Annual Report 2025

NATIONAL BANK

At a Glance

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Founded in 1859, National Bank of Canada offers financial services to individuals, businesses, institutional clients and governments across Canada. We are one of Canada's six systemically important banks and we deliver strong return on equity.(1)

We operate through three business segments in Canada: Personal and Commercial Banking, Wealth Management, and Capital Markets. A fourth segment, U.S. Specialty Finance and International, complements the growth of our domestic operations.

We are a leading bank in our core Quebec market, where most of our branches are located, and also hold leadership positions across the country in selected activities.

We strive to meet the highest standards of corporate responsibility while creating value for our shareholders. We define ourselves as an employer of choice and we promote inclusion and diversity.

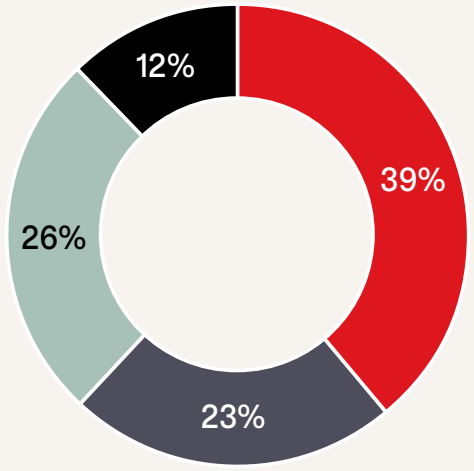
We are headquartered in Montreal, and our securities are listed on the Toronto Stock Exchange (TSX: NA).

(1) Return on common shareholders' equity (ROE).

As at October 31, 2025, or for the year ended October 31, 2025

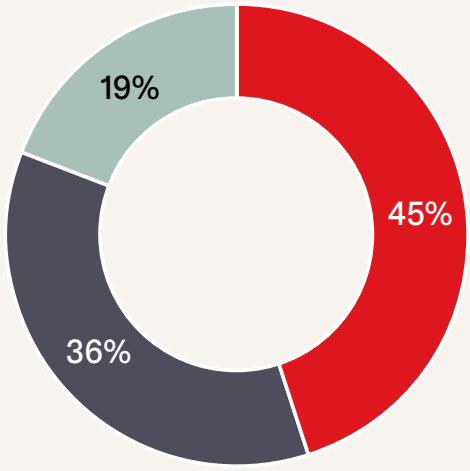
3.1 million	Clients[1]
35,378	Employees[2]
$14.0 B	Total Revenue
$4.0 B	Net Income
$577 B	Total Assets
$61 B	Market Capitalization

2025 Adjusted Total Revenue by Business Segment[3]



●	39%	Personal and Commercial
●	23%	Wealth Management
●	26%	Capital Markets
●	12%	U.S. Specialty Finance and International

2025 Adjusted Total Revenue by Geographic Distribution[3]



●	45%	Province of Quebec
●	36%	Other Canadian provinces
●	19%	Outside Canada

(1) Clients of the Personal and Commercial segment.
(2) Worldwide.
(3) Excluding the *Other* heading. See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP financial measures.

Investing in National Bank

Our pillars

1 Culture

Entrepreneurial

Agile

Collaborative

Diverse and inclusive

2 Strategic Positioning

Canadian bank with leading franchise in Quebec

Differentiated positioning in Capital Markets and Wealth Management

Focused strategy outside Canada

3 Discipline

Strong risk management culture

Disciplined cost management

Solid capital levels

Our performance in 2025

Strong ROE 2025 ROE[2]	**13.7%** Reported	**15.3%**[1] Adjusted
Diversified Earnings Power Diluted Earnings per Share Growth (2025/2024)	**(5.7)%** Reported	**8.6%**[3] Adjusted
Solid Credit Performance PCL on Impaired Loans Ratio[2][4]	**28 bps**	
Robust Capital Position CET1 Capital Ratio[1] as at October 31, 2025	**13.8%**	
Sound Liquidity Profile Liquidity Coverage Ratio[1] as at October 31, 2025	**173%**	

Leading Total Shareholder Returns[2]

CAGR[6] for the periods ended October 31, 2025

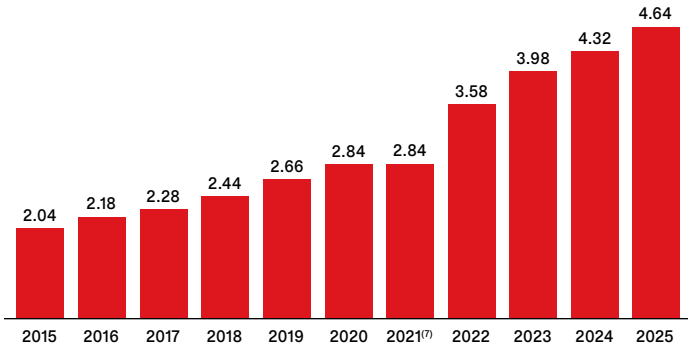
	Ranking[5]	National Bank	Canadian Peers[5]	TSX
3 years	**#2**	**24%**	21%	20%
5 years	**#2**	**24%**	21%	18%
10 years	**#1**	**18%**	13%	12%

Source: Nasdaq IR Insight via Factset

Sustainable Dividend Growth

($ per share)

10-year CAGR[6]	**8.6%**	
Adjusted Dividend Payout Ratio[1]	10-year average:	42%
	Medium-term objective:	40–50%



(1) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP ratios and for additional information on capital management measures.
(2) See the Glossary section on pages 136 to 139 for details on the composition of these measures.
(3) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP financial measures.
(4) Provisions for credit losses (PCL) on impaired loans as a percentage of average loans.
(5) Among Canada's six systemically important banks.
(6) Compound annual growth rate.
(7) Interruption of dividend increases, as prescribed by the Office of the Superintendent of Financial Institutions (Canada) (OSFI) between March 13, 2020, and November 4, 2021.

Financial Overview

Medium-Term Objectives and Results

	Medium-Term Objectives	2025 Results
Growth in diluted earnings per share – Adjusted[1]	5–10%	**8.6%**
ROE – Adjusted[2]	15–20%	**15.3%**
Dividend payout ratio – Adjusted[2]	40–50%	**40.7%**
Capital ratios[3]	Strong	**13.8%** CET1 Capital Ratio[3]
Liquidity ratios[3]	Strong	**173%** LCR[3]

(1) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP financial measures.
(2) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP ratios.
(3) See the Financial Reporting Method section on pages 18 to 23 for additional information on capital management measures.

Message From the President and Chief Executive Officer

At National Bank, we are executing on our strategic priorities with care and discipline, driven by a firm belief that success stems from building lasting, trust-based relationships with our clients. Our goal is to be a strong and reliable banking partner for Canadians from coast to coast, and to deliver sustainable value for our shareholders.

As reflected in our refreshed brand identity, the Bank is here to help its clients *Build something*. This commitment to supporting individuals, communities and businesses in realizing their projects speaks to the values and entrepreneurial spirit at our core. It also aligns with our growth strategy and our responsibility to contribute to Canada's economic prosperity.

In 2025, our role within the Canadian economy and in the financial decisions of our clients was more important than ever. We supported our clients – from first-time homebuyers to entrepreneurs and businesses investing in growth. We accelerated our domestic growth with the largest acquisition in our history – that of Edmonton-based Canadian Western Bank (CWB). We delivered strong financial performance, and we continued to invest in the vitality of Canada's economic centres and communities. All that we achieved while navigating a complex macro backdrop reflects our agility, expertise and client-first approach, backed by our financial strength.

Diversified earnings and complementary franchises

National Bank met all its medium-term financial objectives in 2025, driven by the strength and diversification of our complementary franchises, with all business lines contributing to our strong financial results.

Across Canada, we continued to extend our reach as a partner of choice in Personal and Commercial Banking. Our Capital Markets franchise, an established Canadian leader in select areas, generated another notable performance through its ability to outperform amidst market volatility. Our leading, differentiated Wealth Management business also remained a key pillar of our growth strategy. The performance of our domestic franchises was complemented by robust results generated by Credigy, our specialty finance business in the U.S., and ABA Bank in Cambodia.

As a result, the Bank delivered return on equity above 15% in 2025, factoring in the acquisition of CWB. We generated a resilient credit performance, reflecting prudent underwriting and a balanced portfolio, and we ended the year with a strong CET1 ratio of 13.8%. In line with our commitment to return capital to shareholders, we increased our common share dividend by more than 7% in 2025, and we resumed share buybacks.

We intend to maintain prudent capital levels as we invest in accelerating our organic growth and operational efficiency, in addition to sustainable dividend increases, select tuck-in acquisitions and share repurchases. At the core of our strategic priorities is our continued focus on balancing business growth, financial strength and long-term value creation.

Accelerating our growth from Canadian coast to coast

The acquisition of Canadian Western Bank in early 2025 marked a major milestone for the Bank, establishing us as a truly national bank poised for accelerated growth. We gained a greater foothold in Western Canada, complementing our existing presence and creating a strong East-to-West connection and service capability. The cultural and strategic fit between our organizations was immediate and has only deepened through integration.

Message From the President and Chief Executive Officer (cont.)

Our integration priorities in 2025 started with onboarding close to 2,300 new colleagues. This was followed by the migration of more than 65,000 clients to our platforms by year end – a heavy lift made possible by a united team effort. We rebranded 35 branches and ATMs, primarily in Western Canada, and a landmark office tower in downtown Edmonton, with our iconic red flag atop, will now house the National Bank Centre, where we will maintain a strong leadership and operational presence to support our domestic growth.

With cost and funding synergies from the transaction coming in ahead of schedule and revenue synergies expected to begin in the second half of 2026, we are well positioned for continued momentum. While 2025 was about integration, our focus in 2026 will increasingly shift towards growth. I want to recognize our employees across Canada for their dedication to a smooth integration and an unwavering focus on our clients.

Also, we recently announced a definitive agreement to acquire Laurentian Bank of Canada's retail and SME banking portfolios and syndicated loan portfolio. Leveraging our strong presence in Québec, this transaction aligns with our domestic growth strategy and is a natural fit. We are looking forward to welcoming these new clients after the closing of this transaction.

The future of personal banking

The banking landscape is evolving rapidly in an increasingly digital world propelled by our younger generations, and this is changing the way our clients bank. This transformation has been happening in all our businesses as we continue to adapt and innovate to meet our clients where they need us. This is especially critical in personal banking services, which will experience significant disruption in the coming years. With disruption comes opportunity.

Across the Bank, our focus is on leveraging technology including artificial intelligence, data and human insight to deliver more seamless retail banking experiences. We intend to gain efficiencies through simplification and automation, while we invest in our talent to strengthen our capabilities. As we adapt to emerging trends, we will continue to pursue strategic partnerships with financial technology companies and other disrupters to further enhance our service model. We also recognize the enduring value of in-person advice and relationships. Our front-line teams and physical branch presence will continue to play a vital role, complementing our digital capabilities. This balanced approach aims to ensure we meet our clients wherever they are.

As we evolve our banking operating model and in support of our strategic priorities, key leadership appointments were made in 2025. We also realigned core functions to foster even more proximity between technology, operations and our business lines, in line with our collaborative approach between segments. These changes reflect the natural evolution of our organization as we constantly grow, renew and adapt. I am pleased to lead an engaged and aligned Senior Leadership Team with the vision to guide the Bank into the future.

A partner in strengthening our economy

The geopolitical and economic instability that defined 2025 continues to unfold. While the Canadian economy has shown resilience, persistent trade tensions have impacted many industries. As we enter 2026, this unpredictable environment will continue to shape business confidence and investments.

As a systemically important bank with a strengthened national presence, our role is more vital than ever, and we intend to be a reliable partner for our economy. Structural changes are needed to increase our productivity and attract investments in support of our economic and security interests.

We intend to grow and deploy capital to help fuel Canada's economic strength and resilience. We will support the many critical sectors of our economy that can contribute to Canada's strategic reindustrialization and reinvigorate our economy – from natural resources to the defence, manufacturing and housing sectors. This includes financing both traditional and renewable energy infrastructure, standing by our pledge to increase renewable energy lending to $20 billion by 2030. We will also continue to engage with government to ensure that we continue to do more as a nation to create the right conditions to stimulate investment and productivity across Canada.

Our commitment to being a trusted partner extends beyond economic interests. We will continue to support the communities where we are present across the country and remain deeply committed to our more than 35,000 employees, who are central to our success.

A clean plan for a complex environment

While the economic environment remains complex, the Bank enters 2026 from a position of strength and with a clear strategy.

As we accelerate our pan-Canadian growth and evolve our banking model to become even more efficient and innovative for our clients, we will stay focused on helping our stakeholders *Build something.* Whether that means helping our clients realize their projects or financing critical Canadian infrastructure, together, we will move forward to create lasting prosperity for future generations.

In closing, I wish to sincerely thank our employees for their dedication and client-first approach, our shareholders for their continued confidence, and our clients for their loyalty and trust.

Laurent Ferreira
President and Chief Executive Officer

Members of the Senior Leadership Team

Laurent Ferreira President and Chief Executive Officer	**Lucie Blanchet** Executive Vice-President, Personal Banking and Client Experience	**Michael Denham** Executive Vice-President and Vice-Chair
Étienne Dubuc Executive Vice-President, Capital Markets and Co-President and Co-Chief Executive Officer, National Bank Financial	**Marie Chantal Gingras** Chief Financial Officer and Executive Vice-President, Finance	**Jean-Sébastien Grisé** Executive Vice-President and Chief Risk Officer
Brigitte Hébert Executive Vice-President, Human Experience and Performance	**Julie Lévesque** Executive Vice-President, Technology and Operations	**Judith Ménard** Executive Vice-President, Commercial and Private Banking
Nancy Paquet Executive Vice-President, Wealth Management and Co-President and Co-Chief Executive Officer, National Bank Financial	**Dominic Paradis** Executive Vice-President and General Counsel	

Message From the Chair of the Board

In a challenging geopolitical and macroeconomic environment, the Bank has once again demonstrated its ability to generate solid, sustainable results while remaining committed to its clients, employees and the communities it serves. With its renewed and unified brand image, the Bank is highlighting its commitment to building and supporting individuals, communities and businesses as they carry out their projects.

The completion of the CWB acquisition marks a significant milestone in the Bank's history. This step reflects a thoughtful growth strategy driven by shared values: a strong entrepreneurial culture, a human approach and close client relationships. The harmonious integration of CWB employees and clients was a top priority for both management and the Board of Directors in 2025 and will remain one in 2026.The Board is proud of the progress made in this regard, recognizes the exceptional work of all employees involved in this integration, and welcomes the Bank's new clients and shareholders.

Governance

The Board promotes strong governance through close collaboration between the Board and management, as well as an open dialogue with the Bank's stakeholders. This year, the Board engaged with the Bank's shareholders and regulatory authorities, in an effort to listen to a range of perspectives that help inform our deliberations.

We place great importance on rigorous monitoring of financial and non-financial risks in order to maintain the Bank's performance and strength. We continued to oversee the Bank's technology and digital transformation program, with a particular focus on operational efficiency and client experience — two levers that are essential to CWB's successful integration and the pursuit of our growth objectives.

Succession planning

The Board is proud to work with an experienced and committed management team led by Laurent Ferreira, whose strategic vision and leadership foster innovation, positive impact and value creation for the benefit of all the Bank's stakeholders.

Succession planning and talent acquisition are priority issues for the Board. As part of a rigorous, and thoughtful planning process that is consistent with our strategic priorities, we recently approved several changes to the management team, demonstrating our commitment to evolving the Bank and adapting to an ever-changing banking environment. We warmly thank Lucie Blanchet for her 23 years of outstanding contributions and commend our management team for its commitment to driving our growth while keeping our clients at the centre of our decisions.

At the Board level, we were pleased to welcome Sarah Morgan-Silvester and Irfhan Rawji, two former CWB directors. Ms. Morgan-Silvester brings extensive experience in the financial services sector, while Mr. Rawji is recognized for his expertise in venture capital and steadfast commitment to innovative Canadian entrepreneurs. Their in-depth knowledge of the Western Canadian market and CWB's clients and activities is invaluable to the Board and the Bank.

Looking ahead to 2026

We will continue to rigorously oversee the implementation of the Bank's strategic plan and the integration of CWB employees and clients. We will also focus on the recently announced transaction with Laurentian Bank of Canada, while paying particular attention to culture and growth at the Bank. We will ensure that the Bank remains agile and resilient in a changing socioeconomic environment.

In closing, I would like to express my deep gratitude to all the Bank's employees, the management team and my fellow directors for their commitment, rigour and dedication. I would also like to thank our shareholders and clients for their trust.

As the Bank embarks on a chapter of robust growth across Canada, we look to the future with confidence and determination.

Robert Paré
Chair of the Board of Directors

For more information regarding the Bank's governance, please refer to the most recent *Management Proxy Circular*, which is available on the Bank's website at nbc.ca.

Members of the Board of Directors

Robert Paré
Quebec, Canada
Chair of the Board of Directors, National Bank of Canada
Director since April 2018

Pierre Blouin
Quebec, Canada
Corporate Director
Director since September 2016

Pierre Boivin
Quebec, Canada
Vice Chairman of the Advisory Board and Special Advisor, Claridge Inc.
Director since April 2013

Scott Burrows
Alberta, Canada
President and Chief Executive Officer, Pembina Pipeline Corporation
Director since August 2024

Yvon Charest
Quebec, Canada
Corporate Director
Director since April 2020

Patricia Curadeau-Grou
Quebec, Canada
Corporate Director
Director since April 2019

Laurent Ferreira
Quebec, Canada
President and Chief Executive Officer,
National Bank of Canada
Director since February 2021

Annick Guérard
Quebec, Canada
President and Chief Executive Officer,
Transat A.T. Inc.
Director since April 2023

Karen Kinsley
Ontario, Canada
Corporate Director
Director since December 2014

Lynn Loewen
Quebec, Canada
Corporate Director
Director since April 2022

Rebecca McKillican
Ontario, Canada
Corporate Director
Director since October 2017

Arielle Meloul-Wechsler
Quebec, Canada
Executive Vice President, Chief Human Resources Officer and Public Affairs, Air Canada
Director since April 2024

Sarah Morgan-Silvester
British-Columbia, Canada
Corporate Director
Director since February 2025

Pierre Pomerleau
Quebec, Canada
Executive Chair of the Board of Directors,
Pomerleau Inc.
Director since April 2023

Irfhan Rawji
Alberta, Canada
Co-Founder and Managing Partner of Realize Capital Partners and Managing Partner at Relay Ventures
Director since February 2025

Macky Tall
Florida, United States
Corporate Director
Director since April 2021

Board Committees

Audit Committee
Lynn Loewen *(Chair)*
Pierre Blouin
Scott Burrows
Patricia Curadeau-Grou
Rebecca McKillican

Human Resources Committee
Pierre Boivin *(Chair)*
Pierre Blouin
Yvon Charest
Rebecca McKillican
Arielle Meloul-Wechsler

Risk Management Committee
Patricia Curadeau-Grou *(Chair)*
Yvon Charest
Karen Kinsley
Lynn Loewen
Sarah Morgan-Silvester
Pierre Pomerleau
Macky Tall

Conduct Review and Corporate Governance Committee
Yvon Charest *(Chair)*
Karen Kinsley
Sarah Morgan-Silvester
Robert Paré
Macky Tall

Technology Committee
Pierre Blouin (Chair)
Patricia Curadeau-Grou
Annick Guérard
Lynn Loewen
Rebecca McKillican
Irfhan Rawji

Our One Mission

We exist to have a positive impact in people's lives.

By building long-term relationships with our clients, teams, shareholders and our community.

People first.

Why do we need our One Mission?

Our One Mission is aligned with our continued efforts to drive social and economic development. In response to changing trends in the banking industry, we've adopted a people-first approach that will help us achieve our objectives and boost our collaboration with stakeholders.

How is our One Mission put into practice?

- Through the experiences we want to deliver to our clients, our employees and the communities we serve.
- Through behaviours that reflect our values: partnership, empowerment and agility.
- Through the way employees work together to boost client satisfaction, employee engagement and community involvement.
- Through the initiatives we prioritize to have a positive impact.

Sustainability

Sustainability is an integral pillar of our strategy. Our teams embedded more sustainable practices into our operations this year to continue to create positive impact for our clients, employees, investors and the communities we serve.

Environmental

The Bank set an ambitious target: to reach $20 billion in total lending commitments in renewable energy by 2030. Through the continued growth in these loans, the Bank has affirmed its support to this sector and is deploying capital to foster a low-carbon economy.

To improve overall knowledge on the potential climate-related risks and opportunities, we developed a new mandatory training for all our employees. The training provides tangible actions we can take to reduce our carbon footprint in our day-to-day operations.

The Bank is proud to have joined the Alliance for Exemplary Buildings, a Hydro-Québec initiative that aims to bring together managers of large buildings in Montreal and Quebec City to implement best energy practices. The Bank has committed to actively reducing its electricity consumption during peak winter periods, notably through centralized regulation of its 138 branches across Quebec.

New offices in Edmonton and Calgary

In April, National Bank officially opened its new Capital Markets office in Calgary as well as the new National Bank Centre in Edmonton. The Edmonton office holds multiple certifications, including LEED® Gold, Gold Wired, FITWEL Level 2, FITWEL Viral Response, BOMA BEST Platinum, ENERGY STAR and WELL Gold Certification, which will help reduce the Bank's overall carbon footprint. These new offices are a testament to our growth strategy and our commitment to Western Canada as we join forces with CWB.

National Bank Place

Our Montreal headquarters recently achieved LEED® Gold Certification in the New Construction category, reaffirming our commitment to creating sustainable and inspirational environments that positively impact the community.

Social

The Bank launched “Inequality Socks,” a campaign that highlights persistent inequalities in tennis, particularly in terms of gender equity. This symbolic action is part of a broader set of concrete measures implemented by National Bank and Tennis Canada:

— Equal prize money at the National Bank Open by 2027

— 500 certified women coaches by 2025

— $200,000+ invested in programs to keep girls in tennis, contributing to a rise in female participation

The Bank is also proud to have successfully completed its third and final year of the Partnership Accreditation in Indigenous Relations (PAIR) program. To do so, the bank put together multiple initiatives such as:

— Mandatory training on Indigenous realities

— Committing to the Supply Change program created by the Canadian Council for Indigenous Business

— Launching a recruitment program for Indigenous persons

Forbes 2025 WORLD'S TOP COMPANIES FOR WOMEN POWERED BY statista

The Bank ranked first in Canada and third globally in the fifth edition of Forbes’ 400 Best Companies for Women. This recognition reflects the Bank’s commitment to providing winning and equitable conditions for women in terms of employment, development, and well-being.

2025 MoneySense BEST BANK FOR NEWCOMERS TO CANADA

National Bank of Canada Top 100 Globally for gender equality in 2025 EQUILEAP

In 2025, the Bank also received the MoneySense Gold Award for Best Bank for Newcomers to Canada for the third consecutive year, in addition to being ranked 1st in Canada and 24th among the top 100 companies for gender equality in developed markets, according to Equileap.

Governance

Throughout the year, the Bank offered a series of activities for our employees to build knowledge on fraud and cybersecurity awareness and better protect themselves and our clients. Conferences and new documentation, in particular on artificial intelligence and limiting abuse of vulnerable people, were produced.

The Bank joined the Canadian Anti-Scam Coalition, which includes several major financial services, telecommunications and technology companies to combat the growing threat of scams targeting Canadian consumers. A nationwide campaign to raise awareness was launched to generate a collective response in the fight against scams.

CWB Acquisition

Since the acquisition of CWB, our teams were hard at work to make the integration of National Bank's products, services and systems as seamless as possible for employees and clients. Throughout the year, our employees across Canada worked collaboratively to:

- → Assure a smooth transition for +65,000 clients
- → Open 35 National Bank Advice Centres and 35 new ABMs in Western Canada
- → Train nearly 2,300 CWB employees on National Bank's systems and processes

Buddy Program

A buddy program was put in place for colleagues from both organizations to be matched with people from similar business lines and employment levels, representing +2,000 pairings and thousands of connections throughout the integration period. The role of the NBC buddy was to be a point of contact to offer a warm welcome and help our new colleagues from CWB discover our culture and values while sharing tips and tricks, best practices and advice that contribute to success at National Bank. This program helped our colleagues create a network of contacts within the organization and efficiently access the tools and resources available to help with the transition.

Risk Disclosures

In 2012, the Financial Stability Board (FSB) formed a working group, the Enhanced Disclosure Task Force (EDTF), that was mandated to develop principles for enhancing the risk disclosures of major banks, to recommend improvements to current risk disclosures, and to identify risk disclosure best practices used by major financial institutions. The EDTF published a report entitled *Enhancing the Risk Disclosures of Banks*, which contains 32 recommendations. The Bank makes every effort to ensure overall compliance with those recommendations and is continuing to enhance its risk disclosures to meet the best practices on an ongoing basis. The risk disclosures required by the EDTF are provided in this *Annual Report* and in the document entitled *Supplementary Regulatory Capital and Pillar 3 Disclosure* available on the Bank's website at nbc.ca.

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

Management's Discussion and Analysis

December 2, 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 audited annual Consolidated Financial Statements (the Consolidated Financial Statements) and accompanying notes for the year ended October 31, 2025 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS represents 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 *2025 Annual Report*, 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, the Bank's objectives, outlook, and priorities for fiscal 2026 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 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 the expectations, estimates, or intentions expressed in these forward-looking statements due to a number of factors. Therefore, the Bank recommends that readers not place undue reliance on 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 risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

Assumptions about the performance of the Canadian and U.S. economies in 2026, 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 objectives, outlooks and priorities. These assumptions appear in the *2025 Annual Report* in the Economic Review and Outlook section and, for each business segment, in the Economic and Market Review sections of the *2025 Annual Report* 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; stakeholders engagement and the Bank's ability to meet their expectations on environmental and social issues; the availability of comprehensive and high-quality information from customers and other third parties, including greenhouse gas emissions; 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 risks detailed in the Risk Management section of the *2025 Annual Report* and may be updated in the quarterly reports to shareholders filed thereafter.

Financial Reporting Method

The Bank's Consolidated Financial Statements are prepared in accordance with IFRS, as issued by the IASB 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 year ended October 31, 2025 in the Personal and Commercial, Wealth Management, and Capital 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 certain measures is presented in the tables in the Reconciliation of Non-GAAP Financial Measures section on pages 22 and 23 and in the Consolidated Results table on page 31. It should be noted that, for the year ended October 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 of the underlying performance of the Bank's operations, in particular, 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, acquisition and integration charges, amortization of intangible assets related to the CWB acquisition, the initial provisions for credit losses on non-impaired loans acquired from CWB and the income tax recovery related to a change in tax treatment. For the year ended October 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 in Table 5 on page 130, and in the document entitled *Supplementary Financial Information – Fourth Quarter 2025* on pages 7 and 28 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 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.

The Bank excludes the purchased or originated credit-impaired (POCI) loans or provisions for credit losses on POCI loans of Credigy Ltd. subsidiary in the following non-GAAP financial measures, given the nature of the subsidiary's activities, which focuses on specialized lending.

Provisions for credit losses on impaired loans excluding Credigy's POCI loans
This item represents the amount charged to income 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 the Credigy subsidiary's POCI loans.

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

Net impaired loans excluding Credigy's POCI loans
This item represents 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 POCI loans excluding the Credigy subsidiary's POCI loans.

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.

The Bank excludes the purchased or originated credit-impaired (POCI) loans or provisions for credit losses on POCI loans of Credigy Ltd. subsidiary in the following non-GAAP ratios, given the nature of the subsidiary's activities, which focuses on specialized lending.

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

This item represents the provisions for credit losses on impaired loans excluding the Credigy subsidiary's POCI loans expressed as a percentage of average loans.

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

This item represents gross impaired loans excluding the Credigy subsidiary's POCI loans expressed as a percentage of the balance of loans.

Net impaired loans excluding Credigy's POCI loans as a percentage of total loans
This item represents net impaired loans excluding the Credigy subsidiary's POCI loans presented as a percentage of the balance of loans.

Net charge-off excluding Credigy's POCI loans presented as a percentage of average loans
This item represents the net write-off, excluding the Credigy subsidiary's POCI loans (net of recoveries) expressed as a percentage of average loans.

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

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 136 to 139 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 under IAS 1 – *Presentation of Financial Statements.* The Bank has its own methods for managing capital and liquidity, and IFRS does not prescribe any particular calculation method. These measures are calculated using various guidelines and advisories issued by 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

Year ended October 31 (millions of Canadian dollars)	Personal and Commercial	Wealth Management	Capital Markets	USSF&I	Other	2025[1] Total	2024[2] Total
Operating results							
Net interest income	**4,475**	**930**	**(2,269)**	**1,484**	**(102)**	**4,518**	2,939
Non-interest income	**1,076**	**2,310**	**5,931**	**137**	**8**	**9,462**	8,461
Total revenues	**5,551**	**3,240**	**3,662**	**1,621**	**(94)**	**13,980**	11,400
Non-interest expenses	**3,147**	**1,902**	**1,442**	**501**	**608**	**7,600**	6,054
Income before provisions for credit losses and income taxes	**2,404**	**1,338**	**2,220**	**1,120**	**(702)**	**6,380**	5,346
Provisions for credit losses	**868**	**5**	**142**	**231**	**–**	**1,246**	569
Income before income taxes (recovery)	**1,536**	**1,333**	**2,078**	**889**	**(702)**	**5,134**	4,777
Income taxes (recovery)	**425**	**357**	**394**	**185**	**(244)**	**1,117**	961
Net income	**1,111**	**976**	**1,684**	**704**	**(458)**	**4,017**	3,816
Items that have an impact on results							
Net interest income							
Amortization of the subscription receipt issuance costs[3]	**–**	**–**	**–**	**–**	**(28)**	**(28)**	(14)
Impact on net interest income	**–**	**–**	**–**	**–**	**(28)**	**(28)**	(14)
Non-interest income							
Gain on the fair value remeasurement of an equity interest[4]	**–**	**–**	**–**	**–**	**4**	**4**	174
Management of the fair value changes related to the CWB acquisition[5]	**–**	**–**	**–**	**–**	**(23)**	**(23)**	(3)
Impact on non-interest income	**–**	**–**	**–**	**–**	**(19)**	**(19)**	171
Non-interest expenses							
CWB acquisition and integration charges[6]	**1**	**3**	**–**	**–**	**348**	**352**	18
Amortization of intangible assets related to the CWB acquisition[7]	**67**	**6**	**–**	**–**	**–**	**73**	–
Impact on non-interest expenses	**68**	**9**	**–**	**–**	**348**	**425**	18
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)**	(4)
Income taxes on the gain on the fair value remeasurement of an equity interest[4]	**–**	**–**	**–**	**–**	**1**	**1**	49
Income taxes on management of the fair value changes related to the CWB acquisition[5]	**–**	**–**	**–**	**–**	**(6)**	**(6)**	(1)
Income taxes on the CWB acquisition and integration charges[6]	**–**	**(1)**	**–**	**–**	**(96)**	**(97)**	(5)
Income taxes on the amortization of intangible assets related to the CWB acquisition[7]	**(17)**	**(2)**	**–**	**–**	**–**	**(19)**	–
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	**(81)**	**(3)**	**–**	**–**	**(156)**	**(240)**	39
Impact on net income	**(217)**	**(6)**	**–**	**–**	**(239)**	**(462)**	100
Operating results – Adjusted							
Net interest income – Adjusted	**4,475**	**930**	**(2,269)**	**1,484**	**(74)**	**4,546**	2,953
Non-interest income – Adjusted	**1,076**	**2,310**	**5,931**	**137**	**27**	**9,481**	8,290
Total revenues – Adjusted	**5,551**	**3,240**	**3,662**	**1,621**	**(47)**	**14,027**	11,243
Non-interest expenses – Adjusted	**3,079**	**1,893**	**1,442**	**501**	**260**	**7,175**	6,036
Income before provisions for credit losses and income taxes – Adjusted	**2,472**	**1,347**	**2,220**	**1,120**	**(307)**	**6,852**	5,207
Provisions for credit losses – Adjusted	**638**	**5**	**142**	**231**	**–**	**1,016**	569
Income before income taxes (recovery) – Adjusted	**1,834**	**1,342**	**2,078**	**889**	**(307)**	**5,836**	4,638
Income taxes (recovery) – Adjusted	**506**	**360**	**394**	**185**	**(88)**	**1,357**	922
Net income – Adjusted	**1,328**	**982**	**1,684**	**704**	**(219)**	**4,479**	3,716

(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 year ended October 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 year ended October 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: $14 million, $10 million net of income taxes). For additional information, see Notes 13 and 15 to the Consolidated Financial Statements.

(4) During the year ended October 31, 2025, the Bank recorded a gain of $4 million upon the remeasurement at fair value of the interest already held in CWB (2024: $174 million, $125 million net of income taxes).

(5) During the year ended October 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: $3 million, $2 million net of income taxes).
(6) During the year ended October 31, 2025, the Bank recorded acquisition and integration charges of $352 million ($255 million net of income taxes) related to the CWB transaction (2024: $18 million, $13 million net of income taxes).
(7) During the year ended October 31, 2025, the Bank recorded an amount of $73 million ($54 million net of income taxes) to reflect the amortization of intangible assets related to the CWB acquisition.
(8) During the year ended October 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 year ended October 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

Year ended October 31 (Canadian dollars)		**2025**[1]		2024
Basic earnings per share	**$**	**10.18**	$	10.78
Amortization of the subscription receipt issuance costs[2]		**0.05**		0.03
Gain on the fair value remeasurement of an equity interest[3]		**(0.01)**		(0.36)
Management of the fair value changes related to the CWB acquisition[4]		**0.05**		–
CWB acquisition and integration charges[5]		**0.67**		0.04
Amortization of intangible assets related to the CWB acquisition[6]		**0.14**		–
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)**		–
Basic earnings per share – Adjusted	**$**	**11.40**	$	10.49
Diluted earnings per share	**$**	**10.07**	$	10.68
Amortization of the subscription receipt issuance costs[2]		**0.05**		0.03
Gain on the fair value remeasurement of an equity interest[3]		**(0.01)**		(0.36)
Management of the fair value changes related to the CWB acquisition[4]		**0.05**		–
CWB acquisition and integration charges[5]		**0.67**		0.04
Amortization of intangible assets related to the CWB acquisition[6]		**0.14**		–
Initial provisions for credit losses on non-impaired loans acquired from CWB[7]		**0.43**		–
Income tax recovery related to a change in tax treatment[8]		**(0.12)**		–
Diluted earnings per share – Adjusted	**$**	**11.28**	$	10.39

(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 year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(2) During the year ended October 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 the year ended October 31, 2024, the Bank recorded a gain of $14 million ($10 million net of income taxes). For additional information, see Notes 13 and 15 to the Consolidated Financial Statements.
(3) During the year ended October 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 year ended October 31, 2024, the Bank recorded a gain of $174 million ($125 million net of income taxes).
(4) During the year ended October 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 year ended October 31, 2024, the loss totalled $3 million ($2 million net of income taxes).
(5) During the year ended October 31, 2025, the Bank recorded acquisition and integration charges of $352 million ($255 million net of income taxes) related to the CWB transaction. For the year ended October 31, 2024, these charges were $18 million ($13 million net of income taxes).
(6) During the year ended October 31, 2025, the Bank recorded an amount of $73 million ($54 million net of income taxes) to reflect the amortization of intangible assets related to the CWB acquisition.
(7) During the year ended October 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 year ended October 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.

Financial Disclosure

Disclosure Controls and Procedures

The Bank's financial information is prepared with the support of a set of disclosure controls and procedures (DC&P) that are implemented by the President and Chief Executive Officer (CEO) and by the Chief Financial Officer and Executive Vice-President, Finance (CFO). During the year ended October 31, 2025, in accordance with *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings* (National Instrument 52-109) released by the CSA, the design and operation of these controls and procedures were evaluated to determine their effectiveness.

As at October 31, 2025, the CEO and the CFO confirmed the effectiveness of the DC&P. These controls are designed to provide reasonable assurance that the information disclosed in annual and interim filings and in other reports filed or submitted under securities legislation is recorded, processed, summarized, and reported within the time periods specified by that legislation. These controls and procedures are also designed to ensure that such information is accumulated and communicated to the Bank's management, including its signing officers, as appropriate, to allow for timely decisions regarding disclosure.

This *Annual Report* was reviewed by the Bank's Disclosure Committee, Audit Committee, and the Board of Directors (the Board), which approved it prior to publication.

