2024. The segment's total revenues amounted to \$811 million, up \$95 million or 13% from \$716 million in the third quarter of 2024. The 7% increase in net interest income compared to the corresponding quarter in 2024 was due to higher loan and deposit volumes as well as the favourable impact of the change in the composition of deposits. The 18% increase in fee-based revenues was due to the rise in stock markets compared to the corresponding quarter in 2024 and positive net inflows for the various solutions. Transaction and other revenues rose 7% compared to the third quarter of 2024 due to increased client activity. The inclusion of CWB's revenues also contributed to the increase in the segment's revenues.

Non-interest expenses stood at \$477 million in the third quarter of 2025, up 15% from \$416 million in the third quarter of 2024, partly due to the inclusion of CWB. This increase was also explained by higher compensation and employee benefits, due in particular to variable compensation in line with revenue growth and higher technology expenses related to the segment's initiatives. The deterioration of the efficiency ratio, which stood at 58.8% in the third quarter of 2025, was due to the inclusion of CWB's results. Adjusted non-interest expenses stood at \$475 million in the third quarter of 2025 compared to \$416 million in the third quarter of 2024. The adjusted efficiency ratio was 58.6% in the third quarter of 2025 compared to 58.1% in the corresponding quarter of 2024. Provisions for credit losses stood at \$1 million in the third quarter of 2025, whereas they were negligible in the third quarter of 2024.

In the Wealth Management segment, net income totalled \$718 million for the nine-month period ended July 31, 2025 compared to \$618 million for the corresponding period of 2024, for an increase of 16%. The segment's total revenues stood at \$2,378 million for the nine-month period ended July 31, 2025, an increase of 15% compared to \$2,059 million for the corresponding period in 2024. Net interest income increased by 12%, due to growth in loan and deposit volumes, the favourable impact of the change in the composition of deposits and the inclusion of CWB. Fee-based revenues increased by 19%, due to growth in assets under administration and under management as a result of stronger stock markets, positive net inflows for the various solutions and the inclusion of CWB's revenues. In addition, transaction and other income increased by 10% compared to the corresponding period in 2024 due to increased client activity. Non-interest expenses stood at \$1,394 million for the nine-month period ended July 31, 2025, compared to \$1,206 million for the corresponding period in 2024, an increase of 16%, due to the same reasons provided above for the quarter. The efficiency ratio for the nine-month period ended July 31, 2025 was 58.6% and stable compared to the corresponding period in 2024. Provisions for credit losses stood at \$2 million for the nine-month period ended July 31, 2025, whereas they were negligible in the corresponding period of 2024.

Financial Markets

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2025 ⁽¹⁾	2024 ⁽²⁾	% Change	2025 ⁽¹⁾	2024 ⁽²⁾	% Change
Operating results						
Global markets						
Equities	165	199	(17)	1,074	499	115
Interest rate and credit	147	129	14	497	414	20
Commodities and foreign exchange	57	32	78	177	159	11
	369	360	3	1,748	1,072	63
Corporate and investment banking	408	329	24	1,037	945	10
Total revenues	777	689	13	2,785	2,017	38
Non-interest expenses	347	320	8	1,117	945	18
Income before provisions for credit losses and income taxes	430	369	17	1,668	1,072	56
Provisions for credit losses	24	22	9	124	50	
Income before income taxes	406	347	17	1,544	1,022	51
Income taxes	72	29		292	74	
Net income	334	318	5	1,252	948	32
Average assets ⁽³⁾	234,289	197,996	18	223,456	194,199	15
Average loans ⁽³⁾⁽⁴⁾ (Corporate Banking only)	30,909	32,229	(4)	31,166	31,933	(2)
Net impaired loans ⁽⁵⁾	74	54	37	74	54	37
Net impaired loans as a % of total loans and acceptances ⁽⁵⁾	0.2 %	0.2 %		0.2 %	0.2 %	
Average deposits ⁽³⁾	78,775	65,447	20	76,850	64,452	19
Efficiency ratio ⁽⁵⁾	44.7 %	46.4 %		40.1 %	46.9 %	

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and the nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(2) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

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

(4) Including customers' liability under acceptances for the quarter and nine-month period ended July 31, 2024.

(5) See the Glossary section on pages 53 to 56 for details on the composition of these measures.

In the Financial Markets segment, net income totalled \$334 million in the third quarter of 2025, up 5% from \$318 million in the corresponding quarter of 2024. The impact of including CWB in this segment's results for the quarter was not material. Total revenues amounted to \$777 million, compared to \$689 million in the third quarter of 2024, an increase of \$88 million or 13%. Global markets revenues were up 3% as a result of a 14% increase in interest rate and credit revenues and a 78% increase in commodities and foreign exchange revenues, partly offset by a 17% decrease in equities revenues. Corporate and investment banking revenues for the third quarter of 2025 increased 24% compared to the corresponding quarter in 2024 due to growth in banking service revenues, capital markets revenues and merger and acquisition revenues.

Non-interest expenses stood at \$347 million in the third quarter of 2025, an 8% increase compared to the third quarter of 2024, attributable to higher compensation and employee benefits, notably caused by variable compensation resulting from revenue growth, as well as the increase in technology investment expenses. The efficiency ratio was 44.7% in the third quarter of 2025, an improvement of 1.7 percentage points from 46.4% in the corresponding quarter of 2024. In the quarter ended July 31, 2025, provisions for credit losses were up \$2 million compared to the third quarter of 2024. Provisions for credit losses on non-impaired loans increased by \$23 million compared to the corresponding quarter in 2024, mainly as a result of loan portfolio growth. In addition, the segment recorded a recovery of credit losses on impaired loans of \$1 million in the third quarter of 2025 compared to provisions for credit losses of \$20 million in the corresponding quarter of 2024.

For the nine-month period ended July 31, 2025, the segment's net income totalled \$1,252 million, up 32% compared to the corresponding period in 2024. The impact of including CWB in this segment's results for the nine-month period ended July 31, 2025 was not material. Total revenues amounted to \$2,785 million for the nine-month period ended July 31, 2025, for strong growth of \$768 million or 38% compared to the corresponding period in 2024. Global markets revenues were up 63%, driven by increases in all types of revenues, mainly equities revenues. In addition, corporate and investment banking revenues were up 10% compared to the corresponding period in 2024, due to the same reasons provided above for the quarter.

For the nine-month period ended July 31, 2025, non-interest expenses rose 18% compared to the corresponding period in 2024, mainly due to higher variable compensation, technology investment expenses and other expenses related to the segment's business growth. The efficiency ratio for the nine-month period ended July 31, 2025 was 40.1%, an improvement of 6.8 percentage points from 46.9% recorded for the corresponding period in 2024. This improvement was driven by a significant increase in revenues. Financial Markets recorded provisions for credit losses of \$124 million in the nine-month period ended July 31, 2025, compared to \$50 million for the same period of 2024. This increase was mainly due to higher provisions for credit losses on impaired loans and, to a lesser extent, on non-impaired loans, as a result of loan portfolio growth.

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

(millions of Canadian dollars)

	Quarter ended July 31			Nine months ended July 31		
	2025	2024	% Change	2025	2024	% Change
Total revenues						
Credigy	136	139	(2)	422	400	6
ABA Bank	259	223	16	757	626	21
International	7	(1)		18	11	
	402	361	11	1,197	1,037	15
Non-interest expenses						
Credigy	40	39	3	119	108	10
ABA Bank	89	76	17	249	214	16
International	6	–		7	1	
	135	115	17	375	323	16
Income before provisions for credit losses and income taxes	267	246	9	822	714	15
Provisions for credit losses						
Credigy	22	29	(24)	82	80	3
ABA Bank	20	17	18	70	39	79
International	–	–		–	–	
	42	46	(9)	152	119	28
Income before income taxes	225	200	13	670	595	13
Income taxes						
Credigy	16	15	7	47	44	7
ABA Bank	31	27	15	92	78	18
International	–	–		1	2	
	47	42	12	140	124	13
Net income						
Credigy	58	56	4	174	168	4
ABA Bank	119	103	16	346	295	17
International	1	(1)		10	8	
	178	158	13	530	471	13
Average assets ⁽¹⁾	31,808	28,189	13	32,024	27,205	18
Average loans and receivables ⁽¹⁾	23,209	22,116	5	23,582	21,528	10
Purchased or originated credit-impaired (POCI) loans	298	395	(25)	298	395	(25)
Net impaired loans excluding Credigy's POCI loans ⁽²⁾	769	433	78	769	433	78
Average deposits ⁽¹⁾	16,068	13,272	21	15,898	12,732	25
Efficiency ratio ⁽²⁾	33.6 %	31.9 %		31.3 %	31.1 %	

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

(2) See the Glossary section on pages 53 to 56 for details on the composition of these measures.

In the USSF&I segment, net income totalled \$178 million in the third quarter of 2025, up 13% from \$158 million in the corresponding quarter in 2024, mainly attributable to the ABA Bank subsidiary. The segment's total revenues were \$402 million, up \$41 million or 11% compared to \$361 million in the third quarter of 2024. This increase is mainly explained by the 16% rise in the revenues of the ABA Bank subsidiary and dividend income recorded in the third quarter of 2025 on an investment in a financial group. For the nine-month period ended July 31, 2025, the segment recorded net income of \$530 million, an increase of 13% compared to \$471 million recorded in the corresponding period in 2024.

Credigy

For the third quarter of 2025, the Credigy subsidiary reported net income of \$58 million, up \$2 million or 4% compared to the corresponding quarter in 2024. Total revenues amounted to \$136 million in the third quarter of 2025 compared to \$139 million in the third quarter of 2024, a decrease that was driven by higher gains from the remeasurement of the fair value of certain portfolios in the third quarter of 2024. Non-interest expenses stood at \$40 million in the third quarter of 2025, a \$1 million increase from the corresponding quarter in 2024. Provisions for credit losses decreased by \$7 million compared to the third quarter of 2024 due to the decrease in provisions for credit losses on non-impaired loans.

For the nine-month period ended July 31, 2025, the Credigy subsidiary reported net income of \$174 million, up 4% from the corresponding period in 2024. Total revenues amounted to \$422 million for the nine-month period ended July 31, 2025, up from \$400 million in the corresponding period in 2024. This increase was due to growth in loan volumes and the impact of exchange rate fluctuations, partly offset by a gain realized on the disposal of a loan portfolio and revenues related to the under-utilization of credit facilities recorded during the nine-month period ended July 31, 2024. Non-interest expenses were \$119 million for the nine-month period ended July 31, 2025, up \$11 million from the corresponding period in 2024, owing to compensation and employee benefits, servicing fees, and the impact of exchange rate fluctuations. The subsidiary reported a \$2 million increase in provisions for credit losses compared to the corresponding period in 2024, due to the increase in provisions for credit losses on impaired loans and POCI loans, partly offset by the decrease in provisions for credit losses on non-impaired loans.

ABA Bank

For the third quarter of 2025, the ABA Bank subsidiary recorded net income totalling \$119 million, up \$16 million or 16% from the corresponding quarter in 2024. Total revenues rose 16%, mainly attributable to sustained growth in assets. Non-interest expenses for the third quarter of 2025 stood at \$89 million, up \$13 million or 17% compared to the third quarter of 2024 due to an increase in compensation and employee benefits and occupancy expenses driven by the subsidiary's business growth and the opening of new branches. The subsidiary reported provisions for credit losses totalling \$20 million in the third quarter of 2025, up \$3 million compared to the corresponding quarter in 2024. This increase was due to higher provisions for credit losses on non-impaired loans.