Internal Control Over Financial Reporting

The internal control over financial reporting (ICFR) is designed to provide reasonable assurance that the financial information presented is reliable and that the consolidated financial statements were prepared in accordance with GAAP, which are based on IFRS, unless indicated otherwise as explained on pages 18 to 23 of this MD&A. Due to inherent limitations of internal controls, the ICFR may not prevent or detect all misstatements in a timely manner.

The CEO and the CFO oversaw the evaluation work performed on the design and operation of the Bank's ICFR in accordance with National Instrument 52-109. The ICFR was evaluated in accordance with the control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO — 2013) for financial controls and in accordance with the control framework of the Control Objectives for Information and Related Technologies (COBIT) for information technology general controls.

Based on the evaluation results, the CEO and CFO concluded, as at October 31, 2025, that there are no material weaknesses, that the ICFR is effective and provides reasonable assurance that the financial reporting is reliable, and that the Bank's consolidated financial statements were prepared in accordance with GAAP.

Changes to Internal Control Over Financial Reporting

The CEO and CFO also undertook work that enabled them to conclude that, during the year ended October 31, 2025, no changes were made to the ICFR that have materially affected, or are reasonably likely to materially affect, the design or operation of the ICFR.

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.

Disclosure Committee

The Bank's Disclosure Committee assists the CEO and CFO by ensuring the design, implementation, and operation of the DC&P and ICFR. In so doing, the committee ensures that the Bank is meeting its disclosure obligations under current regulations and that the CEO and CFO are producing the requisite certifications.

Overview

Highlights

As at October 31 or for the year ended October 31 (millions of Canadian dollars, except per share amounts)	2025[1]	2024[2]	% change
Operating results			
Total revenues	**13,980**	11,400	**23**
Income before provisions for credit losses and income taxes	**6,380**	5,346	**19**
Net income	**4,017**	3,816	**5**
Net income attributable to the Bank's shareholders and holders of other equity instruments	**4,017**	3,817	**5**
Return on common shareholders' equity[3]	**13.7 %**	17.2 %	
Dividend payout ratio[3]	**45.6 %**	40.1 %	
Operating leverage[3]	**(2.9) %**	8.1 %	
Efficiency ratio[3]	**54.4 %**	53.1 %	
Earnings per share			
Basic	**$ 10.18**	$ 10.78	**(6)**
Diluted	**$ 10.07**	$ 10.68	**(6)**
Operating results – Adjusted[4]			
Total revenues – Adjusted[4]	**14,027**	11,243	**25**
Income before provisions for credit losses and income taxes – Adjusted[4]	**6,852**	5,207	**32**
Net income – Adjusted[4]	**4,479**	3,716	**21**
Return on common shareholders' equity – Adjusted[5]	**15.3 %**	16.7 %	
Dividend payout ratio – Adjusted[5]	**40.7 %**	41.2 %	
Operating leverage – Adjusted[5]	**5.9 %**	4.9 %	
Efficiency ratio – Adjusted[5]	**51.2 %**	53.7 %	
Diluted earnings per share – Adjusted[4]	**$ 11.28**	$ 10.39	**9**
Common share information			
Dividends declared	**$ 4.64**	$ 4.32	**7**
Book value[3]	**$ 78.39**	$ 65.74	
Share price			
High	**$ 156.70**	$ 134.23	
Low	**$ 107.01**	$ 86.50	
Close	**$ 156.70**	$ 132.80	
Number of common shares *(thousands)*	**391,066**	340,744	
Market capitalization	**61,280**	45,251	
Balance sheet and off-balance-sheet			
Total assets	**576,919**	462,226	**25**
Loans, net of allowances	**302,623**	243,032	**25**
Deposits	**428,003**	333,545	**28**
Equity attributable to common shareholders	**30,655**	22,400	**37**
Assets under administration[3]	**874,360**	766,082	**14**
Assets under management[3]	**194,467**	155,900	**25**
Regulatory ratios under Basel III[6]			
Capital ratios			
Common Equity Tier 1 (CET1)	**13.8 %**	13.7 %	
Tier 1[7]	**15.1 %**	15.9 %	
Total[7]	**17.3 %**	17.0 %	
Leverage ratio[7]	**4.5 %**	4.4 %	
TLAC ratio[6]	**29.7 %**	31.2 %	
TLAC leverage ratio[6]	**8.8 %**	8.6 %	
Liquidity coverage ratio (LCR)[6]	**173 %**	150 %	
Net stable funding ratio (NSFR)[6]	**124 %**	122 %	
Other information			
Number of employees – Worldwide (full-time equivalent)	**33,200**	29,196	**14**
Number of branches in Canada	**382**	368	**4**
Number of banking machines in Canada	**939**	940	**–**

(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 year ended October 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 136 to 139 for details on the composition of these measures.
(4) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP financial measures.
(5) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP ratios.
(6) See the Financial Reporting Method section on pages 18 to 23 for additional information on capital management measures.
(7) Ratios as at October 31, 2025 include the redemption of the Limited Recourse Capital Notes Series 1 (LRCN - Series 1) completed on November 17, 2025.

About National Bank

The Bank carries out its activities in four business segments: Personal and Commercial, Wealth Management, Capital Markets (previously Financial Markets) as well as U.S. Specialty Finance and International (USSF&I), which comprises the activities of the Credigy Ltd. (Credigy) and Advanced Bank of Asia Limited (ABA Bank) subsidiaries. Other operating activities, certain specified items, Treasury activities, and the operations of the Flinks Technology Inc. (Flinks) subsidiary are grouped in the *Other* heading of segment results. Each reportable segment is distinguished by services offered, type of clientele, and marketing strategy. For additional information, see the Business Segment Analysis section of this MD&A.

Objectives and 2025 Results[1]

When setting its objectives, the Bank aims for a realistic challenge in the prevailing business environment by considering such factors as changes in banking industry financial results as well as the Bank's business development plan. When the Bank sets its medium-term objectives, it does not take into consideration specified items, if any, which are not reflective of the underlying financial performance of the Bank's operations. Management therefore excludes specified items when assessing the Bank's performance against its objectives.

For fiscal 2025, the Bank recorded $4,017 million in net income compared to $3,816 million in fiscal 2024, and its diluted earnings per share stood at $10.07 compared to $10.68 in fiscal 2024. The Bank's return on common shareholders' equity (ROE) was 13.7% in fiscal 2025 versus 17.2% in 2024. Decrease in diluted earnings per share and ROE were mainly due to the impact of specified items[2] related to the acquisition of CWB[1]. As for its adjusted diluted earnings per share, it stood at $11.28 in fiscal 2025, up 9% from $10.39 in 2024. Furthermore, adjusted ROE was 15.3% in 2025 compared to 16.7% in 2024.

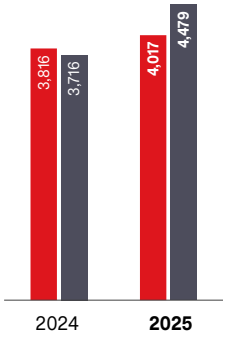
The following table compares the Bank's medium-term objectives with its fiscal 2025 results.

	Medium-Term Objectives		2025 Results
Growth in diluted earnings per share – Adjusted[2]	**5 – 10%**		**9%**
ROE – Adjusted[3]	**15 – 20%**		**15.3%**
Dividend payout ratio – Adjusted[3]	**40 – 50%**		**40.7%**
Capital ratios[4]	**Strong**	**CET1 capital ratio**[4]	**13.8%**
Liquidity ratios[4]	**Strong**	**LCR**[4]	**173%**

The Bank's financial results met all of its medium-term objectives. Adjusted diluted earnings per share for fiscal 2025 increased 9% year over year, which is in the higher range of the target, due to strong revenue growth in all the business segments (including CWB). Despite the increase in outstanding common shares following the acquisition of CWB, adjusted ROE for fiscal 2025 is within the target. The adjusted dividend payout ratio is in the lower end of target distribution range, notably as a result of higher dividends paid during the fiscal year. The CET1 capital ratio and the LCR, at 13.8% and 173%, respectively, also met the objectives.

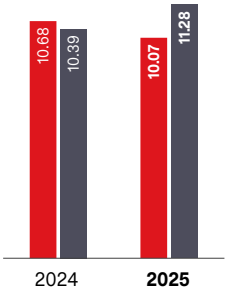
The Bank also examines its performance using the efficiency ratio and operating leverage. For fiscal 2025, the efficiency ratio was 54.4% compared to 53.1% in fiscal 2024, a deterioration attributable in particular to the adverse effect of the specified items recorded in 2025 compared to the positive effect in 2024. As for the adjusted efficiency ratio, it stood at 51.2% in fiscal 2025 compared to 53.7% in fiscal 2024, owing to strong revenue growth and cost management by all the Bank's business segments. Also, for fiscal 2025, operating leverage was (2.9)% and the adjusted operating leverage was positive at 5.9%.

Net Income
Year ended October 31
(millions of Canadian dollars)



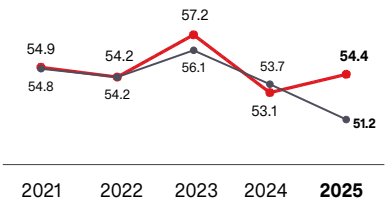
- Reported as per IFRS
- Adjusted[2]

Diluted Earnings Per Share
Year ended October 31
(Canadian dollars)



- Reported as per IFRS
- Adjusted[2]

Efficiency Ratio[5][6]
Year ended October 31
(%)



- Reported as per IFRS
- Adjusted[3]

(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 year ended October 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 18 to 23 for additional information on non-GAAP financial measures.
(3) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP ratios.
(4) See the Financial Reporting Method section on pages 18 to 23 for additional information on capital management measures.
(5) See the Glossary section on pages 136 to 139 for details on the composition of these measures.
(6) For fiscal 2021 to 2024, certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

Dividends

For fiscal 2025, the Bank declared a common share dividend of $4.64 per share (2024: $4.32 per share), representing a dividend payout of 45.6% (2024: 40.1%). The amount of dividends to common shareholders stood at $1,763 million for fiscal 2025 (2024: $1,468 million). Excluding the specified items, the dividend payout ratio stood at 40.7% (2024: 41.2%).

Strong Capital Levels[1]

As at October 31, 2025, the Bank's CET1, Tier 1, and Total capital ratios were 13.8%, 15.1% and 17.3%, respectively, compared to ratios of 13.7%, 15.9% and 17.0%, respectively, 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 common share repurchases and by the growth in RWA, mainly due to the inclusion of CWB. The Total capital ratio also benefited from the net issuance of subordinated debt. In addition, the redemption of preferred shares on February 17, 2025 and the redemption of LRCN – Series 1 on November 17, 2025, offset by the exchange of CWB's preferred shares for the Bank's preferred shares on February 20, 2025 negatively affected the Tier 1 capital ratio.

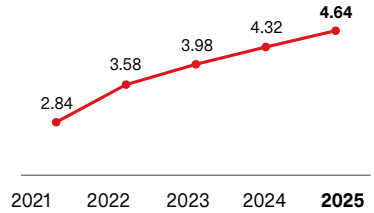
High-Quality Loan Portfolio

Loans, net of allowances for credit losses, accounted for 52% of the Bank's total assets and amounted to $302.6 billion as at October 31, 2025. For fiscal 2025, the Bank recorded $1,246 million in provisions for credit losses compared to $569 million in fiscal 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 and uncertainties surrounding the imposition of new tariffs. Provisions for credit losses on impaired loans increased by $316 million due to Personal Banking (including credit card receivables) and Commercial Banking (including CWB's portfolios), the Capital Markets segment and the ABA Bank subsidiary. Provisions for credit losses on impaired loans in 2025 represented 0.28% of average loans, compared to 0.20% in fiscal 2024. Gross impaired loans totaled $3,712 million as of October 31, 2025, compared to $2,043 million as of October 31, 2024, and represent 1.22% of total loans, an increase partly attributable to the inclusion of CWB's loans and the increase of impaired loans at ABA Bank.

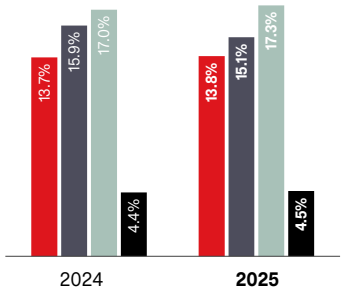
Risk Profile

As at October 31 or for the year ended October 31 (millions of Canadian dollars)	2025[2]	2024
Provisions for credit losses	**1,246**	569
Provisions for credit losses as a % of average loans[3][4]	**0.45 %**	0.24 %
Provisions for credit losses on impaired loans as a % of average loans[3][4]	**0.28 %**	0.20 %
Net write-offs as a % of average loans[3][4]	**0.14 %**	0.16 %
Gross impaired loans as a % of total loans[3]	**1.22 %**	0.84 %
Gross impaired loans	**3,712**	2,043
Net impaired loans	**2,904**	1,629

Annual Dividend Per Common Share
Year ended October 31
(Canadian dollars)

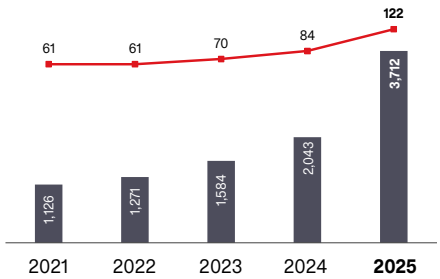


Evolution of Regulatory Ratios Under Basel III[1]
As at October 31



CET1
Tier 1[5]
Total[5]
Leverage ratio[5]

Gross Impaired Loans
As at October 31
(millions of Canadian dollars)



Impaired loans
Gross impaired loans as a % of total loans (bps)[3][4]

(1) See the Financial Reporting Method section on pages 18 to 23 for additional information on capital management 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 year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(3) See the Glossary section on pages 136 to 139 for details on the composition of these measures.
(4) Including customers' liability under acceptances for fiscal 2021 to 2024.
(5) Ratios as at October 31, 2025 include the redemption of LRCN - Series 1 completed on November 17, 2025.

Economic Review and Outlook

Global Economy

In international trade, the last few weeks have been rather positive, with the United States signing sectoral agreements with several Asian countries, including South Korea, Cambodia, Vietnam, Malaysia and, most importantly, China. The uncertainties around global trade have therefore significantly diminished, which can only be positive from an economic growth perspective. However, structural challenges remain. The fiscal situation in most of the advanced countries has deteriorated in recent years and, judging by the latest forecasts from the International Monetary Fund (IMF), this trend is likely to continue. And even though some countries will probably have more flexibility in their debt management than others, the fiscal constraints faced by the advanced economies are nevertheless likely to weigh on global growth in the coming years, either directly through reduced spending and higher taxes or indirectly through higher interest rates than would otherwise have been the case. Slowing global population growth is another factor that is likely to restrain growth in the coming years. This is likely to be particularly true in the richest economies, where the World Bank forecasts stagnant population growth over the next 20 years. But while these structural trends will undoubtedly slow growth over the longer term, cyclical factors, notably fiscal stimulus measures in the US and Germany, will have the opposite effect in the coming months. As a result, global growth is expected to fluctuate around its potential over the next two years.

The US government shutdown ended after 43 days, a record in the country's history. According to estimates by the Congressional Budget Office (CBO), this could reduce growth in annualized gross domestic product (GDP) by 1.5 percentage points in the last quarter[1] of 2025. Since the expected weakness in the fourth quarter is largely attributable to reduced government spending and lower consumption by the employees who had their salary payments suspended, it is expected that the weakness will be largely reversed in the following quarter. This rebound after the paralysis could also be accentuated by a myriad of other factors, foremost among which is a fiscal policy that is more lax than expected following the adoption of the One Big Beautiful Bill (OBBB) in July. If the favourable financial conditions continue, they should also support growth. Added to this is the current hype surrounding artificial intelligence, which is stimulating investment in this sector. While we are not overly concerned about the growth outlook in the US, we are more wary about the prospects for inflation. This is because the factors mentioned above are stimulating growth at a time when capacity is already being used at close to its maximum, and inflation remains well above the US Federal Reserve's target. While the September Consumer Price Index (CPI) report did contain some good news, it also highlighted the growing impact of tariffs on the prices of basic goods and services, which are up by approximately 1.5% on an annual basis. While this percentage may appear low, it should be noted that, in the past, achieving the 2% target has almost always been conditional on deflation in basic goods and services. In this context, we anticipate that core inflation could continue to fluctuate around 3% until the end of 2026, which could prevent the central bank from cutting interest rates as much as the market currently expects. Following the turmoil generated by the federal government shutdown, growth is expected to remain slightly above its potential in 2026 (note that potential growth will be weaker next year due to a significant slowdown in population growth). According to our baseline scenario, this should translate into GDP growth of 2.0%[2] this year followed by 2.2%[2] in 2026.

Canadian Economy

The outcome of trade tensions between Canada and the US remains highly uncertain, with talks to reach a trade agreement currently on hold. In the meanwhile, the impact is being felt in the Canadian economy, as evidenced by a cumulative three-tenths of a percent point increase in the unemployment rate[2] since February 2025. The data seem to indicate a recovery in the labour market in recent months, but given the high volatility of the survey results, it would be premature to conclude that the worst is behind us. The short-term outlook appears gloomy, according to business surveys, which indicate low hiring intentions. As for GDP, following a significant contraction in the second quarter of 2025, a modest rebound is expected in the third quarter, marked by continued weak exports and investments that may decline again. In light of the economic slowdown, the Bank of Canada announced two rate cuts in September and October, bringing the key interest rate to 2.25%. However, with inflation remaining above the central bank's target and given recent developments in the labour market, the Bank has signalled that it considers its key interest rate appropriate for the time being, seemingly passing the baton to the fiscal authorities to fine-tune the stimulus injected into the economy. In this regard, the federal government's budget, released on November 4, 2025, outlined measures to support resilience in household consumption, including tax cuts, the elimination of the carbon tax and a reversal on the taxation of capital gains. The government also announced additional investments in housing and infrastructure, as well as measures to stimulate business investment. The budget indicated that the deficit for the 2025-2026 fiscal year would reach $78 billion (2.5% of GDP), well above the $42 billion forecast a year ago. Against a backdrop of very low population growth, we forecast GDP growth of just 1.1%[2] in 2026, following 1.2%[2] in 2025. This forecast takes into account economic weaknesses that are expected to persist until the end of the current year, as well as a gradual improvement next year, subject to de-escalation of trade tensions with the US. The unemployment rate is expected to average 6.8%[2] next year, compared with 6.9%[2] this year.

(1) The quarters used in the Economic Review and Outlook section are calendar quarters
(2) Growth forecasts for real GDP or unemployment rate, National Bank Financial's Economics and Strategy group

Quebec Economy

The data on Quebec's economy are sending somewhat mixed signals on the impact of trade tensions with the US. In July, the province's GDP was 1.1% below its January 2025 level, before tariffs were ramped up. This represented underperformance compared to the Canadian economy, which was rather stagnant over the same period. On the other hand, after a moderate increase in recent months, the unemployment rate fell back to 5.3% in October, the same level as recorded at the start of the trade war and the lowest in the country. We will therefore need to wait a few more months to confirm whether economic activity has indeed recovered since the summer, as suggested by labour market data. Such a turnaround would be surprising, given that exports to the US account for a significant share of GDP (15.7% compared to 18.7% for Canada) and that Quebec is subject to the highest tariff rate in the federation (9.4% compared to 5.5% for Canada). However, we continue to believe that the Quebec economy is still well positioned to face the current challenges. First, it is less vulnerable to sectoral shocks. In fact, 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 than other Canadians, while the province's housing prices are more affordable. Moreover, despite the current uncertainty, we note a more resilient Quebec real estate market, in particular when compared to Ontario and British Columbia. Quebec households have a higher savings rate than elsewhere in the country, which could enable them to better withstand potential headwinds. Our growth forecast for the province is 0.9%[(1)] in 2026, after 0.7%[(1)] in 2025. The province is expected to continue to have one of the lowest unemployment rates in the federation, averaging 5.6%[(1)] in 2026 compared to 5.7%[(1)] this year (6.8%[(1)] and 6.9%[(1)], respectively for Canada).

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

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 CWB common shares acquired by way of a share exchange at an exchange ratio of 0.450 of a common share of National Bank for each CWB common share, other than those already held by 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 issued common shares was determined on the basis of the share price on the Toronto Stock Exchange (TSX) at closing on January 31, 2025, i.e., a price of $128.99 per share. At the 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 the 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. The total purchase consideration amounted to $7.7 billion.

During the fourth quarter of 2025, the Bank finalized the purchase price allocation which assigns $45.4 billion to assets, including goodwill, and $37.7 billion to liabilities at the acquisition date. The goodwill of $1.6 billion reflects the expected expense synergies from our banking services operations, expected funding synergies, and the expected growth from delivering a full suite of products and services to clients at a national scale for the Personal and Commercial, Wealth Management and Capital Markets segments.

For additional information, see Note 3 to the Consolidated Financial Statements.

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

Year ended October 31
(millions of Canadian dollars) **2025**

	Results Personal and Commercial			Consolidated results		
	Excluding CWB	CWB impact[1]	Total	Excluding CWB	CWB impact[1]	Total
Operating results						
Net interest income	3,813	662	4,475	3,779	739	4,518
Non-interest income	1,033	43	1,076	9,323	139	9,462
Total revenues	4,846	705	5,551	13,102	878	13,980
Non-interest expenses	2,723	424	3,147	7,011	589	7,600
Income before provisions for credit losses and income taxes	2,123	281	2,404	6,091	289	6,380
Provisions for credit losses	518	350	868	896	350	1,246
Income before income taxes (recovery)	1,605	(69)	1,536	5,195	(61)	5,134
Income taxes (recovery)	442	(17)	425	1,131	(14)	1,117
Net income	1,163	(52)	1,111	4,064	(47)	4,017
Operating results - Adjusted[2]						
Net interest income – Adjusted	3,813	662	4,475	3,807	739	4,546
Non-interest income – Adjusted	1,033	43	1,076	9,342	139	9,481
Total revenues – Adjusted	4,846	705	5,551	13,149	878	14,027
Non-interest expenses – Adjusted	2,723	356	3,079	6,735	440	7,175
Income before provisions for credit losses and income taxes – Adjusted	2,123	349	2,472	6,414	438	6,852
Provisions for credit losses – Adjusted	518	120	638	896	120	1,016
Income before income taxes (recovery) – Adjusted	1,605	229	1,834	5,518	318	5,836
Income taxes (recovery) – Adjusted	442	64	506	1,268	89	1,357
Net income – Adjusted	1,163	165	1,328	4,250	229	4,479

(1) Refers to the impact of the CWB transaction on the results.
(2) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP financial measures.

Financial Analysis

Consolidated Results

Year ended October 31 (millions of Canadian dollars)	**2025**[1]	2024[2]	**% change**
Operating results			
Net interest income	**4,518**	2,939	**54**
Non-interest income	**9,462**	8,461	**12**
Total revenues	**13,980**	11,400	**23**
Non-interest expenses	**7,600**	6,054	**26**
Income before provisions for credit losses and income taxes	**6,380**	5,346	**19**
Provisions for credit losses	**1,246**	569	
Income before income taxes	**5,134**	4,777	**7**
Income taxes	**1,117**	961	**16**
Net income	**4,017**	3,816	**5**
Diluted earnings per share *(dollars)*	**10.07**	10.68	**(6)**
Specified items[3]			
Amortization of the subscription receipt issuance costs	**(28)**	(14)	
Gain on the fair value remeasurement of an equity interest	**4**	174	
Management of the fair value changes related to the CWB acquisition	**(23)**	(3)	
CWB acquisition and integration charges	**(352)**	(18)	
Amortization of intangible assets related to the CWB acquisition	**(73)**	–	
Initial provisions for credit losses on non-impaired loans acquired from CWB	**(230)**	–	
Specified items before income taxes	**(702)**	139	
Income tax recovery related to a change in tax treatment	**(47)**	–	
Income taxes on specified items	**(193)**	39	
Specified items after income taxes	**(462)**	100	
Operating results – Adjusted[3]			
Net interest income – Adjusted	**4,546**	2,953	**54**
Non-interest income – Adjusted	**9,481**	8,290	**14**
Total revenues – Adjusted	**14,027**	11,243	**25**
Non-interest expenses – Adjusted	**7,175**	6,036	**19**
Income before provisions for credit losses and income taxes – Adjusted	**6,852**	5,207	**32**
Provisions for credit losses – Adjusted	**1,016**	569	**79**
Income before income taxes – Adjusted	**5,836**	4,638	**26**
Income taxes – Adjusted	**1,357**	922	**47**
Net income – Adjusted	**4,479**	3,716	**21**
Diluted earnings per share – Adjusted *(dollars)*	**11.28**	10.39	**9**
Average assets[4]	**547,469**	457,262	**20**
Average loans[4][5]	**278,616**	234,180	**19**
Average deposits[4]	**394,291**	315,605	**25**
Operating leverage[6]	**(2.9) %**	8.1 %	
Operating leverage – Adjusted[7]	**5.9 %**	4.9 %	
Efficiency ratio[6]	**54.4 %**	53.1 %	
Efficiency ratio – Adjusted[7]	**51.2 %**	53.7 %	

(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 year ended October 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 18 to 23 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 fiscal 2024.
(6) See the Glossary section on pages 136 to 139 for details on the composition of these measures.
(7) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP ratios.

Analysis of Consolidated Results

Financial Results
The Bank's net income for fiscal 2025 was $4,017 million, up 5% from $3,816 million in fiscal 2024. This increase is explained by revenue growth in all business segments, mitigated by higher non-interest expenses, provisions for credit losses and income taxes.

Specified items[1] related to the CWB acquisition had an unfavourable impact of $462 million on net income in fiscal 2025, while they had a favourable impact of $100 million on net income in fiscal 2024. Adjusted net income for the year ended October 31, 2025 was $4,479 million, up 21% from $3,716 million in fiscal 2024, mainly attributable to the good performance of all business segments (including CWB results, which contributed to $229 million of the increase or 6%).

Total Revenues
Total revenues for fiscal 2025 amounted to $13,980 million compared to $11,400 million in fiscal 2024, an increase of $2,580 million or 23%, of which an increase of $878 million or 8% results from the inclusion of CWB. The increase in total revenues was also driven by revenue growth in all the Bank's business segments. For additional information on total revenues, see Table 2 on page 128.

Net Interest Income
For fiscal 2025, net interest income was $4,518 million, up 54% from $2,939 million in 2024 (Table 3, page 128). Adjusted net interest income totalled $4,546 million in fiscal 2025, up 54% from $2,953 million in fiscal 2024.

In the Personal and Commercial segment, net interest income increased $888 million or 25% to $4,475 million in fiscal 2025. The increase was attributable in part to the inclusion of CWB, which drove an increase of $662 million, or 18%, as well as the growth in personal and commercial loans and deposits of 8% and 3%, respectively, excluding CWB, compared to fiscal 2024. The growth in loans came mainly from mortgage lending and business and government lending. In addition, the transition from bankers' acceptances to loans referencing the Canadian Overnight Repo Rate Average (CORRA) contributed to the increase in net interest income in Commercial Banking. In the Wealth Management segment, net interest income grew 12% to $930 million, as a result of higher loan and deposit volumes as well as the favourable impact of the change in the composition of deposits and the inclusion of CWB.

In the Capital Markets segment, net interest income was up from fiscal 2024, mainly due to trading activities and should be examined together with the other items of trading activity revenues. In the USSF&I segment, net interest income rose by $181 million or 14%, as a result of the business growth at the ABA Bank subsidiary, in particular the sustained increase in assets, the lower interest expenses on deposits, and the increase in net interest income of the Credigy subsidiary stemming from higher loan volumes. In addition, net interest income for the *Other* heading increased due to the higher contribution from Treasury activities.

Non-Interest Income
For fiscal 2025, non-interest income was $9,462 million, up 12% from $8,461 million for the prior year. For additional information on non-interest income, see Table 4 on page 129.

Underwriting and advisory fees were up 36% compared to 2024, notably due to greater capital markets activity and merger and acquisition activity in the Capital Markets segment. Securities brokerage commissions were up 25%, primarily due to increased client activity in the Wealth Management segment. Mutual fund revenues and investment management and trust services fees totalled $2,115 million, up $336 million, as a result of the growth in assets under administration and assets under management caused by the rise in stock markets during fiscal 2025 as well as positive net inflows for the various solutions.

Credit fee revenues were up $37 million, while revenues from acceptances and letters of credit and guarantee were down by $144 million compared to fiscal 2024. This decrease is explained by the revenues from bankers' acceptances in Commercial Banking and in the Wealth Management and Capital Markets segments in connection with the transition of bankers' acceptances to CORRA loans. Card revenues decreased by 2% in fiscal 2025, while revenues from deposit and payment service charges were up by 1%.

(1) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP financial measures.

Non-interest income related to trading activity totalled $5,061 million, up from $4,327 million in 2024 (Table 5, page 130). Including the portion recognized in net interest income, trading activity revenues amounted to $2,146 million in 2025, an increase of $895 million compared to fiscal 2024. This increase was mainly attributable to equities revenues and interest rate and credit revenues in the Capital Markets segment. Trading activity revenues from the other segments also rose.

Net gains on non-trading securities were down $186 million compared to fiscal 2024, mainly as a result of Treasury activities and a gain of $174 million recorded during fiscal 2024 on the fair value remeasurement of the Bank's interest in CWB. In addition, insurance revenues and foreign exchange revenues grew by $7 million and $42 million, respectively, compared to fiscal 2024. The share of net income of associates and joint ventures was stable compared to the prior year. Lastly, other revenues amounted to $258 million in fiscal 2025, up $78 million compared to 2024, mainly as a result of the activity in the Capital Markets segment.

Non-Interest Expenses
Non-interest expenses (Table 6, page 130) totalled $7,600 million in fiscal 2025, up $1,546 million or 26% from the prior year, of which $589 million or 10% resulted from the inclusion of CWB, and is also explained by specified items related to the acquisition of CWB. Adjusted non-interest expenses stood at $7,175 million in fiscal 2025, up $1,139 million or 19% from $6,036 million in fiscal 2024.

For fiscal 2025, compensation and employee benefits totalled $4,549 million, an increase of 22% compared to the prior year, mainly due to salary growth as well as variable compensation related to revenue growth. Occupancy expenses, including depreciation expense, increased due to the inclusion of CWB's expenses, to the expenses related to the Bank's new head office building, and the expansion of the banking network at the ABA Bank subsidiary. These increases were offset by a $22 million reversal of the provision for property taxes related to the Bank's new head office recorded during fiscal 2025. The increase in technology expenses, including depreciation, was attributable to significant investments made to support the Bank's technological evolution and business development plan, as well as impairment losses on intangible assets of $62 million recorded in fiscal 2025 related to technological developments that the Bank decided to stop using or developing. Professional fees rose compared to fiscal 2024, mainly due to the acquisition and integration charges related to CWB recorded in fiscal 2025. Communications expenses were also up compared to prior year. In addition, the increase in advertising and business development expenses compared to fiscal 2024 is partly explained by integration charges related to CWB, and the rise in other expenses resulted mainly from the amortization of intangible assets related to the CWB acquisition.

Provisions for Credit Losses
For fiscal 2025, provisions for credit losses totalled $1,246 million compared to $569 million in fiscal 2024 (Table 7, page 131). This significant increase stemmed partially from the initial provisions for credit losses of $230 million recorded on non-impaired loans acquired from CWB. In addition, this 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 fiscal 2024. These increases were offset by the impact of credit risk migration, which was more favourable in fiscal 2025. Provisions for credit losses on impaired loans were up $316 million. This increase comes from Personal Banking (including credit card receivables), and Commercial Banking (including CWB's portfolios), for $43 million and $191 million, respectively, the Capital Markets segment for $51 million and the USSF&I segment for $27 million, owing mainly to the ABA Bank subsidiary. For fiscal 2025, provisions for credit losses on impaired loans represented 0.28% of average loans, compared to 0.20% in the prior year.

Income Taxes
Detailed information about the Bank's income taxes is provided in Note 24 to the Consolidated Financial Statements. For fiscal 2025, income taxes stood at $1,117 million, representing an effective income tax rate of 22%, compared to income taxes of $961 million and an effective income tax rate of 20% in fiscal 2024. The change in effective income tax rate stems mainly from the impact of applying the Pillar 2 rules (for more information, refer to the "Income Taxes" section) and a lower level of tax-exempt income in fiscal 2025, partially offset by the recognition of a one-time tax recovery related to a change in tax treatment.

Business Segment Analysis

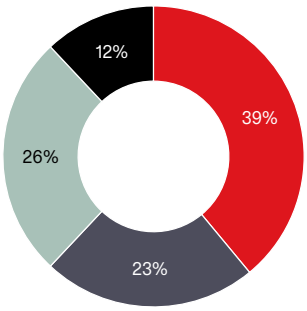
The Bank carries out its activities in four business segments: Personal and Commercial, Wealth Management, Capital Markets as well as U.S. Specialty Finance and International (USSF&I), which comprises the activities of the Credigy Ltd. (Credigy) and Advanced Bank of Asia Limited (ABA Bank) subsidiaries.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

National Bank of Canada

Business Segments	Personal and Commercial	Wealth Management	Capital Markets	U.S. Specialty Finance and International
Core Activities	› Banking services › Credit services › Financing › Investment solutions › Insurance	› Full-service brokerage › Private banking › Direct brokerage › Investment solutions and transactional products › Administrative and trade execution services › Trust and estate services	› Equities, interest rate and credit products, commodities and foreign exchange › Corporate banking › Investment banking	› U.S. Specialty Finance – Credigy › International – ABA Bank (Cambodia) – Minority interests in emerging markets

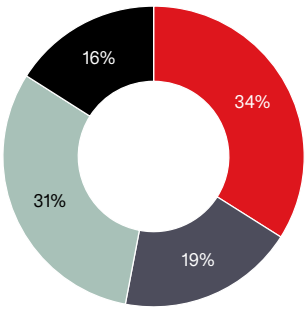
Other: Treasury activities, liquidity management, Bank funding, asset/liability management, Flinks subsidiary activities (a fintech specialized in financial data aggregation and distribution), and corporate units.

Total Revenues by Business Segment[1][2]
Year ended October 31, 2025



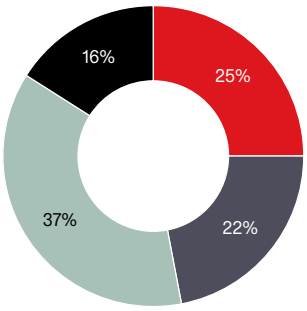
- Personal and Commercial (2024: 41%)
- Wealth Management (2024: 24%)
- Capital Markets (2024: 23%)
- USSF&I (2024: 12%)

Income Before Provisions for Credit Losses and Income Taxes by Business Segment[1][2]
Year ended October 31, 2025



- Personal and Commercial (2024: 38%)
- Wealth Management (2024: 20%)
- Capital Markets (2024: 25%)
- USSF&I (2024: 17%)

Net Income by Business Segment[1]
Year ended October 31, 2025



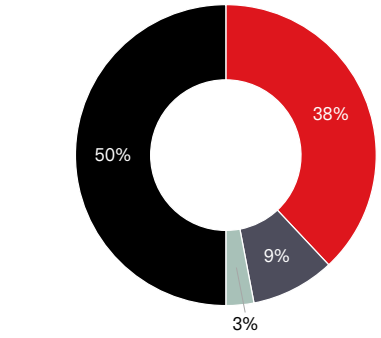
- Personal and Commercial (2024: 33%)
- Wealth Management (2024: 21%)
- Capital Markets (2024: 31%)
- USSF&I (2024: 15%)

(1) Excluding the *Other* heading.
(2) For fiscal 2024, certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

Personal and Commercial

The Personal and Commercial segment meets the financial needs of close to three million individuals and over 173,000 businesses across Canada. These clients entrust the Bank to manage, invest, and safeguard their assets and to finance their projects. Clients turn to the Bank's experienced advisors who take the time to understand their specific needs and help them reach their financial goals. Thanks to the Bank's convenient self-banking channels, 382 branches, 80 of which have Commercial banking capabilities, and 939 banking machines across Canada, clients can carry out their daily personal and commercial banking transactions effortlessly, anytime, anywhere.

Total Revenues by Category
Year ended October 31, 2025



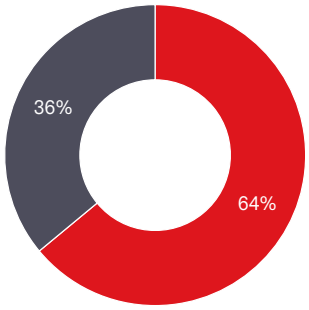
- Retail (2024: 41%)
- Payment Solutions (2024: 11%)
- Insurance (2024: 3%)
- Commercial Banking (2024: 45%)

$5,551 million
Total revenues

$2,404 million
Income before provisions for credit losses and income taxes

$1,111 million
Net income

Total Revenues by Geographic Distribution
Year ended October 31, 2025



- Province of Quebec (2024: 75%)
- Other provinces (2024: 25%)

Personal Banking
Personal Banking provides a complete range of financing and investment products and services to help clients reach their financial goals throughout every stage in their lives. It offers everyday transaction solutions, mortgage loans and home equity lines of credit, consumer loans, payment solutions, savings and investment solutions as well as a range of insurance products.

Commercial Banking
Commercial Banking provides for the financial needs of small- and medium-sized enterprises (SMEs) and large corporations to help them grow. It delivers a full suite of financial products and services, including credit, deposit, and investment solutions as well as international trade, foreign exchange and interest rate transactions, mergers and acquisitions, payroll, cash management, insurance, electronic transactions, and complementary services. With deep roots in the entrepreneurial community for over 160 years, Commercial Banking is the leading franchise in Quebec, our main market. This year, we have expanded the depth and breadth of our pan-Canadian operations with the acquisition of CWB and are leveraging the strengths of our collective network.

Key Success Factors

- Continue our consistent approach to balancing loan volume growth, margins, and credit quality.
- Maintain our solid position in our core market, Quebec, while strengthening our enhanced capabilities across the rest of Canada.
- Seize synergy opportunities arising from the CWB acquisition.
- Enrich lasting relationships with our Personal and Business clients by leveraging proximity and advisory services.
- Maintain our momentum in net client acquisition in a highly competitive environment.
- Leverage the full breadth of our expertise to serve our clients by mobilizing a significant pan-Canadian advisory force that combines both generalist and specialist capabilities.
- Keep client satisfaction at the heart of our decisions and actions, while strengthening relationships through distinctive experiences that combine accessibility, personalised support, digital solutions, and advisory expertise.

Economic and Market Review

The year 2025 was dominated by rising protectionism in the U.S., although Canada was less affected than other countries due to the Canada–United States–Mexico Agreement (CUSMA). However, with exports to the U.S. representing 18% of GDP, the Canadian economy is nevertheless vulnerable to trade tensions. The uncertainty surrounding access to the U.S. market has weighed on business confidence, slowing both investment and hiring, resulting in a deterioration of the labour market. The unemployment rate is now close to 7%, mainly affecting new entrants to the labour market, while layoffs remain limited. Household confidence, which was already weakened by restrictive monetary policy, has further eroded. As for the real estate market, following a marked slowdown in the first half of the year, resales rallied in the third quarter. However, large regional disparities remain, with the Quebec market proving more resilient than those of Ontario and British Columbia. The Toronto and Vancouver markets, which are among the least affordable, have seen the sharpest year-over-year price declines, while the number of listings remains high. To support the economy and the real estate market, the Bank of Canada lowered its key interest rate. The reduced immigration targets announced in the federal budget will also have an impact on real estate demand. The year 2026 could mark a turning point, with a potential rebound in investment. The federal government has established favourable conditions for this to occur, but the recovery remains dependent on an easing of tensions between Ottawa and Washington.

The economic environment in 2025 and the outlook for 2026 are discussed in more detail in the Economic Review and Outlook section on pages 28 and 29.

Objectives and Strategic Priorities

The Personal and Commercial segment is targeting growth by becoming a more simple, efficient bank focused on constantly improving the client experience.

	2025 Achievements and Highlights	2026 Priorities
Accelerate net client acquisition	› Successfully migrated and integrated initial CWB clients and teams, strengthening our pan-Canadian capabilities, impact, and synergies. › Grew our net client acquisition, strongly driven by our work with clients in our priority segments, notably through: • Implementation of personalized engagement journeys tailored to different client groups. • Improved pan-Canadian accessibility via a new appointment booking experience for both Commercial and Personal clients. • Improved Commercial Banking client experience with the deployment of new Online Banking capabilities. › Increased synergies and business opportunities for our shared Private Banking 1859 (PB1859) and Commercial clients. › Deployed the Banking Services Model for Investment Advisors, enabling us to broaden relationships with affluent clients and better meet their daily banking needs. › Implemented a distribution model and investment product strategy tailored to the Ontario market to grow market share in the Personal Banking. › Built strong foundations within our treasury management specialist teams, accelerating growth in commercial deposits. › Launched a strategic partnership to offer personal insurance outside Quebec.	› Complete the migration and integration of CWB clients and seize the resulting revenue synergy opportunities through our combined suite of products and our expanded presence. › Continue building brand awareness across Canada through the rollout of the "Build. Something." signature. › Continue to expand our presence and market share across Canada, relying in particular on CWB's established network. › Maintain our efforts with priority segments (Newcomers, Professionals, Young & Women Investors, Entrepreneurs). › Accelerate the transformation of our credit card ecosystem to better position ourselves for the future. › Diversify our sources of revenue by expanding our strategy with mortgage brokers. › Support our clients in their energy transition, backed by green financing and responsible investing. › Position ourselves as the bank for entrepreneurs through targeted initiatives focused on business transfers, mergers & acquisitions, wealth transfers and exclusive offers to business families.
Improve client engagement	› Strengthened engagement and proximity leadership in our Advisory Centers, rooted in coaching and focused on guidance. › Increased digital engagement with Commercial Banking clients through automated offers and personalized recommendations. › Supported clients exporting to the U.S. with our cross-border account offering for Commercial Banking clients. › Strengthened fraud prevention and detection: • Deployment of a dedicated hotline for our Commercial Banking clients. • Launch of an artificial intelligence (AI)-powered fraud detection initiative.	› Engage our clients through synergy between lines of business and relevant advice delivered at the right time and via their preferred communication channel. › Expand our cash management capabilities and expertise to ensure exceptional service and increase our deposit volume. › Optimize our risk management modeling strategies to address the current economic context, control rising delinquency rates, and support our clients in achieving their financial goals. › Promote financial health and inclusion, particularly among vulnerable groups such as visible minorities and Indigenous communities. › Generate business and cross-selling opportunities for our clients across our various lines of business: Personal Banking, Private Banking 1859, and Commercial Banking.

	2025 Achievements and Highlights	2026 Priorities
Leverage our simplification, and enhance operational efficiency	› Accelerated digital adoption to improve operational efficiency: • Continuous additions and optimizations of multiple features to promote use of digital platform. • Strengthened the use and understanding of digital platforms among branch advisors through on-behalf capabilities and support. • Deployed account opening capabilities for Personal investment products via our mobile app and website. › Simplified processes and modernized technologies to enable: • A significant reduction in paper usage and a simplified client experience. • Reduced processing time in our call centers through the development of innovative capabilities, particularly in client authentication. • Shorter processing time for mortgage renewals through the activation of integrated digital signatures. • Greater efficiency in several business processes through hyperautomation. • Shorter turnaround times in Commercial financing processes.	› Increase our clients' digital autonomy through better integration of our channels and enhanced features, notably by: • Prioritizing the mobile experience and simplifying processes. • Continuing our rollout of the new Commercial online banking platform and adding new self-service features. • Enhance and simplify the nbc.ca experience. › Increase our accessibility by finalizing the modernization of our client contact centres, including the addition of new innovative technological capabilities. › Modernize and automate our business capabilities, particularly in Business Financing, Cash Management, Fraud, and Payments. › Continue to transform our ways of working by leveraging AI and implementing improvements to increase performance.

Segment Results – Personal and Commercial

Year ended October 31 (millions of Canadian dollars)	2025[1]	2024	% change
Net interest income	**4,475**	3,587	**25**
Non-interest income	**1,076**	1,086	**(1)**
Total revenues	**5,551**	4,673	**19**
Non-interest expenses	**3,147**	2,486	**27**
Income before provisions for credit losses and income taxes	**2,404**	2,187	**10**
Provisions for credit losses	**868**	335	
Income before income taxes	**1,536**	1,852	**(17)**
Income taxes	**425**	509	**(17)**
Net income	**1,111**	1,343	**(17)**
Less: Specified items after income taxes[2]	**(217)**	–	
Net income – Adjusted[2]	**1,328**	1,343	**(1)**
Net interest margin[3]	**2.27 %**	2.33 %	
Average interest-bearing assets[3]	**197,402**	153,980	**28**
Average assets[4]	**200,454**	158,917	**26**
Average loans[4][5]	**196,857**	157,286	**25**
Net impaired loans[3]	**1,395**	505	
Net impaired loans as a % of total loans[3]	**0.7 %**	0.3 %	
Average deposits[4]	**104,734**	90,382	**16**
Efficiency ratio[3]	**56.7 %**	53.2 %	
Efficiency ratio – Adjusted[6]	**55.5 %**	53.2 %	

(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 year ended October 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 18 to 23 for additional information on non-GAAP financial measures. During the year ended October 31, 2025, the Bank recorded several items related to the CWB acquisition, including acquisition and integration charges of $1 million net of income taxes, amortization of intangible assets of $50 million net of income taxes 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 136 to 139 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 fiscal 2024.
(6) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP ratios.

Financial Results

In the Personal and Commercial segment, net income totalled $1,111 million in fiscal 2025, a 17% decrease from $1,343 million in fiscal 2024. The growth in total revenue was offset by higher non-interest expenses (including specified items recorded in fiscal 2025) and provisions for credit losses, notably the initial provisions for credit losses of $230 million on the non-impaired loans acquired from CWB recorded following the acquisition. Adjusted net income was down 1% year over year. The increase in total revenues was mainly due to an $888 million increase in net interest income that was partly due to the inclusion of $662 million from CWB, which contributed to an 18% increase, as well as a growth in personal and commercial loans and deposits, which more than offset the impact of the decrease of the net interest margin to 2.27% compared to 2.33% in 2024. In addition, non-interest income was down 1% compared to fiscal 2024, in particular due to the transition from bankers' acceptances to CORRA loans.

For fiscal 2025, the Personal and Commercial segment's non-interest expenses stood at $3,147 million, a 27% increase compared to the prior year, due to the inclusion of CWB's non-interest expenses in an amount of $424 million (including specified items of $68 million) contributing to a 17% increase. The increase in non-interest expenses was also due to higher compensation and employee benefits, attributable to salary increases, intangible asset impairment losses of $62 million recorded in fiscal 2025 on technology development for which the Bank has decided to cease its use or development, and greater investments made as part of the segment's technological evolution. The efficiency ratio of 56.7% deteriorated compared to fiscal 2024. Excluding the 2025 specified items, the segment's adjusted non-interest expenses were up 24% compared to 2024, and the adjusted efficiency ratio was 55.5% compared to 53.2% in 2024.

The Personal and Commercial segment recorded provisions for credit losses of $868 million in 2025, which is $533 million more than the $335 million recorded in 2024. This increase was primarily due to initial provisions on credit losses of $230 million on non-impaired loans acquired from CWB recorded following the acquisition 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. Furthermore, provisions for credit losses on non-impaired loans were up compared to fiscal 2024, due to the recalibration of certain risk parameters and uncertainties surrounding the imposition of new tariffs. Adjusted provisions for credit losses stood at $638 million for fiscal 2025, up $303 million compared to 2024.

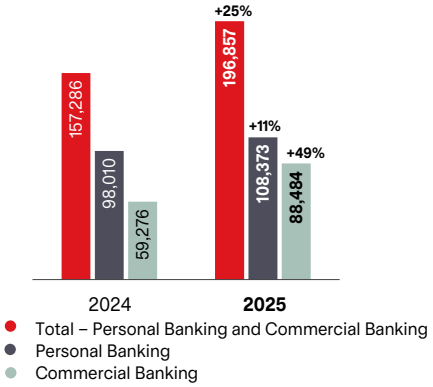
Personal Banking

Personal Banking's total revenues amounted to $2,781 million in 2025, a 7% increase from $2,587 million in 2024. The rise in net interest income stemmed from the inclusion of CWB's revenues; growth, excluding CWB, of 5% in loan volumes and 3% in deposit volumes; and a higher loan margin (partly offset by a lower margin on deposits). The increase in non-interest income was due to the increase in internal commission revenues related to the distribution of Wealth Management products, offset by the decline in credit card revenues. Non-interest expenses increased by $281 million in 2025, due to the inclusion of CWB (which includes specified items), higher compensation and employee benefits, intangible asset impairment losses of $62 million in fiscal 2025 and greater investments made as part of the segment's technological evolution.

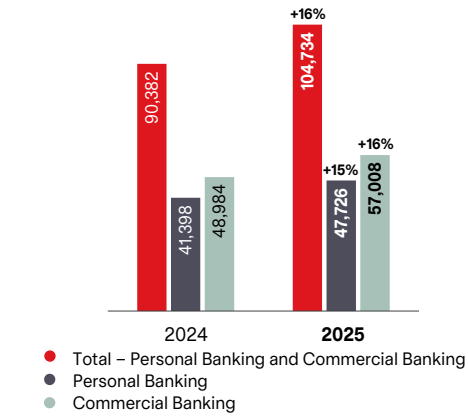
Commercial Banking

Commercial Banking's total revenues amounted to $2,770 million in 2025, rising 33% from $2,086 million in 2024. The increase in net interest income was due to the inclusion of CWB's revenues and to growth, not including CWB, in loans and deposits of 13% and 3%, respectively, as well as to the transition from bankers' acceptances to CORRA loans, partly offset by a lower margin on loans and deposits. Non-interest income was down $11 million compared to fiscal 2024, mainly due to lower bankers' acceptance revenues resulting from the transition from bankers' acceptances to CORRA loans, partly offset by the inclusion of CWB's revenues. Non-interest expenses were up $380 million, mainly as a result of the inclusion of CWB (which includes specified items), higher compensation and employee benefits, and investments made as part of the segment's technological evolution.

Average Loans[1]
Year ended October 31
(millions of Canadian dollars)



Average Deposits
Year ended October 31
(millions of Canadian Dollars)

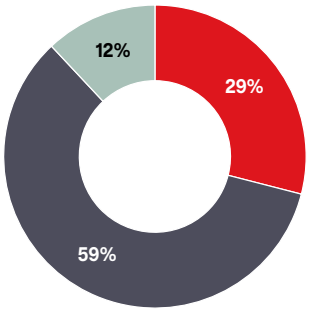


(1) Including customer's liability under acceptances for fiscal 2024.

Wealth Management

As a leader in Quebec and firmly established across Canada, the Wealth Management segment serves all market segments by emphasizing advisory-based service and close client relationships. It delivers a full range of wealth management products and solutions through an omnichannel distribution network and a differentiated business model. Wealth Management also provides services to independent advisors and institutional clients.

Total Revenues by Category
Year ended October 31, 2025



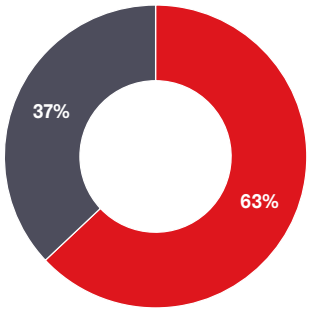
- Net interest income (2024: 30%)
- Fee-based services (2024: 57%)
- Transaction-based and other revenues (2024: 13%)

$3,240 million
Total revenues

$1,338 million
Income before provisions for credit losses and income taxes

$976 million
Net income

Total Revenues by Geographic Distribution
Year ended October 31, 2025



- Province of Quebec (2024: 64%)
- Other provinces (2024: 36%)

Full-Service Brokerage
With the largest network of wealth management advisors in Quebec and over 100 points of service across Canada, National Bank Financial Wealth Management (NBFWM) is serving nearly 285,000 clients. The team of advisors provides portfolio management services, financial and succession planning services and insurance services, while mobilizing a wide range of expertise available within the Bank to meet the specific needs of clients.

Private Banking
Private Banking 1859 (PB1859) offers highly personalized wealth management services and advice across Canada, helping affluent clients benefit from comprehensive management of their personal and family fortunes. PB1859 plays an active role in the Canadian industry with a broad offering of financial solutions and strategies that include wealth protection, growth and transition.

Key Success Factors

- A team of close to 950 wealth management advisors across the country that adopts a human-centric approach to build long-lasting relationships and deliver personalized solutions to clients at every stage of their lives.
- A distinctive open architecture, by which NBI entrusts exclusive management of its investments to external portfolio managers, an approach that is unique in Canada.
- A state-of-the-art, integrated digital experience that positions NBIN as Canada's leading provider of custodial, transactional and brokerage solutions for independent wealth management firms.
- Strong synergy with the Personal and Commercial and Capital Markets segments, enabling us to offer a holistic range of services.

Direct Brokerage
National Bank Direct Brokerage (NBDB) offers a multitude of financial products and investment tools for self-directed investing across Canada through its digital platform. NBDB allows clients to take over the management of their investments online or through telephone agents to support self-directed investors on more complex transactions.

Investment Solutions and Transactional Products
National Bank Investments Inc. (NBI) manufactures and offers investment funds, exchange-traded funds (ETFs), investment solutions, and services to consumers and institutional investors through the Bank's distribution networks, both internal and external. NBI is a leading asset manager whose open architecture model allows it to select the best portfolio managers from world-renowned firms.

Administrative and Trade Execution Services
National Bank Independent Network (NBIN) is a Canadian leader in providing administrative services such as trade execution, custodial services, and brokerage solutions. NBIN serves many independent financial services firms across Canada, in particular to introducing brokers, portfolio managers, and investment fund managers.

Trust and Estate Services
Through National Bank Trust Inc. (NBT), Wealth Management provides retail and institutional client groups with turnkey services and solutions. Its team of experts offers a full range of high value-added services designed to consolidate, protect, and transfer its clients' wealth and give them peace of mind. NBT also provides integrated trustee and depository services as well as securities custody services.

Economic and Market Review

Despite uncertainty around tariffs, the U.S. economy held strong, driven in part by household consumption and a wave of investments in AI. The sectors most exposed to AI accounted for 6.1% of GDP in the first half of 2025 but generated 15.7% of the growth during that same period. The optimism around AI also buoyed the stock market, with the S&P 500 reaching new heights at the end of the year after a difficult start to 2025. In Canada, the economy is suffering from trade tensions, as a trade agreement has still not been reached with the U.S. The unemployment rate has risen as the threats of tariffs intensified, while economic activity has slowed. Consumer confidence has been hard hit by these developments, falling well below the historical average. In support of the economy, the Bank of Canada lowered its key interest rate four times in 2025, improving affordability in the housing market, which nevertheless remains out of reach for many first-time buyers. With inflation remaining above the target, the Bank of Canada has signalled that it plans to end the current cycle of monetary easing for now, and let fiscal policy finish the work. The federal government presented a stimulative budget with measures aimed at households, including tax cuts, the elimination of the carbon tax and a reversal on taxing capital gains. The government also announced additional investments in housing and infrastructure, as well as measures to stimulate business investment. These developments, along with the spectacular performance of gold, supported strong growth in the S&P/TSX throughout the year, propelling the index to a new high.

The economic environment in 2025 and the outlook for 2026 are discussed in more detail in the Economic Review and Outlook section on pages 28 and 29.

Objectives and Strategic Priorities

In a changing economic environment, shaped by major industry trends such as sectoral consolidation, changing financial behaviours, demographic shifts and regulatory requirements, our sector is focusing on accelerated growth in savings and investment. Given these transformations, our ability to adapt and differentiate our offering is essential to maintaining our relevance in a market that is being redefined. Evolving governance practices and regulatory tightening impose new organizational requirements, while emerging technologies, which could profoundly transform our practices, offer the organization strategic opportunities to position itself at the forefront of the industry.

	2025 Achievements and Highlights	2026 Priorities
Continue to develop our distribution model by positioning advisors for success	› NBFWM's unique approach, designed to build and attract experienced teams, has enabled us to meet the multigenerational needs of our clients while fostering a collaborative and dynamic environment. It reflects our commitment to placing advisors at the heart of our priorities. › Continuous development of our internal tools has significantly improved the end-to-end advisor experience, supporting them as they deliver service offerings to their clients and helping keep them engaged.	› Maintain excellent growth momentum by providing greater support to existing teams, continuing the generational transition of advisors and leveraging our successful recruitment programs. › Anchor our technological choices in an advisor-centric approach, ensuring that each solution deployed optimizes their experience, supports performance and strengthens their ability to respond to the evolving needs of our clients. › Continue initiatives dedicated to increasing our representation of women and minorities across our teams.
Move towards an integrated digital experience to facilitate the activities of independent firms	› All the independent firms now use our simplified and fully integrated digital platform, demonstrating complete adoption. The strategic leveraging of this new digital platform has accelerated business development, positioning it as a key growth driver.	› Continue our business development by fully leveraging the potential of our integrated digital tool as a key growth driver. › Continuously simplify and improve this platform by closely aligning it with the evolving needs of our clients.
Leveraging our open architecture and functionalities to offer partnership opportunities and turnkey solutions for fund creation and management	› The launch of a record number of funds in 2025, combined with NBI reaching a historic milestone in terms of assets under management, marks a decisive step forward that reflects the dynamism of our teams and the potential of our turnkey solutions, which have been favourably received by our partners. › Enhanced offering of responsible and non-traditional investment products, made possible by the expertise of our specialized teams and strengthening our positioning in these growth segments.	› Enrich our offering by forming strategic partnerships and developing innovative investment solutions adapted to our clients' evolving needs, particularly in the areas of responsible investing, ETFs and private placements. › Prioritize the investments required to serve our strategic partners.

	2025 Achievements and Highlights	2026 Priorities
Leverage our organizational synergies to maximize the potential of our internal and external distribution channels	› Record results in terms of referrals to our internal partners has made it possible to efficiently meet the needs and expectations of our clients. › Ongoing training and optimization of our planning tools have helped enhance the quality of advisory interactions, thereby improving our service delivery model. › The momentum working with Capital Markets has supported the creation of new investment products. › The digital client experience has been enhanced with the addition of new features that support accessibility and autonomy for various client segments.	› Mobilize internal partnerships and leverage synergies with industry to develop high value-added solutions, while intensifying technological efforts to make innovations more accessible. › Complete the integration of the various client bases from the acquisition of CWB in order to begin efforts to maximize opportunities for achieving organizational synergies.

Segment Results – Wealth Management

Year ended October 31 (millions of Canadian dollars)	**2025**[1]	2024	**% change**
Net interest income	**930**	833	**12**
Fee-based revenues	**1,908**	1,603	**19**
Transaction and other revenues	**402**	350	**15**
Total revenues	**3,240**	2,786	**16**
Non-interest expenses	**1,902**	1,633	**16**
Income before provisions for credit losses and income taxes	**1,338**	1,153	**16**
Provisions for credit losses	**5**	(1)	
Income before income taxes	**1,333**	1,154	**16**
Income taxes	**357**	317	**13**
Net income	**976**	837	**17**
Less: Specified items after income taxes[2]	**(6)**	–	
Net income – Adjusted[2]	**982**	837	**17**
Average assets[3]	**11,224**	9,249	**21**
Average loans[3][4]	**9,957**	8,204	**21**
Net impaired loans[5]	**47**	11	
Average deposits[3]	**54,949**	42,361	**30**
Efficiency ratio[5]	**58.7 %**	58.6 %	
Efficiency ratio – Adjusted[6]	**58.4 %**	58.6 %	

Assets under administration[5]	**874,360**	766,082	**14**
Assets under management[5]			
Individual	**122,864**	95,297	**29**
Mutual funds	**71,603**	60,603	**18**
	194,467	155,900	**25**

(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 year ended October 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 18 to 23 for additional information on non-GAAP financial measures. During the year ended October 31, 2025, the Bank recorded several items related to the acquisition of CWB, including acquisition and integration charges of $2 million net of income taxes and amortization of intangible assets of $4 million net of income taxes.
(3) Represents an average of the daily balances for the period.
(4) Including customers' liability under acceptances for fiscal 2024.
(5) See the Glossary section on pages 136 to 139 for details on the composition of these measures.
(6) See the Financial Reporting Method section on pages 18 to 23 for additional information on non-GAAP ratios.

Financial Results

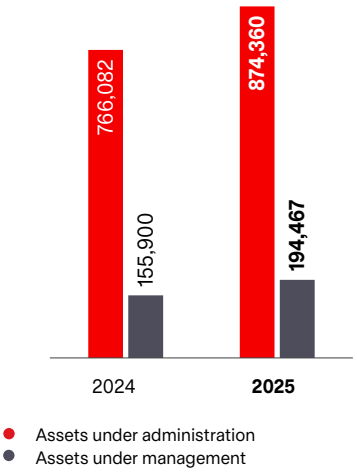
In the Wealth Management segment, net income totalled $976 million in fiscal 2025 compared to $837 million for 2024, a 17% increase. The segment's total revenues amounted to $3,240 million in fiscal 2025, up 16% from $2,786 million in fiscal 2024, mainly due to the 19% increase in fee-based revenues compared to fiscal 2024 as a result of the growth in assets under administration and management caused by the rise in stock markets as well as positive net inflows for the various solutions and, to a lesser extent, by the inclusion of CWB. Net interest income was up $97 million or 12%, primarily due to the increase in loan and deposit volumes, the favourable impact of the change in the composition of deposits and the inclusion of CWB. In addition, transaction and other revenues were up 15% compared to fiscal 2024 due to increased client activity in fiscal 2025.

The segment's non-interest expenses stood at $1,902 million in fiscal 2025 compared to $1,633 million in fiscal 2024, a 16% increase that was primarily due to higher variable compensation and external management fees in line with revenue growth, as well as greater technology investments related to the segment's initiatives and the inclusion of CWB's non-interest expenses. The efficiency ratio was 58.7% in fiscal 2025, compared to 58.6% in fiscal 2024. Adjusted non-interest expenses were $1,893 million, up 16% from $1,633 million in fiscal 2024. The adjusted efficiency ratio stood at 58.4%, an improvement of 0.2 percentage point compared to 58.6% in fiscal 2024.

Wealth Management recorded provisions of credit losses of $5 million in fiscal 2025, while it had recorded recoveries of credit losses of $1 million in fiscal 2024. This increase is mainly due to higher provisions for credit losses on impaired loans and, to a lesser extent, on non-impaired loans.

Assets under administration grew $108.3 billion or 14% compared to October 31, 2024, as a result of stronger stock markets. Assets under management stood at $194.5 billion as at October 31, 2025, up 25%. Assets under management for personal banking clients and mutual funds were up 29% and 18%, respectively, compared to October 31, 2024, increases that were due in part to the acquisition of CWB and stronger stock markets.

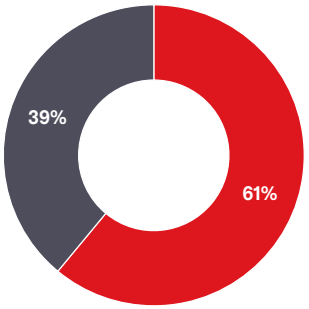
Assets Under Administration and Assets Under Management
Year ended October 31
(millions of Canadian dollars)



Capital Markets

The Capital Markets segment offers a complete suite of products and services to corporations, institutional clients, and public-sector entities. The segment focuses on relationships with clients and their growth by providing comprehensive advisory services and research or capital markets products and services. Over 1,000 specialists serve clients through its offices in North America, Europe, the UK, and Asia.

Total Revenues by Category[1]
Year ended October 31, 2025



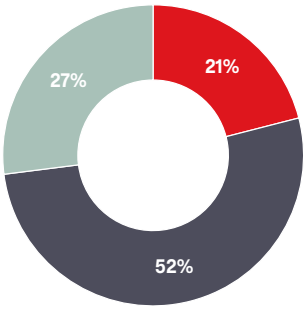
- Global Markets (2024: 53%)
- Corporate and Investment Banking (2024: 47%)

$3,662 million
Total revenues

$2,220 million
Income before provisions for credit losses and income taxes

$1,684 million
Net income

Total Revenues by Geographic Distribution[1]
Year ended October 31, 2025



- Province of Quebec (2024: 20%)
- Other provinces (2024: 55%)
- Outside of Canada (2024: 25%)

Global Markets
Capital Markets is a Canadian leader in risk management solutions, structured products, and market-making in ETFs by volume. The segment offers solutions in fixed-income securities, currencies, equities, and commodities in order to mitigate the financial and business risks of clients. It also provides new product development expertise to asset managers and fund companies and supports their success by providing liquidity, research, and counterparty services. Capital Markets also provides tailored investment products across all asset classes to institutional and retail distribution channels.

Corporate and Investment Banking
Capital Markets provides corporate banking, advisory, and capital markets services. It offers loan origination and syndication to large corporations for project financing, merger and acquisition transactions, and corporate financing solutions. The segment is also an investment banking leader in Quebec and across Canada. Its comprehensive services include strategic advisory for financing and merger and acquisition initiatives as well as for debt and equity underwriting. It is the Canadian leader in government debt and corporate high-yield debt underwriting. Dominant in Quebec, the segment is the leader in debt underwriting for provincial and municipal governments across Canada while growing its national position in infrastructure and project financing. Capital Markets is active in securitization financing, mainly mortgages insured by the Government of Canada and mortgage-backed securities.

Key Success Factors

- Pan-Canadian franchise with established leadership in government debt underwriting and ETF market-making in addition to securities lending and recognized capabilities in risk management solutions, structured products, and equity derivatives.
- Client-centric business with a differentiated and diversified revenue mix.
- Sound risk management.
- Flexible approach to capital allocation and proven ability to adapt to evolving capital market conditions and deliver consistent financial performance.
- Entrepreneurial culture: integrated approach, teamwork, and alignment among all groups, including other segments of the Bank.

Economic and Market Review

The election of Donald Trump and the resulting trade tensions have created a climate of high economic uncertainty worldwide, above all at the beginning of the year. However, the U.S. economy has performed well, buoyed in particular by accommodative financial conditions and a positive wealth effect for the wealthiest households, which are the most exposed to stock markets. Given a slowdown in the labour market, the Federal Open Market Committee lowered its key interest rate by 50 basis points in September and October. In addition, the fiscal stimulus expected from the One Big Beautiful Bill Act announced in July may support the economy in 2026.

(1) For fiscal 2024, certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

In Canada, decisions made by the U.S. administration had negative repercussions in 2025. The labour market is showing signs of weakness, while economic growth is being undermined by declining exports and investment. The Bank of Canada therefore lowered its key interest rate by 100 basis points in 2025, bringing it to 2.25%. The outlook nevertheless remains bleak until a trade agreement can be reached with our neighbours to the south. Business surveys reveal a climate of increased caution in operational decisions. The federal government has loosened the purse strings, in particular with income tax cuts for households, to limit the damage to the economy. The government also announced funding for housing and infrastructure, as well as accelerated depreciation for certain business investments that could be used to improve productivity. Despite very low population growth, the Canadian economy could improve in 2026 if trade tensions ease with the U.S.

The economic environment in 2025 and the outlook for 2026 are discussed in more detail in the Economic Review and Outlook section on pages 28 and 29.

Objectives and Strategic Priorities

	2025 Achievements and Highlights	2026 Priorities
Maintain our leadership in established businesses and leverage our strengths onto other businesses	› Ranked number one in Canadian government debt underwriting for an eleventh consecutive year. › Joint-lead bookrunner on a US$9 billion two-tranche fixed rate sustainable development benchmark bond for the International Bank for Reconstruction and Development (World Bank/IBRD). This deal marked IBRD's largest volume ever raised in a single day via the USD bond market as well as National Bank's inaugural lead role on a benchmark USD deal for the World Bank. › Active bookrunner on several fixed income offerings for Fairfax Financial Holdings Limited (Fairfax) and its portfolio companies across the investment grade and non-investment grade credit spectrum. National Bank was awarded its first active bookrunner role on Fairfax's $700 million senior notes offering; lead-left on both Sleep Country Canada Holding Inc.'s inaugural $450 million senior notes offering and $150 million re-opening; lead-left on Peak Achievement Athletics Inc.'s inaugural $275 million senior notes offering; and active bookrunner on Recipe Unlimited Corporation's inaugural $400 million senior notes offering. › Introduced a new leadership position: Head of Indigenous Relations. This role will work in close collaboration with the Bank's various sectors and is dedicated to developing and implementing strategies that foster strong, sustainable business relationships with Indigenous communities across Canada. › Won two prestigious honors at the annual *Securities Finance Times Industry Excellence Awards*: *Operations Team of the Year* and *Technology-Enhanced Trading Desk of the Year*. The Operations award highlights the Bank's operational strength, efficiency, and resilience. Meanwhile, the Technology award recognizes our outstanding performance driven by innovative use of technology and automation in the securities lending business. › Received the *Best Performance – Canada* award at the 2025 *Structured Retail Products Americas (SRP)* ceremony. This prestigious recognition celebrates the exceptional performance of our structured solutions offered in the Canadian market and reflects the team's unwavering commitment to excellence and rigor in supporting advisors, as assessed by SRP.	› Maintain our leadership through quality and innovation.

	2025 Achievements and Highlights	2026 Priorities
Maintain our leadership in established businesses and leverage our strengths onto other businesses (cont.)	› Received the Best Client Service Award at the 2025 Structured Products Industry Conference (SPI Canada). This recognition highlights our commitment to delivering exceptional service to investors, advisors, and partners. By setting new benchmarks in transparency, education, and advisor support, we continue to shape the structured products landscape in Canada. › Won four awards at the 2025 Canadian ETF Express ceremony: • Best Overall ETF Liquidity Provider/Market Maker in Canada; • Best Market Maker/Authorised Participant – Equity ETFs in Canada; • Best Institutional ETF Broker in Canada; • Best ETF Research Provider in Canada.	
Carry on international expansion supported by an innovative offering	› Continued U.S. coverage enhancement in key sectors and distribution of select products. › Continued product offering enhancement in continental Europe. › Financial advisor to Dollarama Inc. on its acquisition of The Reject Shop Limited, a major discount retailer in Australia, marking its expansion into the Australian market. The all-cash deal is valued at approximately A$259 million ($233 million) and includes The Reject Shop Limited's network of over 390 stores across Australia. › Lead-left bookrunner on Perpetua Resources Corp.'s ~US$375 million public offering of common shares, concurrent with a US$100 million private placement of common shares to Paulson & Co. Inc., for total gross proceeds of ~US$475 million. The proceeds form part of a comprehensive financing package for the development of the Stibnite gold-antimony-silver project in Idaho, USA. › Joint-lead and bookrunner on SmartStop Self Storage REITs, Inc. (SmartStop) inaugural $500 million Series A Canadian Maple Bond offering on June 16, 2025 and its $200 million senior unsecured notes offering on September 19, 2025. SmartStop was able to capitalize on historically tight corporate credit spreads, locking in attractive long-term financing. The net proceeds from the offering are intended to be used for the repayment of existing indebtedness, funding of acquisitions and for general corporate purposes. SmartStop (NYSE: SMA) is a technology-driven self-managed REIT with a fully integrated operations team with more than 1,000 self-storage professionals. SmartStop is one of the largest self-storage companies in North America with a growing portfolio in Canada and high-growth markets in the U.S.	› Assist our clients in their growth ambitions and funding needs.
Ensure continued growth by recruiting, coaching, and retaining a diversified workforce	› Continued to advance our Inclusion, Diversity and Equity strategy through external partnerships, a successful scholarship program and various training programs. › Coached and retained our talent at all levels through mentorship, peer-to-peer evaluations and action plans.	› Implement innovative practices for employee recruitment, coaching, and retention while fostering inclusion.

	2025 Achievements and Highlights	2026 Priorities
Further strengthen information technology to enhance and accelerate our execution	› Invested in technology and talent to deploy technology enhancements. › Used the latest advances in deep learning to automate and scale our platform.	› Continue to create differentiated technology across all Capital Markets' business lines.
Strengthen our ability to deliver integrated advice and solutions to clients	› Continued to sponsor the annual Bloomberg Canadian Finance Conference. › Active joint bookrunner on Alimentation Couche-Tard Inc.'s concurrent $500 million and US$1.2 billion senior unsecured note offerings in September of this year. This milestone marked the Bank's first active bookrunning mandate in the U.S. investment-grade bond market. › Joint-lead debt agent and joint bookrunner on $1.4 billion of senior privately placed bonds to support private financing to the $13.9 billion Peter Gilgan Mississauga Hospital and Shah Family Hospital for Women and Children Project, a 985-bed hospital public-private partnership. Additionally, the Bank acted as mandated lead arranger, administrative agent and swap provider for a related senior credit facility and structured deposit notes and various hedging products were provided to the private developer, a consortium comprising EllisDon Capital Inc., Fengate Capital Management Ltd., PCL Investments Inc., and Plenary Americas LP. › Exclusive financial advisor to Connor, Clark & Lunn Infrastructure (CC&L Infrastructure) on a US$200 million refinancing of a 563 megawatts (MW) diversified renewables portfolio. The portfolio consists of one solar and four wind projects located throughout the U.S. in Indiana, Wisconsin, Oklahoma, and Ohio. National Bank originally supported CC&L Infrastructure's acquisition of the portfolio in 2020 by providing the initial project financing, positioning the Bank for an advisory role on the refinancing. Proceeds of the refinancing repaid existing debt and allowed for a meaningful dividend to the sponsor, CC&L Infrastructure. › Financial advisor to Whitecap Resources Inc. on its $15.0 billion strategic combination with Veren Inc. Upon close, the combined company became the largest Canadian light oil focused producer and the seventh largest producer in the Western Canadian Sedimentary Basin. The combined asset base boasts a world-class portfolio of assets with exposure to the highly economic Montney and Duvernay plays alongside a stable, conventional light oil platform in Alberta and Saskatchewan. To support the transaction, National Bank acted as joint bookrunner and co-lead arranger on $3.5 billion of committed pro-forma credit facilities.	› Deepen our relationships with corporations, institutional clients, and public-sector entities and help support their growth. › Integrate environmental, social and governance (ESG) considerations in relevant Capital Markets activities.