For the nine-month period ended July 31, 2025, the ABA Bank subsidiary recorded net income totalling \$346 million, up \$51 million or 17% from the corresponding period in 2024. The 21% increase in total revenues compared to the corresponding period in 2024 stemmed from business expansion at the subsidiary, driven mainly by sustained asset growth, and the impact of exchange rate fluctuations. ABA Bank reported non-interest expenses totalling \$249 million, up 16% compared to the corresponding period in 2024, due to the same reasons provided above for the quarter as well as the impact of exchange rate fluctuations. The subsidiary reported provisions for credit losses totalling \$70 million for the nine-month period ended July 31, 2025, up \$31 million from the corresponding period in 2024, owing to higher provisions for credit losses on impaired loans and non-impaired loans related to the uncertainties around the imposition of new tariffs.

Other

(millions of Canadian dollars)	Quarter ended July 31		Nine months ended July 31	
	2025 ⁽¹⁾	2024 ⁽²⁾	2025 ⁽¹⁾	2024 ⁽²⁾
Operating results				
Net interest income	(14)	(66)	(96)	(216)
Non-interest income	24	98	(51)	76
Total revenues	10	32	(147)	(140)
Non-interest expenses	161	75	377	146
Income before provisions for credit losses and income taxes	(151)	(43)	(524)	(286)
Provisions for credit losses	2	2	2	(1)
Income before income taxes (recovery)	(153)	(45)	(526)	(285)
Income taxes (recovery)	(92)	(19)	(192)	(93)
Net loss	(61)	(26)	(334)	(192)
Non-controlling interests	-	-	-	(1)
Net loss attributable to the Bank's shareholders and holders of other equity instruments	(61)	(26)	(334)	(191)
Less: Specified items after income taxes ⁽³⁾	(21)	73	(157)	73
Net loss – Adjusted⁽³⁾	(40)	(99)	(177)	(265)
Average assets ⁽⁴⁾	78,334	65,174	73,887	65,117

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarter and the nine-month period ended July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(2) Certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

(3) See the Financial Reporting Method section on pages 6 to 12 for additional information on non-GAAP financial measures. During the quarter and nine-month period ended July 31, 2025, the Bank recorded several items related to the acquisition of CWB, including acquisition and integration charges of \$68 million net of income taxes (\$170 million net of income taxes for the nine-month period ended July 31, 2025) and the income tax recovery of \$47 million related to a change in tax treatment. In addition, during the nine-month period ended July 31, 2025, the Bank recorded the amortization of the subscription receipt issuance costs of \$20 million net of income taxes, a gain of \$4 million resulting from the remeasurement at fair value of the CWB common shares already held by the Bank, and the impact of managing fair value changes, representing a loss of \$17 million net of income taxes. During the quarter and nine-month period ended July 31, 2024, the Bank had recorded the amortization of the subscription receipt issuance costs of \$3 million net of income taxes, a gain of \$86 million net of income taxes resulting from the remeasurement at fair value of the CWB common shares already held by the Bank, the impact of managing fair value changes, representing a loss of \$5 million net of income taxes, as well as acquisition and integration charges of \$5 million net of income taxes.

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

For the *Other* heading of segment results, a net loss of \$61 million was posted in the third quarter of 2025 compared to a net loss of \$26 million in the corresponding quarter in 2024. The change in net loss was due to the increase in non-interest expenses, stemming mainly from CWB acquisition and integration charges, as well as a \$120 million gain recorded in the third quarter of 2024 as a result of the remeasurement at fair value of the CWB common shares already held by the Bank. These items were partly offset by a higher contribution from Treasury activities, the inclusion of CWB revenues and an income tax recovery of \$47 million recorded in the third quarter of 2025 following a change in tax treatment. The specified items related to the acquisition of CWB had a \$21 million unfavourable impact on the net loss for the third quarter of 2025 compared to a \$73 million favourable impact in the third quarter of 2024. The adjusted net loss stood at \$40 million for the quarter ended July 31, 2025, compared to \$99 million for the corresponding quarter in 2024.

For the nine-month period ended July 31, 2025, the segment's net loss stood at \$334 million compared to a net loss of \$192 million in the corresponding period of 2024. The change in net loss was mainly due to the specified items related to the CWB acquisition that were recorded and had a \$157 million unfavourable impact on the net loss for the nine-month period ended July 31, 2025 compared to a \$73 million favourable impact in the nine-month period ended July 31, 2024. These items were partly offset by a higher contribution from Treasury activities. The adjusted net loss stood at \$177 million for the nine-month period ended July 31, 2025 compared to \$265 million for the corresponding period in 2024.

Consolidated Balance Sheet

Consolidated Balance Sheet Summary

(millions of Canadian dollars)	As at July 31, 2025 ⁽¹⁾	As at October 31, 2024	% Change
Assets			
Cash and deposits with financial institutions	29,561	31,549	(6)
Securities	178,915	145,165	23
Securities purchased under reverse repurchase agreements and securities borrowed	23,388	16,265	44
Loans, net of allowances	292,743	243,032	20
Other	28,014	26,215	7
	552,621	462,226	20
Liabilities and equity			
Deposits	402,286	333,545	21
Other	113,530	101,873	11
Subordinated debt	3,429	1,258	
Equity attributable to the Bank's shareholders and holders of other equity instruments	33,375	25,550	31
Non-controlling interests	1	–	
	552,621	462,226	20

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the balances as at July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section and Note 19 to the Consolidated Financial Statements.

Assets

As at July 31, 2025, the Bank had total assets of \$552.6 billion, up \$90.4 billion or 20% from \$462.2 billion as at October 31, 2024, partly explained by the CWB acquisition. Cash and deposits with financial institutions as at July 31, 2025, stood at \$29.6 billion, down \$1.9 billion, owing primarily to a decrease in deposits with the Bank of Canada, partly offset by an increase in deposits with regulated financial institutions.

Securities have risen \$33.7 billion since October 31, 2024, owing to a \$24.6 billion or 21% increase in securities at fair value through profit or loss driven mainly by equity securities. In addition, securities other than those measured at fair value through profit or loss rose \$9.2 billion. Securities purchased under reverse repurchase agreements and securities borrowed increased by \$7.1 billion since October 31, 2024, driven primarily by the Financial Markets segment and Treasury activities.

As at July 31, 2025, loans, net of allowances for credit losses, totalled \$292.7 billion, up \$49.7 billion or 20% since October 31, 2024. The following table provides a breakdown of the main loan portfolios.

(millions of Canadian dollars)	As at July 31, 2025 ⁽¹⁾	As at October 31, 2024	As at July 31, 2024
Loans			
Residential mortgage and home equity lines of credit	142,165	124,431	122,521
Personal	17,950	17,461	17,387
Credit card	2,897	2,761	2,692
Business and government ⁽²⁾	131,715	99,720	98,244
	294,727	244,373	240,844
Allowances for credit losses	(1,984)	(1,341)	(1,295)
	292,743	243,032	239,549

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the balances as at July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section and Note 19 to the Consolidated Financial Statements.

(2) Including customers' liability under acceptances as at July 31, 2024.

Residential mortgages (including home equity lines of credit) rose \$17.8 billion or 14% since October 31, 2024, due to the inclusion of CWB loans and sustained growth in the business activities of the Personal and Commercial segment. Since October 31, 2024, personal loans were up \$0.5 billion due to the inclusion of CWB loans and growth in the business activities of the Personal and Commercial segment. Credit card receivables were relatively stable. Business and government loans rose \$32.0 billion or 32% since October 31, 2024, mainly due to the inclusion of CWB loans and business growth in Commercial Banking. These increases were partly offset by a decline in the activities of the Financial Markets segment.

Loans, net of allowances for credit losses, grew \$53.2 billion or 22% since July 31, 2024. Residential mortgages (including home equity lines of credit) rose \$19.7 billion or 16% due to the inclusion of CWB, sustained demand for mortgage credit in the Personal and Commercial segment and business growth at the ABA Bank and Credigy subsidiaries. Since July 31, 2024, personal loans rose \$0.6 billion, mainly due to the inclusion of CWB and business growth in Personal Banking. Credit card receivables were up \$0.2 billion. Business and government loans grew \$33.5 billion or 34% since July 31, 2024, owing essentially to business growth in Commercial Banking, mainly due to the inclusion of CWB loans, in the Wealth Management segment, and at the ABA Bank subsidiary.

Impaired loans include all loans classified in Stage 3 of the expected credit loss model and POCI loans. As at July 31, 2025, gross impaired loans stood at \$3,290 million compared to \$2,043 million as at October 31, 2024. As for net impaired loans, they totalled \$2,588 million as at July 31, 2025, compared to \$1,629 million as at October 31, 2024. This increase was mainly due to an increase in net impaired loans in the loan portfolios of the Personal and Commercial Banking segment resulting from the inclusion of impaired loans from CWB and from the ABA Bank subsidiary, partly offset by the decrease in net impaired loans at the Credigy subsidiary (including POCI loans) due to the maturities of certain portfolios and to loan repayments.

As at July 31, 2025, other assets totalled \$28.0 billion, a \$1.8 billion increase since October 31, 2024 that resulted mainly from increases in goodwill and intangible assets resulting from the CWB acquisition.

Liabilities

As at July 31, 2025, the Bank had total liabilities of \$519.2 billion compared to \$436.7 billion as at October 31, 2024.

The Bank's total deposits stood at \$402.3 billion as at July 31, 2025, rising \$68.8 billion or 21% from \$333.5 billion as at October 31, 2024. As at July 31, 2025, personal deposits stood at \$121.9 billion, up \$26.7 billion since October 31, 2024. This increase was driven by the inclusion of CWB deposits and business growth in Personal Banking, in the Financial Markets and Wealth Management segments, and at the ABA Bank subsidiary.

Business and government deposits stood at \$274.5 billion as at July 31, 2025, rising \$41.8 billion since October 31, 2024. The increase is explained by the inclusion of CWB's deposits, business growth in Commercial Banking and in the Financial Markets segment, and Treasury funding activities, including a \$1.0 billion increase in deposits subject to bank capitalization (bail-in) conversion regulations. As at July 31, 2025, deposits from deposit-taking institutions stood at \$5.9 billion, an increase of \$0.3 billion since October 31, 2024 arising from Treasury funding activities.

As at July 31, 2025, other liabilities stood at \$113.5 billion, up \$11.6 billion since October 31, 2024, essentially due to a \$2.9 billion increase in obligations related to securities sold short, a \$7.8 billion increase in obligations related to securities sold under repurchase agreements and securities loaned and a \$1.1 billion increase in other liabilities.

Subordinated debt increased since October 31, 2024, as a result of the issuance on January 13, 2025, and June 26, 2025, of medium-term notes amounting to \$1.0 billion and \$750 million, respectively, and \$400 million in subordinated debentures related to the acquisition of CWB, taking into account the redemption on June 29, 2025, of subordinated debentures issued by CWB amounting to \$125 million.

Equity

As at July 31, 2025, equity attributable to the Bank's shareholders and holders of other equity instruments was \$33.4 billion, rising \$7.8 billion since October 31, 2024. This increase was primarily due to the issuances of common shares related to the CWB acquisition for a total amount of \$6.3 billion, as well as to net income, net of dividends. Moreover, the issuance of Series 47 and 49 preferred shares was more than offset by the redemption for cancellation of Series 32 preferred shares.