	2025 Achievements and Highlights	2026 Priorities
Strengthen our ability to deliver integrated advice and solutions to clients (cont.)	› Coordinating lead arranger, joint bookrunner, documentation agent and green loan coordinator on a $1.1 billion bank financing for the Pohénégamook-Picard-Saint-Antonin-Wolastokuk 1 (PPAW 1) Wind Energy Centre. PPAW 1 is being developed as an equal partnership between Invenergy LLC and the Alliance de l'énergie de l'Est and was selected by Hydro-Québec in 2023 as part of a call for tenders. Construction will occur throughout 2025 and 2026, with an expected commercial operation date in late 2026. The project will create 350 jobs during construction and has led to 130 new manufacturing jobs at Marmen Énergie Inc. in Matane, Quebec. PPAW 1 is expected to distribute $137 million to the Alliance de l'énergie de l'Est's shareholders, namely 16 RCMs and the Wolastoqiyik Wahsipekuk First Nation, over 30 years, in addition to $45 million in fixed payments to the host communities. › Coordinating lead arranger and hedge provider on Venture Global's CP2 LNG senior secured credit facilities, which included a significant underwriting commitment to their seven-year term loan and a seven-year revolving credit facility. The Bank also acted as coordinating lead arranger on two separate Venture Global Bridge Loans for the Project. Located in Cameron Parish, Louisiana, Phase 1 of the Project will consist of 26 trains providing 17.3 MTPA in liquification capacity, associated marine berthing facilities, two 720 MW power plants, and 140 km of natural gas pipeline. Phase 1 is contracted with global offtakers via multiple 20-year Sales and Purchase Agreements, positioning the Project as strategically important infrastructure to global energy supply and security. CP2 marks the Sponsor's third LNG project using their innovative midscale modular approach, and the Bank's fifth financing to date with Venture Global, Inc., reaffirming National Bank's leading position in the North American LNG sector. › Exclusive financial advisor to Pan American Silver Corp. (Pan American) on its US$2.1 billion acquisition of MAG Silver Corp. (MAG). MAG is a tier-one primary silver mining company through its 44% joint venture interest in the large-scale, high-grade Juanicipio mine in Mexico, one of the best silver mines globally. The transaction strengthens Pan American's position as one of the world's premier silver producers and solidifies its rank as holding the largest silver reserves and resources amongst silver mining companies which, in turn, has reignited the "silver premium" observed within Pan American's trading valuation. The acquisition is a highly logical fit within Pan American's Americas-based portfolio and provides significant exploration upside potential through growth opportunities at Juanicipio, and MAG's other exploration assets.	

Segment Results – Capital Markets

Year ended October 31 (millions of Canadian dollars)	**2025**[1]	2024[2]	**% change**
Global markets			
Equities	**1,395**	709	**97**
Interest rate and credit	**625**	507	**23**
Commodities and foreign exchange	**212**	198	**7**
	2,232	1,414	**58**
Corporate and investment banking	**1,430**	1,240	**15**
Total revenues	**3,662**	2,654	**38**
Non-interest expenses	**1,442**	1,246	**16**
Income before provisions for credit losses and income taxes	**2,220**	1,408	**58**
Provisions for credit losses	**142**	54	
Income before income taxes	**2,078**	1,354	**53**
Income taxes	**394**	100	
Net income	**1,684**	1,254	**34**
Average assets[3]	**226,990**	195,881	**16**
Average loans[3][4] (Corporate Banking only)	**31,173**	31,887	**(2)**
Net impaired loans[5]	**175**	78	
Net impaired loans as a % of total loans[5]	**0.6 %**	0.2 %	
Average deposits[3]	**79,257**	65,930	**20**
Efficiency ratio[5]	**39.4 %**	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 year ended October 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 fiscal 2024.
(5) See the Glossary section on pages 136 to 139 for details on the composition of these measures.

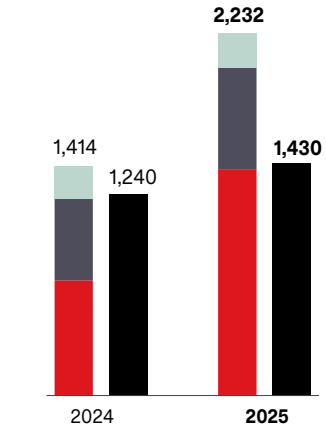
Financial Results

In the Capital Markets segment, net income totalled $1,684 million in fiscal 2025, up 34% compared to 2024 due to the significant increase in revenues. The impact of including CWB in this segment's results for 2025 was not significant. Total revenues amounted to $3,662 million in 2025, an increase of $1,008 million or 38% compared to fiscal 2024. Global market revenues were up 58%, driven by increases in all revenue types, including a 97% increase in equities revenues, a 23% increase in interest rate and credit revenues, and a 7% increase in commodities and foreign exchange revenues. In addition, corporate and investment banking revenues were up 15% compared to fiscal 2024 as a result of growth in banking service revenues and revenues from capital markets activity, as well as revenues from merger and acquisition activity.

For the year ended October 31, 2025, non-interest expenses rose 16% compared to the prior year. This increase was due to higher compensation and employee benefits, notably variable compensation resulting from revenue growth, as well as higher technology expenses and other expenses related to the segment's business growth. The efficiency ratio of 39.4% in fiscal 2025 improved from 46.9% in fiscal 2024, owing to a significant increase in the segment's revenues.

Capital Markets recorded provisions for credit losses of $142 million during fiscal 2025 compared to $54 million in 2024. This growth was due to a $51 million increase in provisions for credit losses on impaired loans due to a file in the manufacturing sector in 2025, and on a $37 million increase in non-impaired loans.

Total Revenues by Category[6]
Year ended October 31
(millions of Canadian dollars)



(6) For fiscal 2024, certain amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.

U.S. Specialty Finance and International

The Bank complements its Canadian growth with a targeted, disciplined international strategy that aims for superior returns. The Bank is currently focused on specialty finance in the U.S. through its Credigy subsidiary and on personal and commercial banking in Cambodia through its ABA Bank subsidiary. The Bank currently has a moratorium on any new significant investments in emerging markets. During fiscal 2025, the U.S. Specialty Finance and International (USSF&I) segment generated 12% of the Bank's consolidated total revenue and 18% of its net income.

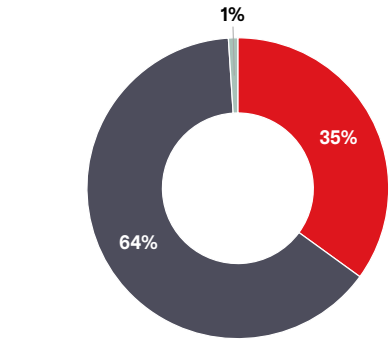
Credigy

$566 million
Total revenues

$410 million
Income before provisions for credit losses and income taxes

$235 million
Net income

Breakdown of Total Revenues
Year ended October 31, 2025



- Credigy (2024: 38%)
- ABA Bank (2024: 61%)
- International (2024: 1%)

ABA Bank

$1,031 million
Total revenues

$694 million
Income before provisions for credit losses and income taxes

$455 million
Net income

U.S. Specialty Finance — Credigy

Founded in 2001 and based in Atlanta, Georgia, Credigy is a specialty finance company primarily active in financing and acquiring a diverse range of performing assets. Its portfolio is mostly comprised of diversified secured consumer receivables in the U.S. market. Through its best-in-class modelling expertise, flexibility, and client-centric approach, Credigy is a partner of choice for financial services institutions.

Key Success Factors

- Proven investment strategy that is adaptable to rapidly changing market conditions.
- Diversification across several classes of performing assets.
- Market credibility achieved through 390-plus transactions and over US$32 billion in total investments life-to-date.
- Rigorous underwriting approach with continuous refinement of modelling and analytics capabilities.
- Resilience to unfavourable economic conditions owing to credit quality and structural enhancements that provide downside protection.
- Emphasis on recruiting and retaining exceptional talent.

Economic and Market Review

Despite Washington imposing tariffs on its trading partners, very few countries have responded with protectionist measures, limiting the damage to the U.S. economy. Its resilience has been marked by investments in AI and by consumption, which has continued to benefit from a wealth effect for the most affluent due to gains on the stock markets in recent quarters. As a result, the U.S. economy has continued to chart its own path compared to the rest of the world. However, all is not well. Against a backdrop of restrictive interest rates, delinquency rates continue to rise for credit cards and automobile loans, which have reached levels comparable to those seen during the 2008-2009 financial crisis. Such rates remain contained for mortgages, but activity in the residential sector is still suffering from a high interest rate environment. Despite this, house prices are not falling, unlike the situation in Canada. While it is true that the labour market is experiencing markedly slower job creation, the unemployment rate remains historically low. The U.S. Federal Reserve has cut its key interest rate by 50 basis points, but sticky inflation could complicate future decisions. The U.S. economy could nevertheless remain strong in 2026, sustained by the end of the government shutdown and the fiscal stimulus package.

The economic environment in 2025 and the outlook for 2026 are discussed in more detail in the Economic Review and Outlook section on pages 28 and 29.

Objectives and Strategic Priorities – Credigy

Credigy aims to provide customized solutions for the acquisition or financing of consumer assets in pursuit of the best risk-adjusted returns and a pre-tax return on assets (ROA) of at least 2.5%.

	2025 Achievements and Highlights	2026 Priorities
Sustain deal flow by being a partner of choice for institutions facing complex challenges and strategic changes	› Achieved balance sheet growth through a disciplined investment approach. › Invested by establishing new relationships and leveraging existing partners. › Maintained average assets of approximately $8.5 billion.	› Leverage relationships with current and prospective partners. › Remain prepared to seize opportunities in rapidly evolving markets.
Maintain a diversified mix of performing assets	› Continued asset class diversification that is focused on high-quality consumer, mortgage, and insurance assets. › Leveraged flexibility to invest in a balanced mix of financing and direct acquisitions.	› Favour asset diversification and a prudent investment profile. › Maintain a stable risk-reward balance while optimizing for capital efficiency.
Achieve best risk-adjusted returns	› Actively monitored the economy for opportunities. › Refined and calibrated credit models to target the best risk-return investments.	› Actively monitor macroeconomic conditions to implement risk mitigation strategies. › Deliver asset growth through a balanced mix of financing and direct acquisitions.

International – ABA Bank

Established in 1996, ABA Bank provides financial services to individuals and businesses in Cambodia. It is now the largest commercial bank by assets in Cambodia. ABA Bank offers a full spectrum of financial services to small and medium enterprises (SMEs) as well as to individuals through 103 branches, 45 self-banking units, 1,894 automated teller machines (ATMs), and other self-service machines, and advanced online banking and mobile banking platforms. It has been selected as the Best Bank in Cambodia by various financial magazines, including *The Banker*, *Global Finance* (for the eleventh consecutive year), *Euromoney* (for the twelfth consecutive year), and *Asiamoney,* among others.

Key Success Factors

- Loan strategy targeting SMEs with simple products.
- Disciplined risk management that drives high credit quality.
- Ability to fund loan growth through the deposit strategy.
- Deposit strategy based on state-of-the art technology, leading to a self-sufficient and expanding transactional banking ecosystem.
- Experienced leadership team and skilled workforce supported by robust training programs.
- Governance structure based on rigorous international standards while providing local management with the autonomy to pursue strategic priorities and business objectives.
- Leveraging National Bank's reputation as a world-class financial institution.
- International recognition of ABA Bank.

Economic and Market Review

In 2025, the Cambodian economy showed some resilience despite an unfavourable geopolitical environment. The Trump administration's initial threats to impose 49% tariffs on exports gave cause for concern, as these are among the highest tariffs applied by the U.S. to its trading partners. However, an agreement announced in August limited the duties to 19%, a positive development given that exports to the U.S. account for nearly 20% of Cambodia's GDP. Despite these tensions, exports grew by 15% in the first ten months of the year, and foreign direct investment held up well in the first half of the year. On the other hand, the tourism sector, which was already suffering from a decline in Chinese visitors, was severely affected by the armed conflict on the Thai border, spurring a 53% drop in arrivals since December 2024, mainly due to fewer visitors from Thailand. This conflict has also had an impact on international remittances (6% of GDP, of which 80% come from Thailand), and has led to the return of nearly two-thirds of expatriate Cambodian workers. Despite a resurgence of tensions in November, Thailand does not appear to be willing to escalate the conflict, which is an essential condition for finalizing a trade agreement with Washington. In the real estate market, prices rallied in the third quarter but remain approximately 10% below 2022 levels. Economic growth slowed from 6% in 2024 to 4.4% in 2025 according to the average forecast, and is expected to reach 4.2% in 2026. Demographics are a major asset, with more than 65% of the country's 17 million inhabitants being under 35 years of age. This is promising for financial inclusion and the modernization of banking services due to rapid growth in the penetration of mobile applications and social networks.

The economic environment in 2025 and the outlook for 2026 are discussed in more detail in the Economic Review and Outlook section on pages 28 and 29.

Objectives and Strategic Priorities – ABA Bank

ABA Bank is pursuing an omnichannel banking strategy, aiming to become the lending partner of choice for SMEs, while increasing market penetration in deposits and transactional services for retail and business clients.

	2025 Achievements and Highlights	2026 Priorities
Grow market share in SME lending	› Achieved 12% growth in loan volumes. › Maintained its leading market position while continuing to grow the business. › Continued to adapt the SME lending strategy to support the growing needs of customers as their businesses become more mature. › Opened four new branches, bringing the total to 103 throughout the country.	› Continue to extend its reach in Cambodia through its network of branches and self-banking locations, continue modernizing its branch network, and gain direct access to a larger pool of SME customers and retail deposits. › Focus on SME clients in industries that have been less affected by the current economic slowdown. › Continue to adapt the lending strategy in line with the evolving needs of SME customers as their businesses mature and grow.
Maintain credit quality	› Maintained a well-diversified portfolio (98% of loans are secured with an average loan-to-value between 50 and 60). › At 7.3% of the loan portfolio as of October 31, 2025, non-impaired loans remain below the market average. › Closely monitored clients who are impacted by the current economic slowdown. › Standard & Poor's maintained ABA Bank's long-term credit rating at B+ with a "Stable" outlook, as the rapid loan and deposit growth continues, and asset quality deterioration remains manageable.	› Maintain strong governance, disciplined risk management, and sound business processes. › Ensure good credit quality across the loan portfolio to keep non-performing loan levels below market averages. › Continue to focus on secured lending. › Pro-actively work with clients to minimize growth of non-performing loans and facilitate settlements while ensuring proper enablers are in place (tools, staff and training).
Sustain growth in deposits and transactional services	› Grew deposit volume by 24% from 2024. › Continued to enhance self-banking capabilities, including the market-leading full-scale mobile banking application in Cambodia. › Self-banking transactions made up 99% of total transactions. › Expanded ABA 24/7, a network of standalone self-banking locations that provide customers with round-the-clock access to their accounts and that now has 45 locations throughout the country.	› Further develop the transactional banking model to accelerate the migration of cash transactions, payments, and money transfers to self-service and digital banking channels. › Increase the deposit base by providing convenience to retail customers through an advanced digital and self-banking infrastructure and by expanding the network of self-service locations. › Deepen ecosystem integration by expanding ABA's footprint in factory payroll and merchant to drive recurring transactional flows and strengthen the deposit base. › Leverage customer insights and data analytics to evolve the product suite proactively, delivering targeted financial solutions, transaction nudges, and personalized recommendations to boost deposit retention and transactional activity.

Segment Results – USSF&I

Year ended October 31 (millions of Canadian dollars)	2025	2024	% change
Total revenues			
Credigy	**566**	544	**4**
ABA Bank	**1,031**	860	**20**
International	**24**	11	
	1,621	1,415	**15**
Non-interest expenses			
Credigy	**156**	144	**8**
ABA Bank	**337**	293	**15**
International	**8**	2	
	501	439	**14**
Income before provisions for credit losses and income taxes	**1,120**	976	**15**
Provisions for credit losses			
Credigy	**113**	113	**–**
ABA Bank	**118**	68	**74**
International	**–**	1	
	231	182	**27**
Income before income taxes	**889**	794	**12**
Income taxes			
Credigy	**62**	60	**3**
ABA Bank	**121**	105	**15**
International	**2**	1	
	185	166	**11**
Net income			
Credigy	**235**	227	**4**
ABA Bank	**455**	394	**15**
International	**14**	7	
	704	628	**12**
Average assets[1]	**32,511**	27,669	**17**
Average loans and receivables[1]	**23,881**	21,733	**10**
Net impaired loans[2]	**1,287**	1,035	**24**
Average deposits[1]	**16,103**	12,987	**24**
Efficiency ratio[2]	**30.9 %**	31.0 %	

(1) Represents an average of the daily balances for the period.
(2) See the Glossary section on pages 136 to 139 for details on the composition of these measures.

Financial Results

In the USSF&I segment, net income totalled $704 million in fiscal 2025 compared to $628 million in fiscal 2024, an increase of 12%. The segment's total revenues amounted to $1,621 million, up 15% from $1,415 million in 2024, primarily owing to revenue at ABA Bank, which grew 20%.

Non-interest expense totalled $501 million for fiscal 2025, compared to $439 million for fiscal 2024. The 14% increase resulted primarily from higher non-interest expenses at ABA Bank, driven by business growth.

The segment's provisions for credit losses were up $49 million from fiscal 2024, an increase attributable to ABA Bank.

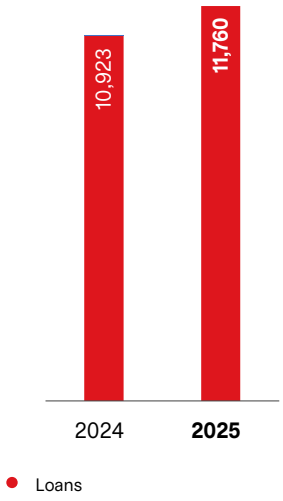
Credigy

For fiscal 2025, Credigy reported net income of $235 million, up 4% from fiscal 2024. Total revenues amounted to $566 million in fiscal 2025, up 4% from $544 million in fiscal 2024. This increase was driven by growth in loan volumes and the impact of exchange rate fluctuations, partly offset by a gain realized on the disposal of a loan portfolio in fiscal 2024. Non-interest expenses for the year ended October 31, 2025 were up $12 million, compared to fiscal 2024, owing primarily to servicing fees as well as the impact of exchange rate variations. The subsidiary reported stable provisions for credit losses year over year, as the higher provisions for credit losses on impaired loans were offset by lower provisions for credit losses on non-impaired loans.

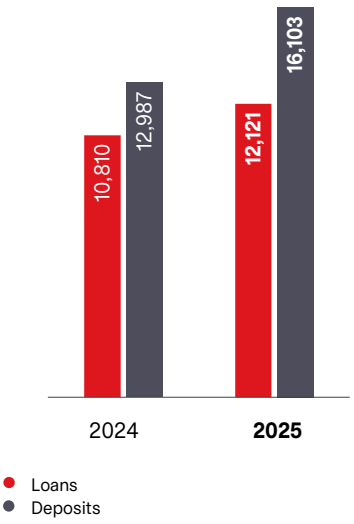
ABA Bank

For fiscal 2025, ABA Bank recorded net income totalling $455 million, up $61 million or 15% from fiscal 2024. The 20% increase in the subsidiary's total revenues year over year stemmed from business growth at the subsidiary, in particular the sustained increase in assets, the higher proportion of low-cost demand deposits, and the impact of exchange rate fluctuations. Non-interest expenses stood at $337 million, up 15% from a year earlier, due to higher compensation and employee benefits and to higher occupancy costs, driven by business growth and the opening of new branches as well as the impact of exchange rate fluctuations. The subsidiary reported provisions for credit losses totalling $118 million in fiscal 2025, up $50 million from fiscal 2024, owing to higher provisions for credit losses on impaired loans and on non-impaired loans.

Average Loans and Receivables – Credigy
Year ended October 31
(millions of Canadian dollars)



Average Loans and Average Deposits – ABA Bank and International
Year ended October 31
(millions of Canadian dollars)



Other

The *Other* heading reports on Treasury operations; liquidity management; Bank funding; asset and liability management; the activities of the Flinks subsidiary, a fintech company specialized in financial data aggregation and distribution; certain specified items; and the unallocated portion of corporate units. Corporate units include Technology and Operations, Risk Management, Human Experience and Performance, and Finance. These units provide advice and guidance throughout the Bank and to its business segments in addition to expertise and support in their respective fields.

Segment Results – Other

Year ended October 31 (millions of Canadian dollars)	**2025**[1]	2024[2]
Net interest income	**(102)**	(265)
Non-interest income	**8**	137
Total revenues	**(94)**	(128)
Non-interest expenses	**608**	250
Income (loss) before provisions for credit losses and income taxes	**(702)**	(378)
Provisions for credit losses	**–**	(1)
Income (loss) before income taxes (recovery)	**(702)**	(377)
Income taxes (recovery)	**(244)**	(131)
Net loss	**(458)**	(246)
Non-controlling interests	**–**	(1)
Net loss attributable to the Bank's shareholders and holders of other equity instruments	**(458)**	(245)
Less: Specified items after income taxes[3]	**(239)**	100
Net loss – Adjusted[3]	**(219)**	(346)
Average assets[4]	**76,290**	65,546

(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 year ended October 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 18 to 23 for additional information on non-GAAP financial measures. During the year ended October 31, 2025, the Bank recorded several items related to the acquisition of CWB, including amortization of the subscription receipt issuance costs of $20 million net of income taxes, the gain of $4 million 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 $17 million net of income taxes, acquisition and integration charges of $252 million net of income taxes and income tax recovery of $47 million related to a change in tax treatment. During the year ended October 31, 2024, the Bank had recorded the amortization of the subscription receipt issuance costs of $10 million net of income taxes, a gain of $125 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 $2 million net of income taxes, as well as acquisition and integration charges of $13 million net of income taxes.
(4) Represents an average of the daily balances for the period.

Financial Results

For the *Other* heading of segment results, there was a net loss of $458 million in fiscal 2025 compared to a net loss of $246 million in fiscal 2024. The change in net loss resulted from higher non-interest expenses, primarily due to higher acquisition and integration costs related to CWB recorded in 2025, as well as a $174 million gain recorded in fiscal 2024 following the remeasurement at fair value of the interest held by the Bank in CWB. These items were offset by a higher contribution from Treasury activities, by the inclusion of CWB's revenues and by an income tax recovery of $47 million recorded in fiscal 2025 following a change in tax treatment. Specified items related to the acquisition of CWB had an unfavourable impact of $239 million on net loss during fiscal 2025 compared to a $100 million favourable impact on the net loss during fiscal 2024. The adjusted net loss stood at $219 million for fiscal 2025 compared to $346 million for fiscal 2024.

Quarterly Financial Information

Several trends and factors have an impact on the Bank's quarterly net income, revenues, non-interest expenses and provisions for credit losses. The following table presents a summary of results for the past eight quarters.

Quarterly Results Summary[1]

(millions of Canadian dollars)				2025				2024
	Q4[2]	Q3[2]	Q2[2]	Q1	Q4	Q3	Q2	Q1
Statement of income data								
Net interest income	**1,169**	**1,172**	**1,205**	**972**	784	769	635	751
Non-interest income	**2,529**	**2,277**	**2,445**	**2,211**	2,160	2,227	2,115	1,959
Total revenues	**3,698**	**3,449**	**3,650**	**3,183**	2,944	2,996	2,750	2,710
Non-interest expenses	**2,087**	**1,925**	**1,942**	**1,646**	1,592	1,541	1,472	1,449
Income before provisions for credit losses and income taxes	**1,611**	**1,524**	**1,708**	**1,537**	1,352	1,455	1,278	1,261
Provisions for credit losses	**244**	**203**	**545**	**254**	162	149	138	120
Income taxes	**308**	**256**	**267**	**286**	235	273	234	219
Net income	**1,059**	**1,065**	**896**	**997**	955	1,033	906	922

(1) For additional information about the 2025 fourth-quarter results, visit the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca to consult the Bank's *Press Release for the Fourth Quarter of 2025,* published on December 3, 2025. Also, a summary of results for the past 12 quarters is provided in Table 1 on pages 126 and 127 of this MD&A.

(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 for the quarters ended October 31, 2025, July 31, 2025 and April 30, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

The analysis of the past eight quarters reflects the sustained performance of all the business segments and helps readers identify the items that have favourably or unfavourably affected results. Net income for all quarters of 2025 was higher than in the corresponding periods of 2024, except for the second quarter of 2025, due to the specified items recorded, in particular acquisition and integration charges related to the CWB acquisition, as well as the initial provisions for credit losses on non-impaired loans acquired from CWB.

Net interest income for all other business segments was up in all quarters of 2025 compared to the corresponding quarters of 2024. These increases are attributable to the inclusion of CWB's results (except for the first quarter of 2025), loan and deposit growth in the Personal and Commercial and Wealth Management segments, trading activity revenues in the Capital Markets segment, loan volume growth at Credigy, and sustained asset growth at ABA Bank. In addition, fluctuations in foreign exchange rates had a favourable impact on net interest income of the Credigy and ABA Bank subsidiaries for all quarters.

For all quarters of 2025, non-interest income was up from the corresponding quarters of 2024, driven primarily by trading activity revenues in the Capital Markets segment, boosting non-interest income in every quarter of 2025. These increases were also fuelled by the inclusion of CWB (except for the first quarter of 2025). The Wealth Management segment reported sharp increases in non-interest income for all quarters of 2025 compared to the corresponding quarters of 2024, resulting primarily from higher fee-based revenues related to stock market gains and from positive net inflows into the various solutions. Non-interest income for the ABA Bank subsidiary were up in all quarters of 2025 compared to corresponding quarters of 2024 owing to business expansion. Furthermore, non-interest income for the third and fourth quarters of 2024 included gains on non-trading securities upon remeasurement at fair value of the CWB common shares held by the Bank. In addition, transitioning from bankers' acceptances to CORRA loans adversely affected the growth in non-interest income for the Personal and Commercial segment for all quarters of 2025 compared to the quarters of 2024, except for the fourth quarter.

In every quarter of 2025, non-interest expenses were up from the corresponding quarters of 2024. Except for the first quarter of 2025, these increases were partially attributable to the inclusion of CWB's non-interest expenses and the acquisition and integration charges related to CWB. These increases were also driven by compensation and employee benefits, particularly higher salaries and variable compensation tied to the Bank's revenue growth. Compared to the corresponding quarters of 2024, occupancy expenses were up in every quarter of 2025 due to the expenses related to the Bank's new head office and banking network expansion at ABA Bank (except for the second quarter of 2025, when a $22 million reversal of the provision for property taxes related to the Bank's new head office was recorded). The increase in technology expenses in the fourth quarter of 2025 was partially due to impairment losses of $62 million on intangible assets, while the increases in the other quarters were caused by the Bank's significant investments in technological evolution. In addition, professional fees were up in all quarters of fiscal 2025, owing primarily to the acquisition and integration charges related to CWB. The increase in other expenses in all the quarters of 2025, except for the first quarter, mainly stemmed from the amortization of intangible assets related to the CWB acquisition.

Provisions for credit losses were up in every quarter of 2025 from the corresponding quarters of 2024. The significant increase in the second quarter of 2025 resulted in part from the initial provisions for credit losses of $230 million recorded on non-impaired loans acquired from CWB. In addition, these increases stemmed from provisions for credit losses on non-impaired loans, which were up in all quarters 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 quarters in 2024. Provisions for credit losses on impaired loans also increased compared to the corresponding quarters of 2024, and these increases stemmed from Personal Banking (including credit card receivables) and Commercial Banking (including CWB's portfolios) for all the quarters, as well as the Capital Markets and USSF&I segments for the first and second quarters.

The change in the quarterly effective tax rate in fiscal 2025 and 2024 resulted from the impact, for all the quarters of 2025, of the Pillar 2 rules as well as a lower level and proportion of tax-exempt dividend income in the first quarter of 2025. Furthermore, a $47 million non-recurring tax recovery related to a change in tax treatment was recorded in the third quarter of 2025.

Analysis of the Consolidated Balance Sheet

Consolidated Balance Sheet Summary

As at October 31 (millions of Canadian dollars)	**2025**[1]	2024	**% change**
Assets			
Cash and deposits with financial institutions	**27,916**	31,549	**(12)**
Securities	**188,747**	145,165	**30**
Securities purchased under reverse repurchase agreements and securities borrowed	**27,091**	16,265	**67**
Loans, net of allowances	**302,623**	243,032	**25**
Other	**30,542**	26,215	**17**
	576,919	462,226	**25**
Liabilities and equity			
Deposits	**428,003**	333,545	**28**
Other	**111,715**	101,873	**10**
Subordinated debt	**3,432**	1,258	
Equity attributable to the Bank's shareholders and holders of other equity instruments	**33,769**	25,550	**32**
Non-controlling interests	**–**	–	
	576,919	462,226	**25**

(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 for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section and Note 3 to the audited Consolidated Financial Statements.

As at October 31, 2025, the Bank had total assets of $576.9 billion, up $114.7 billion or 25% from $462.2 billion since the end of the previous fiscal year. This increase is partially explained by the CWB acquisition.

Cash and deposits with financial institutions
Cash and deposits with financial institutions as at October 31, 2025 stood at $27.9 billion, down $3.6 billion compared with the Consolidated Balance Sheet as at October 31, 2024, owing primarily to a decline in deposits with the Bank of Canada, partially offset by an increase in deposits with regulated financial institutions. The Bank's liquidity and funding risk management practices are described on pages 101 to 110 of this MD&A.

Securities
Securities have risen $43.5 billion since October 31, 2024, owing to a $32.2 billion or 28% 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 $11.4 billion. Securities purchased under reverse repurchase agreements and securities borrowed have increased $10.8 billion since October 31, 2024, driven primarily by the Capital Markets segment and Treasury activities. The Bank's market risk management policies are described on pages 94 to 100 of this MD&A.

Loans
As at October 31, 2025, loans, net of allowances for credit losses, accounted for 52% of total assets and totalled $302.6 billion, up $59.6 billion or 25% since October 31, 2024.

Residential mortgage loans outstanding amounted to $113.9 billion as at October 31, 2025, up $18.9 billion or 20% since October 31, 2024. This growth was mainly driven by the inclusion of CWB's loans, sustained demand for mortgage credit in the Personal and Commercial segment and business activity in the Capital Markets segment and at ABA Bank and Credigy. Personal loans totalled $50.2 billion at the end of fiscal 2025, up $3.3 billion from $46.9 billion as at October 31, 2024. This increase was fuelled mainly by the inclusion of CWB's loans and business growth in Personal Banking and in the Wealth Management segment. Credit card receivables amounted to $3.0 billion, up $0.2 billion since October 31, 2024.

As at October 31, 2025, business and government loans totalled $137.6 billion, up $37.9 billion or 38% since October 31, 2024. The increase stemmed primarily from the inclusion of CWB's loans and to a lesser extent from business growth in Commercial Banking, in the Wealth Management segment and at ABA Bank subsidiary.

Among other information, Table 9 (page 133) shows gross loans by borrower category as at October 31, 2025. Residential mortgages (including home equity lines of credit) have posted strong growth since 2021 and amounted to $123.5 billion as at October 31, 2025; they accounted for 41% of total loans. The growth in residential mortgages was driven by the inclusion of CWB's loans and by sustained demand for mortgage credit in the Personal and Commercial segment and by the business activity in the Capital Markets segment and at ABA Bank and Credigy. As at October 31, 2025, personal loans (including credit card receivables) totalled $23.8 billion, up $1.6 billion since October 31, 2024. The key increases in business loans compared to October 31, 2024 were recorded in the agriculture, transportation, financial services, real estate and real estate construction, and other services categories.

Impaired Loans
Impaired loans include all loans classified in Stage 3 of the expected credit loss model and POCI loans.

As at October 31, 2025, gross impaired loans stood at $3,712 million compared to $2,043 million as at October 31, 2024 (Table 10, page 134). Net impaired loans totalled $2,904 million as at October 31, 2025 compared to $1,629 million as at October 31, 2024. This increase resulted primarily from rises in net impaired loans in the loan portfolios of Personal Banking and Commercial Banking, mainly due to the inclusion of CWB's impaired loans, the Capital Markets segment and ABA Bank.

A detailed description of the Bank's credit risk management practices is provided on pages 84 to 93 of this MD&A as well as in Note 8 to the Consolidated Financial Statements.

Other Assets
As at October 31, 2025, other assets totalled $30.5 billion, up $4.3 billion from $26.2 billion as at October 31, 2024, resulting mainly from the rise in goodwill and intangible assets arising from the CWB acquisition and the increase in other assets, particularly commodities.

Deposits
As at October 31, 2025, deposits stood at $428.0 billion, up $94.5 billion or 28% since the previous fiscal year end. Accounting for 29% of all deposits, personal deposits amounted to $124.4 billion, as shown in Table 12 (page 135), up $29.2 billion since October 31, 2024. This increase was driven by the inclusion of CWB's deposits and business growth in Personal Banking, in the Capital Markets and Wealth Management segments, and at ABA Bank.

As shown in Table 12, business and government deposits totalled $297.5 billion, up $64.8 billion from $232.7 billion as at October 31, 2024. This increase stemmed from the inclusion of CWB's deposits, business growth in Commercial Banking, in the Wealth Management and Capital Markets segments as well as financing activities in Treasury, including $2.6 billion in deposits subject to bank recapitalization (bail-in) conversion regulations. Deposits from deposit-taking institutions totalled $6.1 billion, up $0.5 billion since the previous fiscal year end.

Other Liabilities
As at October 31, 2025, other liabilities stood at $111.7 billion, up $9.8 billion since October 31, 2024, resulting primarily from a $3.2 billion increase in obligations related to securities sold under repurchase agreements and securities loaned, and a $2.4 billion increase in obligations related to securities sold short, a $2.2 billion increase in liabilities related to transferred receivables and a $1.9 billion increase in other liabilities.

Subordinated Debt and Other Contractual Obligations
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. Contractual obligations are detailed in Note 29 to the Consolidated Financial Statements.

Equity
As at October 31, 2025, equity attributable to the Bank's shareholders and holders of other equity instruments totalled $33.8 billion, up $8.2 billion from $25.6 billion as at October 31, 2024. The increase stemmed primarily from the issuances of common shares related to the CWB acquisition for a total amount of $6.3 billion, and net income net of dividends. This increase was partially offset by the repurchase of common shares for cancellation and the net fair value change attributable to credit risk on financial liabilities designated at fair value through profit or loss. Moreover, the issuance of Series 47 and 49 preferred shares was more than offset by the redemption for cancellation of Series 32 preferred shares.

The Consolidated Statements of Changes in Equity on page 150 of this Annual Report present the items that make up equity. In addition, an analysis of the Bank's regulatory capital is presented in the Capital Management section of this MD&A.

Related Party Transactions

In the normal course of business, the Bank provides various banking services and enters into contractual agreements and other transactions with associates, joint ventures, directors, key officers and other related parties. These agreements and transactions are entered into under conditions similar to those offered to non-related third parties.

In accordance with the *Bank Act* (Canada), the aggregate of loans granted to key officers of the Bank, excluding mortgage loans granted on their principal residence, cannot exceed twice the officer's annual salary.

Loans to eligible key officers are granted under the same conditions as those granted to any other employee of the Bank. The main conditions are as follows:

- the employee must meet the same credit requirements as a client;
- mortgage loans are offered at the preferential employee rate;
- home equity lines of credit bear interest at Canadian prime less 0.5%, but never lower than Canadian prime divided by two;
- personal loans bear interest at a risk-based regular client rate;
- credit card advances bear interest at a prescribed fixed rate in accordance with Bank policy;
- personal lines of credit bear interest at Canadian prime less 0.5%, but never lower than Canadian prime divided by two.