Event After the Consolidated Balance Sheet Date

Repurchase of Common Shares

On August 26, 2025, the Bank's Board of Directors approved a normal course issuer bid, beginning on or around September 25, 2025, to repurchase for cancellation up to 8,000,000 common shares (representing approximately 2.04% of its then outstanding common shares) over the 12-month period ending on or around September 24, 2026. Any repurchase through the Toronto Stock Exchange (TSX) will be done at market prices. The common shares may also be repurchased through other means authorized by the TSX 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*. This normal course issuer bid is subject to the approval of OSFI and the TSX.

Related Party Transactions

The Bank's policies and procedures regarding related party transactions have not significantly changed since October 31, 2024. For additional information, see Note 30 to the audited annual consolidated financial statements for the year ended October 31, 2024.

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, the issuance of guarantees, credit instruments, and financial assets received as collateral. A complete analysis of these types of arrangements, including their nature, business purpose, and importance, is provided on pages 53 and 54 of the *2024 Annual Report*.

For additional information on financial assets transferred but not derecognized, guarantees, commitments, and structured entities, see Notes 9, 28, and 29 to the audited annual consolidated financial statements for the year ended October 31, 2024.

Income Taxes

Notice of Assessment

In April 2025, the Bank was reassessed by the Canada Revenue Agency (CRA) for additional income tax and interest of approximately \$125 million (including estimated provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2020 taxation year.

In prior fiscal years, the Bank had been reassessed for additional income tax and interest of approximately \$1,075 million (including provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2012-2019 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 2020 in regard to certain activities similar to those that were the subject of the above-mentioned reassessments. The Bank remains confident that its tax position was appropriate and intends to vigorously defend its position. As a result, no amount has been recognized in the Consolidated Financial Statements as at July 31, 2025.

Pillar 2 Rules

On June 20, 2024, Bill C-69 – *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024* received royal assent. The bill included the Pillar 2 rules (global minimum tax) published by the Organisation for Economic Co-operation and Development (OECD) that are applicable to fiscal years beginning on or after December 31, 2023 (November 1, 2024, for the Bank). To date, the Pillar 2 rules have been included in a bill or enacted in certain jurisdictions where the Bank operates. For the quarter and the nine-month period ended July 31, 2025, the Bank estimates that the application of the Pillar 2 rules represents an increase in the effective tax rate of 1.5% and 1.8%, respectively. For the quarter ended July 31, 2025, the Bank continues to apply the exception to the recognition and disclosure of information about deferred tax assets and liabilities arising from the Pillar 2 rules in the jurisdictions where they have been included in a bill or enacted.

Capital Management

Capital management has a dual role of ensuring a competitive return to the Bank's shareholders while maintaining a solid capital foundation that covers the risks inherent to the Bank's business activities, supports its business segments, and protects its clients. The Bank's capital management policy defines the guiding principles as well as the roles and responsibilities of its internal capital adequacy assessment process. This process aims to determine the capital that the Bank needs to maintain to pursue its business activities and accommodate unexpected losses arising from extremely adverse economic and operational conditions. For additional information on the capital management framework, see the Capital Management section on pages 55 to 64 of the Bank's 2024 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 56 to 58 of the 2024 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 had planned a phase-in of the floor factor, starting at 65.0% in the second quarter of 2023, and rising to reach 72.5% in fiscal 2027. On February 12, 2025, OSFI deferred any additional increases until further notice. As a result, the floor factor, currently set at 67.5%, will remain at this level for an undetermined period. 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 58 of the 2024 Annual Report.

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 intended 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 RWA and a TLAC leverage ratio of at least 7.25%. The TLAC ratio is calculated by dividing available TLAC by RWA, and the TLAC leverage ratio is calculated by dividing available TLAC by total exposure. As at July 31, 2025, outstanding liabilities of \$24.5 billion (\$23.5 billion as at October 31, 2024) were subject to conversion under the bail-in regulations.

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

	Requirements as at July 31, 2025							Ratios as at July 31, 2025
	Minimum	Capital conservation buffer	Minimum set by BCBS	D-SIB surcharge	Minimum set by OSFI	Domestic stability buffer ⁽³⁾	Minimum set by OSFI, including the domestic stability buffer	
Capital ratios								
CET1	4.5 %	2.5 %	7.0 %	1.0 %	8.0 %	3.5 %	11.5 %	13.9 %
Tier 1	6.0 %	2.5 %	8.5 %	1.0 %	9.5 %	3.5 %	13.0 %	15.6 %
Total	8.0 %	2.5 %	10.5 %	1.0 %	11.5 %	3.5 %	15.0 %	17.8 %
Leverage ratio	3.0 %	n.a.	3.0 %	0.5 %	3.5 %	n.a.	3.5 %	4.7 %
TLAC ratio	21.5 %	n.a.	21.5 %	n.a.	21.5 %	3.5 %	25.0 %	30.0 %
TLAC leverage ratio	6.75 %	n.a.	6.75 %	0.5 %	7.25 %	n.a.	7.25 %	9.0 %

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) On December 17, 2024, 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. For additional information about the regulatory context as at October 31, 2024, refer to page 59 of the Capital Management section in the *2024 Annual Report*. In addition, since November 1, 2024, there have been no new regulatory developments to consider.

Management Activities

On January 13, 2025, the Bank issued medium-term notes for a total amount of \$1.0 billion bearing interest at 4.260% and maturing on February 15, 2035. Given that the medium-term notes satisfy the NVCC requirements, they qualify for the purposes of calculating regulatory capital under the Basel III rules.

On February 3, 2025, at closing of the CWB acquisition, the Bank issued a total of 50,272,878 common shares, for total proceeds of \$6.3 billion.

On February 3, 2025, as part of the acquisition of CWB, the Bank acquired the obligations related to the CWB subordinated debentures for a total amount of \$525 million, which included subordinated debentures of \$125 million bearing interest at 4.840% and maturing on June 29, 2030 (redeemed by the Bank on June 29, 2025), subordinated debentures of \$150 million bearing interest at 5.937% and maturing on December 22, 2032 and subordinated debentures of \$250 million bearing interest at 5.949% and maturing on January 29, 2034. Given that the debentures satisfy the NVCC requirements, they qualify for the purposes of calculating regulatory capital under the Basel III rules.

On February 17, 2025, i.e. the first business day after the February 15, 2025 redemption date, the Bank redeemed all the issued and outstanding Non-Cumulative 5-Year Rate-Reset Series 32 First Preferred Shares. Pursuant to the share conditions, the redemption price was \$25.00 per share plus the periodic dividends declared and unpaid. The Bank redeemed 12,000,000 Series 32 First Preferred Shares for a total amount of \$300 million.

On February 20, 2025, there was an exchange of all the issued and outstanding First Preferred Shares, Series 5 and Series 9 of CWB for substantially equivalent First Preferred Shares, Series 47 and Series 49 of National Bank, which are non-cumulative 5-year rate-reset bearing interest at 6.371% and 7.651%. The Bank exchanged 10,000,000 preferred shares for a total amount of \$264 million. Given that the Series 47 and Series 49 preferred shares meet the NVCC requirements, they qualify for the purposes of calculating regulatory capital under the Basel III rules.

On June 26, 2025, the Bank issued medium-term notes for a total amount of \$750 million bearing interest at 4.333% and maturing on August 15, 2035. Given that the medium-term notes satisfy the NVCC requirements, they qualify for the purposes of calculating regulatory capital under the Basel III rules.

Dividends

On August 26, 2025, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of \$1.18 per common share, payable on November 1, 2025 to shareholders of record on September 29, 2025.

Shares, Other Equity Instruments, and Stock Options

	As at July 31, 2025	
	Number of shares or LRCN ⁽¹⁾	\$ million
First preferred shares		
Series 30	14,000,000	350
Series 38	16,000,000	400
Series 40	12,000,000	300
Series 42	12,000,000	300
Series 47	5,000,000	128
Series 49	5,000,000	136
	64,000,000	1,614
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
	65,500,000	3,114
Common shares	391,967,020	9,865
Stock options	11,077,103	

(1) Limited Recourse Capital Notes (LRCN).

As at August 22, 2025, there were 392,069,258 common shares and 10,847,955 stock options outstanding. The number of common shares and options outstanding reflects the closing of the CWB transaction. 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, medium-term notes and subordinated debentures 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 1,665 million Bank common shares, which would have an 80.9% dilutive effect based on the number of Bank common shares outstanding as at July 31, 2025.

Movement in Regulatory Capital⁽¹⁾

(millions of Canadian dollars)	Nine months ended July 31, 2025
Common Equity Tier 1 (CET1) capital	
Balance at beginning	19,321
Issuance of common shares (including Stock Option Plan)	70
Issuance of common shares related to the CWB acquisition	6,330
Impact of shares purchased or sold for trading	(13)
Repurchase of common shares	–
Replacement options related to the CWB acquisition	29
Other contributed surplus	25
Dividends on preferred and common shares and distributions on other equity instruments	(1,440)
Net income attributable to the Bank's shareholders and holders of other equity instruments	2,958
Removal of own credit spread (net of income taxes)	83
Other	(41)
Movements in accumulated other comprehensive income	
Translation adjustments	(32)
Debt securities at fair value through other comprehensive income	8
Other	–
Change in goodwill and intangible assets (net of related tax liability)	(1,923)
Other, including regulatory adjustments	
Change in defined benefit pension plan asset (net of related tax liability)	26
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)	(22)
Other deductions or regulatory adjustments to CET1 implemented by OSFI	–
Change in other regulatory adjustments	13
Balance at end	25,392
Additional Tier 1 capital	
Balance at beginning	3,149
New Tier 1 eligible capital issuances	250
Redeemed capital	(300)
Other, including regulatory adjustments	(3)
Balance at end	3,096
Total Tier 1 capital	28,488
Tier 2 capital	
Balance at beginning	1,531
New Tier 2 eligible capital issuances	2,150
Redeemed capital	–
Tier 2 instruments issued by subsidiaries and held by third parties	–
Change in certain allowances for credit losses	419
Other, including regulatory adjustments	(25)
Balance at end	4,075
Total regulatory capital	32,563

(1) See the Financial Reporting Method section on pages 6 to 12 for additional information on capital management measures.

Risk-Weighted Assets by Key Risk Drivers

Risk-weighted assets (RWA) amounted to \$183.1 billion as at July 31, 2025 compared to \$141.0 billion as at October 31, 2024, a \$42.1 billion increase resulting mainly from the inclusion of CWB, organic growth in RWA and a deterioration in the credit quality of the loan portfolio. The changes in the Bank's RWA by risk type are presented in the following table.