The Bank also offers a deferred stock unit plan to directors who are not Bank employees. For additional information, see Note 22 to the Consolidated Financial Statements. Additional information about related parties is presented in Notes 27 and 28 to the Consolidated Financial Statements.

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 October 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 enacted in certain jurisdictions where the Bank operates. For the year ended October 31, 2025, the Bank estimates that the application of the Pillar 2 rules represents an increase in the effective tax rate of 1.8%. For the year ended October 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 enacted.

Events After the Consolidated Balance Sheet Date

Laurentian Bank of Canada Transactions

On December 2, 2025, the Bank entered into a definitive asset purchase agreement with Laurentian Bank of Canada (LBC) pursuant to which it will assume certain liabilities and acquire certain assets related to LBC's retail and SME business banking portfolios (Retail/SME Transaction), and the Bank will assume LBC's distribution agreement for certain mutual funds. Consideration of cash and cash equivalents to be received from LBC will be determined in reference to the value of liabilities assumed net of assets acquired, at the closing date.

The closing of the Retail/SME Transaction, expected to occur in late 2026, is conditional on all conditions precedent to the closing of the acquisition of LBC by Fairstone Bank (Acquisition Transaction) having been satisfied or waived, and to the closing of the Acquisition Transaction immediately following the Retail/SME Transaction. The Retail/SME Transaction is subject to customary closing conditions, including receipt of key regulatory approvals.

Separately, concurrently with the execution of the Retail/SME Transaction agreement, the Bank and LBC have also entered into a definitive loan purchase agreement in respect of the purchase by the Bank of LBC's syndicated loan portfolio (Syndicated Loan Transaction) for a purchase price which will be determined in reference to the value at the closing date. The closing of the Syndicated Loan Transaction, expected to occur in early 2026, is not subject to the closing of either one of the aforementioned transactions and is subject to customary closing conditions.

Redemption of Limited Recourse Capital Notes

On November 17, 2025, the first business day after the November 15, 2025 set redemption date, the Bank redeemed all of the issued and outstanding LRCN – Series 1. Pursuant to the LRCN – Series 1 conditions, the redemption price was $1,000 per LRCN plus the interest accrued and unpaid. The Bank redeemed 500,000 LRCN – Series 1 for a total amount of $500 million, which reduced *Preferred shares and other equity instruments*. In connection with the redemption of LRCN – Series 1, the Bank redeemed all of the Non-Cumulative 5-Year Fixed Rate Reset Series 44 First Preferred Shares, issued by the Bank in conjunction with the LRCN – Series 1 and held by an independent trustee in a limited recourse consolidated trust.

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.

Structured Entities

The Bank uses structured entities, among other means, to diversify its funding sources and to offer services to clients, in particular to help them securitize their financial assets or provide them with investment opportunities. Under IFRS, a structured entity must be consolidated if the Bank controls the entity. Note 1 to the consolidated financial statements describes the accounting policy and criteria used for consolidating structured entities. Additional information on consolidated and non-consolidated structured entities is provided in Note 27 to the consolidated financial statements.

Securitization of the Bank's Financial Assets

Mortgage Loans

The Bank participates in two Canada Mortgage and Housing Corporation (CMHC) securitization programs: the Mortgage-Backed Securities (MBS) Program under the *National Housing Act* (Canada) (NHA) and the Canada Mortgage Bond (CMB) Program. Under the first program, the Bank issues NHA securities backed by insured residential mortgage loans that can be sold to third parties. Under the second program, the Bank sells NHA securities to Canada Housing Trust (CHT), which finances the purchase through the issuance of mortgage bonds insured by CMHC. Moreover, these mortgage bonds feature an interest rate swap agreement under which a CMHC-certified counterparty pays CHT the interest due to investors and receives the interest on the NHA securities. As at October 31, 2025, the outstanding amount of NHA securities issued by the Bank and sold to third parties was $24.1 billion. The mortgage loans sold consist of fixed- or variable-rate residential loans that are insured against potential losses by a loan insurer. In accordance with the NHA-MBS Program, the Bank advances the funds required to cover late payments and, if necessary, obtains reimbursement from the insurer that insured the loan. The NHA-MBS and CMB programs do not use liquidity guarantee arrangements. The Bank uses these securitization programs mainly to diversify its funding sources. In accordance with IFRS, where the Bank retains substantially all the risks and rewards of ownership of the mortgage loans transferred to third parties, the derecognition criteria are not met. As a result, those securitized insured mortgage loans continue to be recognized in *Loans* in the Bank's Consolidated Balance Sheet, and the liabilities for the considerations received from the transfer are recognized in *Liabilities related to transferred receivables* in the Consolidated Balance Sheet. For additional information, see Note 9 to the consolidated financial statements.

Credit Card Receivables

In April 2015, the Bank set up Canadian Credit Card Trust II (CCCT II) to continue its program of securitizing credit card receivables on a revolving basis. The Bank uses this entity for capital management and funding purposes. The Bank acts as the servicer of the receivables sold and maintains the client relationship. Furthermore, it administers the securitization program and ensures that all related procedures are stringently followed and that investors are paid according to the provisions of the program.

As at October 31, 2025, the credit card receivables portfolio held by CCCT II represented an amount outstanding of $2.6 billion, and all the notes to investors have matured. CCCT II issued a bank certificate held by the Bank that stood at $2.6 billion as at October 31, 2025. New receivables are periodically sold to the structure on a revolving basis to replace the receivables reimbursed by clients.

From this portfolio of sold receivables, the Bank retains the excess spread, i.e., the residual net interest income after all the expenses related to this structure have been paid, and thus provides first-loss protection. The Bank controls CCCT II and thus consolidates it.

Securitization of Third-Party Financial Assets

The Bank administers multi-seller conduits that purchase financial assets from clients and finance those purchases by issuing commercial paper backed by the acquired assets. Clients use these multi-seller conduits to diversify their funding sources and reduce borrowing costs while continuing to service the financial assets and providing some amount of first-loss protection. Notes issued by the conduits and held by third parties provide additional credit loss protection. The Bank acts as a financial agent and provides administrative and transaction structuring services to these conduits. The Bank provides backstop liquidity and credit enhancement facilities under the commercial paper program. These facilities are presented and described in Notes 26 and 27 to the consolidated financial statements. The Bank has entered into derivative financial instrument contracts with these conduits, the fair value of which is presented on the Bank's Consolidated Balance Sheet. The Bank is not required to consolidate these conduits, as it does not control them.

Derivative Financial Instruments

The Bank uses various types of derivative financial instruments to meet its clients' needs, generate trading activity revenues, and manage its exposure to interest rate, foreign exchange, and credit risk as well as other market risks. All derivative financial instruments are accounted for at fair value in the Consolidated Balance Sheet. Transactions in derivative financial instruments are expressed as notional amounts. These amounts are not presented as assets or liabilities in the Consolidated Balance Sheet. They represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged. Notes 1 and 17 to the consolidated financial statements provide additional information on the types of derivative financial instruments used by the Bank and their accounting basis.

Guarantees

In the normal course of business, the Bank enters into various guarantee contracts. The principal types of guarantees are letters of guarantee, backstop liquidity and credit enhancement facilities, certain securities lending activities, and certain indemnification agreements. Note 26 to the consolidated financial statements provides detailed information on these guarantees.

Credit Instruments

In the normal course of business, the Bank enters into various off-balance-sheet credit commitments. The credit instruments used to meet the financing needs of its clients represent the maximum amount of additional credit that the Bank could be required to extend if the commitments were fully drawn. Note 26 to the consolidated financial statements provides detailed information on these off-balance-sheet credit instruments and other items.

Financial Assets Received as Collateral

In the normal course of business, the Bank receives financial assets as collateral as a result of transactions involving securities purchased under reverse repurchase agreements, securities borrowing and lending agreements, and derivative financial instrument transactions. For additional information on financial assets received as collateral, see Note 26 to the consolidated financial statements.

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.

Capital Management Framework

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 level that the Bank must maintain to pursue its business activities and accommodate unexpected losses arising from extremely adverse economic and operational conditions. The Bank has implemented a rigorous internal capital adequacy assessment process that comprises the following procedures:

- conducting an overall risk assessment;
- measuring significant risks and the capital requirements related to the Bank's financial budget for the next fiscal year and current and prospective risk profiles;
- integrating stress tests across the organization and executing sensitivity analyses to determine the capital buffer above minimum regulatory levels (for additional information on enterprise-wide stress testing, see the Risk Management section of this MD&A);
- aggregating capital and monitoring the reasonableness of internal capital compared with regulatory capital;
- comparing projected internal capital against regulatory capital levels, internal operating targets, and competing banks;
- attesting to the adequacy of the Bank's capital levels.

Assessing capital adequacy is an integral part of capital planning and strategy. The Bank sets internal operating targets that include a discretionary cushion in excess of the minimum regulatory requirements, which provides a solid financial structure and sufficient capital to meet management's business needs in accordance with its risk appetite, along with competitive returns to shareholders, under both normal market conditions and a range of severe but plausible stress testing scenarios. The internal capital adequacy assessment process is a key tool in establishing the Bank's capital strategy and is subject to quarterly reviews and periodic amendments.

Risk-adjusted return on capital and shareholder value added (SVA), which are obtained from an assessment of required economic capital, are calculated quarterly for each of the Bank's business segments. The results are then used to guide management in allocating capital among the various business segments.

Structure and Governance
Along with its partners from Risk Management, the Global Funding and Treasury Group, and Finance, the Capital Management team is responsible for maintaining integrated control methods and processes so that an overall assessment of capital adequacy may be performed.

The Board oversees the structure and development of the Bank's capital management policy and ensures that the Bank maintains sufficient capital in accordance with regulatory requirements and in consideration of market conditions. The Board delegates certain responsibilities to the Risk Management Committee (RMC), which in turn recommends capital management policies and oversees application thereof. The Board, on the recommendation of the RMC, assumes the following responsibilities:

- reviewing and approving the capital management policy;
- reviewing and approving the Bank's risk appetite, including the main capital and risk targets and the corresponding limits;
- reviewing and approving the capital plan and strategy on an annual basis, including the Bank's internal capital adequacy assessment process;
- reviewing and approving the implementation of significant measures respecting capital, including contingency measures;
- reviewing significant capital disclosures, including Basel capital adequacy ratios;
- ensuring the appropriateness of the regulatory capital adequacy assessment.

The Senior Leadership Team is responsible for defining the Bank's strategy and plays a key role in guiding capital-related measures and decisions. The Integrated Risk Management Committee oversees capital management on a quarterly basis under the authority delegated by the Global Risk Committee. This consists of reviewing the capital plan and strategy and monitoring the implementation and execution of significant capital-related measures, including contingency measures, and making recommendations about these measures.

Basel Accord and Regulatory Environment

Basel Accord

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

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

With respect to the risk related to securitization operations, the capital treatment depends on the type of underlying exposures and on the information available about the exposures. The Bank must use the Securitization: Internal Ratings-Based Approach (SEC-IRBA) if it is able to apply an approved internal ratings-based model and has sufficient information to calculate the capital requirements for all underlying exposures in the securitization pool. Under this approach, RWA is derived from a combination of supervisory inputs and inputs specific to the securitization exposure, such as the implicit capital charge related to the underlying exposures, the credit enhancement level, the effective maturity, the number of exposures, and the weighted average LGD.

If the Bank cannot use the SEC-IRBA, it must use the Securitization: External Ratings-Based Approach (SEC-ERBA) for the securitization exposures that are externally rated. This approach assigns risk weights to exposures using external ratings. The Bank uses the ratings assigned by Moody's, Standard & Poor's (S&P), Fitch, Kroll Bond Rating Agency, or DBRS or a combination of these ratings. The Bank uses the Securitization: Internal Assessment Approach (SEC-IAA) for unrated securitization exposures relating to the asset-backed commercial paper conduits it sponsors. The SEC-IAA rating methodologies used are mainly based on criteria published by the above-mentioned credit rating agencies and consider risk factors that the Bank deems relevant to assessing the credit quality of the exposures. The Bank's SEC-IAA includes an assessment of the extent by which the credit enhancement available for loss protection provides coverage of expected losses. The levels of stressed coverage the Bank requires for each internal risk rating are consistent with the requirements published by the rating agencies for equivalent external ratings by asset class. If the Bank cannot apply the SEC-ERBA or the SEC-IAA, it must use the supervisory formula under the Securitization Standardized Approach (SEC-SA). Under this approach, RWA is derived from inputs specific to the securitization exposure, such as the implicit capital charge related to the underlying exposures calculated under the standardized credit risk approach as well as credit enhancement and delinquency levels.

If none of the above approaches can be used, the securitization exposure must be assigned a risk weight of 1,250%. The Bank can apply a reduced capital charge for securitization exposures that meet the criteria of the Simple, Transparent and Comparable (STC) framework.

For operational risk, the Bank applies the revised Standardized Approach, which incorporates the Bank's internal operational risk loss experience in the RWA calculation. For both market risk and credit valuation adjustment (CVA) risk, the Bank uses the sensitivities-based Standardized Approach (SA) for computing RWA.

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 to gradually phase in the floor factor, starting at 65.0% in the second quarter of 2023 and rising to 72.5% in fiscal 2027. On February 12, 2025, OSFI deferred any additional increases until further notice. As a result, the capital output floor, currently set at 67.5%, will remain at this level for an indefinite 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.

Capital ratios are calculated by dividing capital by RWA. Credit, market, and operational risks are factored into the RWA calculation for regulatory purposes. Basel rules apply at the consolidated level of the Bank. The assets of non-consolidated entities for regulatory purposes are therefore excluded from the RWA calculation.

The definition adopted by BCBS distinguishes between three types of capital. Common Equity Tier 1 (CET1) capital consists of common shareholders' equity less goodwill, intangible assets, and other CET1 capital deductions. Additional Tier 1 (AT1) capital consists of eligible non-cumulative preferred shares, limited recourse capital notes (LRCN), and other AT1 capital adjustments. The sum of CET1 and AT1 capital forms what is known as Tier 1 capital. Tier 2 capital consists of eligible subordinated debts and certain allowances for credit losses. Total regulatory capital is the sum of Tier 1 and Tier 2 capital.

OSFI is responsible for applying the Basel Accord in Canada. As required under the Basel Accord, OSFI requires that recognized 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 it is in the public interest to rescue a non-viable financial institution. As at October 31, 2025, all of the Bank's regulatory capital instruments, other than common shares, have an NVCC clause. Furthermore, in the regulations of the *Canada Deposit Insurance Corporation (CDIC) Act* and the *Bank Act (Canada)*, the Government of Canada has provided detailed information on conversion, issuance, and compensation regimes for bail-in instruments issued by Domestic Systemically Important Banks (D-SIBs) (collectively the Bail-In Regulations). Pursuant to the *CDIC Act*, in circumstances where OSFI has determined that the Bank has ceased, or is about to cease, to be viable, the Governor in Council may, upon a Minister of Finance recommendation indicating that he or she believes that it is in the public interest to do so, grant an order directing CDIC to convert all or a portion of certain shares and liabilities of the Bank into common shares (a "Bail-In Conversion").

The Bail-In Regulations governing the conversion and issuance of bail-in instruments came into force on September 23, 2018, and those governing compensation for holders of converted instruments came into force on March 27, 2018. Any shares and liabilities issued before the effective date of the Bail-In Regulations are not subject to a Bail-In Conversion, unless, in the case of a liability, the terms of said liability are, on or after that day, amended to increase its principal amount or to extend its term to maturity, and the liability, as amended, meets the requirements to be subject to a Bail-In Conversion.

The Bail-In Regulations prescribe the types of shares and liabilities that are subject to a Bail-In Conversion. In general, any senior debt securities with an initial or amended term-to-maturity greater than 400 days that are unsecured or partially secured and have been assigned a Committee on Uniform Securities Identification Procedures (CUSIP), an International Securities Identification Number (ISIN), or similar identification number are subject to a Bail-In Conversion. However, certain other debt obligations of the Bank, such as structured notes (as defined in the Bail-In Regulations), covered bonds, deposits, and certain derivative financial instruments, are not subject to a Bail-In Conversion.

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%. All of these ratios are to include a capital conservation buffer of 2.5% established by the BCBS and OSFI, a 1.0% surcharge applicable solely to D-SIBs, and a 3.5% domestic stability buffer (DSB) established by OSFI. The DSB, which can vary from 0% to 4.0% of RWA, consists exclusively of CET1 capital. A D-SIB that fails to meet this buffer requirement is not subject to automatic constraints to reduce capital distributions but must provide a remediation plan to OSFI. Additionally, OSFI requires D-SIBs to meet 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. The leverage ratio is a measure independent of risk that is calculated by dividing the amount of 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. The assets deducted from Tier 1 capital are also deducted from total exposure.

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 October 31, 2025, outstanding liabilities of $26.1 billion ($23.5 billion as at October 31, 2024) were subject to conversion under the Bail-In Regulations.

The Bank complies with OSFI's Parental Stand-Alone (Solo) TLAC Framework for D-SIBs, which emphasizes the loss-absorbing capacity of Canadian parent banks independently from their consolidated operations. This framework enables OSFI to evaluate the financial resilience of the parent bank and its capacity to support subsidiaries and branches, complementing the existing group-level TLAC requirements and reinforcing protections for depositors, policyholders, and creditors.

Requirements – Regulatory Capital[1], Leverage[1], and TLAC[2] Ratios

	Requirements as at October 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	Ratios as at October 31, 2025
Capital ratios								
CET1	**4.5 %**	**2.5 %**	**7.0 %**	**1.0 %**	**8.0 %**	**3.5 %**	**11.5 %**	**13.8 %**
Tier 1[4]	**6.0 %**	**2.5 %**	**8.5 %**	**1.0 %**	**9.5 %**	**3.5 %**	**13.0 %**	**15.1 %**
Total[4]	**6.0 %**	**2.5 %**	**10.5 %**	**1.0 %**	**11.5 %**	**3.5 %**	**15.0 %**	**17.3 %**
Leverage ratio[4]	**3.0 %**	**n.a.**	**3.0 %**	**0.5 %**	**3.5 %**	**n.a.**	**3.5 %**	**4.5 %**
TLAC ratio	**21.5 %**	**n.a.**	**21.5 %**	**n.a.**	**21.5 %**	**3.5 %**	**25.0 %**	**29.7 %**
TLAC leverage	**6.75 %**	**n.a.**	**6.75 %**	**0.5 %**	**7.25 %**	**n.a.**	**7.25 %**	**8.8 %**

n.a. Not applicable
(1) The capital ratios and the leverage ratio are calculated in accordance with the Basel III rules, as set out in OSFI's *Capital Adequacy Requirements Guideline* and *Leverage Requirements Guideline*.
(2) The TLAC ratio and the TLAC leverage ratio are calculated in accordance with OSFI's *Total Loss Absorbing Capacity Guideline*.
(3) On June 26, 2025, OSFI confirmed that the domestic stability buffer was being maintained at 3.5%.
(4) Ratios as at October 31, 2025 include the redemption of LRCN - Series 1 completed on November 17, 2025.

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 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 Context

The Bank closely monitors regulatory developments and participates actively in various consultative processes. Since November 1, 2024, there have been no other new regulatory developments to be considered, except for the postponement until further notice of the increase to the capital output floor, as previously mentioned.

Capital Management in 2025

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.

On September 25, 2025, the Bank began a normal course issuer bid to repurchase for cancellation up to 8,000,000 common shares (representing approximately 2.04% of its then outstanding common shares) over a 12-month period ending no later than September 24, 2026. During the year ended October 31, 2025, the Bank completed the redemption of 1,385,400 common shares.

On November 17, 2025, after the end of the fiscal year, the Bank redeemed all of the issued and outstanding LRCN – Series 1. Pursuant to the LRCN – Series 1 conditions, the redemption price was $1,000 each, plus interest declared and unpaid. The Bank redeemed 500,000 LRCN – Series 1 for a total amount of $500 million. As part of the redemption of LRCN - Series 1, the Bank redeemed all of the issued and outstanding Non-Cumulative 5-Year Rate Reset Series 44 First Preferred Shares issued by the Bank in conjunction with the LRCN – Series 1 and which were held by an independent trustee in a consolidated limited recourse trust. These instruments were excluded from the capital ratio calculations as at October 31, 2025.

As at October 31, 2025, the Bank had 391,065,541 issued and outstanding common shares compared to 340,743,876 a year earlier. It also had 64,000,000 issued and outstanding preferred shares (excluding Series 44, Series 45 and Series 46 preferred shares issued by the Bank in conjunction with the LRCN, for additional information, see Note 19 to the Consolidated Financial Statements) compared to 66,000,000 as at October 31, 2024. In addition, it had 1,500,000 LRCN issued and outstanding, unchanged from October 31, 2024. For additional information on capital instruments, see Notes 15, 16 and 19 to the Consolidated Financial Statements.

Dividends
The Bank's strategy for common share dividends is to aim for a dividend payout ratio between 40% and 50% of net income attributable to common shareholders, taking into account such factors as financial position, cash needs, regulatory requirements, and any other factor deemed relevant by the Board.

For fiscal 2025, the Bank declared a common share dividend of $4.64 per share (2024: $4.32 per share), representing a dividend payout of 45.6% (2024: 40.1%). The amount of dividends to common shareholders stood at $1,763 million for fiscal 2025 (2024: $1,468 million). Excluding the specified items, the dividend payout ratio stood at 40.7% (2024: 41.2%). The dividend payout ratio is within the target range, notably as a result of higher dividends paid during the fiscal year. Given the economic conditions during fiscal 2025, the Bank has taken a prudent approach to managing regulatory capital and remains confident in its ability to increase earnings going forward.

Shares, Other Equity Instruments, and Stock Options

	As at October 31, 2025	
	Number of shares or LRCN	$ 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	**391,065,541**	**9,865**
Stock options	**10,580,306**	

As at November 28, 2025, there were 390,304,313 common shares and 10,479,900 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 1,560 million Bank common shares, which would have a 80.0% dilutive effect based on the number of Bank common shares outstanding as at October 31, 2025. The LRCN - Series 1 redeemed on November 17, 2025 for a total amount of $500 million were excluded from the calculation.

Regulatory Capital Ratios, Leverage Ratio, and TLAC Ratios

As at October 31, 2025, the Bank's CET1, Tier 1, and Total capital ratios were 13.8%, 15.1% and 17.3%, respectively, compared to ratios of 13.7%, 15.9% and 17.0%, respectively, 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 common share repurchases and by the growth in RWA, mainly due to the inclusion of CWB. The Total capital ratio also benefited from the net issuance of subordinated debt. In addition, the redemption of preferred shares on February 17, 2025 and the redemption of LRCN – Series 1 on November 17, 2025, offset by the exchange of CWB's preferred shares for the Bank's preferred shares on February 20, 2025 negatively affected the Tier 1 capital ratio.

As at October 31, 2025, the leverage ratio was 4.5% compared to 4.4% as at October 31, 2024. The increase in the leverage ratio was essentially due to growth in Tier 1 capital explained by the above-mentioned factors, partly offset by an increase in total exposure.

As at October 31, 2025 the Bank's TLAC ratio and TLAC leverage ratio were 29.7% and 8.8% respectively, compared to 31.2% and 8.6%, respectively, as at October 31, 2024. The TLAC leverage ratio increase was mainly due to the net issuances of instruments that met all of the TLAC eligibility criteria during the fiscal year. 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 year ended October 31, 2025, the Bank was in compliance with all of OSFI's regulatory capital, leverage, and TLAC requirements.

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

As at October 31 (millions of Canadian dollars)	**2025**	2024
Capital		
CET1	**25,962**	19,321
Tier 1[3]	**28,559**	22,470
Total[3]	**32,657**	24,001
Risk-weighted assets	**188,756**	140,975
Total exposure	**633,494**	511,160
Capital ratios		
CET1	**13.8 %**	13.7 %
Tier 1[3]	**15.1 %**	15.9 %
Total[3]	**17.3 %**	17.0 %
Leverage ratio[3]	**4.5 %**	4.4 %
Available TLAC	**55,993**	44,040
TLAC ratio	**29.7 %**	31.2 %
TLAC leverage ratio	**8.8 %**	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*.
(3) Figures as at October 31, 2025 include the redemption of LRCN - Series 1 completed on November 17, 2025.

Movement in Regulatory Capital[1]

Year ended October 31 (millions of Canadian dollars)	**2025**	2024
Common Equity Tier 1 (CET1) capital		
Balance at beginning	**19,321**	16,920
Issuance of common shares (including Stock Option Plan)	**95**	130
Issuance of common shares related to the CWB acquisition	**6,330**	–
Impact of shares purchased or sold for trading	**(7)**	23
Repurchase of common shares	**(213)**	–
Replacement options related to the CWB acquisition	**29**	–
Other contributed surplus	**42**	33
Dividends on preferred and common shares and distributions on other equity instruments	**(1,949)**	(1,643)
Net income attributable to the Bank's shareholders and holders of other equity instruments	**4,017**	3,817
Removal of own credit spread (net of income taxes)	**187**	400
Impact of adopting IFRS 17	**–**	(94)
Other	**(157)**	(191)
Movements in accumulated other comprehensive income		
Translation adjustments	**34**	13
Debt securities at fair value through other comprehensive income	**69**	9
Other	**–**	–
Change in goodwill and intangible assets (net of related tax liability)	**(1,860)**	38
Other, including regulatory adjustments		
Change in defined benefit pension plan asset (net of related tax liability)	**38**	(92)
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)**	(15)
Other deductions of regulatory adjustments to CET1 implemented by OSFI	**–**	(1)
Change in other regulatory adjustments	**8**	(26)
Balance at end	**25,962**	19,321
Additional Tier 1 capital		
Balance at beginning	**3,149**	3,148
New Tier 1 eligible capital issuances	**250**	–
Redeemed capital[2]	**(800)**	–
Other, including regulatory adjustments	**(2)**	1
Balance at end	**2,597**	3,149
Total Tier 1 capital	**28,559**	22,470
Tier 2 capital		
Balance at beginning	**1,531**	988
New Tier 2 eligible capital issuances	**2,150**	500
Redeemed capital	**–**	–
Tier 2 instruments issued by subsidiaries and held by third parties	**–**	–
Change in certain allowances for credit losses	**434**	4
Other, including regulatory adjustments	**(17)**	39
Balance at end	**4,098**	1,531
Total regulatory capital	**32,657**	24,001

(1) See the Financial Reporting Method section on pages 18 to 23 for additional information on capital management measures.
(2) Figures as at October 31, 2025 include the redemption of LRCN - Series 1 completed on November 17, 2025.

RWA by Key Risk Drivers

Risk-weighted assets (RWA) amounted to $188.8 billion as at October 31, 2025 compared to $141.0 billion as at October 31, 2024, a $47.8 billion increase resulting mainly from the inclusion of CWB, organic growth in RWA and a deterioration in the credit quality of the loan portfolio. Changes in the Bank's RWA by risk type are presented in the following table.

Risk-Weighted Assets Movement by Key Drivers[1]

Quarter ended (millions of Canadian dollars)	October 31, 2025	July 31, 2025	April 30, 2025	January 31, 2025	October 31, 2024
	Total	Total	Total	Total	Total
Credit risk – Risk-weighted assets at beginning	**156,537**	**155,658**	**124,443**	**118,450**	116,684
Book size	**5,216**	**1,063**	**2,226**	**3,447**	1,067
Book quality	**234**	**(407)**	**409**	**785**	(70)
Model updates	**–**	**–**	**108**	**–**	439
Methodology and policy	**–**	**–**	**–**	**–**	–
Acquisitions and disposals	**–**	**–**	**30,708**	**–**	–
Foreign exchange movements	**367**	**223**	**(2,236)**	**1,761**	330
Credit risk – Risk-weighted assets at end	**162,354**	**156,537**	**155,658**	**124,443**	118,450
Market risk – Risk-weighted assets at beginning	**9,208**	**10,150**	**9,146**	**8,002**	8,066
Movement in risk levels[2]	**(484)**	**(942)**	**1,004**	**1,144**	(64)
Model updates	**–**	**–**	**–**	**–**	–
Methodology and policy	**–**	**–**	**–**	**–**	–
Acquisitions and disposals	**–**	**–**	**–**	**–**	–
Market risk – Risk-weighted assets at end	**8,724**	**9,208**	**10,150**	**9,146**	8,002
Operational risk – Risk-weighted assets at beginning	**17,365**	**16,964**	**14,875**	**14,523**	14,168
Movement in risk levels	**313**	**401**	**459**	**352**	355
Methodology and policy	**–**	**–**	**–**	**–**	–
Acquisitions and disposals[3]	**–**	**–**	**1,630**	**–**	–
Operational risk – Risk-weighted assets at end	**17,678**	**17,365**	**16,964**	**14,875**	14,523
Risk-weighted assets at end	**188,756**	**183,110**	**182,772**	**148,464**	140,975

(1) See the Financial Reporting Method section on pages 18 to 23 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 was 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 the RWA movements by the key drivers underlying the different risk categories.

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

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

The *Model updates* item is used to reflect implementations of new models, changes in model scope, and any other change applied to address model malfunctions.

The *Methodology and policy* item presents the impact of changes in calculation methods resulting from changes in regulatory policies or from new regulations.

Allocation of Economic Capital and Regulatory RWA

Economic capital is an internal measure that the Bank uses to determine the capital it needs to remain solvent 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. The by-segment allocation of economic capital and regulatory RWA was carried out on a stand-alone basis before attribution of goodwill and intangible assets. The method used to assess economic capital is reviewed regularly in order to accurately quantify these risks.

The Risk Management section of this MD&A provides comprehensive information about the main types of risk. The "Other risks" presented below include risks such as business risk and structural interest rate risk in addition to the benefit of diversification among types of risk.

Allocation of Risks by Business Segment

As at October 31, 2025
(millions of Canadian dollars)

National Bank of Canada

Business segments	Personal and Commercial	Wealth Management	Capital Markets	U.S. Specialty Finance and International	Other
Major activities	› Banking services › Credit services › Financing › Investment solutions › Insurance	› Full-service brokerage › Private banking › Direct brokerage › Investment solutions and transactional products › Administrative and trade execution services › Trust and estate services	› Equities, interest rate and credit products, commodities and foreign exchange › Corporate banking › Investment banking	› U.S. Specialty Finance • Credigy › International • ABA Bank (Cambodia) • Minority interests in emerging markets	› Treasury activities › Liquidity management › Bank funding › Asset and liability management › Corporate units › Fintech services • Flinks Technology Inc.
Economic capital by type of risk	Credit 6,843 Market – Operational 508 Other risks 702 **Total 8,053**	Credit 165 Market – Operational 193 Other risks 702 **Total 1,060**	Credit 3,528 Market 398 Operational 645 Other risks 1,092 **Total 5,663**	Credit 1,722 Market – Operational 47 Other risks 146 **Total 1,915**	Credit 961 Market (43) Operational 22 Other risks (1,036) **Total (96)**
Risk-weighted assets[1]	Credit 87,648 Market – Operational 6,348 **Total 93,996**	Credit 2,586 Market – Operational 2,409 **Total 4,995**	Credit 37,320 Market 8,406 Operational 8,063 **Total 53,789**	Credit 22,154 Market – Operational 585 **Total 22,739**	Credit 12,646 Market 318 Operational 273 **Total 13,237**

(1) See the Financial Reporting Method section on pages 18 to 23 for additional information on capital management measures.

Risk Management

In this section of the MD&A, grey-shaded text and tables marked with an asterisk (*) are integral parts of the Consolidated Financial Statements. They represent the Bank's objectives, its risk management policies and procedures, and the methods it applies to measure credit risk, market risk as well as liquidity and funding risk, as required by IFRS 7 – *Financial Instruments: Disclosures.*

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 in its activities—to which it does not choose to expose itself—and that do not generate revenue, i.e., mainly operational risks. The purpose of sound and effective risk management is to provide reasonable assurance that incurred risks do not exceed acceptable thresholds, to control the volatility in the Bank's results, and to ensure that risk-taking contributes to the creation of shareholder value.

Risk Management Framework

Risk is rigorously managed. Risks are identified, measured, and controlled to achieve an appropriate balance between returns obtained and risks assumed. Decision-making is therefore guided by risk assessments that align with the Bank's risk appetite and by prudent levels of capital and liquidity. Despite the exercise of stringent risk management and existing mitigation measures, risk cannot be eliminated entirely, and residual risks may occasionally cause losses.

The Bank has developed guidelines that support sound and effective risk management and that help preserve its reputation, brand, and long-term viability:

- risk is everyone's business: the business units, the risk management and oversight functions, and Internal Audit all play an important role in ensuring a risk management framework is in place; operational transformations and simplifications are conducted without compromising rigorous risk management;
- client-centric: having quality information is key to understanding clients, effectively managing risk, and delivering excellent client service;
- enterprise-wide: a good understanding and an integrated view of risk are the basis for sound and effective risk management and decision-making by management;
- human capital: employees are engaged, experienced, and have a high level of expertise; their curiosity supports continuous development and their rigour ensures that risk management is built into the corporate culture; incentive-based compensation programs are designed to adhere to the Bank's risk tolerance and encourage the expected behaviours;
- fact-based: good risk management relies heavily on common sense and good judgment and on advanced systems and models.

Risk Appetite

Risk appetite represents how much risk an organization is willing to assume to achieve its business strategy. The Bank defines its risk appetite by setting tolerance thresholds, by aligning those thresholds with its business strategy, and by integrating risk management into its corporate culture. Risk appetite is built into decision-making processes as well as into strategic, financial, and capital planning. In establishing its risk appetite, the Bank also considers its risk posture and any impacts that may arise from strategic changes, changes in objectives, emerging risks or external factors, such as the impacts of its recent acquisition of CWB.

The Bank's risk appetite framework consists of principles, statements, metrics as well as targets and is reinforced by policies and limits. When setting its risk appetite targets, the Bank considers regulatory constraints and the expectations of stakeholders, in particular clients, employees, the community, shareholders, regulatory agencies, governments, and rating agencies. The risk appetite framework is defined by the following principles and statements:

The Bank's reputation, brand, and long-term viability are at the centre of our decisions, which demand:

- strong credit ratings to be maintained;
- a strong capital and liquidity position;
- rigorous management of risks, including information security, regulatory compliance, and sales practices;
- attainment of environmental, social, and governance objectives.

The Bank understands the risks taken; they are aligned with our business strategy and translate into:

- the right risk-reward balance;
- a stable risk profile;
- a strategic level of concentration aligned with approved targets.

The Bank's transformation and simplification plan is being carried out without compromising rigorous risk management, which is reflected in:

- a low tolerance to operational and reputation risk;
- operational and information systems stability, both under normal circumstances and in times of crisis.

The Bank's management and business units are involved in the risk appetite setting process and must adequately monitor the chosen risk indicators. These needs are assessed using the enterprise strategic planning process. The risk indicators are reported on a regular basis to ensure an effective alignment between the Bank's risk profile and its risk appetite, failing which corrective actions might be taken. Additional information on the key credit, market and liquidity and financing risk indicators monitored by the Bank's management is presented on the following pages.

Enterprise-Wide Stress Testing

An enterprise-wide stress testing program is in place at the Bank. It is part of a more extensive process aimed at ensuring that the Bank maintains adequate capital levels commensurate with its business strategy and risk appetite. Stress testing is a risk management method that assesses the potential effects—on the Bank's financial position, capital and liquidity—of a series of specified changes in risk factors, corresponding to exceptional but plausible events. The program supports management's decision-making process by identifying potential vulnerabilities for the Bank as a whole and that are considered in setting limits as well as in longer-term business planning. The scenarios and stress test results are approved by the Stress Testing Oversight Group and are reviewed by the Global Risk Committee (GRC) and the Risk Management Committee (RMC). For additional information, see the Stress Testing section of this MD&A relating to credit risk, market risk, and liquidity and financing risk.