Movement of Risk-Weighted Assets by Key Drivers⁽¹⁾

(millions of Canadian dollars)

			Quarter ended			
			July 31, 2025	April 30, 2025	January 31, 2025	October 31, 2024
	Non-counterparty credit risk	Counterparty credit risk	Total	Total	Total	Total
Credit risk – Risk-weighted assets at beginning	149,016	6,642	155,658	124,443	118,450	116,684
Book size	1,115	(52)	1,063	2,226	3,447	1,067
Book quality	(515)	108	(407)	409	785	(70)
Model updates	–	–	–	108	–	439
Methodology and policy	–	–	–	–	–	–
Acquisitions and disposals	–	–	–	30,708	–	–
Foreign exchange movements	203	20	223	(2,236)	1,761	330
Credit risk – Risk-weighted assets at end	149,819	6,718	156,537	155,658	124,443	118,450
Market risk – Risk-weighted assets at beginning			10,150	9,146	8,002	8,066
Movement in risk levels ⁽²⁾			(942)	1,004	1,144	(64)
Model updates			–	–	–	–
Methodology and policy			–	–	–	–
Acquisitions and disposals			–	–	–	–
Market risk – Risk-weighted assets at end			9,208	10,150	9,146	8,002
Operational risk – Risk-weighted assets at beginning			16,964	14,875	14,523	14,168
Movement in risk levels			401	459	352	355
Methodology and policy			–	–	–	–
Acquisitions and disposals ⁽³⁾			–	1,630	–	–
Operational risk – Risk-weighted assets at end			17,365	16,964	14,875	14,523
Risk-weighted assets at end			183,110	182,772	148,464	140,975

(1) See the Financial Reporting Method section on pages 6 to 12 for additional information on capital management measures.

(2) Also includes foreign exchange rate movements that are not considered material.

(3) During the second quarter of 2025, the operational risk change is related to the inclusion of CWB which was calculated using the Standardized approach in accordance with the approach used by the Bank.

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, or 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.

Regulatory Capital Ratios, Leverage Ratio, and TLAC Ratios

As at July 31, 2025, the Bank's CET1, Tier 1, and Total capital ratios were, respectively, 13.9%, 15.6%, and 17.8% compared to ratios of, respectively, 13.7%, 15.9%, and 17.0% as at October 31, 2024. The CET1 and Total capital ratios increased since October 31, 2024, whereas the Tier 1 capital ratio decreased. The issuance of common shares related to the acquisition of CWB and the net income, net of dividends had a favourable impact on the ratios, partly offset by the growth in RWA, mainly due to the inclusion of CWB. The Total capital ratio also benefited from the net issuance of subordinated debts. In addition, the redemption of preferred shares on February 17, 2025, partly offset by the exchange of CWB's preferred shares for the Bank's preferred shares on February 20, 2025 negatively affected the Tier 1 ratio.

As at July 31, 2025, the leverage ratio was 4.7% compared to 4.4% as at October 31, 2024. The increase in the leverage ratio was primarily due to growth in Tier 1 capital related to the common shares issued as part of the acquisition of CWB, partly offset by an increase in total exposure.

As at July 31, 2025 the Bank's TLAC ratio and TLAC leverage ratio were 30.0% and 9.0%, respectively, compared to 31.2% and 8.6%, respectively, as at October 31, 2024. The TLAC leverage ratio increase is explained by the net issuances of instruments that met all of the TLAC eligibility criteria during the period. However, the growth in RWA, mainly attributable to the inclusion of CWB, more than offset these issuances, resulting in a decrease in the TLAC ratio.

During the quarter and nine-month period ended July 31, 2025, the Bank was compliant with all of OSFI's regulatory capital, leverage, and TLAC requirements.

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

(millions of Canadian dollars)	As at July 31, 2025	As at October 31, 2024
Capital		
CET1	25,392	19,321
Tier 1	28,488	22,470
Total capital	32,563	24,001
Risk-weighted assets	183,110	140,975
Total exposure	606,554	511,160
Capital ratios		
CET1	13.9 %	13.7 %
Tier 1	15.6 %	15.9 %
Total	17.8 %	17.0 %
Leverage ratio	4.7 %	4.4 %
Available TLAC	54,850	44,040
TLAC ratio	30.0 %	31.2 %
TLAC leverage ratio	9.0 %	8.6 %

(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 guideline, which are 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	2024	2023
Cross-jurisdictional activity ⁽²⁾	Cross-jurisdictional claims ⁽³⁾	138,500	117,016
	Cross-jurisdictional liabilities ⁽³⁾	84,931	90,476
Size ⁽⁴⁾	Total exposures as defined for use in the Basel III leverage ratio ⁽⁵⁾	513,566	459,090
Interconnectedness ⁽⁶⁾	Intra-financial system assets ⁽⁵⁾	74,527	73,022
	Intra-financial system liabilities ⁽⁵⁾	41,491	38,238
	Securities outstanding ⁽⁵⁾	150,887	109,831
Substitutability / financial institutions infrastructure ⁽⁷⁾	Payment activity ⁽⁸⁾	14,480,595	16,801,902
	Assets under custody	765,929	652,463
	Underwritten transactions in debt and equity markets	46,856	31,821
	Trading volume ⁽⁹⁾		
	Fixed-income securities ⁽⁹⁾	924,734	845,554
	Equities and other securities ⁽⁹⁾	1,513,131	1,124,984
Complexity ⁽¹⁰⁾	Notional amount of over-the-counter derivative financial instruments ⁽⁵⁾	2,261,187	1,847,636
	Trading and investment securities	67,274	54,740
	Level 3 financial assets ⁽⁵⁾	1,360	1,226

- (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) The amounts as at October 31, 2024, have been revised compared to those previously presented.
- (4) Represents the Bank's total on-and-off balance sheet exposures, as determined by OSFI's Basel III leverage ratio rules before regulatory adjustments.
- (5) Includes insurance activities.
- (6) Represents transactions with other financial institutions.
- (7) Represents the extent to which the Bank's services could be substituted by other institutions.
- (8) For the fiscal years ended October 31, 2024 and 2023.
- (9) This indicator consists of two sub-indicators: fixed-income securities as well as equities and other securities.
- (10) Includes the level of complexity and volume of the Bank's trading activities represented through derivative financial instruments, trading securities, investment securities, and Level 3 financial assets.

Risk Management

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

Risks	Description
<p>Emerging risks – increasing and uncertain trade tariffs and barriers</p>	<p>Canadian consumer confidence has rebounded in recent months from previously low levels. Earlier declines in sentiment among consumers and businesses were largely attributed to initial policy actions by the U.S. administration, which included trade threats directed at Canadian exporters. However, the policy landscape has since shifted, with the administration's tariff strategy refocusing on other global trading partners. The anticipated adverse effects on Canadian businesses have been moderated by exemptions for goods that comply with the United States-Mexico-Canada Agreement (USMCA). As a result, key indicators of consumer and business confidence have shown signs of recovery.</p> <p>Globally, trade tensions have persisted. The implementation of a comprehensive tariff package by the U.S. administration has raised average import duties to 18.6%, the highest level recorded since 1933. This period of elevated economic uncertainty, coupled with the unpredictability of U.S. trade policy, continues to contribute to volatility in financial markets and exerts pressure on the broader economic and investment outlook. These developments have implications for inflation dynamics, foreign exchange rates, recessionary risks, and the stability of global supply chains.</p> <p>The potential impact on the Bank and its clients is contingent upon the nature and duration of these evolving conditions. Key factors include the longevity and escalation of tariff measures, the emergence of retaliatory actions, potential fiscal and monetary policy responses, and the reactions of global financial markets.</p> <p>The Bank continues to monitor these developments closely, assessing both direct and indirect implications for its financial position and that of its clients. This analysis is conducted within a macroeconomic context characterized by elevated debt servicing costs, subdued consumer demand, and increased operating expenses—partly driven by ongoing supply chain reconfigurations. The Bank will continue to incorporate trade and tariff-related considerations into its ongoing evaluation of top and emerging risks.</p>

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 65 to 112 of the *2024 Annual Report*. Risk management information is also provided in Note 6 to the 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 borrowers, issuers, guarantors or counterparties. General economic and market conditions in Canada, the U.S. and other countries in which the Bank operates are currently difficult to predict due in part to measures affecting trade relations between Canada and its partners. The imposition of tariffs and the measures taken in response, as well as the possible impacts on our customers, could have an impact on a debtor's ability to repay. Credit risk is the most significant risk facing the Bank in the normal course of its business.

Regulatory Developments

The Bank closely monitors regulatory developments and is actively involved in the various consultation processes. For additional information about the regulatory context as at October 31, 2024, see page 81 of the Risk Management section of the *2024 Annual Report*. In addition, since November 1, 2024, there have been no new regulatory developments to consider.

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

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

(millions of Canadian dollars)						As at July 31, 2025		
	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	92,784	9,641	–	–	–	102,425	18 %	82 %
Qualifying revolving retail	4,382	13,167	–	–	–	17,549	– %	100 %
Other retail	23,187	2,968	–	–	40	26,195	30 %	70 %
	120,353	25,776	–	–	40	146,169		
Non-retail								
Corporate	125,269	34,852	50,651	56	9,975	220,803	27 %	73 %
Sovereign	71,487	6,095	99,028	–	383	176,993	3 %	97 %
Financial institutions	13,168	1,239	155,082	2,998	2,080	174,567	24 %	76 %
	209,924	42,186	304,761	3,054	12,438	572,363		
Trading portfolio	–	–	–	16,655	–	16,655	2 %	98 %
Securitization	2,857	–	–	–	6,508	9,365	100 %	– %
Total – Gross credit risk	333,134	67,962	304,761	19,709	18,986	744,552	19 %	81 %
Standardized Approach⁽⁵⁾	76,609	2,805	52,681	3,015	7,671	142,781		
IRB Approach	256,525	65,157	252,080	16,694	11,315	601,771		
Total – Gross credit risk	333,134	67,962	304,761	19,709	18,986	744,552	19 %	81 %

(millions of Canadian dollars)						As at October 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	80,861	8,905	–	–	–	89,766	13 %	87 %
Qualifying revolving retail	3,335	11,867	–	–	–	15,202	– %	100 %
Other retail	17,237	2,526	–	–	37	19,800	13 %	87 %
	101,433	23,298	–	–	37	124,768		
Non-retail								
Corporate	96,023	31,921	42,395	234	8,813	179,386	21 %	79 %
Sovereign	65,758	5,982	79,859	–	283	151,882	3 %	97 %
Financial institutions	8,797	1,095	133,787	2,640	1,700	148,019	22 %	78 %
	170,578	38,998	256,041	2,874	10,796	479,287		
Trading portfolio	–	–	–	17,507	–	17,507	3 %	97 %
Securitization	4,885	–	–	–	6,480	11,365	93 %	7 %
Total – Gross credit risk	276,896	62,296	256,041	20,381	17,313	632,927	16 %	84 %
Standardized Approach⁽⁵⁾	39,868	1,209	47,241	2,870	7,015	98,203		
IRB Approach	237,028	61,087	208,800	17,511	10,298	534,724		
Total – Gross credit risk	276,896	62,296	256,041	20,381	17,313	632,927	16 %	84 %

- (1) See the Financial Reporting Method section on pages 6 to 12 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 the documents *Supplementary Financial Information – Third Quarter 2025* and *Supplementary Regulatory Capital and Pillar 3 Disclosure – Third Quarter 2025*, which are available on the Bank's website at nbc.ca.

Market Risk

Market risk is the risk of financial 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.

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 July 31, 2025
	Balance sheet	Market risk measures		Not subject to market risk	Non-traded risk primary risk sensitivity
		Trading ⁽¹⁾	Non-trading ⁽²⁾		
Assets					
Cash and deposits with financial institutions	29,561	190	24,683	4,688	Interest rate ⁽³⁾
Securities					
At fair value through profit or loss	140,516	137,910	2,606	–	Interest rate ⁽³⁾ and equity ⁽⁴⁾
At fair value through other comprehensive income	23,026	–	23,026	–	Interest rate ⁽³⁾ and equity ⁽⁴⁾
At amortized cost	15,373	–	15,373	–	Interest rate ⁽³⁾
Securities purchased under reverse repurchase agreements and securities borrowed	23,388	–	23,388	–	Interest rate ⁽³⁾⁽⁵⁾
Loans, net of allowances	292,743	14,892	277,851	–	Interest rate ⁽³⁾
Derivative financial instruments	12,104	11,376	728	–	Interest rate and exchange rate
Defined benefit asset	456	–	456	–	Other
Other	15,454	503	–	14,951	
	552,621	164,871	368,111	19,639	
Liabilities					
Deposits	402,286	36,158	366,128	–	Interest rate ⁽³⁾
Obligations related to securities sold short	13,823	13,823	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	46,031	–	46,031	–	Interest rate ⁽³⁾⁽⁵⁾
Derivative financial instruments	15,392	14,275	1,117	–	Interest rate and exchange rate
Liabilities related to transferred receivables	28,452	11,012	17,440	–	Interest rate ⁽³⁾
Defined benefit liability	99	–	99	–	Other
Other	9,733	–	–	9,733	Interest rate ⁽³⁾
Subordinated debt	3,429	–	3,429	–	Interest rate ⁽³⁾
	519,245	75,268	434,244	9,733	

(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 *2024 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 *2024 Annual Report* that shows the VaR distribution of the trading portfolios by risk category and their diversification effect, as well as 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 measure.

(millions of Canadian dollars)

As at October 31, 2024

	Balance sheet	Market risk measures		Not subject to market risk	Non-traded risk primary risk sensitivity
		Trading ⁽¹⁾	Non-trading ⁽²⁾		
Assets					
Cash and deposits with financial institutions	31,549	257	20,440	10,852	Interest rate ⁽³⁾
Securities					
At fair value through profit or loss	115,935	113,445	2,490	–	Interest rate ⁽³⁾ and equity ⁽⁴⁾
At fair value through other comprehensive income	14,622	–	14,622	–	Interest rate ⁽³⁾ and equity ⁽⁵⁾
At amortized cost	14,608	–	14,608	–	Interest rate ⁽³⁾
Securities purchased under reverse repurchase agreements and securities borrowed	16,265	–	16,265	–	Interest rate ⁽³⁾⁽⁶⁾
Loans, net of allowances	243,032	14,572	228,460	–	Interest rate ⁽³⁾
Derivative financial instruments	12,309	11,686	623	–	Interest rate ⁽⁷⁾ and exchange rate ⁽⁷⁾
Defined benefit asset	487	–	487	–	Other ⁽⁸⁾
Other	13,419	573	–	12,846	
	462,226	140,533	297,995	23,698	
Liabilities					
Deposits	333,545	30,429	303,116	–	Interest rate ⁽³⁾
Obligations related to securities sold short	10,873	10,873	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	38,177	–	38,177	–	Interest rate ⁽³⁾⁽⁶⁾
Derivative financial instruments	15,760	15,240	520	–	Interest rate ⁽⁷⁾ and exchange rate ⁽⁷⁾
Liabilities related to transferred receivables	28,377	10,564	17,813	–	Interest rate ⁽³⁾
Defined benefit liability	103	–	103	–	Other ⁽⁸⁾
Other	8,583	–	49	8,534	Interest rate ⁽³⁾
Subordinated debt	1,258	–	1,258	–	Interest rate ⁽³⁾
	436,676	67,106	361,036	8,534	

(1) Trading positions whose risk measure is total VaR. For additional information, see the table on the following page and in the Market Risk section of the *2024 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 *2024 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) For additional information, see Note 7 to the audited annual consolidated financial statements for the year ended October 31, 2024.

(5) 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.

(6) These instruments are recorded at amortized cost and are subject to credit risk for capital management purposes. For trading-related transactions with maturities of more than one day, interest rate risk is included in the VaR measure.

(7) For additional information, see Notes 18 and 19 to the audited annual consolidated financial statements for the year ended October 31, 2024.

(8) For additional information, see Note 25 to the audited annual consolidated financial statements for the year ended October 31, 2024.

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										
	July 31, 2025				April 30, 2025		July 31, 2024		July 31, 2025		July 31, 2024
	Low	High	Average	Period end	Average	Period end	Average	Period end	Average	Average	
Interest rate	(10.5)	(18.8)	(14.6)	(14.7)	(12.4)	(12.7)	(8.5)	(6.7)	(13.2)	(8.9)	
Exchange rate	(0.7)	(3.2)	(1.4)	(2.0)	(1.5)	(1.7)	(1.7)	(1.5)	(1.7)	(2.0)	
Equity	(4.7)	(6.5)	(5.3)	(5.5)	(6.2)	(5.6)	(3.4)	(3.3)	(5.4)	(5.6)	
Commodity	(1.2)	(2.7)	(1.9)	(2.7)	(1.3)	(1.1)	(1.2)	(1.0)	(1.6)	(1.5)	
Diversification effect ⁽³⁾	n.m.	n.m.	9.9	9.3	8.7	9.2	5.9	6.6	9.2	7.2	
Total trading VaR	(10.0)	(16.9)	(13.3)	(15.6)	(12.7)	(11.9)	(8.9)	(5.9)	(12.7)	(10.8)	

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 53 to 56 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.

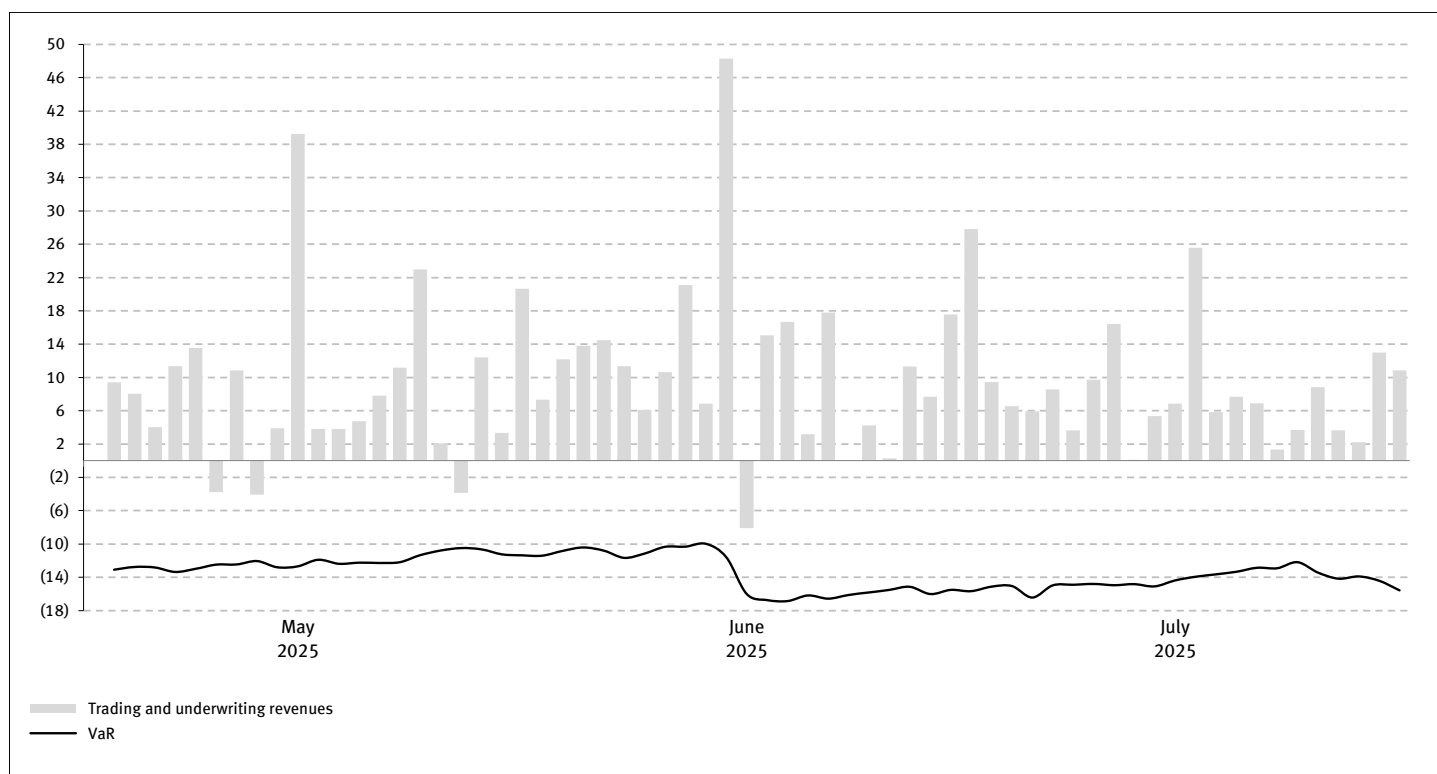
The average total VaR of the trading portfolios remained relatively stable from the second quarter of 2025 to the third quarter of 2025.

Daily Trading and Underwriting Revenues

The following chart shows daily trading and underwriting revenues and VaR. During the quarter ended July 31, 2025, daily trading and underwriting revenues were positive on 92% of the days. In addition, four days were marked by net daily trading and underwriting losses in excess of \$1 million. None of these losses exceeded VaR.

Quarter Ended July 31, 2025

(millions of Canadian dollars)



Interest Rate Sensitivity – Non-Trading Activities (Before Tax)

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

(millions of Canadian dollars)	As at July 31, 2025			As at October 31, 2024		
	Canadian dollar	Other currencies	Total	Canadian dollar	Other currencies	Total
Impact on equity						
100-basis-point increase in the interest rate	(541)	(75)	(616)	(378)	(57)	(435)
100-basis-point decrease in the interest rate	528	77	605	352	48	400
Impact on net interest income						
100-basis-point increase in the interest rate	112	(24)	88	121	(22)	99
100-basis-point decrease in the interest rate	(130)	31	(99)	(161)	25	(136)

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 refers to the possibility that an institution may not be able to meet its financial obligations as they fall due, due to a mismatch between cash inflows and outflows, without incurring unacceptable losses.

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, 2024, refer to pages 95 and 96 of the Risk Management section in the *2024 Annual Report*. Furthermore, since November 1, 2024, the new regulatory developments below are to be considered.

On November 21, 2024, OSFI published an amended version of the *Liability Adequacy Requirement (LAR) Guideline*. The LAR Guideline incorporates two sets of revisions related to intraday liquidity and the treatment of bankers' acceptances. The revisions relating to intraday liquidity affect Chapters 1 and 7 of the LAR Guideline, while those relating to the processing of bankers' acceptances affect Chapters 3 and 4. No changes were made to Chapters 2, 5 and 6. Implementation of the new intraday liquidity rules is scheduled for November 2025, and is limited to the direct clearers of Lynx, Canada's high-value payment system.

The Bank is actively participating in the OSFI consultation process launched on May 22, 2025, on the Internal Liquidity Adequacy Assessment Process (ILAAP) discussion paper, which aims to refine OSFI's approach to Pillar 2 liquidity supervision to meet international best practices while reflecting the specific characteristics of the Canadian financial sector. The Bank is also engaged in OSFI's public consultation on proposed revisions to the LAR Guideline.