Incorporation of Risk Management Into the Corporate Culture

Risk management is supported by the Bank's cultural evolution through, notably, the following pillars:

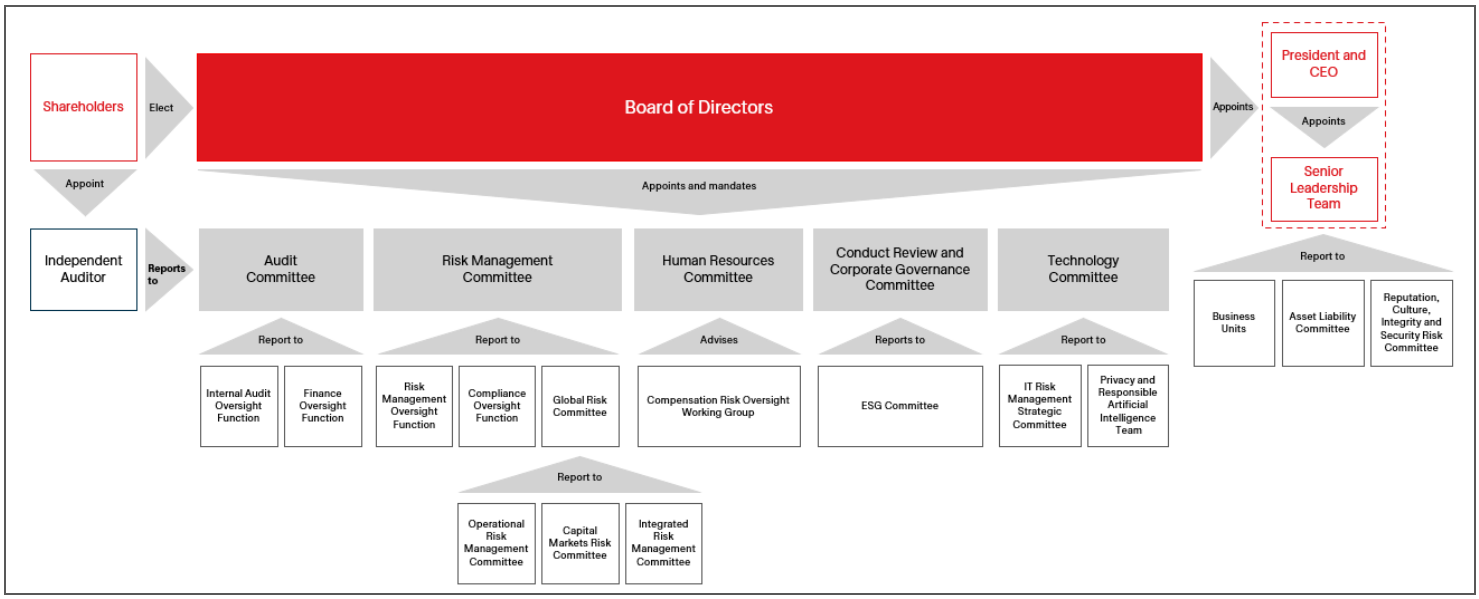
- Tone set by management: The Bank's management promotes risk management through internal communications and demonstrates it through actions and decisions that are aligned with the risk appetite as well as the desired values and culture.
- Shared accountability: A balanced approach is advocated, whereby business development initiatives are combined with a constant focus on sound and effective risk management. In particular, risk is taken into consideration when preparing the business plans of the business segments, when analyzing strategic initiatives, and when launching new products.
- Transparency: A foundation of the business's values, transparency lets us communicate our concerns quickly without fear of reprisal. The Bank is a learning-focused organization where employees are allowed to make mistakes.
- Behaviour: Talent and performance management practices, including incentive compensation programs that consider performance and behaviours, strengthen risk management and promote desired behaviours.
- Continuous development: All employees must complete mandatory annual regulatory compliance training focused on the Bank's *Code of Conduct* and on anti-money laundering and anti-terrorist financing (AML/ATF) efforts as well as cybersecurity training. Risk management training is also offered across all of the Bank's business units.

In addition to these five pillars, Internal Audit carries out corporate cultural assessments as part of its engagements. Furthermore, to ensure the effectiveness of the existing risk management framework, the Bank has defined clear roles and responsibilities by reinforcing the concept of the three lines of defence. The Governance Structure section presented on the following pages defines this concept as well as the roles and responsibilities of these three lines of defence.

First Line of Defence Risk Owner	**Second Line of Defence** Independent Oversight	**Third Line of Defence** Independent Assurance
Business Units	Risk Management and Oversight Functions	Internal Audit
• Identify, manage, assess and mitigate risks in day-to-day activities. • Ensure activities are aligned with the Bank's risk appetite and risk management policies.	• Oversee risk management by setting policies and standards. • Provide independent oversight of risk management practices and an independent challenge of the first line of defence. • Promote sound and effective risk management at the Bank. • Monitor and report on risk.	• Provide the Board and management with an independent assurance on the effectiveness of the key governance, risk management, and internal control processes and systems in order to support them in promoting the Bank's long-term financial strength. • Provide recommendations and advice to improve the effectiveness and efficiency of processes and systems.

Governance Structure[1]*

The following chart shows the Bank's overall governance architecture and the governance relationships established for risk management.



The Board of Directors (Board)

The Board is responsible for approving and overseeing management of the Bank's internal and commercial affairs, and it establishes strategic directions together with management. It also approves and oversees the Bank's overall risk philosophy and risk appetite, acknowledges and understands the main risks faced by the Bank, and makes sure appropriate systems are in place to effectively manage and control those risks. In addition, the Board ensures that the Bank operates in accordance with environmental, social and governance (ESG) practices and strategies. It carries out its mandate both directly and through its committees: the Audit Committee, the Risk Management Committee, the Human Resources Committee, the Conduct Review and Corporate Governance Committee, and the Technology Committee.

The Audit Committee

The Audit Committee provides functional oversight over Internal Audit, thereby ensuring its independence, and defines its responsibilities. It oversees the work of the Bank's internal auditor and independent auditor; ensures the Bank's financial strength; oversees the Bank's financial reporting, analysis processes, and internal controls; and reviews any reports of irregularities in accounting, internal controls, or audit. It also reviews ESG statements, including climate-related disclosures included in financial reports.

The Risk Management Committee (RMC)

The Risk Management Committee examines the risk appetite framework and recommends it to the Board for approval. It approves the main risk management policies and risk tolerance limits. It ensures that appropriate resources, processes, and procedures are in place to properly and effectively manage risk on an ongoing basis. The Committee oversees top and emerging risks, including financial and non-financial risks. It regularly receives the risk profile and risk trends of the Bank's activities and ensures they are consistent with the risk appetite.

The Human Resources Committee

The Human Resources Committee examines compensation risks, and it reviews and approves the Bank's total compensation policies and programs, taking into consideration the risk appetite framework and ESG strategies, and recommends their approval to the Board. It recommends, for Board approval, the compensation of the President and Chief Executive Officer, of the members of the Senior Leadership Team, and of the heads of the oversight functions. This committee oversees all human resources practices, including employee health, safety and well-being, talent management matters such as succession planning for management and oversight functions, as well as diversity, equity, inclusion and accessibility. Lastly, it oversees pension plans and employee benefits.

The Conduct Review and Corporate Governance Committee

The Conduct Review and Corporate Governance Committee ensures that the Bank maintains sound practices that comply with legislation and best practices, including the ESG responsibilities, and that they align with the Bank's One Mission. It reviews and approves business conduct and ethical behaviour standards, including the *Code of Conduct* and the Whistleblower Protection Policy. The committee oversees the application of complaint review mechanisms and implements mechanisms that ensure compliance with consumer protection provisions. Lastly, it ensures that the directors are qualified by evaluating their performance and the effectiveness of the Board and by planning director succession and the composition of the Board.

The Technology Committee

The Technology Committee oversees the various components of the Bank's technology program. It reviews, among other things, the Bank's technology strategy and monitors technology risks, including cyber risks, cybercrime, privacy, and use of AI.

(1) Additional information about the Bank's governance structure can be found in the *Management Proxy Circular for the 2026 Annual Meeting of Holders of Common Shares*, which will be available in March 2026 on the Bank's website at nbc.ca and on SEDAR+'s website at sedarplus.ca. The mandates of the Board and of its committees are available in their entirety at nbc.ca.

Senior Leadership Team of the Bank

Composed of the President and Chief Executive Officer and the officers responsible for the Bank's main functions and business units, the Bank's Senior Leadership Team ensures that risk management is sound and effective and aligned with the Bank's pursuit of its business objectives and strategies. The Senior Leadership Team promotes the integration of risk management into its corporate culture and manages the primary risks facing the Bank.

The Internal Audit Oversight Function

The Internal Audit Oversight Function is the third line of defence in the risk management framework. It is responsible for providing the Bank's Board and management with objective, independent assurance on the effectiveness of the main governance, risk management, and internal control processes and systems and for making recommendations and providing advice to promote the Bank's long-term strength.

The Finance Oversight Function

The Finance Oversight Function is responsible for optimizing management of financial resources and ensuring sound governance of financial information. It helps the business segments and support functions with their financial performance, ensures compliance with regulatory requirements, and handles the Bank's reporting to shareholders and the external reporting of the various units, entities, and subsidiaries of the Bank. It is responsible for capital management and actively participates in the activities of the Asset Liability Committee.

The Risk Management Oversight Function

The Risk Management Oversight Function is responsible for identifying, assessing and monitoring—independently and using an integrated approach—the various risks to which the Bank and its subsidiaries are exposed and for promoting a risk management culture throughout the Bank. The Risk Management team helps the Board and management understand and monitor the top risks. This service also develops, maintains, and communicates the risk appetite framework while overseeing the integrity and reliability of risk measures.

The Compliance Oversight Function

The Compliance Oversight Function is responsible for implementing a Bank-wide regulatory compliance risk management framework by relying on an organizational structure that includes functional links to the main business segments. It also exercises independent oversight and conducts assessments of the compliance of the Bank and its subsidiaries with regulatory compliance risk standards and policies.

The Global Risk Committee (GRC)

The Global Risk Committee is the overriding governing entity of all the Bank's internal risk committees, and it oversees every aspect of the overall management of the Bank's risks. It sets the parameters of the policies that determine risk tolerance and the overall risk strategy, for the Bank and its subsidiaries as a whole, and sets limits as well as tolerance and intervention thresholds enabling the Bank to properly manage the main risks to which it is exposed. The committee approves and monitors all large credit facilities using the limits set out in the Credit Risk Management Policy. It reports to the Board, and recommends for Board approval, the Bank's risk philosophy, risk appetite at the organization level, and risk profile management. The Operational Risk Management Committee, the Capital Markets Risk Committee, and the Integrated Risk Management Committee presented in the governance structure chart are the primary committees reporting to the GRC. The GRC also carries out its mandate through the Senior Complex Valuation Committee and the Model Oversight Committee, and through risk review committees.

The Compensation Risk Oversight Working Group

The Compensation Risk Oversight Working Group supports the Human Resources Committee in its compensation risk oversight role. It is made up of at least three members, namely, the Executive Vice-President and Chief Risk Officer, the Chief Financial Officer and Executive Vice-President, Finance; and the Executive Vice-President, Human Experience and Performance. The working group helps to ensure that compensation policies and programs do not unduly encourage senior management members, leaders, material risk takers, and all employees to take risks beyond the Bank's risk tolerance thresholds. As part of that role, it ensures that the Bank is adhering to the Corporate Governance Guideline issued by OSFI and to the Principles for Sound Compensation Practices issued by the Financial Stability Board, for which Canadian implementation and monitoring are conducted by OSFI. The RMC also reviews the reports presented by this working group.

The ESG Committee

The ESG Committee is under the leadership of the Chief Financial Officer and Executive Vice-President, Finance, and made up of experts representing different areas of the Bank, including several members of the management team. The ESG Committee's main role is to establish and support the Bank's sustainability strategy and commitments, while acting as an ambassador to promote them throughout the organization. Supported by a management committee, specialized working groups and a team entirely dedicated to sustainability, the ESG Committee oversees the implementation of existing regulations and disclosure in accordance with best practices (for more details, see the Commitments and impact section of the Sustainability Report on the Bank's website, at nbc.ca). At least twice a year, the members of the ESG Committee report to the Conduct Review and Corporate Governance Committee on the progress made on its ESG priorities and commitments. In addition, and in a timely fashion, the members of the ESG Committee make presentations on topics of particular interest, such as extra-financial and climate risk disclosures, to the Audit Committee and the RMC.

The IT Risk Management Strategic Committee (ITRMSC)
The Bank's senior management and the Senior Vice-President, Integrated Risk Management, confer to the ITRMSC the responsibility for technology and cyber risk governance. The ITRMSC, under the leadership of the Vice-President, Technology, Cyber and Data Risk Management, has been mandated to ensure that technology strategies (including cybersecurity and technology resilience) are aligned with the Bank's risk appetite. This committee monitors key technology risk indicators and significant technology risk developments, ensures that emerging technology risks are monitored and follows their main trends. Lastly, it contributes to developing a sound risk culture by promoting ownership of technology risk management across the Bank.

The Privacy and Responsible Artificial Intelligence Team
The Privacy and Responsible Artificial Intelligence Team develops and implements the Bank's privacy program and strategy as well as supporting documents such as policies, standards and procedures. It also oversees the privacy risk governance framework. It supports the business units in their execution of the Bank's strategic directions and ensures adherence to privacy best practices. Lastly, it participates in the work to develop and implement the program overseeing responsible AI in the organization.

The Business Units
As the first line of defence, the business units manage risks related to their operations within established limits and in accordance with risk management policies by identifying, assessing, managing, and understanding the risks to which they are exposed and implementing risk mitigation mechanisms. The management of these units must ensure that employees are adhering to current policies and limits.

The Asset Liability Committee
The Asset Liability Committee is composed of members of the Bank's Senior Leadership Team, Risk Management leaders, Finance unit leaders, and business unit leaders. It monitors and provides strategic actions on structural interest rate risk, structural foreign exchange risk, and liquidity risk. It is also charged with strategic coordination of the annual budget plan with respect to the balance sheet, capital, and funding.

The Reputation, Culture, Integrity and Security Risk Committee (RCISRC)
The Reputation, Culture, Integrity and Security Risk Committee (RCISRC) provides cross-functional governance of non-financial risks related to reputation, organizational culture, integrity and security. It works to raise awareness of these risks within the Bank and to ensure that they are managed rigorously and consistently. The RCISRC oversees the relevant management frameworks, sets risk appetite levels, and ensures that the strategies, measures and controls in place enable effective and proactive management. It regularly assesses the Bank's risk posture, makes recommendations for strategic alignment, and ensures that the policies governing these areas are kept up to date. The RCISRC reports to the Senior Leadership Team and the RMC.

Risk Management Policies
The risk management policies and related standards and procedures set out responsibilities, define and describe the main business-related risks, specify the requirements that business units must fulfill when assessing and managing these risks, stipulate the authorization process for risk-taking, and set the risk limits to be adhered to. They also establish the reporting that must be provided to the various risk-related bodies, including the RMC. The policies cover the Bank's top risks, are reviewed regularly to ensure they are still relevant given market changes, regulatory changes and changes in the business plans of the Bank's business units, and they apply to the entire Bank and its subsidiaries, when applicable. Other policies, standards, and procedures complement the main policies and cover more specific aspects of risk management such as business continuity; the launch of new products, initiatives, or activities; or the valuation of financial instruments.

Model Risk Management Governance
The Bank uses several models that support enterprise-wide risk management and contribute to strategic decision-making and the direction of the Bank's activities. These models cover a wide range of areas and include lending models, models for estimating regulatory credit risk parameters, models for assessing expected credit losses, fraud detection models, economic capital models, stress testing models, models for interest rate risk in the banking book, financial instruments valuation models, risk-based pricing models, and market risk models.

The Bank's model risk management governance framework is based on three key pillars: a policy that establishes the principles and responsibilities applicable to all stages of the lifecycle (design, development, validation, approval, deployment, use, monitoring, updating and decommissioning) and that is supported by associated standards; independent validation performed by specialized teams that are separate from the development teams in order to ensure objective assessments; and oversight by the Model Oversight Committee, which is responsible for ensuring that governance meets regulatory expectations while supporting the Bank's strategic direction.

One of the cornerstones of this framework is the classification of models according to their risk level. Based on this classification, the Bank applies rigorous requirements, tailored to the level of risk of each model, concerning their development and documentation, independent validation thereof, performance monitoring thereof, and minimum review frequency.

Independent Oversight by the Compliance Function
Compliance is an independent oversight function within the Bank. The Senior Vice-President, Chief Compliance Officer and the Vice-President, Chief Anti-Money Laundering Officer have direct access to the RMC and to the President and Chief Executive Officer and can communicate directly with leaders and directors of the Bank, its subsidiaries and foreign centres. The Senior Vice-President, Chief Compliance Officer and the Vice-President, Chief Anti-Money Laundering Officer regularly meet, as part of their duties, with the Chair of the RMC, in the absence of management, to review matters on the relationship between the Compliance function and the Bank's management and on access to the information required.

Business unit managers must oversee the implementation of mechanisms for the daily control of regulatory compliance risks arising from the operations under their responsibility. Compliance exercises independent oversight to assist managers in effectively managing these risks and to obtain reasonable assurance that the Bank complies with the regulatory requirements that apply to its operations, both in Canada and internationally.

Independent Assessment by Internal Audit
Internal Audit is an independent oversight function created by the Audit Committee of the Bank's Board. Its Senior Vice-President has direct access to the Chair of the Audit Committee and to the President and Chief Executive Officer and can communicate directly with leaders and directors of the Bank and its subsidiaries and foreign centres. The Senior Vice-President, Internal Audit, regularly meets with the Chair of the Audit Committee, in the absence of management, to review matters on the relationship between Internal Audit and the Bank's management. She also meets quarterly with the Audit Committee.

Internal Audit is the third line of defence of the Bank's risk management framework and provides an independent assurance regarding the effectiveness of the key governance, risk management, and internal control processes and systems. Internal Audit provides recommendations and advice to improve the effectiveness and efficiency of processes and systems. Business unit managers and senior management must ensure the effectiveness of the key governance, risk management, and internal control processes and systems, and they must implement corrective measures if needed.

Top and Emerging Risks

Managing risks requires a solid understanding of each significant risk faced by the Bank, as they could have a material adverse effect on the Bank's business, results of operations, financial position, and reputation. As part of its risk management approach, the Bank identifies, assesses, reviews and monitors the range of top and emerging risks to which it is exposed in order to proactively manage them and implement appropriate mitigation strategies. Identified top and emerging risks are presented to senior management and communicated to the RMC.

The Bank applies a risk taxonomy that categorizes, in two groups, the top risks to which the Bank is exposed in the normal course of business:

- Financial risks: Directly tied to the Bank's key business activities and are generally more quantifiable or predictable;
- Non-financial risks: Inherent in the Bank's activities and to which it does not choose to be exposed.

The Bank separately qualifies the risks to which it is exposed: a "top risk" is a risk that has been identified, is clearly defined, and could have a significant impact on the Bank's business, results of operations, financial position, and reputation, whereas an "emerging risk" is a risk that, while it may also have an impact on the Bank, is not yet well understood in terms of its likelihood, consequences, timing, or the magnitude of its potential impact.

In the normal course of business, the Bank is exposed to the following top risks.

Financial risks			Non-financial risks				
Credit risk	Market risk	Liquidity and funding risk	Operational risk	Regulatory compliance risk	Reputation risk	Strategic risk	Environmental and social risk

The Bank is also exposed to other new, so-called emerging or significant risks, which are defined as follows.

Information Security
The Bank is operating in a complex digital environment marked by growing cyber threats and an acceleration of the risks associated with new technology adoption. In response, an integrated approach has been deployed, combining stronger technology, human mobilization, process optimization and strategic partnerships.

Human behaviour remains the main vector for incidents. Cybersecurity awareness and employee training are essential pillars for our strategy: evolving content, realistic scenarios and simulation exercises are incorporated into our ongoing training. These initiatives foster collective vigilance and a strong security culture.

Ransomware attacks are increasingly targeting cloud environments, exploiting human vulnerabilities as primary entry points. The Bank continuously strengthens its detection, monitoring and access control capabilities while focusing on sensitive data protection and constantly monitoring emerging trends, such as social engineering, ransomware attacks and fraud using AI.

The Bank's technological ecosystem relies on numerous external partners and suppliers, which increases exposure to third-party risks. The Bank has established a rigorous process for selecting and managing its suppliers. Its third-party governance is designed to reduce risks while promoting close collaboration with its partners.

The Bank actively invests in academic research to anticipate emerging threats and adapt its defences to technological developments. Strategic partnerships are being developed, particularly in the areas of post-quantum cybersecurity, internal threats and cyberfraud prevention. These collaborations strengthen innovation, fuel our protection strategies and promote the transfer of knowledge to internal teams.

Faced with the current challenges, the Bank is taking a proactive approach: it is mobilizing the resources and efforts required to ensure robust operations by continuing to invest in infrastructure modernization, skill development, applied research and cross-sector collaboration. These initiatives strengthen the Bank's resilience, enabling it to anticipate risks, protect its reputation and assets, and maintain the trust of its clients, partners and investors.

Fraud Risk
Fraud risk refers to intentional acts of deception, whether internal or external. This risk may come from a variety of sources, including clients, third parties, subcontractors and employees. It can result in financial losses and reputational damage and have negative impacts on our clients.

The Bank operates in an increasingly complex fraud landscape, influenced by macroeconomic volatility, rapid digital transformation and the adoption of emerging technologies by criminal networks. The risk of fraud is intensifying across the industry, particularly with the accelerated progress achieved in AI. These developments enable more sophisticated schemes, such as the creation of synthetic identities, impersonation through deepfakes, automated phishing and Fraud-as-a-Service, while posing a potential threat to emerging payment systems such as the Real-Time Payments (RTP) network.

In response, the Bank continues to strengthen its fraud prevention and detection capabilities. The Bank is also improving its governance and oversight mechanisms related to fraud, including through awareness-raising initiatives and targeted training programs to ensure effective risk management.

Data and Personal Information Protection Risks
For the purposes of this section, the term “data” encompasses data in general, as well as personal information about the Bank's clients and employees.

The Bank operates in an environment where data represents both a strategic lever and a potential source of risk. The growing volume and sensitivity of the data created, collected, used, disclosed and transformed by all the Bank’s sectors could generate operational, financial, reputational and regulatory risks. Poor data quality or the unauthorized use of data can have significant consequences, such as financial losses, regulatory impacts, legal proceedings or reputational damage. These situations may also generate costs related to compliance and to adapting our technological infrastructure.

The importance of responsible data governance and management has become crucial in an environment characterized by rapid legislative developments and technological transformation, marked by the rise of AI, cloud computing and open banking systems. While these innovations offer opportunities for optimization, they also raise ethical, quality, security and data protection issues. The Bank acknowledges that these risks could arise at any stage of the data lifecycle, in particular when external suppliers are involved in data processing**.** The Bank also acknowledges that these risks could arise in connection with data migration from CWB to the Bank.

Aware of these challenges, the Bank considers its data to be a strategic asset and has set itself the goal of enhancing its quality and integrity in order to unlock its full strategic value, improve decision-making and comply with regulatory requirements. The Bank relies on industry best practices, including the principles of the Basel Committee and other internationally recognized frameworks, to structure its governance and risk management. In this respect, the data team and the privacy team have established a data governance framework and a privacy governance framework, respectively. These frameworks are focused on the quality, security, transparency, protection and responsible management of data. CWB data migrated to the Bank is subject to these governance frameworks.

In addition, financial sector regulators such as OSFI and the Autorité des marchés financiers (AMF) are paying greater attention to the monitoring of operational risks, particularly those related to data integrity and security. Furthermore, recent legislative developments in Canada and Quebec regarding the protection of personal information have reinforced the obligations of financial institutions. For more information on recent legislative changes, see the Regulatory Compliance Risk section of this MD&A.

The Bank continues its efforts to support its strategic initiatives, monitor evolving regulatory requirements and maintain stakeholder trust by continuously enhancing its data governance and investing in innovative technology solutions tailored to the evolution of its operations and the regulatory framework.

Technological innovation and competition

Rapid changes in technology and the emergence of niche products by non-banking suppliers continue to shape the financial services industry. These businesses, which are less subject to the regulatory requirements, are intensifying competition with financial institutions that must meet growing regulatory obligations. Given this context, the Bank may need to invest more in its innovation strategies and frameworks to remain competitive and agile in the face of rapid market changes. In addition, new business models are emerging in Canada and the United States, where the *GENIUS Act*, recently passed by the U.S. Congress, introduces a federal regulatory framework for banking with stablecoin products, which are crypto assets that are backed by a fixed monetary amount and intended for payments. The Bank must therefore be agile to stand out and remain alert to potential demand for cryptocurrencies, while preparing for changes in the regulatory framework governing their use. Whether by focusing on different partnership models for greater complementarity or by integrating more financial services into its platforms, the Bank strives to better meet its clients' needs.

In the continuous spirit of offering a quality client experience, the Bank continues to work on integrating AI to improve its business processes and enhance their effectiveness. The growing use of AI in the Bank's operational processes exposes it to new risks, particularly discriminatory bias, misinformation, malicious attacks, intellectual property offences and protection of personal information. Innovation through artificial intelligence also has its counterpart in increasingly sophisticated fraud, including deepfakes and automated phishing. The Bank must remain vigilant in the face of these new threats. The ambitious and responsible use of AI provides the Bank not only with an opportunity for growth but also with an opportunity to reaffirm our values and maintain the trust of our clients and employees in how we use this technology.

Given this environment, the Bank is continuing efforts to implement a governance framework for the development and responsible use of AI. This approach is based on several other risk management frameworks, such as model risk management, data risk management, information security risk management and integrated risk management.

These frameworks are designed to be technology-agnostic, allowing for consistent and robust application regardless of the type of technological solution used. Given the strong connection between models and AI, the Bank has revised its model risk management policy to incorporate recognized principles of responsible AI. The principles governing the development, acquisition and use of AI, defined within the model risk management framework, involve multidisciplinary teams and establish the roles and responsibilities of each segment. The purpose of these principles is to ensure high-quality execution and oversight, as well as common rules and positions for the responsible use of AI at the Bank. A set of guidelines and best practices, such as the framework for the use of generative AI, enables the Bank to use these tools to optimize operations while managing the associated risks, including those related to confidentiality and quality of execution. An awareness and mandatory training program for all employees was also launched in 2025, focusing in particular on best practices in the use of generative AI and aimed at raising awareness of the security, ethical and compliance issues related to its use.

The Bank remains alert to the risks that could arise from the transformation of financial services and continues to invest in the development of its operational and technological capabilities despite the economic uncertainty created by various geopolitical tensions. On the technological front, the Bank remains strongly committed to innovation by collaborating closely with the financial industry and regulatory authorities to set up the open banking regulatory framework and through its specialized venture capital arm, *NAventures*™, which makes investments in start-up or growing businesses to establish solid partnerships that will shape the financial institution of the future.

Reliance on third parties and models

Faced with a more expansive third-party ecosystem across the industry, OSFI issued a new version of *B-10 – Third-Party Risk Management Guideline*, which came into effect on May 1, 2024. The Bank recognizes the importance of third-party risks and, in collaboration with its partners in the financial sector and regulatory authorities, is ensuring that its third-party management practices and policies are evolving.

Third parties provide essential components of the Bank's technological infrastructure such as Internet connections, access to networks and other communication services. The Bank also relies on the services of third parties to support certain business processes and handle certain IT activities. An interruption of these services or a breach of security could have an unfavourable impact on the Bank's ability to provide products and services to clients and on its operational resilience, not to mention the impact such events would have on the Bank's reputation. The systemic concentration of third parties and their subcontractors also increases the risk of disruption across the banking industry, and the geographic concentration of third parties could generate disruptions caused by other risks, such as natural disasters as well as weather and geopolitical events. To mitigate these risks, the Bank has a third-party risk management framework that includes various validations in terms of information security, financial health, beneficiary and entity screening, regulatory compliance, business continuity, internal and systemic concentration, execution, privacy, etc. that are carried out both before entering into an agreement and throughout its life. The scope of the due diligence review is based on the specific features of the agreement and is commensurate with its level of risk. The framework also includes business continuity and technological succession plans as well as exit or contingency plans to ensure effectiveness in the event that critical suppliers are not available. A governance and accountability structure has also been established to support decision-making based on sound risk management.

Despite these preventive measures and the efforts deployed by the Bank to manage third parties, it is possible that some risks may materialize. In such cases, the Bank would rely on mitigation mechanisms developed in collaboration with the various concerned agreement owners and third parties.

In addition, models play a key role in the Bank's decision-making and risk management. Their growing number, interdependencies and the integration of AI amplify both their potential and the associated risks. Inaccurate or poorly overseen results can compromise the quality of decisions and lead to financial, operational and regulatory consequences.

To address these challenges, the Bank relies on its model risk management framework, aligned with OSFI Guideline E-23 – *Model Risk Management*, the revised version of which will come into effect on May 1, 2027. This framework specifies expectations for rigorous development, independent validation, deployment control of performance monitoring and modelling data quality, thereby strengthening governance discipline. While the complexity and rapid evolution of models mean that some risks remain, the Bank's ongoing efforts are aimed at protecting its operational resilience, meeting regulatory requirements and maintaining confidence in the use of its models.

Geopolitical Risk
Heightened geopolitical tensions and increasing global complexity present significant risks to the Bank’s operations. Government decisions and international relations can materially influence the environment in which the Bank, its subsidiaries and its clients operate, both at regional and global levels.

Geopolitical events, such as political instability, tensions between states and armed conflicts may create uncertainty and lead to a deterioration in global economic conditions, slowing global growth. Such events may impact the stability of financial markets, generate volatility, and may lead to inflationary pressures, disruptions in labour markets and supply chains and even recession risks. They can also affect monetary and fiscal policies, trigger economic sanctions or tariffs, and result in currency fluctuations and lower commercial activity. All these factors can directly or indirectly influence banking activities through their potential impacts on the Bank and its clients.

While the timing, nature and magnitude of geopolitical disruptions are difficult to predict, the Bank maintains a proactive approach. The Bank closely monitors areas with existing or historical instability to detect escalation signs, while being alert to the emergence of new disruptive events. A dedicated geopolitical team evaluates these risks and their potential implications, enabling the Bank to remain resilient, both operationally and financially.

Integrity & Security
In a geopolitical context marked by intensifying threats to national security and increasingly sophisticated social engineering and foreign interference tactics, the Bank recognizes the strategic importance of strengthening its protection against risks to its integrity and security. These risks may arise from malicious activities, undue influence or foreign interference and include internal and external threats that could compromise the Bank's strength, resilience and reputation.

Integrity refers to behaviour and decisions that comply with the law, regulatory expectations and the Bank’s ethical principles. Security, on the other hand, encompasses the protection of physical, technological and information assets against any threat that could compromise their integrity, availability or confidentiality.

Foreign interference refers to any action taken by or on behalf of a foreign country or entity to influence, manipulate or disrupt the internal affairs of the Bank or the Canadian financial system. It can take the form of cyberattacks, the transmission of sensitive information, disinformation campaigns or political pressure aimed at influencing the Bank's decisions to favour the interests of that foreign state, to Canada’s detriment.

The Bank has implemented an integrated framework to manage risks related to culture, integrity and security, aligned with the guiding principles of OSFI's *Integrity and Security Guideline*. This framework is based on strong governance, clearly defined roles and responsibilities, and oversight mechanisms provided by senior management and Board committees, including the RCISRC and the RMC. Several specific controls are in place to prevent and mitigate the risks, including training and tools to reinforce the ethical and moral behaviour expected of employees, officers and directors while supporting the organizational culture and regulatory compliance. Measures are also in place to protect the Bank’s technological assets and physical infrastructure, conduct periodic background checks on employees, consultants, officers and directors, and exercise rigorous governance over third parties with which the Bank does business. The Bank continues to strengthen its risk management capabilities by implementing rigorous controls to detect, prevent and manage internal threats, thereby enhancing its overall security and operational resilience.

To help protect the stability and security of the Canadian financial system, internal or external threats to the Bank's integrity and security, including foreign interference, are detected, investigated and promptly reported to authorities such as the Canadian Security Intelligence Service (CSIS), the Royal Canadian Mounted Police (RCMP) and OSFI.

Economic Risk

Global economic growth remains relatively robust, despite the tariff measures taken by the United States against its trading partners. So far, few countries have retaliated against U.S. tariffs, limiting their economic impact and disruptions to supply chains. The negative impact of trade tensions is also being mitigated by expansionary fiscal policies, particularly in the U.S. However, the temporary shutdown of the U.S. government is likely to slow growth temporarily in the fourth quarter, but the economic environment remains favourable, despite a slowdown in the labour market. The Federal Reserve has cut interest rates, but it is nevertheless expected to maintain a restrictive stance due to the growing risk of an overheated economy. The One Big Beautiful Bill program is expected to boost economic activity in 2026, as are the current highly accommodative financial conditions. Inflation could also be exacerbated by the weak dollar and the delayed impact of tariff measures. Among the risks identified is the possibility that the promise held out by AI will lead to disappointment, as AI is currently fuelling massive investments in the U.S. High stock market valuations reflect particularly ambitious expectations around short-term returns from this technological revolution. Investors also appear to be expecting considerable gains in productivity, which would ease inflationary pressures and allow the Federal Reserve to continue cutting interest rates.

The economic situation in Canada is more difficult. Certain sectors directly affected by tariffs are experiencing difficulties, but the weakness extends beyond these companies. The contraction in GDP in the second quarter of 2025 confirmed that economic activity is being held back by uncertainty over tariffs, and no significant rebound is expected in the third quarter of 2025. The lack of visibility is paralyzing businesses, which have suspended many investment projects, and the labour market has weakened. With inflation now less of a concern and retaliatory tariffs having been withdrawn, the Bank of Canada has once again cut its key interest rates. The federal government is also taking steps to stabilize the economy, including by adopting an accommodative fiscal policy and various measures to stimulate investment. Whether the economy and investment stabilize in 2026 will depend on the outcome of the trade dispute with the United States and renewal of the Canada–United-States–Mexico Agreement (CUSMA) toward the middle of the year.

While the economic risks mentioned up to this point are more short-term, other risks carry weight on a longer term, such as the significant deterioration of the fiscal position of many countries. Many governments became much more indebted during the pandemic and are now facing an interest payment shock as bonds come due. Government financing needs will be considerable in the years to come, with demographic changes, the fight against climate change, and reindustrialization, which might exacerbate the pressure on public finances. There is reason to believe that investors could demand compensation for financing more fragile governments. This could limit the power of governments to act in the event of economic weakness.

Lastly, climate issues are an added risk in the current context. If too few measures are adopted on the climate front, severe weather events could intensify and result in economic woes over the long term. Conversely, a too swift transition could result in other risks, particularly short- and medium-term economic costs and rising pressure on production costs.

In short, given the ongoing uncertainties in this economic environment, the Bank remains vigilant in the face of numerous factors and will continue to rely on its strong risk management framework to identify, assess, and mitigate the negative impacts while also remaining within its risk appetite limits.

Real Estate and Household Indebtedness

With interest rates that are down but that remain high by historical standards and central banks still concerned about inflation, it is normal to wonder how these circumstances are affecting Canadian households with high levels of debt. Canadian household debt, on a global scale, is high in relation to disposable income, as is the case in other countries with generous social safety nets. In recent years, policymakers have introduced a number of financial stability measures to limit Canadian household debt. This has paid off, as shown by the decline in the debt ratio since 2016 and the resilience of households following of the interest rate shock over the last few years. For now, job layoffs have remained limited, which cushioned late payments on loans, but the Bank is not immune to a potential recession that could make matters worse. The Bank offers variable rate/variable payment mortgage loans. This means that clients in this situation have been able to gradually adjust their budgets since the multiple rate hikes began and avoid an overly high payment shock when they renew their mortgage term, as is the case for borrowers that have variable rate/fixed payment mortgages with other lending institutions. Over the past 12 months, our variable rate/variable payment clients have benefited from rate reductions and lower mortgage payments.

Soaring house prices have been one of the causes of the country's high indebtedness since the early 2000s. In recent years, property prices have generally withstood interest rate hikes, as they have been offset by record population growth. However, deteriorating affordability is limiting access to home ownership for many Canadians, which is causing a slowdown in activity and price declines in Toronto and Vancouver, among other cities. The faltering labour market for young people is also contributing to this weakness. A severe recession could lead to a sharp drop in house prices and an increase in defaults on certain loans. Lower debt levels in Quebec compared to the rest of Canada, due to more affordable housing prices, combined with the fact that the province has a higher percentage of households where both spouses are employed, helps limit the Bank's exposure to a significant increase in credit risk.

The Bank takes all these risks into account when establishing lending criteria and estimating allowances for credit losses. It should be noted that borrowers are closely monitored on an ongoing basis, and portfolio stress tests are conducted periodically to detect any vulnerable borrowers. The Bank proactively contacts those who are identified and proposes appropriate solutions to enable them to continue to meet their commitments.