Liquidity Management

Liquid Assets

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

Liquid Asset Portfolio⁽¹⁾

(millions of Canadian dollars)	As at July 31, 2025					As at October 31, 2024
	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	29,561	–	29,561	16,399	13,162	19,819
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	46,302	60,289	106,591	56,986	49,605	41,541
Issued or guaranteed by Canadian provincial and municipal governments	16,231	12,792	29,023	16,694	12,329	10,669
Other debt securities	6,182	4,768	10,950	3,520	7,430	7,305
Equity securities	110,200	61,197	171,397	114,409	56,988	40,972
Loans						
Securities backed by insured residential mortgages	18,566	–	18,566	7,473	11,093	8,471
As at July 31, 2025	227,042	139,046	366,088	215,481	150,607	
As at October 31, 2024	192,169	117,906	310,075	181,298		128,777

(millions of Canadian dollars)	As at July 31, 2025	As at October 31, 2024
Unencumbered liquid assets by entity		
National Bank (parent)	104,908	80,768
Domestic subsidiaries	8,681	12,023
Foreign subsidiaries and branches	37,018	35,986
	150,607	128,777

(millions of Canadian dollars)	As at July 31, 2025	As at October 31, 2024
Unencumbered liquid assets by currency		
Canadian dollar	83,901	66,970
U.S. dollar	62,022	53,960
Other currencies	4,684	7,847
	150,607	128,777

Liquid Asset Portfolio⁽¹⁾ – Average⁽⁵⁾

(millions of Canadian dollars)	Quarter ended					
	July 31, 2025					October 31, 2024
	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	32,848	–	32,848	15,961	16,887	20,762
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	47,591	63,752	111,343	64,094	47,249	40,832
Issued or guaranteed by Canadian provincial and municipal governments	17,557	13,437	30,994	20,169	10,825	9,063
Other debt securities	7,405	5,326	12,731	4,176	8,555	8,244
Equity securities	115,644	59,364	175,008	112,194	62,814	45,621
Loans						
Securities backed by insured residential mortgages	18,753	–	18,753	8,620	10,133	8,486
	239,798	141,879	381,677	225,214	156,463	133,008

(1) See the Financial Reporting Method section on pages 6 to 12 for additional information on capital management measures.

(2) Bank-owned liquid assets include assets for which there are no legal or geographic restrictions.

(3) Securities received as collateral with respect to securities financing and derivative transactions and securities purchased under reverse repurchase agreements and securities borrowed.

(4) In the normal course of its funding activities, the Bank pledges assets as collateral in accordance with standard terms. Encumbered liquid assets include assets used to cover short sales, obligations related to securities sold under repurchase agreements and securities loaned, guarantees related to security-backed loans and borrowings, collateral related to derivative financial instrument transactions, asset-backed securities, and liquid assets legally restricted from transfers.

(5) The average is based on the sum of the end-of-period balances of the three months of the quarter divided by three.

Summary of Encumbered and Unencumbered Assets⁽¹⁾

(millions of Canadian dollars)					As at July 31, 2025	
	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	2,586	13,813	13,162	–	29,561	3.0
Securities	62,128	–	116,787	–	178,915	11.2
Securities purchased under reverse repurchase agreements and securities borrowed	–	13,823	9,565	–	23,388	2.5
Loans, net of allowances	38,497	–	11,093	243,153	292,743	7.0
Derivative financial instruments	–	–	–	12,104	12,104	–
Premises and equipment	–	–	–	2,123	2,123	–
Goodwill	–	–	–	3,080	3,080	–
Intangible assets	–	–	–	1,833	1,833	–
Other assets	–	–	–	8,874	8,874	–
	103,211	27,636	150,607	271,167	552,621	23.7

(millions of Canadian dollars)					As at October 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	697	11,033	19,819	–	31,549	2.5
Securities	50,071	–	95,094	–	145,165	10.8
Securities purchased under reverse repurchase agreements and securities borrowed	–	10,872	5,393	–	16,265	2.4
Loans, net of allowances	40,296	–	8,471	194,265	243,032	8.7
Derivative financial instruments	–	–	–	12,309	12,309	–
Premises and equipment	–	–	–	1,868	1,868	–
Goodwill	–	–	–	1,522	1,522	–
Intangible assets	–	–	–	1,233	1,233	–
Other assets	–	–	–	9,283	9,283	–
	91,064	21,905	128,777	220,480	462,226	24.4

(1) See the Financial Reporting Method section on pages 6 to 12 for additional information on capital management measures.

(2) In the normal course of its funding activities, the Bank pledges assets as collateral in accordance with standard terms. Encumbered assets include assets used to cover short sales, obligations related to securities sold under repurchase agreements and securities loaned, guarantees related to security-backed loans and borrowings, collateral related to derivative financial instrument transactions, asset-backed securities, residential mortgage loans securitized and transferred under the Canada Mortgage Bond program, assets held in consolidated trusts supporting the Bank's funding activities, and mortgage loans transferred under the covered bond program.

(3) Other encumbered assets include assets for which there are restrictions and that cannot therefore be used for collateral or funding purposes as well as assets used to cover short sales.

(4) Other unencumbered assets are assets that cannot be used for collateral or funding purposes in their current form. This category includes assets that are potentially eligible as funding program collateral (e.g., mortgages insured by the Canada Mortgage and Housing Corporation that can be securitized into mortgage-backed securities under the *National Housing Act* (Canada)).

Liquidity Coverage Ratio

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

The table on the following page provides average LCR data calculated using the daily figures in the quarter. For the quarter ended July 31, 2025, the Bank's average LCR was 161%, 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)

	July 31, 2025		Quarter ended April 30, 2025
	Total unweighted value ⁽³⁾ (average)	Total weighted value ⁽⁴⁾ (average)	Total weighted value ⁽⁴⁾ (average)
High-quality liquid assets (HQLA)			
Total HQLA	n.a.	98,259	98,206
Cash outflows			
Retail deposits and deposits from small business customers, of which:			
Stable deposits	83,234	7,715	7,642
Less stable deposits	30,886	927	914
Unsecured wholesale funding, of which:	52,348	6,788	6,728
Operational deposits (all counterparties) and deposits in networks of cooperative banks	131,958	72,348	70,748
Non-operational deposits (all counterparties)	39,366	9,627	9,156
Unsecured debt	86,933	56,945	55,565
Secured wholesale funding	5,659	5,776	6,027
Additional requirements, of which:	n.a.	34,219	31,411
Outflows related to derivative exposures and other collateral requirements	84,217	21,290	21,718
Outflows related to loss of funding on secured debt securities	28,932	12,197	11,966
Backstop liquidity and credit enhancement facilities and commitments to extend credit	1,558	1,537	2,269
Other contractual commitments to extend credit	53,727	7,556	7,483
Other contingent commitments to extend credit	4,232	1,777	2,708
Total cash outflows	196,405	2,711	2,673
	n.a.	140,060	136,900
Cash inflows			
Secured lending (e.g., reverse repos)	165,513	31,636	30,566
Inflows from fully performing exposures	17,644	12,544	12,145
Other cash inflows	32,236	32,211	32,259
Total cash inflows	215,393	76,391	74,970
		Total adjusted value ⁽⁵⁾	Total adjusted value ⁽⁵⁾
Total HQLA		98,259	98,206
Total net cash outflows		63,669	61,930
Liquidity coverage ratio (%)⁽⁶⁾		161 %	166 %

n.a. Not applicable

(1) See the Financial Reporting Method section on pages 6 to 12 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 cash inflows and outflows).

(4) Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates.

(5) Total adjusted values are calculated after the application of both haircuts and inflow and outflow rates and any applicable caps.

(6) The data in this table is calculated using averages of the daily figures in the quarter.

As at July 31, 2025, Level 1 liquid assets represented 85% of the Bank's HQLA, which includes cash, central bank deposits, and bonds issued or guaranteed by the Canadian government and Canadian provincial governments.

Cash outflows arise from the application of OSFI-prescribed assumptions on deposits, debt, secured funding, commitments and additional collateral requirements. The cash outflows are partly offset by cash inflows, which come mainly from secured loans and performing loans. The Bank expects some quarter-over-quarter variation between reported LCRs without such variation being necessarily indicative of a trend. The variation between the quarter ended July 31, 2025 and the preceding quarter was a result of normal business operations. The Bank's liquid asset buffer is well in excess of its total net cash outflows.

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

Net Stable Funding Ratio

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

The following table provides the available stable funding and required stable funding in accordance with OSFI's *Liquidity Adequacy Requirements Guideline*. As at July 31, 2025, the Bank's NSFR was 123%, well above the 100% regulatory requirement and demonstrating the Bank's solid long-term liquidity position.

NSFR Disclosure Requirements⁽¹⁾⁽²⁾

(millions of Canadian dollars)	As at July 31, 2025				As at April 30, 2025	
	Unweighted value by residual maturity				Weighted value ⁽³⁾	Weighted value ⁽³⁾
	No maturity	6 months or less	Over 6 months to 1 year	Over 1 year		
Available Stable Funding (ASF) Items						
Capital:	33,803	–	–	3,429	37,232	35,937
Regulatory capital	33,803	–	–	3,429	37,232	35,937
Other capital instruments	–	–	–	–	–	–
Retail deposits and deposits from small business customers:	77,002	19,031	10,479	32,953	129,299	128,836
Stable deposits	29,246	6,054	4,010	9,624	46,968	47,066
Less stable deposits	47,756	12,977	6,469	23,329	82,331	81,770
Wholesale funding:	90,086	108,857	32,981	71,034	148,948	143,835
Operational deposits	40,253	–	–	–	20,126	18,570
Other wholesale funding	49,833	108,857	32,981	71,034	128,822	125,265
Liabilities with matching interdependent assets ⁽⁴⁾	–	3,142	1,821	23,489	–	–
Other liabilities ⁽⁵⁾ :	17,807		7,470		1,200	1,239
NSFR derivative liabilities ⁽⁵⁾	n.a.		(1,824)		n.a.	n.a.
All other liabilities and equity not included in the above categories	17,807	3,795	488	5,011	1,200	1,239
Total ASF	n.a.	n.a.	n.a.	n.a.	316,679	309,847
Required Stable Funding (RSF) Items						
Total NSFR high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	10,575	7,787
Deposits held at other financial institutions for operational purposes	–	–	–	–	–	–
Performing loans and securities:	69,396	123,722	43,501	120,020	203,859	200,025
Performing loans to financial institutions secured by Level 1 HQLA	222	9,513	–	–	487	342
Performing loans to financial institutions secured by non-Level-1 HQLA and unsecured performing loans to financial institutions	7,266	64,520	3,792	7,451	18,158	17,104
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	35,293	35,883	24,635	48,336	104,640	103,474
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	711	2,964	321	626	2,405	2,474
Performing residential mortgages, of which:	9,154	12,457	14,708	62,713	63,573	61,858
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	9,154	12,457	14,708	62,713	63,573	61,858
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	17,461	1,349	366	1,520	17,001	17,247
Assets with matching interdependent liabilities ⁽⁴⁾	–	3,142	1,821	23,489	–	–
Other assets ⁽⁵⁾ :	13,978		33,055		36,492	31,661
Physical traded commodities, including gold	3,253	n.a.	n.a.	n.a.	2,912	992
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs ⁽⁵⁾	n.a.		13,458		11,439	10,847
NSFR derivative assets ⁽⁵⁾	n.a.		3,517		5,340	3,266
NSFR derivative liabilities before deduction of the variation margin posted ⁽⁵⁾	n.a.		9,399		470	501
All other assets not included in the above categories	10,725	2,170	1,427	3,084	16,331	16,055
Off-balance-sheet items ⁽⁵⁾	n.a.		144,091		5,511	5,374
Total RSF	n.a.	n.a.	n.a.	n.a.	256,437	244,847
Net Stable Funding Ratio (%)	n.a.	n.a.	n.a.	n.a.	123 %	127 %

n.a. Not applicable

(1) See the Financial Reporting Method section on pages 6 to 12 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 ASF and RSF amounts 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

(millions of Canadian dollars)	As at July 31, 2025							
	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 ⁽¹⁾	708	401	–	139	1,248	–	–	1,248
Certificates of deposit and commercial paper ⁽²⁾	3,341	5,493	10,094	19,425	38,353	–	–	38,353
Senior unsecured medium-term notes ⁽³⁾	106	2,550	8,073	7,582	18,311	8,127	13,811	40,249
Senior unsecured structured notes	–	–	119	1,093	1,212	1,080	2,715	5,007
Covered bonds and asset-backed securities								
Mortgage securitization	–	224	2,704	1,822	4,750	3,799	19,903	28,452
Covered bonds	–	–	–	1,377	1,377	4,438	4,031	9,846
Subordinated liabilities ⁽⁴⁾	–	–	–	–	–	–	3,429	3,429
	4,155	8,668	20,990	31,438	65,251	17,444	43,889	126,584
Secured funding	–	224	2,704	3,199	6,127	8,237	23,934	38,298
Unsecured funding	4,155	8,444	18,286	28,239	59,124	9,207	19,955	88,286
	4,155	8,668	20,990	31,438	65,251	17,444	43,889	126,584
As at October 31, 2024	3,200	11,456	15,080	16,669	46,405	12,239	44,588	103,232

- (1) Deposits from banks include all non-negotiable term deposits from banks.
(2) Include bearer deposit notes.
(3) Include debts subject to bank recapitalization (bail-in) conversion regulations.
(4) Subordinated debt is presented in this table, but the Bank does not consider it as part of its wholesale funding.

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

(millions of Canadian dollars)	As at July 31, 2025		
	One-notch downgrade	Two-notch downgrade	Three-notch downgrade
Derivatives ⁽¹⁾	27	76	151

- (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 July 31, 2025 with comparative figures as at October 31, 2024. The information gathered from this maturity analysis is a component of liquidity and funding management. However, this maturity profile does not represent how the Bank manages its interest rate risk or its liquidity risk and funding needs. The Bank considers factors other than contractual maturity when assessing liquid assets or determining expected future cash flows.

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

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

(millions of Canadian dollars)										As at July 31, 2025 ⁽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	13,507	1,353	1,633	712	477	–	–	–	11,879	29,561	
Securities											
At fair value through profit or loss	410	527	453	797	1,139	4,990	11,634	10,691	109,875	140,516	
At fair value through other comprehensive income	39	34	279	107	830	2,327	8,806	10,279	325	23,026	
At amortized cost	28	292	909	165	1,048	2,450	7,373	3,108	–	15,373	
	477	853	1,641	1,069	3,017	9,767	27,813	24,078	110,200	178,915	
Securities purchased under reverse repurchase agreements and securities borrowed	15,416	2,394	1,113	–	–	346	–	–	4,119	23,388	
Loans⁽²⁾											
Residential mortgage	2,777	3,922	6,111	6,279	8,534	25,715	46,784	10,632	571	111,325	
Personal	1,060	1,264	1,838	2,222	2,312	6,970	13,349	5,951	13,824	48,790	
Credit card									2,897	2,897	
Business and government	14,530	8,002	7,956	7,080	6,475	13,563	25,677	10,996	37,436	131,715	
Allowances for credit losses									(1,984)	(1,984)	
	18,367	13,188	15,905	15,581	17,321	46,248	85,810	27,579	52,744	292,743	
Other											
Derivative financial instruments	2,812	1,560	1,100	583	543	1,260	1,714	2,532	–	12,104	
Premises and equipment									2,123	2,123	
Goodwill									3,080	3,080	
Intangible assets									1,833	1,833	
Other assets ⁽²⁾	1,522	367	281	327	1,100	1,020	259	197	3,801	8,874	
	4,334	1,927	1,381	910	1,643	2,280	1,973	2,729	10,837	28,014	
	52,101	19,715	21,673	18,272	22,458	58,641	115,596	54,386	189,779	552,621	

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the balances as at July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

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

(millions of Canadian dollars)	As at July 31, 2025 ⁽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	4,685	4,203	5,617	4,450	5,172	10,361	15,731	11,379	60,323	121,921
Business and government	39,780	12,978	24,361	18,660	13,969	15,755	37,811	6,314	104,833	274,461
Deposit-taking institutions	1,787	851	525	162	717	–	2	2	1,858	5,904
	46,252	18,032	30,503	23,272	19,858	26,116	53,544	17,695	167,014	402,286
Other										
Obligations related to securities sold short ⁽⁴⁾	15	272	139	77	79	1,307	4,248	4,946	2,740	13,823
Obligations related to securities sold under repurchase agreements and securities loaned	24,962	4,272	2,426	3,464	–	1,054	–	–	9,853	46,031
Derivative financial instruments	1,731	2,164	1,211	2,192	640	1,448	1,642	4,364	–	15,392
Liabilities related to transferred receivables ⁽⁵⁾	–	224	2,704	358	1,464	3,799	10,213	9,690	–	28,452
Lease liabilities ⁽⁶⁾	7	11	21	22	22	82	194	257	–	616
Other liabilities – Other items ⁽²⁾⁽⁶⁾	2,115	482	245	324	120	168	133	122	5,507	9,216
	28,830	7,425	6,746	6,437	2,325	7,858	16,430	19,379	18,100	113,530
Subordinated debt	–	–	–	–	–	–	1	3,428	–	3,429
Equity									33,376	33,376
	75,082	25,457	37,249	29,709	22,183	33,974	69,975	40,502	218,490	552,621
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	173	1,036	4,179	1,773	2,413	2,392	240	–	–	12,206
Credit card receivables ⁽⁷⁾	–	–	–	–	–	–	–	–	11,220	11,220
Backstop liquidity and credit enhancement facilities ⁽⁸⁾	–	–	15	5,552	15	–	–	–	5,378	10,960
Commitments to extend credit ⁽⁹⁾	4,410	12,003	9,607	7,017	7,418	7,468	6,801	883	59,184	114,791
Obligations related to:										
Lease commitments ⁽¹⁰⁾	1	1	2	2	2	5	7	17	–	37
Other contracts	4	8	12	12	12	48	221	4	159	480

(1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the balances as at July 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(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 \$49.7 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.

(millions of Canadian dollars)

As at October 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	20,300	868	458	395	146	–	–	–	9,382	31,549
Securities										
At fair value through profit or loss	155	179	692	1,173	1,691	4,018	10,420	9,930	87,677	115,935
At fair value through other comprehensive income	14	97	263	33	34	2,863	5,688	4,964	666	14,622
At amortized cost	232	756	545	931	629	2,748	7,170	1,597	–	14,608
	401	1,032	1,500	2,137	2,354	9,629	23,278	16,491	88,343	145,165
Securities purchased under reverse repurchase agreements and securities borrowed	5,525	2,900	2,222	881	–	696	–	–	4,041	16,265
Loans⁽¹⁾										
Residential mortgage	1,901	2,012	3,466	4,431	4,762	23,671	44,223	9,993	550	95,009
Personal	861	865	1,648	1,843	1,890	7,957	12,050	6,086	13,683	46,883
Credit card									2,761	2,761
Business and government	12,533	5,621	4,733	4,747	5,588	10,704	18,364	6,545	30,885	99,720
Allowances for credit losses									(1,341)	(1,341)
	15,295	8,498	9,847	11,021	12,240	42,332	74,637	22,624	46,538	243,032
Other										
Derivative financial instruments	2,619	1,950	1,187	643	375	1,707	1,576	2,252	–	12,309
Premises and equipment									1,868	1,868
Goodwill									1,522	1,522
Intangible assets									1,233	1,233
Other assets ⁽¹⁾	3,080	213	757	1,298	221	855	426	102	2,331	9,283
	5,699	2,163	1,944	1,941	596	2,562	2,002	2,354	6,954	26,215
	47,220	15,461	15,971	16,375	15,336	55,219	99,917	41,469	155,258	462,226

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

(millions of Canadian dollars)

As at October 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	4,022	3,808	4,840	5,342	4,810	6,856	13,857	7,170	44,476	95,181
Business and government	34,782	14,521	18,716	10,445	6,927	9,649	37,905	6,273	93,512	232,730
Deposit-taking institutions	803	101	364	1,188	401	11	2	26	2,738	5,634
	39,607	18,430	23,920	16,975	12,138	16,516	51,764	13,469	140,726	333,545
Other										
Obligations related to securities sold short ⁽³⁾	124	260	396	113	64	1,141	2,323	4,354	2,098	10,873
Obligations related to securities sold under repurchase agreements and securities loaned	19,554	2,510	3,915	3,481	–	1,073	–	–	7,644	38,177
Derivative financial instruments	1,875	3,134	2,183	509	372	1,844	1,886	3,957	–	15,760
Liabilities related to transferred receivables ⁽⁴⁾	–	1,897	1,216	1,543	197	4,169	8,872	10,483	–	28,377
Securitization – Credit card ⁽⁵⁾	49	–	–	–	–	–	–	–	–	49
Lease liabilities ⁽⁵⁾	6	13	19	19	18	72	176	149	–	472
Other liabilities – Other items ⁽¹⁾⁽⁵⁾	1,674	199	238	10	51	65	79	170	5,679	8,165
	23,282	8,013	7,967	5,675	702	8,364	13,336	19,113	15,421	101,873
Subordinated debt	–	–	–	–	–	–	–	1,258	–	1,258
Equity									25,550	25,550
	62,889	26,443	31,887	22,650	12,840	24,880	65,100	33,840	181,697	462,226
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	80	1,861	1,914	1,420	1,456	2,506	203	20	–	9,460
Credit card receivables ⁽⁶⁾	–	–	–	–	–	–	–	–	10,515	10,515
Backstop liquidity and credit enhancement facilities ⁽⁷⁾	–	15	5,552	15	–	–	–	–	5,483	11,065
Commitments to extend credit ⁽⁸⁾	3,243	12,896	9,811	8,121	4,600	5,248	3,635	114	52,612	100,280
Obligations related to:										
Lease commitments ⁽⁹⁾	1	1	2	1	1	5	4	2	–	17
Other contracts ⁽¹⁰⁾	5	10	14	12	12	48	244	9	161	515

(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 \$48.6 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 \$5 million in contractual commitments related to the head office building.

Environmental and Social Risk

Environmental and social risk is the possibility that environmental and social matters would result in a financial loss for the Bank or affect its business activities. For additional information on the ways the Bank addresses and mitigates this risk, see the Environmental and Social Risk section on pages 110 to 112 of the Bank's *2024 Annual Report*.

Regulatory Developments

The Bank continues to closely monitor regulatory developments and participates actively in various consultative processes. Since November 1, 2024, the new regulatory developments below are to be considered.

On December 18, 2024, the Canadian Sustainability Standards Board (CSSB) published its first Canadian Sustainability Disclosure Standards (CSDS). CSDS 1 – *General Requirements for Disclosure of Sustainability-related Financial Information*, and CSDS 2 – *Climate-related Disclosures*, which are aligned with IFRS S1 – *General Requirements for Disclosure of Sustainability-related financial Information* and IFRS S2 – *Climate-related Disclosures*, retain the proposals included in the exposure drafts published on March 13, 2024, and include additional transition relief measures for certain disclosure requirements. CSDS will be applicable to D-SIBs at the end of fiscal 2026, and transitional relief measures will postpone certain disclosure requirements until the end of fiscal 2029. Disclosure under CSDS will be voluntary until mandated by the CSA. On April 23, 2025, the CSA announced that it was pausing its work on projects related to mandatory climate-related disclosure and amendments to existing diversity disclosure requirements. The CSA will monitor regulatory developments and revisit these two projects in the coming years.