Other Factors That Can Affect the Bank's Business, Operating Results, Financial Position, and Reputation

Ability to Recruit and Retain Key Resources

The Bank's current and future performance depends greatly on its ability to recruit, develop, and retain key resources. The Bank continues its efforts to strengthen talent attraction and retention in an uncertain economic environment and as it integrates CWB employees. In general, the overall turnover rate has improved compared to 2024. Retention of former CWB employees remains strong, with stable turnover. Some challenges remain in terms of attracting and retaining talent for certain key positions, particularly those in direct contact with clients and in specialized advisory roles. The Bank continues to monitor talent risk, with quarterly reports to the Board's Human Resources Committee. The Bank is also continuing to enhance the onboarding experience and development of our employees by rolling out a learning platform to all employees to support skill development, including a new hire onboarding pathway.

International Risks

Through the operations of some of the Bank's units (mainly its New York and London offices) and subsidiaries in Canada and abroad (in particular Credigy Ltd., NBC Global Finance Limited, and Advanced Bank of Asia Limited), the Bank is exposed to risks arising from its presence in international markets and foreign jurisdictions. While these risks do not affect a significant proportion of the Bank's portfolios, their impact must not be overlooked, especially those that are of a legal or regulatory nature. International risks can be particularly high in territories where the enforceability of agreements signed by the Bank is uncertain, in countries and regions facing political or socioeconomic disturbances, or in countries that may be subject to international sanctions. Generally speaking, there are many ways in which the Bank may be exposed to the risks posed by other countries, not the least of which being foreign laws and regulations. In all such situations, it is important to consider what is referred to as "country risk." Country risk affects not only the activities that the Bank carries out abroad, but also the business that it conducts with non-resident clients as well as the services it provides to clients doing business abroad, such as electronic funds transfers or international products, and operations made from Canada in foreign currencies.

As part of its activities, the Bank must adhere to AML/ATF regulatory requirements in effect in each jurisdiction where it conducts business. It must also comply with the requirements pertaining to current international sanctions in these various jurisdictions. AML/ATF risk is a financial, regulatory, and reputation risk. For additional information, see the Regulatory Compliance Risk Management section of this MD&A.

The Bank is exposed to financial risks outside Canada and the United States primarily through its ABA Bank subsidiary in Cambodia and interbank transactions on international capital markets or through international trade financing activities. This geographic loan exposure represents a moderate proportion of the Bank's total risk. The geographic spread of loans is disclosed in the quarterly *Supplementary Financial Information* report available on the Bank's website at nbc.ca. To control country risk, the Bank sets credit concentration limits by country and reviews and submits them to the Board for approval upon renewal of the Credit Risk Management Policy. These limits are based on a percentage of the Bank's regulatory capital, in line with the level of risk represented by each country, particularly emerging countries. The risk is rated using a classification mechanism similar to the one used for credit default risk. In addition to the country limits, authorization caps and limits are established, as a percentage of equity, for the world's high-risk regions, i.e., essentially all regions except for North America, Western Europe, and the developed countries of Asia.

Acquisitions

The Bank's ability to successfully complete an acquisition is often conditional on regulatory approval. The Bank cannot be certain of the timing or conditions of regulatory decisions. Acquisitions could affect future results should the Bank experience difficulty integrating the acquired business. If the Bank does encounter difficulty integrating an acquired business, maintaining an appropriate governance level over it or retaining key officers within said business, these factors could prevent the Bank from realizing expected revenue growth, cost savings, market share gains, and other projected benefits of the acquisition.

Intellectual Property

The Bank adopts various strategies to protect its intellectual property rights. However, the protection measures that it may obtain or implement do not guarantee that it will be able to dissuade or prevent anyone from infringing its rights or to obtain compensation when infringement occurs. Moreover, the goods and services developed by the Bank are provided in a competitive market where third parties could hold intellectual property rights prior to those held by the Bank. In addition, financial technologies are the subject of developments in intellectual property and patent applications, both in Canada and internationally. Therefore, in certain situations, the Bank could be limited in its ability to acquire intellectual property rights, develop tools, or market certain products and services. It could also infringe the rights of third parties, which could lead to legal action brought against the Bank.

Tax Risk

The tax laws applicable to the Bank are numerous, complex, and subject to amendment at any time. This complexity can result in differing legal interpretations between the Bank and the respective tax authorities it deals with. In addition, legislative changes and changes in tax policy, including the interpretation thereof by tax authorities and courts, could affect the Bank's net income. International and domestic initiatives may also result in changes to tax laws and policies, including international efforts by the G20 and the Organisation for Economic Co-operation and Development (OECD) to broaden the tax base. For additional information on income taxes, see the Income Taxes and Material Accounting Policies and Accounting Estimates sections of this MD&A, and Note 24 to the Consolidated Financial Statements.

Accounting Policies, Methods and Estimates Used by the Bank

The accounting policies and methods used by the Bank determine how the Bank reports its financial position and operating results and require management to make estimates or assumptions about matters that are inherently uncertain. Any changes to these estimates and assumptions may have a significant impact on the Bank's operating results and financial position.

Additional Factors

Lastly, several other factors could have an impact on the Bank's operations, operating results, financial position, and reputation, including: unexpected changes in consumer spending and saving habits; changes to regulations affecting the Bank's activities; the timely development and launch of new products and services; the ability to successfully align its organizational structure, resources, and processes; the ability to activate a business continuity plan within a reasonable time; the repercussions on the Bank's activities of international conflicts, natural disasters or public health emergencies such as pandemics; and the Bank's ability to foresee and effectively manage the risks resulting from these factors through rigorous risk management.

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. Credit risk is the most significant risk facing the Bank in the normal course of its business. The Bank is exposed to credit risk not only through its direct lending activities and transactions but also through commitments to extend credit and through letters of guarantee, letters of credit, over-the-counter derivatives trading, debt securities, securities purchased under reverse repurchase agreements, deposits with financial institutions, brokerage activities, and transactions carrying a settlement risk for the Bank such as irrevocable fund transfers to third parties via electronic payment systems.

Governance
A policy framework centrally governs the activities that generate credit risk for the Bank and its subsidiaries and is supplemented by a series of subordinate internal policies and standards. These policies and standards address specific management issues such as concentration limits by borrower group and business sector, credit limits, collateral requirements, and risk quantification or issues that provide more thorough guidance for given business segments.

For example, the institutional activities of the Bank and its subsidiaries on capital markets and international commercial transactions are governed by business unit directives that set out standards adapted to the specific environment of these activities. This also applies to retail brokerage subsidiaries. In isolated cases, a business unit or subsidiary may have its own credit policy, and that policy must always fall within the spirit of the Bank's policy framework. Risk Management's leadership team defines the scope of the universe of subsidiaries carrying significant credit risks and the magnitude of the risks incurred.

Credit risk is controlled through a rigorous process that comprises the following elements:

- credit risk rating and assessment;
- economic capital assessment;
- stress testing;
- credit granting process;
- revision and renewal process;
- risk mitigation;
- follow-up of monitored accounts and recovery;
- counterparty risk assessment;
- settlement risk assessment;
- environmental risk assessment.

Concentration Limits
The risk appetite is allocated based on the setting of concentration limits. The Bank sets credit concentration and settlement limits by obligor group, by business sector, by country, and by region. These limits are subject to the approval of the RMC. Certain types of financing or financing programs are also subject to specific limits. Breaches of concentration limits by obligor group or by region are reported to the RMC each quarter. Furthermore, every business sector, country, and region whose exposure equals a predetermined percentage of the corresponding authorized limit is reported to the Bank's Risk Management leadership team. At least once a year, the Bank revises these exposures by business sector, by country, and by region in order to determine the appropriateness of the corresponding concentration limits.

Reporting
Every quarter, an integrated risk management report is presented to senior management and the RMC. It presents changes in the credit portfolio and highlights on the following matters:

- credit portfolio volume growth by business segment;
- breakdown of the credit portfolio according to various criteria for which concentration limits have been set;
- changes in provisions and allowances for credit losses;
- changes in impaired loans;
- changes in monitored accounts;
- changes in delinquency;
- monitoring of OSFI's *Guideline B-20 – Residential Mortgage Underwriting Practices and Procedures*;
- impact of emerging risks on portfolio risk;
- any other relevant analysis related to credit risk.

Credit Risk Rating and Assessment

Before a sound and prudent credit decision can be made, an obligor's or counterparty's credit risk must be accurately assessed. This is the first step in processing credit applications. Using a credit risk rating system developed by the Bank, each application is analyzed and assigned one of 19 grades on a scale of 1 to 10 for all portfolios exposed to credit risk. As each grade corresponds to an obligor's, counterparty's, or third party's probability of default, the Bank can estimate the credit risk. The credit risk assessment method varies according to portfolio type. There are two main methods for assessing credit risk to determine minimum regulatory capital requirements for most of its portfolios, the Internal Ratings-Based (IRB) Approach and the revised Standardized Approach, as defined by the Basel Accord. The IRB Approach applies to most of its credit portfolios. Since the implementation of the Basel III reforms in April 2023, the Bank must use the Foundation Internal Ratings-Based (FIRB) Approach for certain specific exposure types such as financial institutions, including insurance companies, or large corporations that belong to a group with consolidated annual sales exceeding $750 million. For all other exposure types treated under an IRB Approach, the Bank uses the Advanced Internal Ratings-Based (AIRB) Approach.

The main parameters used to measure credit risk in accordance with the IRB Approach are as follows:

- probability of default (PD), which is the probability of through-the-cycle 12-month default by the obligor, calibrated on a long-run average PD throughout a full economic cycle;
- loss given default (LGD), which represents the magnitude of the loss from the obligor's default that would be expected in an economic downturn and subject to certain regulatory floors, expressed as a percentage of exposure at default;
- exposure at default (EAD), which is an estimate of the amount drawn and of the expected use of any undrawn portion prior to default, and cannot be lower than the current balance.

Under the FIRB approach, the Bank provides its own estimates of PD and applies OSFI's estimates for LGD and EAD. Under both IRB Approaches, risk parameters are subject to specific input floors.

The methodology as well as the data and the downturn periods used to estimate LGD under the AIRB Approach are described in the table below.

AIRB APPROACH	DATA[1]	DOWNTURN PERIOD[1]	METHODOLOGY FOR CALCULATING LGD
Retail	The Bank's internal historical data from 1996 to 2022	1996-1998 and 2008-2009	LGD based on the Bank's historical internal data on recoveries and losses
Corporate	The Bank's internal historical data from 2000 to 2023 Benchmarking results using: • Moody's observed default price of bonds, from 1983 to 2021 • Global Credit Data Consortium historical loss and recovery database from 1998 to 2021	2000-2003, 2008-2009 and 2020	LGD based on the Bank's historical recoveries and losses internal data and on Moody's data
Sovereign	Moody's observed default price of bonds, from 1983 to 2020 S&P rating history from 1975 to 2023	1999-2001 and 2008-2012	Based on implied market LGD using observed bond price decreases following the issuer's default
Financial institutions	Global Credit Data Consortium historical loss and recovery database from 1991 to 2013[2]	1991-1992, 1994, 1997-1998, 2001-2002, and 2008-2009	Model for predicting LGD based on different issue- and issuer-related risk drivers

(1) The performance of the models resulting from the AIRB Approach is measured quarterly, and the methodologies are validated by an independent third party annually. A report on model performance under the AIRB Approach is presented annually to the RMC. According to the most recent performance report, the models continue to perform well and do not require the addition of new data.

(2) A deep revision, including more recent data, has recently been approved by the Model validation group and will be deployed in the next year. It should be noted that LGD estimates prescribed by OSFI are used for regulatory capital calculation for all financial institution facilities.

Personal Credit Portfolios

This category comprises portfolios of residential mortgage loans, consumer loans, and loans to certain small businesses. To assess credit risk, AIRB models are in place for the main portfolios, particularly mortgage loans, home equity lines of credit, credit cards, budget loans, lines of credit, and SME retail. A risk analysis based on loan grouping in pools of homogeneous obligor and product profiles is used for overall management of personal credit portfolios. This personal credit assessment approach, which has proven effective particularly for estimating credit defaults and losses, takes a number of factors into account, namely:

- attributes from credit rating agencies (scoring) related to behaviour;
- loan product characteristics;
- collateral provided;
- the length of time on the Bank's balance sheet;
- loan status (active, delinquent, or defaulted).

This mechanism provides adequate risk measurement inasmuch as it effectively differentiates risk levels by pool. Therefore, the results are periodically reviewed and, if necessary, adjustments are made to the models. Obligor migrations between pools are among the factors considered when assessing credit risk.

Loan pools are also established based on PD, LGD, and EAD, which are measured based on the characteristics of the obligor and the transaction itself. The credit risk of these portfolios is estimated using credit scoring models that determine the obligor's PD. LGD is estimated based on transaction-specific factors such as loan product characteristics (for example, a line of credit versus a term loan), loan-to-value ratio (LTV), and types of collateral.

Credit scoring models are also used to grant credit. These models use proven statistical methods that measure an obligor's demand characteristics and history based on internal and external historical information to estimate the obligor's future credit behaviour and assign a probability of default. The underlying data include obligor information such as current and past employment, historical loan data in the Bank's management systems, and information from external sources such as credit rating agencies.

The Bank also uses behaviour scoring models to manage and monitor current commitments. The risk assessment is based on statistical analyses of the past behaviour of obligors with which the Bank has a long-term relationship in an effort to predict their future behaviour. The underlying information includes the obligor's cash flows and borrowing trends. Information on characteristics that determine behaviour in these models also comes from both internal sources on current commitments and external sources. The table on the following page presents the PD categories and credit quality of the associated personal credit portfolio.

Mortgage Loan Underwriting

To mitigate the impact of an economic slowdown and ensure the long-term quality of its portfolio, the Bank uses sound risk management when granting residential mortgages to confirm: (i) the obligor's intention to meet its financial obligations, (ii) the obligor's ability to repay its debts, and (iii) the quality of the collateral. In addition, in accordance with the applicable rules, the Bank takes a prudent approach to client qualification by using, for example, a higher interest rate to mitigate the risk of short- or medium-term rate hikes.

Nonetheless, the risk of economic slowdown could adversely affect the profitability of the mortgage portfolio. In its stress test analyses, the Bank considers a variety of scenarios to measure the impact of adverse market conditions. In such circumstances, our analyses show higher credit losses, which would decrease profitability and reduce the Bank's capital ratios. However, it should be recalled that our mortgagors showed great resilience to interest rate increases.

New Regulatory Developments

The Bank also closely monitors regulatory developments and is actively involved in the various consultation processes. Regulatory developments since November 1, 2024 that should be considered are presented below.

Since November 21, 2024, OSFI has exempted uninsured mortgage switch applications between federally regulated financial institutions (FRFI) from stress testing. More specifically, holders of conventional mortgages no longer need to establish their acceptability under the minimum qualifying rate when they switch lenders upon renewing their mortgage loans.

Since December 15, 2024, first-time buyers of new properties have been able to benefit from a loan amortization period of up to 30 years (instead of 25 years) on insured mortgages following a Government of Canada measure announced on August 1, 2024, to facilitate access to home ownership.

On January 1, 2025, the loan-to-income (LTI) limit established by OSFI came into force. It applies to new uninsured mortgage loans and is intended to restrict the banks' exposure to households with high levels of debt.

Since January 15, 2025, insured mortgage refinancing has been available for the construction of secondary units, with a maximum LTV ratio of 90% and a residential property value of less than $2 million.

Business and Government Credit Portfolios

This category comprises business (other than some small businesses that are classified in personal credit portfolios), government, and financial institution credit portfolios.

These credit portfolios are assigned a risk rating that is based on a detailed individual analysis of the financial and non-financial aspects of the obligor, including the obligor's financial strength, sector of economic activity, competitive ability, access to funds, and number of years in business. The Bank uses risk-rating tools and models to specifically assess the risk represented by an obligor in relation to its business sector and peers. The models used are adapted to the obligor's broad sector of activity. Models are in place for ten sectors: business/commercial, large business, financial institutions, sovereigns, investment funds, energy, real estate, agriculture, insurance, and public-private partnership project financing.

This risk assessment method assigns a default risk rating to an obligor that reflects its credit quality. To each default credit risk rating corresponds a PD (see the table below). Using this classification of obligor credit risk, the Bank can differentiate appropriately between the various assessments of an obligor's capacity to meet its contractual obligations. Default risk ratings are assigned according to an assessment of an obligor's commercial and financial risks based on a solvency review. Various risk quantification models, described below, are used to perform this assessment.

The business and government default risk rating scale used by the Bank is similar to the systems used by major external rating agencies. The following table presents a grouping of the ratings by major risk category and compares them with the ratings of two major rating agencies.

Internal Default Risk Ratings*

Description[1]	Personal credit portfolios	Description[1]	Business and government credit portfolios			
	PD (%) – Retail		Ratings	PD (%) – Corporate and financial institutions	PD (%) – Sovereign	Standard & Poor's	Moody's
Excellent	0.000–0.144	Excellent	1–2.5	0.000–0.111	0.000–0.059	AAA to A-	Aaa to A3
Good	0.145–0.506	Good	3–4	0.112–0.383	0.060–0.330	BBB+ to BBB-	Baa1 to Baa3
Satisfactory	0.507–2.681	Satisfactory	4.5–6.5	0.384–4.234	0.331–5.737	BB+ to B	Ba1 to B2
Special mention	2.682–9.348	Special mention	7–7.5	4.235–10.181	5.738–17.963	B- to CCC+	B3 to Caa1
Substandard	9.349–99.999	Substandard	8–8.5	10.182–99.999	17.964–99.999	CCC & CCC-	Caa2 & Caa3
Default	100	Default	9–10	100	100	CC, C & D	Ca, C & D

(1) Additional information is provided in Note 8 – *Loans and Allowances for Credit Losses* to the Consolidated Financial Statements.

The Bank also uses individual assessment models by major business sector to assign a risk rating to the credit facility based on the collateral that the obligor is able to provide and, in some cases, based on other factors. The Bank consequently has a bi-dimensional risk-rating system that, using models and internal and external historical data, establishes a default risk rating for each obligor. In addition, the models assign to each credit facility an LGD risk rating that is independent of the default risk rating assigned to the obligor.

The Bank's default risk ratings and LGD risk ratings as well as the related risk parameters contribute directly to informed credit-granting, renewal, and monitoring decisions. They are also used to determine and analyze risk-based pricing. In addition, from a credit portfolio management perspective, they are used to establish counterparty credit concentration limits and sector concentration limits and limits to decision-making power as well as to determine the credit risk appetite of these portfolios. Moreover, they represent an important component in estimating expected and unexpected losses, measuring minimum required economic capital, and measuring the minimum level of capital required, as prescribed by the regulatory authorities.

The credit risk of obligors and their facilities is assessed with the PD and LGD parameters at least once a year or more often if significant changes (triggers) are observed when updating financial information or if another qualitative indicator of a deterioration in the obligor's solvency or in the collateral associated with the obligor's facilities is noted. The Bank also uses a watchlist to more actively monitor the financial position of obligors whose default-risk rating is greater than or equal to 7.0. This process seeks to minimize an obligor's default risk and allows for proactive credit risk management.

Assessment of Performance

The Risk Management Group monitors the effectiveness of the risk-rating systems and associated parameters, which is also reviewed regularly in accordance with the Bank's policies. Backtesting is performed at regular intervals to validate the effectiveness of the models used to estimate PD, LGD, and EAD. For PD in particular, this backtesting takes the form of sequentially applied measures designed to assess the following criteria:

- discriminatory power of the model;
- proportion of overrides;
- model calibration;
- stability of the model's inputs and outputs.

The credit risk quantification models are developed and tested by a team of specialists with model performance being monitored by the applicable business units and related credit risk management services. Models are validated by a unit that is independent of both the specialists who developed the model and the concerned business units. Approvals of new models or changes to existing models are subject to an escalation process established by the model risk management policy. Furthermore, new models or changes to existing models that markedly impact regulatory capital must be approved by the Board before being submitted to the regulatory agencies.

The facility and default risk-rating systems, methods, and models are also subject to periodic validation, which is a responsibility shared between the development and validation teams, the frequency of which depends on the model's risk level. Models that have a significant impact on regulatory capital must be reviewed regularly, thereby further increasing the certainty that these quantification mechanisms are working as expected.

The key aspects to be validated are risk factors allowing for accurate classification of default risk by level, adequate quantification of exposure, use of assessment techniques that consider external factors such as economic conditions and credit status and, lastly, compliance with internal policies and regulatory provisions.

The Bank's credit risk assessment and rating systems are overseen by the Model Oversight Committee, the GRC, and the RMC, and these systems constitute an integral part of a comprehensive Bank-wide credit risk oversight framework. Along with the above-mentioned elements, the Bank documents and periodically reviews the policies, definitions of responsibilities, resource allocation, and existing processes.

Assessment of Economic Capital
The assessment of the Bank's minimum required economic capital is based on the credit risk assessments of obligors. These two activities are therefore interlinked. The different models used to assess the credit risk of a given portfolio type also enable the Bank to determine the default risk correlation among obligors. This information is a critical component in the evaluation of potential losses for all portfolios with credit risk. Estimates of potential losses, whether expected or not, are based on historical loss experience, portfolio monitoring, market data, and statistical modelling. Expected and unexpected losses are used in assessing the minimum required economic capital for all of the Bank's credit portfolios. The assessment of economic capital also considers the anticipated potential migrations of the default risk ratings of obligors during the remaining term of their credit commitments. The main risk factors that have an impact on economic capital are as follows:

- the obligor's PD;
- the obligor's EAD;
- the obligor's LGD;
- the default correlation among various obligors;
- the residual term of credit commitments;
- the impact of economic and sector-based cycles on asset quality.

Stress Testing
The Bank carries out stress tests to evaluate its sensitivity to crisis situations in certain business sectors and key portfolios. A global stress test methodology covers most business, government, and personal credit portfolios to provide the Bank with an overview of the situation. By simulating specific scenarios, these tests enable the Bank to measure allowances for credit losses according to IFRS 9 – *Financial Instruments* (IFRS 9), to assess the level of regulatory capital needed to absorb potential losses, and to determine the impact on its solvency. In addition, these tests contribute to portfolio management as they influence the determination of concentration limits by obligor, product, or business sector. During fiscal 2025, several simulations were carried out to assess the impact of tariffs on the financial positions of borrowers. Based on these simulations, the Bank was able to test the resilience of clients, and, in turn, the resilience of the Bank's loan portfolio.

Credit-Granting Process
Credit-granting decisions are based first and foremost on the results of the risk assessment. Aside from a clients' solvency, credit-granting decisions are also influenced by factors such as available collateral and guarantees, transaction compliance with policies, standards and procedures, and the Bank's overall risk-adjusted return objective. Each credit-granting decision is made by various authorities within the risk management teams and management, who are independent of the business units, which are determined based on the size of the proposed credit transaction and the associated risk. Decision-making authority is determined in compliance with the delegation of authority set out in the Credit Risk Management Policy. A person in a senior position in the organization approves credit facilities that are substantial or carry a higher risk for the Bank. The GRC approves and monitors all substantial credit facilities. Credit applications that exceed management's latitudes are submitted to the Board for approval. The credit-granting process demands a high level of accountability from managers, who must proactively manage the credit portfolio.

Review and Renewal Processes
The Bank periodically reviews credit files. The review process enables the Bank to update information on the quality of the facilities and covers, among other things, risk ratings, compliance with credit conditions, collateral, and obligor behaviour. For business credit portfolios, the credit risk of all obligors is reviewed at least once per year. After this periodic review, for on-demand or unused credit, the Bank decides whether to pursue its business relationship with the obligor and, if so, revises the credit conditions. For personal credit portfolios, the credit risk of all obligors is reviewed on a continual basis.

Risk Mitigation
The Bank also controls credit risk using various risk mitigation techniques. In addition to the standard practice of requiring collateral to guarantee repayment of the credit it grants, the Bank also uses protection mechanisms such as credit derivative financial instruments, syndication, and loan assignments as well as an orderly reduction in the amount of credit granted.

The most common method used to mitigate credit risk is obtaining quality collateral from obligors. Obtaining collateral cannot replace a rigorous assessment of an obligor's ability to meet its financial obligations, but, beyond a certain risk threshold, it is an essential complement. Obtaining collateral depends on the level of risk presented by the obligor and the type of loan granted. The legal validity and enforceability of any collateral obtained and the Bank's ability to regularly and correctly measure the collateral's value are critical for this mechanism to play its proper role in risk mitigation.

In its internal policies and standards, the Bank has established specific requirements regarding the appropriate legal documentation and assessment for the kinds of collateral that business units may require to guarantee the loans granted. The categories of eligible collateral and the lending value of the collateralized assets have also been defined by the Bank. For the most part, they include the following asset categories as well as guarantees (whether secured or not by the guarantors' assets) and government and bank guarantees:

- accounts receivable;
- inventories;
- machinery and equipment and rolling stock;
- residential and commercial real estate, office buildings and industrial facilities;
- cash and marketable securities.

Portfolio Diversification and Management

The Bank is exposed to credit risk, not only through outstanding loans and undrawn amounts of commitments to a particular obligor but also through the distribution by business sector of the outstanding loans and undrawn amounts and through the exposure of its various credit portfolios to geographical, concentration, and settlement risks.

The Bank's approach to controlling these diverse risks begins with a diversification of exposures. Measures designed to maintain a healthy degree of credit risk diversification in its portfolios are set out in the Bank's policies, standards, and procedures. These instructions are mainly reflected in the application of various exposure limits: credit concentration limits by counterparty and credit concentration limits by business sector, country, region, product, and type of financial instrument. These limits are determined based on the Bank's credit risk appetite framework and are reviewed periodically. Compliance with these limits, particularly exceptions, is monitored through periodic reports submitted by the Risk Management Group's senior leadership to the Board.

Continuous analyses are performed in order to anticipate problems with a sector or obligor before they materialize, notably as defaulted payments.

Other Risk Mitigation Methods

Credit risk mitigation measures for transactions in derivative financial instruments, which are regularly used by the Bank, are described in detail in the Counterparty Risk section.

Credit Derivative Financial Instruments and Financial Guarantee Contracts

The Bank also reduces credit risk by using the protection provided by credit derivative financial instruments such as credit default swaps. When the Bank acquires credit protection, it pays a premium on the swap to the counterparty in exchange for the counterparty's commitment to pay if the underlying entity defaults or another event involving the counterparty and covered by the legal agreement occurs. Since, like obligors, providers of credit protection must receive a default risk rating, the Bank's standards set out all the criteria under which a counterparty may be judged eligible to mitigate the Bank's credit risk. The Bank may also reduce its credit risk by entering into financial guarantee contracts whereby a guarantor indemnifies the Bank for a loss resulting from an obligor failing to make a payment when due in accordance with the contractual terms of a debt instrument.

Loan Syndication

The Bank has developed specific instructions on the appropriate objectives, responsibilities, and documentation requirements for loan syndication.

Follow-Up of Monitored Accounts and Recovery

Credit granted and obligors are monitored on an ongoing basis and in a manner commensurate with the degree of risk. Loan portfolio managers use an array of intervention methods to conduct a rigorous follow-up on files that show a high risk of default. They assess (except for small business files assessed using a behavioural model which are monitored by a Work Out unit) each identified borrower on the watchlist for whom they are responsible. A report, in which this information is consolidated, is submitted to the leadership team of the Credit Risk Management groups on a quarterly basis. When loans continue to deteriorate and there is an increase in risk to the point where monitoring has to be increased, specialized groups step in to maximize collection of the disbursed amounts and tailor strategies to these accounts.

For larger accounts, a monitoring report is submitted quarterly to a monitoring committee comprised of members of the leadership team of the Credit Risk Management groups. Internal Audit acts as an observer on the Committee. The report is used to track the status of at-risk files and the corrective measures undertaken. At the request of the monitoring committee, some of the files will be the subject of a presentation. The authority to approve allowances for credit losses is attributed using limits delegated on the basis of hierarchical level presented in the Credit Risk Management Policy.

Information on the recognition of impaired loans and allowances for credit losses is presented in Notes 1 and 8 to the Consolidated Financial Statements.

Forbearance and Restructuring

Situations where a business or retail obligor begins showing clear signs of potential insolvency are managed on a case-by-case basis and require the use of judgment. The Loan Work Out Policy sets out the principles applicable in such situations to guide loan restructuring decisions and identify situations where distressed restructuring applies. A distressed restructuring situation occurs when the Bank, for economic or legal reasons related to the obligor's financial difficulties, grants the obligor a material special concession that is contrary to the Bank's policies. Such concessions could include reducing the original interest rate so that the new pricing is lower than the cost of funds, waiving a portion of principal or accrued interest in arrears and extending payments for a significant portion of the loan or interest in such a way that the new maturity date or payment terms will no longer be reasonable given the useful life of the collateral.

The Bank has established a management framework for commercial and corporate obligors that represent higher-than-normal risk of default. It outlines the roles and responsibilities of loan portfolio managers with respect to managing high-risk accounts and the responsibilities of the Work Out units and other participants in the process. Lastly, the Credit Risk Management Policy and a management framework are used to determine the authorization limits for distressed restructuring situations. During fiscal 2025 and 2024, the amount of distressed loan restructurings was not significant.

Counterparty Risk Assessment

Counterparty risk is a credit risk that the Bank incurs on various types of transactions involving financial instruments. The most significant risks are those it faces when it trades derivative financial instruments with counterparties on the over-the-counter market or when it purchases securities under reverse repurchase agreements or sells securities under repurchase agreements. Securities lending transactions and securities brokerage activities are also sources of counterparty risk. Note 17 to the Consolidated Financial Statements provides a complete description of the credit risk for derivative financial instruments by type of traded product.

The Risk Management Group has developed models by type of counterparty through which it applies an advanced methodology, where applicable, for calculating the Bank's credit risk exposure and economic capital. The exposures are subject to limits. These limits are established based on the counterparty's internal default risk rating and on the potential volatility of the underlying assets until expiration of the contract.

Counterparty obligations resulting from trading derivative financial instrument contracts, securities lending transactions, and reverse repurchase agreements are frequently subject to credit risk mitigation measures. The mitigation techniques are somewhat different from those used for loans and advances and depend on the nature of the instrument or the type of contract traded. The most widely used measure is entering into master agreements: the International Swaps & Derivatives Association, Inc. (ISDA) master agreement, the Global Master Repurchase Agreement (GMRA), and the Global Master Securities Lending Agreement (GMSLA). These agreements make it possible, in the event of default, insolvency, or bankruptcy of one of the contracting parties, to apply full netting of the gross amounts of the market values for each of the transactions covered by the agreement in force at the time of default. The amount of the final settlement is therefore the net balance of gains and losses on each transaction, which reduces exposure when a counterparty defaults. The Bank's policies require that an ISDA, GMRA, or GMSLA agreement be signed with its trading counterparties to derivatives, foreign exchange forward contracts, securities lending transactions, and reverse repurchase agreements.

Another credit risk reduction mechanism for derivatives and foreign exchange forward contracts complements the ISDA master agreement in many cases and provides the Bank and its counterparty (or either of the parties, if need be) with the right to request collateral from the counterparty when the net balance of gains and losses on each transaction exceeds a threshold defined in the agreement. These agreements on initial margins and variation margins are a regulatory requirement when financial institutions trade with each other or with governments and central banks on international Capital markets because they limit the extent of credit risk and reduce the idiosyncratic risk associated with trading derivative financial instruments and foreign exchange forwards, while giving traders additional leeway to continue trading with the counterparty. When required by regulation (notably, by OSFI), the Bank always uses this type of legal documentation in transactions with financial institutions. For transactions with businesses, the Bank prefers to use internal mechanisms, notably involving collateral and mortgages/hypothecs, set out in the credit agreements. Finally, when possible the Bank goes through central clearing counterparties as a counterparty credit risk mitigation method. The Bank's internal policies set the conditions governing the implementation of such mitigation methods.

Requiring collateral as part of a securities lending transaction or reverse repurchase agreements is not solely the result of an internal credit decision. In fact, it is mandatory for the purpose of meeting the accounting, balance sheet and regulatory capital treatment requirements pursuant to applicable accounting rules and rules imposed by self-regulating organizations in the financial services sector such as the Canadian Investment Regulatory Organization (CIRO).

The Bank has identified circumstances in which it is likely to be exposed to wrong-way risk. There are two types of wrong-way risk: general wrong-way risk and specific wrong-way risk. General wrong-way risk occurs when the probability of default of the counterparties is positively correlated to general market risk factors. Specific wrong-way risk occurs when the exposure to a specific counterparty is positively correlated to the probability of default of the counterparty due to the nature of the transactions with this counterparty.

Assessment of Settlement Risk
Settlement risk potentially arises from transactions that feature reciprocal delivery of cash or securities between the Bank and a counterparty. Foreign exchange contracts are an example of transactions that can generate significant levels of settlement risk. However, the implementation of multilateral settlement systems that allow settlement netting among participating institutions has contributed greatly to reducing the risks associated with the settlement of foreign exchange transactions among banks. The Bank also uses financial intermediaries to gain access to established clearing houses in order to minimize settlement risk for certain derivative financial instrument transactions. In some cases, the Bank may have direct access to established clearing houses for settling financial transactions such as repurchase agreements or reverse repurchase agreements. In addition, certain over-the-counter derivative financial instruments are settled directly or indirectly by central counterparties. For additional information, see the table that presents notional amounts in Note 18 to the Consolidated Financial Statements.

There are several other types of transactions that may generate settlement risk, in particular the use of certain electronic fund transfer services. This risk refers to the possibility that the Bank may make a payment or settlement on a transaction without receiving the amount owed by the counterparty, and with no opportunity to recover the funds delivered (irrevocable settlement).

For the Bank, the ultimate way to eliminate such a risk is to make no payments or settlements until it receives the funds due from the counterparty. Such an approach cannot, however, be used systematically. For several electronic payment services, the Bank is able to implement mechanisms that allow it to make its transfers revocable or to debit the counterparty in the amount of the settlements before it makes its own transfer. On the other hand, the nature of transactions in financial instruments makes it impossible for such practices to be widely used. For example, on foreign exchange transactions involving a currency other than the U.S. dollar, time zone differentials impose strict payment schedules on the parties. The Bank cannot unduly postpone a settlement without facing penalties, due to the large size of the amounts involved.

The most effective way for the Bank to control settlement risks, both for financial market transactions and irrevocable transfers, is to impose internal risk limits based on the counterparty's ability to pay.

Assessment of Environmental Risk
Environmental risk concerns the impacts on credit risk that may lead to reduced repayment capacity, or a lower value of the asset pledged as collateral due to environmental events, such as soil contamination, waste management, or a spill of materials considered hazardous, to the energy transition, or to extreme weather events. As a result, environmental risk can lead to both a higher probability of default and higher provisions for credit losses in cases of default by counterparties. In addition to the measures and guidelines adopted by the various levels of government, the Bank has a set of protective measures to follow in order to identify and reduce the potential, current, or future environmental risks to which it is exposed when it grants credit to clients, in particular through a standard governing environmental risk management in financing activities.

In addition, in recent years, the risk management framework has been expanded to include new measures for identifying, assessing, managing, and monitoring climate risk. To this end, the Bank is progressively developing and implementing a process used to assess and quantify the impacts of climate change on its strategy and results. For clients operating in specific industries, the risk analysis framework involves the collection of information on carbon footprint, a classification of climate risks (physical and transitional) according to business sector and industry, their strategic positioning, and the existence of an energy transition plan (commitments, reduction targets, diversification of activities). These various subjects are addressed, at least once a year, as part of the credit granting, review, and renewal processes.

The Bank also assesses its exposure to environment-related credit risk using various control and monitoring mechanisms. For example, analyses are performed on the loan portfolio's vulnerabilities to physical risks and transition risks; these analyses are applied to financing activities. In addition, for several years the Bank has been carrying out climate risk impact analyses based on the scenarios recommended by the Network for Greening the Financial System (NGFS). In doing so, the Bank was able to quantify expected losses related to its loan portfolio. The Bank also participates in standardized climate scenario exercises to strengthen its abilities and refine its expertise. These analyses enable the Bank to measure the potential impact of climate on activities and the financial performance of assets, taking into account several plausible scenarios. In addition, the Bank periodically assesses the impact of environmental risk on the loan portfolio concentration risk to ensure that there is no significant impact on this risk. Furthermore, a loan portfolio business sector matrix has been developed to provide the Risk Management Group with a clear vision of the sectors that are most affected by climate-related risks. These initiatives allow the Bank to take concrete steps in the process used to review sectoral limits, as each business sector or industry now has an ESG section describing its environmental risk.