On March 7, 2025, OSFI released an update to Guideline B-15, Climate Risk Management. Key changes include the deferral of the Scope 3 greenhouse gas (GHG) emissions disclosure requirement and clarification of expectations regarding asset management activities.

Risk Disclosures

One of the purposes of the *2024 Annual Report*, the *Report to Shareholders – Third Quarter 2025*, 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.

		2024 Annual Report	Report to Shareholders ⁽¹⁾	Pages Supplementary Regulatory Capital and Pillar 3 Disclosure ⁽¹⁾
General				
1	Location of risk disclosures	12	49	
	Management's Discussion and Analysis	55 to 112, 125 and 127 to 129	26 to 48	
	Consolidated Financial Statements	Notes 1, 8, 18, 25 and 31	Notes 6 and 13	
	Supplementary Financial Information			23 to 33 ⁽²⁾
	Supplementary Regulatory Capital and Pillar 3 Disclosure			5 to 62
2	Risk terminology and risk measures	65 to 112		
3	Top and emerging risks	24 and 70 to 77	5 and 33 to 48	
4	New key regulatory ratios	56 to 59, 95, 96 and 99 to 102	26, 27, 38 and 40 to 43	
Risk governance and risk management				
5	Risk management organization, processes and key functions	65 to 89, 95 to 97 and 102		
6	Risk management culture	65 and 66		
7	Key risks by business segment, risk management and risk appetite	64 to 66 and 70		
8	Stress testing	55, 66, 83, 93, 94 and 97		
Capital adequacy and risk-weighted assets (RWA)				
9	Minimum Pillar 1 capital requirements	56 to 59	26 and 27	
10	Reconciliation of the accounting balance sheet to the regulatory balance sheet			11 to 17, 20 and 21
11	Movements in regulatory capital	62	29	
12	Capital planning	55 to 64		
13	RWA by business segment and by risk type	64		7
14	Capital requirements by risk and the RWA calculation method	78 to 82		7
15	Banking book credit risk			7
16	Movements in RWA by risk type	63	30	7
17	Assessment of credit risk model performance	69, 79 to 82 and 88		41
Liquidity				
18	Liquidity management and components of the liquidity buffer	95 to 102	38 to 43	
Funding				
19	Summary of encumbered and unencumbered assets	98 and 99	40	
20	Residual contractual maturities of balance sheet items and off-balance-sheet commitments	230 to 234	44 to 47	
21	Funding strategy and funding sources	102 to 104	43	
Market risk				
22	Linkage of market risk measures to balance sheet	90 and 91	35 and 36	
23	Market risk factors	88 to 94, 218 and 219	35 to 38	
24	VaR: Assumptions, limitations and validation procedures	92		
25	Stress tests and backtesting	88 to 94		
Credit risk				
26	Credit risk exposures	87 and 179 to 191	34 and 73 to 85	22 to 50 and 23 to 31 ⁽²⁾
27	Policies for identifying impaired loans	84, 85, 152 and 153		
28	Movements in impaired loans and allowances for credit losses	125, 128, 129 and 179 to 191	73 to 85	28 to 31 ⁽²⁾
29	Counterparty credit risk relating to derivative transactions	83 to 86 and 198 to 201		42 to 50, 32 ⁽²⁾ and 33 ⁽²⁾
30	Credit risk mitigation	81 to 86, 176 and 184		24, 28, 29 and 48 to 58
Other risks				
31	Other risks: Governance, measurement and management	76, 77 and 104 to 112		
32	Publicly known risk events	24, 104 and 105	5, 33 and 48	

(1) Third quarter 2025.

(2) These pages are included in the document entitled *Supplementary Financial Information – Third Quarter 2025*.

Accounting Policies and Financial Disclosure

Material Accounting Policies and Accounting Estimates

The unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended July 31, 2025 were prepared in accordance with IAS 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and use the same accounting policies as those described in Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2024, except for the addition of finance lease accounting described below as a result of the acquisition of the Canadian Western Bank (CWB). The financial results of CWB have been consolidated in the Bank's financial statements as of February 3, 2025 and results have been recorded in Personal and Commercial, Wealth Management, and Financial Markets segments and in the *Other* heading of segment disclosures.

Leases

Bank as the lessor

When the Bank is the lessor, the contracts are classified as finance leases if they transfer substantially all of the risks and rewards of ownership of the underlying asset to the lessee, otherwise they are classified as operating leases. For finance leases, a receivable is recorded in *Loans* on the Consolidated Balance Sheet for an amount equal to the net investment in the finance lease, which represents the minimum payments receivable from the lessee plus any unguaranteed residual value expected to be recovered at the end of the lease, discounted at the interest rate implicit in the lease. Finance lease receivables are subsequently recorded at an amount equal to the net investment in the finance lease, net of allowances for expected credit losses. Interest income is recognized over the term of the lease in *Interest income* in the Consolidated Statement of Income. For operating leases, the leased assets remain on the Consolidated Balance Sheet and are reported in *Premises and equipment*, and the rental income is recognized in *Non-interest income* in the Consolidated Statement of Income.

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 values 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 material accounting policies and accounting estimates are the same as those described on pages 113 to 118 of the *2024 Annual Report*, except for the addition mentioned above.

The geopolitical landscape, notably the measures affecting trade relations between Canada and its partners, including the imposition of tariffs and any measures taken in response to such tariffs, the Russia-Ukraine war and clashes between Israel and Hamas, inflation, climate change, and previously high interest rates continue to create uncertainty. As a result, establishing reliable estimates and applying judgment continue to be substantially complex. See Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2024 for a summary of the most significant estimation processes used to prepare the Consolidated Financial Statements and for the valuation techniques used to determine the carrying values and fair values of assets and liabilities. In addition, valuation techniques used for assets and liabilities resulting from the CWB acquisition are described below. The uncertainty surrounding certain key inputs used in measuring ECLs is described in Note 6 to the Consolidated Financial Statements.

CWB acquisition – Valuation of Assets and Liabilities

The Bank used significant judgment and assumptions to determine the fair value of the CWB assets acquired and liabilities assumed, including the loan portfolio, core-deposit and customer relationship intangible assets and deposits.

For loans, fair value was determined by discounting the estimated cash flows expected to be received on all purchased loans back to their present value. Management's best estimate of current key assumptions such as default rates, loss severity, timing of prepayment options and collateral was used to estimate expected cash flows. In determining the discount rate, various inputs were considered, including the risk-free interest rates in the current market, the risk premium associated with the loans and the cost to service the portfolios.

For core-deposit intangible assets, fair value was determined using a discounted cash flow approach, comparing the present value of the cost to maintain the acquired core deposits to the cost of alternative funding. The present value of the cost to maintain the acquired core deposits includes an estimate of future interest costs and operating expenses for these acquired deposits. Core deposits are those that are considered to be stable, below-market sources of funding, whereas the present value of the cost of alternative funding includes an estimate of future interest costs that would be incurred if the funds were borrowed from the public market. Deposit run-off was estimated using historical attrition data, comparing this to market sources at the date of acquisition.

The fair value of customer relationships acquired was determined based on the excess of estimated future cash inflows based on revenue from the acquired relationships over the related estimated cash outflows over the estimated useful life of the customer base.

For the deposits, fair value was determined by discounting the estimated cash flows to be repaid, back to their present value. The timing and amount of cash flows involve significant management judgment regarding the likelihood of early redemption and the timing of withdrawal by the customer. Discount rates were based on the prevailing rates that were paid on similar deposits at the date of acquisition.

The fair value of all other assets and liabilities was calculated using market data where possible, as well as management judgment to determine the price that would be obtained in an arms-length transaction between knowledgeable, willing parties.

For additional information, see Note 19 to the Consolidated Financial Statements.

Future Accounting Policy Changes

The Bank closely monitors both new accounting standards and amendments to existing accounting standards issued by the IASB. There have been no significant updates to the future accounting policy changes disclosed in Note 3 to the audited annual consolidated financial statements for the year ended October 31, 2024. The Bank is currently assessing the impact of applying these standards on the consolidated financial statements.

Financial Disclosure

During the third quarter of 2025, 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.

Following the acquisition of CWB on February 3, 2025, the Bank implemented and amended certain processes related to internal control over financial reporting. These amendments did not have a material impact on internal control over financial reporting.

Quarterly Financial Information

(millions of Canadian dollars,
except per share amounts)

	Q3 ⁽¹⁾	2025				2024		2023	2024	2023
		Q2 ⁽¹⁾	Q1	Q4	Q3	Q2	Q1	Q4	Total	Total
Total revenues	3,449	3,650	3,183	2,944	2,996	2,750	2,710	2,560	11,400	10,058
Net income	1,065	896	997	955	1,033	906	922	751	3,816	3,289
Earnings per share (\$)										
Basic	2.61	2.19	2.81	2.69	2.92	2.56	2.61	2.11	10.78	9.33
Diluted	2.58	2.17	2.78	2.66	2.89	2.54	2.59	2.09	10.68	9.24
Dividends per common share (\$)	1.18	1.14	1.14	1.10	1.10	1.06	1.06	1.02	4.32	3.98
Return on common shareholders' equity (%)⁽²⁾	13.6	11.9	16.7	16.4	18.4	16.9	17.1	14.1	17.2	16.3
Total assets	552,621	536,194	483,833	462,226	453,933	441,690	433,927	423,477		
Net impaired loans⁽²⁾	2,588	2,437	1,836	1,629	1,482	1,426	1,276	1,276		
Per common share (\$)										
Book value ⁽²⁾	77.20	76.13	68.15	65.74	64.64	62.28	61.18	60.40		
Share price										
High	144.96	127.44	140.76	134.23	118.17	114.68	103.38	103.58		
Low	121.09	107.01	128.79	111.98	106.21	101.24	86.50	84.97		

- (1) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the results, balances and ratios for the quarters ended July 31, 2025 and April 30, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
- (2) See the Glossary section on pages 53 to 56 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 price, 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 Credigy's POCI loans

Gross impaired loans excluding Credigy subsidiary's POCI loans are all loans classified in Stage 3 and POCI loans of the expected credit loss model excluding Credigy subsidiary's POCI loans.

Gross impaired loans excluding Credigy's POCI loans as a percentage of total loans and acceptances

This measure represents gross impaired loans excluding Credigy subsidiary's 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 Credigy's POCI loans

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

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 Credigy's POCI loans

This measure represents the allowances for credit losses on impaired loans excluding Credigy subsidiary's POCI loans expressed as a percentage of gross impaired loans excluding Credigy subsidiary's 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 Credigy's POCI loans

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 financial assets excluding Credigy subsidiary's POCI loans.

Provisions for credit losses on impaired loans excluding Credigy's POCI loans as a percentage of average loans and acceptances or provisions for credit losses on impaired loans excluding Credigy's POCI loans ratio

This measure represents the provisions for credit losses on impaired loans excluding Credigy subsidiary's 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. This ratio is used to measure the Bank's efficiency in using all its assets to generate profits.

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.

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, and an equivalent amount is recognized in the 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. The 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.