Maximum Credit Risk Exposure

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 October 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 mortgage	**97,507**	**9,715**	**–**	**–**	**–**	**107,222**	**18 %**	**82 %**
Qualifying revolving retail	**4,487**	**13,454**	**–**	**–**	**–**	**17,941**	**– %**	**100 %**
Other retail	**24,250**	**2,974**	**–**	**–**	**47**	**27,271**	**30 %**	**70 %**
	126,244	**26,143**	**–**	**–**	**47**	**152,434**		
Non-retail								
Corporate	**126,772**	**36,857**	**66,245**	**81**	**9,956**	**239,911**	**28 %**	**72 %**
Sovereign	**74,412**	**6,281**	**104,954**	**–**	**535**	**186,182**	**3 %**	**97 %**
Financial institutions	**14,229**	**1,227**	**192,041**	**3,146**	**2,625**	**213,268**	**23 %**	**77 %**
	215,413	**44,365**	**363,240**	**3,227**	**13,116**	**639,361**		
Trading portfolio	**–**	**–**	**–**	**18,250**	**–**	**18,250**	**3 %**	**97 %**
Securitization	**3,029**	**–**	**–**	**–**	**7,561**	**10,590**	**100 %**	**– %**
Total – Gross credit risk	**344,686**	**70,508**	**363,240**	**21,477**	**20,724**	**820,635**	**19 %**	**81 %**
Standardized Approach[5]	**79,532**	**3,196**	**64,806**	**3,387**	**8,629**	**159,550**		
IRB Approach	**265,154**	**67,312**	**298,434**	**18,090**	**12,095**	**661,085**		
Total – Gross credit risk	**344,686**	**70,508**	**363,240**	**21,477**	**20,724**	**820,635**	**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 mortgage	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 18 to 23 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).

Market Risk

Market risk is the risk of financial losses arising from movements in market prices. Market risk comes from a number of factors, particularly changes to market variables such as interest rates, credit spreads, exchange rates, equity prices, commodity prices, and implied volatilities. The Bank is exposed to market risk through its participation in trading, investment, and asset/liability management activities. Trading activities involve taking positions on various instruments such as bonds, shares, currencies, commodities, or derivative financial instruments. The Bank is exposed to non-trading market risk through its asset/liability management and investment portfolios.

The trading portfolios include positions in financial instruments and commodities held either for trading or for hedging other items of the trading book. Positions held for trading are those held for short-term resale and/or with the intent of taking advantage of actual or expected short-term price movements or to lock in arbitrage profits, and for hedging risks that arise from financial instruments. The Bank's strategic objectives in undertaking trading activities include market making, facilitating client transactions, and managing risks associated with these activities.

Non-trading portfolios include financial instruments intended to be held to maturity as well as those held for daily cash management or for the purpose of maintaining targeted returns or ensuring asset and liability management.

Governance
The Bank has a framework to oversee market risk, ensure strong governance and comply with industry practices and regulations. A market risk management policy governs global market risk management across the Bank's business units and subsidiaries that are exposed to this type of risk. It is approved by the GRC. The policy sets out the principles for managing market risk and the framework that defines risk measures, control and monitoring activities, how market risk limits are set and the mechanisms for reporting and escalating breaches. The Bank's risk management framework also includes guiding principles for assigning transactions to either the trading portfolio or the banking book as well as the requirements for identifying and monitoring stale positions.

The Capital Markets Risk Committee oversees all Capital Markets segment risks that could adversely affect the Bank's results, liquidity, or capital. This committee also oversees the Capital Markets segment's risk framework to ensure that controls are in place to contain risk in accordance with the Bank's risk appetite framework.

The market risk limit framework ensures the link and coherence between the Bank's market risk appetite targets and the day-to-day market risk management by all parties involved, notably senior management, the business units, and the Market Risk teams in their independent control function. The Bank's monitoring and reporting process consists of comparing market risk exposure to alert levels and to the market risk limits established for all limit authorization and approval levels.

Assessment of Market Risk
The Risk Management Group uses a variety of risk measures to estimate the size of potential financial losses under more or less severe scenarios, using both short-term and long-term time horizons. For short-term horizons, the Bank's risk measures include Value-at-Risk (VaR) and sensitivity metrics. For long-term horizons or sudden significant market moves, including those due to a lack of market liquidity, the risk measures include stress testing across an extensive range of scenarios.

VaR Model
VaR is a statistical measure of risk that is used to quantify market risks by activity and by risk type. 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.

For VaR, the Bank uses a historical price distribution to compute the probable loss levels at a 99% confidence level, using a two-year history of daily time series of risk factor changes. VaR is the maximum daily loss that the Bank could incur, in 99 out of 100 cases, in a given portfolio. In other words, the loss could exceed that amount in only one out of 100 cases.

The trading VaR is measured by assuming a holding period of one day for ongoing market risk management. VaR is calculated on a daily basis both for major classes of financial instruments (including derivative financial instruments) and for all trading portfolios in the Capital Markets segment and the Bank's Global Funding and Treasury Group.

The VaR methodology is well suited to measuring risk under normal market conditions, in particular for trading positions in liquid capital markets. However, there are limitations in measuring risks with this method when extreme and sudden market risk events occur and, consequently, the Bank's market risk could likely be underestimated. VaR methodology limitations include the following:

- past changes in market risk factors may not always produce accurate predictions of the distribution and correlations of future market movements;
- a VaR with a daily time horizon does not fully capture the market risk of positions that cannot be liquidated or hedged within one day;
- the market risk factor historical database used for VaR calculation may not reflect potential losses that could occur under unusual market conditions (e.g., periods of extreme illiquidity) relative to the historical period used for VaR estimates;
- the use of a 99% VaR confidence level does not reflect the extent of potential losses beyond that percentile.

Given the limitations of VaR, this measure represents only one component of risk management oversight, which also incorporates, among other measures, stress testing, sensitivity analysis, and concentration and liquidity limits and analysis.

The Bank also conducts backtesting of the VaR model. It consists of comparing the profits and losses to the statistical VaR measure. Backtesting is essential to verifying the VaR model's capacity to adequately forecast the maximum risk of market losses and thus validate, retroactively, the quality and accuracy of the results obtained using the model. If the backtesting results present material discrepancies, the VaR model could be revised in accordance with the Bank's model risk management framework. All market risk models and their performance are subject to periodic independent validation by the Model validation group.

Controlling Market Risk
A comprehensive set of limits is applied to market risk measures, and these limits are monitored and reported on a regular basis. Instances when limits are exceeded are reported to the appropriate management level. The risk profiles of the Bank's operations remain consistent with its risk appetite and the resulting limits, and are monitored and reported to traders, management of the applicable business unit, senior management, and Board committees. To maintain market risk within risk appetite, the Bank hedges exposures as appropriate by utilizing cash and derivative financial instruments.

Under specific conditions, market risks such as interest rate, credit, or equity risks can be mitigated through derivative financial instruments transactions involving the trading portfolio via an Internal Risk Transfer (IRT). Interest rate IRTs are handled through a dedicated IRT desk approved by OSFI, while credit and equity IRTs occur directly between non-trading and trading portfolios. The Bank has established a framework that details IRT requirements and governance to ensure that these transactions comply with OSFI's Capital Adequacy Requirements guidelines both at the outset and on an ongoing basis.

The Bank also uses economic capital for market risk as an indicator for risk appetite and limit setting. This indicator measures the amount of capital that is required to absorb unexpected losses due to market risk events over a one-year horizon and with a determined confidence level. For additional information on economic capital, see the Capital Management section of this MD&A.

The following tables provide a breakdown of the Bank's Consolidated Balance Sheet into assets and liabilities by those that carry market risk and those that do not carry market risk, distinguishing between trading positions whose main risk measure is 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 October 31, 2025**

		Market risk measures			
	Balance sheet	Trading[1]	Non-Trading[2]	Not subject to market risk	Non-traded risk primary risk sensitivity
Assets					
Cash and deposits with financial institutions	27,916	627	20,274	7,015	Interest rate[3]
Securities					
At fair value through profit or loss	148,118	145,420	2,698	–	Interest rate[3] and equity[4]
At fair value through other comprehensive income	24,024	–	24,024	–	Interest rate[3] and equity[5]
At amortized cost	16,605	–	16,605	–	Interest rate[3]
Securities purchased under reverse repurchase agreements and securities borrowed	27,091	–	27,091	–	Interest rate[3][6]
Loans, net of allowances	302,623	15,097	287,526	–	Interest rate[3]
Derivative financial instruments	12,515	12,182	333	–	Interest rate[7] and exchange
Defined benefit asset	441	–	441	–	Other[8]
Other	17,586	3,735	–	13,851	
	576,919	177,061	378,992	20,866	
Liabilities					
Deposits	428,003	39,898	388,105	–	Interest rate[3]
Obligations related to securities sold short	13,257	13,257	–	–	
Obligations related to securities sold under repurchase agreements and securities loaned	41,356	–	41,356	–	Interest rate[3][6]
Derivative financial instruments	15,984	15,138	846	–	Interest rate[7] and exchange
Liabilities related to transferred receivables	30,577	12,713	17,864	–	Interest rate[3]
Defined benefit liability	98	–	98	–	Other[8]
Other	10,443	–	–	10,443	Interest rate[3]
Subordinated debt	3,432	–	3,432	–	Interest rate[3]
	543,150	81,006	451,701	10,443	

(1) Trading positions whose risk measure is total VaR. For additional information, see the table in the pages ahead 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 tables in the pages ahead, namely, the table that shows the VaR distribution of the trading portfolios by risk category, and their diversification effect, as well as the table that shows the interest rate sensitivity.
(4) For additional information, see Note 7 to the consolidated financial statements.
(5) The fair value of equity securities designated at fair value through other comprehensive income is presented in Notes 4 and 7 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.
(7) For additional information, see Notes 17 and 18 to the Consolidated Financial Statements.
(8) For additional information, see Note 23 to the Consolidated Financial Statements.

(millions of Canadian dollars) As at October 31, 2024

	Balance sheet	Market risk measures: Trading[1]	Market risk measures: Non-trading[2]	Not subject to market risk	Non-traded risk primary risk sensitivity
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
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
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 in the pages ahead 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 tables in the pages ahead, namely, the table that shows the VaR distribution of the trading portfolios by risk category, and their diversification effect, as well as the table that shows the interest rate sensitivity.
(4) For additional information, see Note 7 to the Consolidated Financial Statements.
(5) The fair value of equity securities designated at fair value through other comprehensive income is presented in Notes 4 and 7 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.
(7) For additional information, see Notes 17 and 18 to the Consolidated Financial Statements.
(8) For additional information, see Note 23 to the Consolidated Financial Statements.

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]*

Year ended October 31 (millions of Canadian dollars)	2025				2024			
	Low	**High**	**Average**	**Period end**	Low	High	Average	Period end
Interest rate	**(5.7)**	**(20.2)**	**(13.8)**	**(16.3)**	(5.4)	(13.3)	(8.6)	(8.8)
Foreign exchange	**(0.7)**	**(4.3)**	**(1.6)**	**(1.6)**	(0.7)	(5.3)	(1.9)	(1.1)
Equity	**(3.0)**	**(8.9)**	**(5.3)**	**(6.1)**	(1.8)	(8.6)	(4.5)	(5.3)
Commodity	**(1.0)**	**(3.3)**	**(1.8)**	**(1.5)**	(0.8)	(2.4)	(1.3)	(1.2)
Diversification effect[3]	**n.m.**	**n.m.**	**9.5**	**10.9**	n.m.	n.m.	6.8	6.3
Total trading VaR	**(7.5)**	**(17.4)**	**(13.0)**	**(14.6)**	(5.0)	(14.1)	(9.5)	(10.1)

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 136 to 139 for details on the composition of these measures.
(2) Amounts are presented on a pre-tax basis and represent one-day VaR using a 99% confidence level.
(3) The total trading VaR is less than the sum of the individual risk factor VaR results due to the diversification effect.

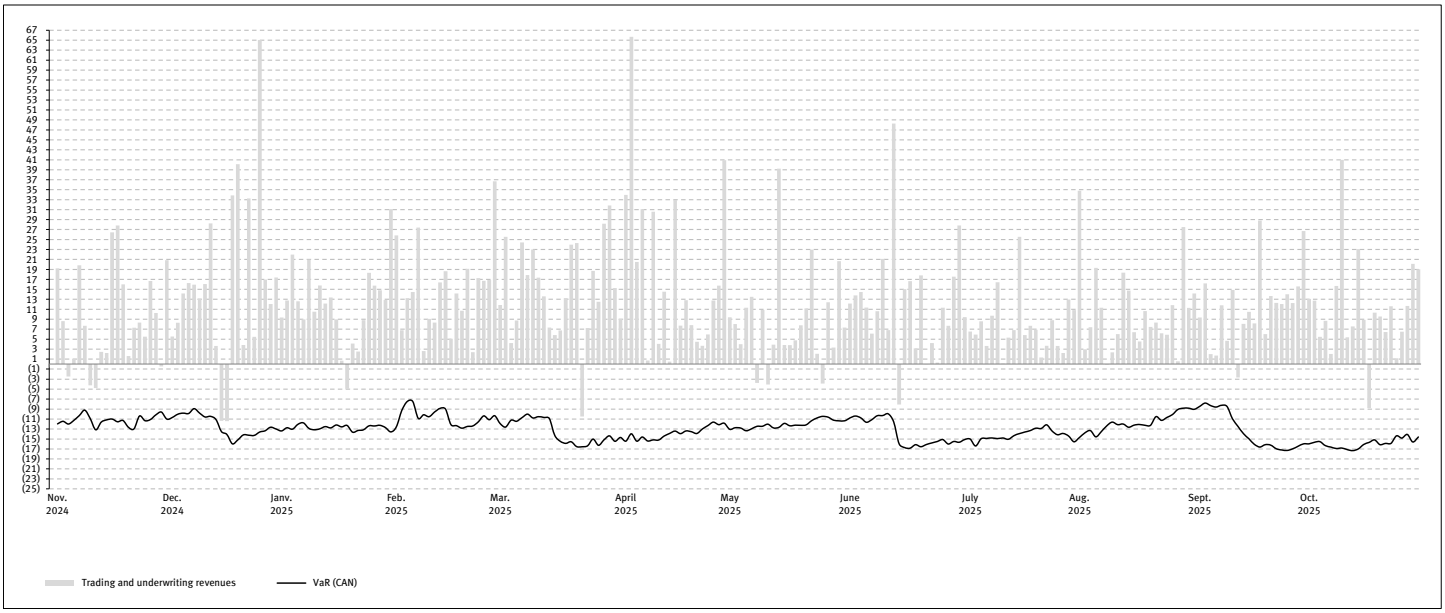
The average total trading VaR increased from $9.5 million to $13.0 million between fiscal 2024 and fiscal 2025, mainly due to an increase of interest rate risk.

The revenues generated by trading activities are compared with VaR as a backtesting assessment of the appropriateness of this risk measure as well as the financial performance of trading activities relative to the risk undertaken.

The chart below shows daily trading and underwriting revenues and VaR. Daily trading and underwriting revenues were positive on 94% of the days for the year ended October 31, 2025. Net daily trading and underwriting losses in excess of $1 million were recorded on 13 days. None of these losses exceeded the VaR.

Daily Trading and Underwriting Revenues

Year ended October 31, 2025
(millions of Canadian dollars)



Stress Testing
Stress testing is a risk management technique that involves estimating potential losses under abnormal market conditions and risk factor movements. This technique enhances data transparency by exploring a range of severe but plausible scenarios.

These stress tests simulate the results that the portfolios would generate if the extreme scenarios in question were to materialize. The Bank's stress testing framework, which is applied to all positions with market risk, currently comprises the following categories of stress test scenarios:

- Historical scenarios based on past major disruption situations;
- Hypothetical scenarios designed to be forward-looking in the face of potential market stresses;
- Scenarios specific to asset classes, including:
    - sharp parallel increases/decreases in interest rates; non-parallel movements of interest rates (flattening and steepening) and increases/decreases in credit spreads;
    - sharp stock market crash coupled with a significant increase in volatility of the term structure; increase in stock prices combined with less volatility;
    - significant increases/decreases in commodity prices coupled with increases/decreases in volatility; short-term and long-term increases/decreases in commodity prices;
    - depreciation/appreciation of the U.S. dollar and of other currencies relative to the Canadian dollar.

Credit Valuation Adjustment (CVA)
CVA risk is an important consideration in the valuation and the management of over-the-counter (OTC) derivatives and other financial instruments whenever counterparty risk is involved. The Bank maintains a robust and prudent governance framework for CVA risk management, including a clear definition and documentation of the objectives, the scope and the independent controls surrounding these activities. CVA risk is identified and measured using advanced analytical tools and quantitative models, and is monitored and controlled on an ongoing basis by an independent unit of the second line of defence. Additionally, risk limits are established for CVA risk, and those limits are defined by the approving authorities set out in the Bank's policies.

Interest Rate Risk in the Banking Book (IRRBB)
As part of its core banking activities, such as lending and deposit taking, the Bank is exposed to interest rate risk. Interest rate risk in the banking book (IRRBB) is the potential negative impact of interest rate fluctuations on the Bank's annual net interest income and the economic value of its equity. Activities related to hedging, investments, and term funding are also exposed to interest rate risk. The Bank's main exposure to interest rate risk stems from a variety of sources:

- yield curve risk, which refers to changes in the level, slope, and shape of the yield curve;
- repricing risk, which arises from timing differences in the maturity and repricing of on- and off-balance-sheet items;
- options risk, either implicit (e.g., prepayment of mortgage loans) or explicit (e.g., capped mortgages and rate guarantees) in balance sheet products;
- basis risk that is caused by an imperfect correlation between different yield curves.

The Bank's exposure to IRRBB is assessed and controlled mostly through the impact of stress scenarios and market shocks on the economic value of the Bank's equity and on 12-month net interest income projections. These two metrics are calculated daily. They are based on cash flow projections prepared using a number of assumptions. Specifically, the Bank has developed key assumptions on loan prepayment levels, deposit repayment, and the behaviour of clients that were granted rate guarantees as well as the rate and duration profile of non-maturity deposits. These specific assumptions were developed based on historical analyses and are regularly reviewed. Funds transfer pricing is a process by which the Bank's business units are charged or paid according to their use or supply of funding. Through this mechanism, all funding activities as well as the interest rate risk and liquidity risk associated with those activities are centralized in the Global Funding and Treasury Group.

Active IRRBB management can significantly enhance the Bank's profitability and shareholder value. The Bank's goal is to maximize the economic value of its equity and its annual net interest income considering its risk appetite. This goal must be achieved within prescribed risk limits and is accomplished primarily by implementing a policy framework, approved by the GRC and submitted for information purposes to the RMC, that sets a risk tolerance threshold, monitoring structures controlled by various committees, risk indicators, reporting procedures, delegation of responsibilities, and segregation of duties. The Bank also prepares an annual funding plan that includes the expected growth of assets and liabilities.

Governance
Management of the Bank's IRRBB is under the authority of the Global Funding and Treasury Group. In this role, the management team and personnel of this group are responsible for the day-to-day management of the risks inherent to IRRBB hedging decisions and related operations. They act as the primary effective challenge function with respect to the execution of these activities. The GRC approves and endorses the IRRBB exposure and strategies. The Asset Liability Committee (ALCO), comprised of members of senior management, monitors IRRBB on an ongoing basis. This committee reviews exposure to IRRBB, the use of limits, and changes made to assumptions. The Risk Management Group is responsible for assessing IRRBB, monitoring activities, and ensuring compliance with the IRRBB management policy. The Risk Management Group ensures that an appropriate risk management framework is in place and ensures compliance with the risk appetite framework and policy.

Stress Testing

Stress tests are performed on a regular basis to assess the impact of various scenarios on annual net interest income and on the economic value of equity in order to guide IRRBB management. Supplementing the formal limits in place, all risk factors are covered by specific scenarios to support oversight of the interest rate risk in the banking books.

Dynamic simulation is also used to project the Bank's future net interest income, future economic value, and future exposure to IRRBB as part of the budget planning exercise. These simulations project cash flows of assets, liabilities, and off-balance-sheet products over a given investment horizon. Given their dynamic nature, they encompass assumptions pertaining to changes in volume, client term preference, prepayments of deposits and loans, and the yield curve.

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 and using a constant balance sheet.

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

As at October 31
(millions of Canadian dollars)

	2025			2024		
	Canadian dollar	**Other currencies**	**Total**	Canadian dollar	Other currencies	Total
Impact on equity						
100-basis-point increase in the interest rate	**(601)**	**(82)**	**(683)**	(378)	(57)	(435)
100-basis-point decrease in the interest rate	**605**	**83**	**688**	352	48	400
Impact on net interest income						
100-basis-point increase in the interest rate	**132**	**(46)**	**86**	121	(22)	99
100-basis-point decrease in the interest rate	**(148)**	**49**	**(99)**	(161)	25	(136)

Investment Governance

The Bank has created securities portfolios comprising liquid and less liquid securities for strategic, long-term investment, and liquidity management purposes. These investments carry market risk, credit risk, liquidity risk, and concentration risk.

The investment governance framework sets out the guiding principles and general management standards that must be followed by all those who manage portfolios of these securities included in the portfolios of the Bank and its subsidiaries. Under this investment governance framework, business units that are active in managing these types of portfolios must adopt internal investment policies that set, among other things, targets and limits for the allocation of assets in the portfolios concerned and internal approval mechanisms. The primary objective is to reduce concentration risk by industry, issuer, country, type of financial instrument, and credit quality.

Overall limits in value and in proportion to the Bank's equity are set on the outstanding amount of liquid preferred shares, liquid equity securities excluding preferred shares, and instruments classified as illiquid securities in the securities portfolios. The overall exposure to common shares with respect to an individual issuer and the total outstanding amount invested in private equity funds, for investment banking services, are also subject to limits. Restrictions are also set on investments defined as special. Lastly, the Bank has a specific policy, approved by the RMC, applicable to investments in debt and equity securities, including strategic investments. Strategic investments are defined as purchases of business assets or acquisitions of significant interests in an entity for purposes of acquiring control or creating a long-term relationship.

Structural Foreign Exchange Risk

The Bank's structural foreign exchange risk arises from investments in foreign operations denominated in currencies other than the Canadian dollar. This risk, predominantly in U.S. dollars, is measured by assessing the impact of currency fluctuations on retained earnings. The Bank uses financial instruments (derivative and non-derivative) to hedge this risk. An adverse change in foreign exchange rates can also impact the Bank's capital ratios due to the amount of RWA denominated in a foreign currency. When the Canadian dollar depreciates relative to other currencies, unrealized translation gains on the Bank's net investments in foreign operations, as well as the impact on hedging transactions, are reported in other comprehensive income in shareholders' equity. In addition, the Canadian-dollar equivalent of U.S.-dollar-denominated RWA and regulatory capital deductions increases. The reverse is true when the Canadian dollar appreciates relative to the U.S. dollar. The structural foreign exchange risk is managed to ensure that the potential impacts on capital ratios and net income are within tolerable limits set by risk policies.

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.

The Bank's primary objective as a financial institution is to manage liquidity such that it supports the Bank's business strategy and allows it to honour its commitments when they come due, even in extreme conditions. This is done primarily by implementing a policy framework approved by the RMC, which establishes a risk appetite, monitoring structures controlled by various committees, risk indicators, reporting procedures, delegation of responsibilities, and segregation of duties. The Bank also prepares an annual funding plan that incorporates the expected growth of assets and liabilities.

Regulatory Environment

The Bank works closely with national and international regulators to implement regulatory liquidity standards. The Bank adapts its processes and policies to reflect its liquidity risk appetite towards these new requirements.

The *Liquidity Adequacy Requirements* (LAR) are reviewed periodically to reflect domestic and international regulatory changes. They constitute OSFI's proposed liquidity framework and include seven chapters:

- overview;
- liquidity coverage ratio (LCR);
- net stable funding ratio (NSFR);
- net cumulative cash flow (NCCF);
- operating cash flow statement;
- liquidity monitoring tools;
- intra-day liquidity monitoring tools.

LCR is used to ensure that banks can overcome severe short-term stress, while the NSFR is a structural ratio over a one-year horizon. The NCCF metric is defined as a monitoring tool that calculates a survival period. It is based on the assumptions of a stress scenario prescribed by OSFI that aims to represent a combined systemic and bank-specific crisis. The Bank publishes the average of the LCR and the NSFR at the end of each quarter, whereas NCCF is produced monthly and communicated to OSFI.

On November 7, 2022, OSFI published a new guideline entitled *Assurance on Capital, Leverage and Liquidity Returns.* OSFI relies largely on the regulatory returns produced by financial institutions when assessing their safety and soundness. The purpose of this guideline is to better inform auditors and institutions on the work to be performed on regulatory returns in order to clarify and align OSFI's assurance expectations across all financial institutions. In particular, the guideline addresses the assurance that must be provided by an external audit, attestation by senior management, the assurance that must be provided by an internal audit, and the effective dates. For D-SIBs, the Internal Audit assurance requirements regarding the capital, leverage and liquidity returns commenced as of fiscal 2023, the senior management attestation and internal review requirements applied as of fiscal 2024, and the external audit assurance requirements apply as of fiscal 2025.

The Bank is actively participating in the consultation process launched by OSFI on May 22, 2025, concerning the discussion paper on the internal liquidity adequacy assessment process (ILAAP), which aims to improve OSFI's approach to Pillar 2 liquidity supervision, while taking into account international best practices and the specific characteristics of the Canadian financial sector. The Bank is also participating in OSFI's public consultation on proposed revisions to the guideline on liquidity adequacy requirements.

In its *Annual Risk Outlook – Fiscal Year 2025-2026*, OSFI identified liquidity and funding risk as one of the four key risks to be monitored. OSFI's approach will span key topics, including the preparedness of Canadian banks for addressing potential frictions arising from cross-border liquidity flows and currency mismatches. In addition, OSFI will continue to deepen its line-of-site into the operational aspects of contingency funding plans to better understand asset monetization decisions during stress events.

In addition, OSFI is also revising Chapter 7, *Intra-day Liquidity Monitoring Tools* of the guideline on liquidity adequacy requirements. OSFI will introduce adapted monitoring tools for direct and indirect clearers, taking into account the importance of intra-day liquidity measurement in the context of recent stress episodes. The revised guideline and associated reporting requirements came into effect on November 1, 2025.

The Bank continues to closely monitor regulatory developments and actively participates in various consultation processes.

Governance
The Global Funding and Treasury Group is responsible for managing liquidity and funding risk. Although the day-to-day and strategic management of risks associated with liquidity, funding, and pledging activities is assumed by the Global Funding and Treasury Group, the Risk Management Group is responsible for assessing liquidity risk and overseeing compliance with the resulting policy. The Risk Management Group ensures that an appropriate risk management framework is in place and ensures compliance with the risk appetite framework. This structure provides an independent oversight and effective challenge for liquidity, funding, and pledging decisions, strategy, and exposure.

The Bank's *Liquidity and Pledging Risk Management Policy* requires review and approval by the RMC, based on recommendations from the GRC. The Bank has established four levels of limits. The first two levels involve the Bank's overall cash position and are respectively approved by the Board and the GRC, whereas the third level of limits focuses more on specific aspects of liquidity risk and is approved by the ALCO or by the Capital Markets Risk Committee, whereas the fourth level represents operational limits. The Board approves the supervision of day-to-day risk management and governance as well as backup plans in anticipation of emergency and liquidity crisis situations. If a limit has to be revised, the Risk Management Group with the support of the Global Funding and Treasury Group, submits the proposed revision to the approving committee.

Oversight of liquidity risk is entrusted mainly to the ALCO, whose members include representatives of the Capital Markets segment, the Global Funding and Treasury Group, the Finance Group and the Risk Management Group. Internal Audit acts as an observer on the Committee. The ALCO ensures that senior management monitors liquidity and funding risk on an ongoing basis.

The Bank also has policies and guidelines governing its own collateral pledged to counterparties, given the potential impact of such asset transfers on its liquidity. In accordance with its *Liquidity and Pledging Risk Management Policy*, the Bank conducts simulations of potential counterparty collateral claims in the event of a Bank downgrade or other unlikely occurrences, such as large market fluctuations.

Through the ALCO, the Risk Management Group regularly reports changes in liquidity, funding, and pledging indicators and compliance with regulatory-, Board-, and GRC-approved limits. If control reports indicate non-compliance with the limits and a general deterioration of liquidity indicators, the Global Funding and Treasury Group takes remedial action. According to an escalation process, problematic situations are reported to management and to the GRC and the RMC. An executive report on the Bank's liquidity and funding risk management is submitted quarterly to the RMC; this report describes the Bank's liquidity position and informs the Board of non-compliance with the limits and other rules observed during the reference period as well as remedial actiontaken.

Liquidity Management
The Bank performs liquidity management, funding, and pledging operations not only from its head office and regional offices in Canada, but also through certain foreign centres. Although the volume of such operations abroad represents a sizable portion of global liquidity management, the Bank's liquidity management is centralized. By organizing liquidity management, funding, and pledging activities within the Global Funding and Treasury Group, the Bank can better coordinate enterprise-wide funding and risk monitoring activities. All internal funding transactions between Bank entities are controlled by the Global Funding and Treasury Group.

This centralized structure streamlines the allocation and control of liquidity management, funding, and pledging limits. Nonetheless, the *Liquidity and Pledging Risk Management Policy* contains special provisions for financial centres whose size and/or strategic importance makes them more likely to contribute to the Bank's liquidity risk. Consequently, a liquidity and funding risk management structure exists at each financial centre. This structure imposes a set of limits of varying levels, up to the limits approved by the RMC, on diverse liquidity parameters, including liquidity stress tests as well as simple concentration measures.

The Bank's funds transfer pricing system prices liquidity by allocating the cost or income to the various business segments. Liquidity costs are allocated to liquidity-intensive activities, mainly long-term loans, and commitments to extend credit and less liquid securities as well as strategic investments. The liquidity compensation is credited to the suppliers of funds, primarily funding in the form of stable deposits from the Bank's distribution network.

Short-term day-to-day funding decisions are based on a daily cumulative net cash position, which is controlled using liquidity ratio limits. Among these ratios and parameters, the Bank pays particular attention to the funds obtained on the wholesale market and to cumulative cash flows over various time horizons.

Moreover, the Bank's collateral pledging activities are monitored in relation to the different limits set by the Bank and are subject to monthly stress tests. In particular, the Bank uses various scenarios to estimate the potential amounts of additional collateral that would be required in the event of a downgrade to the Bank's credit rating.

Liquidity risk can be assessed in many different ways using different liquidity indicators. One of the key liquidity risk monitoring tools is the result over a three- month stress testing period, which is based on contractual maturity and behavioural assumptions applied to balance sheet items and off-balance-sheet commitments.

Stress Testing

The results over a three-month stress test period measure the Bank's liquidity profile by checking not only its ability to survive a three-month crisis but also the liquidity buffer it can generate with its liquid assets. This result is measured on a weekly basis using three scenarios that are designed to assess sensitivity to a crisis specific to the Bank and/or of a systemic nature. Among the assumptions behind these scenarios, deposit loss simulations are carried out based on their degree of stability, while the value of certain assets is encumbered by an amount reflecting their readiness for liquidation in a crisis. Appropriate scenarios and limits are included in the Bank's *Liquidity and Pledging Risk Management Policy*.

The Bank maintains an up-to-date, comprehensive financial contingency and crisis recovery plan that describes the measures to be taken in the event of a critical liquidity situation. This plan is reviewed and approved annually by the Board as part of business continuity and recovery planning. For additional information, see the Regulatory Compliance Risk section of this MD&A.

Liquidity Risk Appetite

The Bank monitors and manages its risk appetite through liquidity limits, ratios, and stress tests. The Bank's liquidity risk appetite is based on the following three principles:

- ensure the Bank has a sufficient amount of unencumbered liquid assets to cover its financial requirements, in both normal and stressed conditions;
- ensure the Bank keeps a liquidity buffer above the minimum regulatory requirement;
- ensure the Bank maintains diversified and stable sources of funding.

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]*

As at October 31 (millions of Canadian dollars)	Bank-owned liquid assets[2]	Liquid assets received[3]	Total liquid assets	Encumbered liquid assets[4]	2025 Unencumbered liquid assets	2024 Unencumbered liquid assets
Cash and deposits with financial institutions	**27,916**	**–**	**27,916**	**14,557**	**13,359**	19,819
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	**48,235**	**71,401**	**119,636**	**65,456**	**54,180**	41,541
Issued or guaranteed by Canadian provincial and municipal governments	**16,591**	**14,661**	**31,252**	**17,220**	**14,032**	10,669
Other debt securities	**6,380**	**6,322**	**12,702**	**4,888**	**7,814**	7,305
Equity securities	**117,541**	**72,354**	**189,895**	**118,119**	**71,776**	40,972
Loans						
Securities backed by insured residential mortgages	**18,262**	**–**	**18,262**	**9,464**	**8,798**	8,471
As at October 31, 2025	**234,925**	**164,738**	**399,663**	**229,704**	**169,959**	
As at October 31, 2024	192,169	117,906	310,075	181,298		128,777

As at October 31 (millions of Canadian dollars)	2025	2024
Unencumbered liquid assets by entity		
National Bank (parent)	**117,051**	80,768
Domestic subsidiaries	**14,102**	12,023
Foreign subsidiaries and branches	**38,806**	35,986
	169,959	128,777

As at October 31 (millions of Canadian dollars)	2025	2024
Unencumbered liquid assets by currency		
Canadian dollar	**73,309**	66,970
U.S. dollar	**83,713**	53,960
Other currencies	**12,937**	7,847
	169,959	128,777

Liquid Asset Portfolio[1]* – Average[5]

Year ended October 31 (millions of Canadian dollars)	Bank-owned liquid assets[2]	Liquid assets received[3]	Total liquid assets	Encumbered liquid assets[4]	2025 Unencumbered liquid assets	2024 Unencumbered liquid assets
Cash and deposits with financial institutions	**33,309**	**–**	**33,309**	**15,313**	**17,996**	21,882
Securities						
Issued or guaranteed by the Canadian government, U.S. Treasury, other U.S. agencies and other foreign governments	**44,750**	**65,569**	**110,319**	**62,248**	**48,071**	36,600
Issued or guaranteed by Canadian provincial and municipal governments	**16,639**	**12,696**	**29,335**	**18,604**	**10,731**	7,352
Other debt securities	**7,553**	**5,422**	**12,975**	**4,200**	**8,775**	8,850
Equity securities	**111,675**	**60,298**	**171,973**	**109,467**	**62,506**	40,713
Loans						
Securities backed by insured residential mortgages	**18,141**	**–**	**18,141**	**8,623**	**9,518**	6,944
As at October 31, 2025	**232,067**	**143,985**	**376,052**	**218,455**	**157,597**	
As at October 31, 2024	192,909	113,318	306,227	183,886		122,341

(1) See the Financial Reporting Method section on pages 18 to 23 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 12 months of the year divided by 12.

Summary of Encumbered and Unencumbered Assets[1]*

(millions of Canadian dollars)	As at October 31, 2025					
	Encumbered assets[2]		Unencumbered assets		Total	Encumbered assets as % of total assets
	Pledged as collateral	Other[3]	Available as collateral	Other[4]		
Cash and deposits with financial institutions	–	14,557	13,359	–	27,916	2.5
Securities	54,779	–	133,968	–	188,747	9.5
Securities purchased under reverse repurchase agreements and securities borrowed	–	13,257	13,834	–	27,091	2.3
Loans, net of allowances	40,971	–	8,798	252,854	302,623	7.1
Derivative financial instruments	–	–	–	12,515	12,515	–
Premises and equipment	–	–	–	2,162	2,162	–
Goodwill	–	–	–	3,101	3,101	–
Intangible assets	–	–	–	1,748	1,748	–
Other assets	3,158	–	–	7,858	11,016	0.5
	98,908	27,814	169,959	280,238	576,919	21.9

(millions of Canadian dollars)	As at October 31, 2024					
	Encumbered assets[2]		Unencumbered assets		Total	Encumbered assets as % 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 18 to 23 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 were established by the BCBS and OSFI's LAR *Guideline*.

The following table provides average LCR data calculated using the daily figures in the quarter. For the quarter ended October 31, 2025, the Bank's average LCR was 173%, 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)	For the quarter ended		
		October 31, 2025	July 31, 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.**	**107,109**	98,259
Cash outflows			
Retail deposits and deposits from small business customers, of which:	**84,683**	**7,849**	7,715
Stable deposits	**31,166**	**935**	927
Less stable deposits	**53,517**	**6,914**	6,788
Unsecured wholesale funding, of which:	**138,472**	**75,827**	72,348
Operational deposits (all counterparties) and deposits in networks of cooperative banks	**43,187**	**10,576**	9,627
Non-operational deposits (all counterparties)	**88,687**	**58,488**	56,945
Unsecured debt	**6,598**	**6,763**	5,776
Secured wholesale funding	**n.a.**	**34,155**	34,219
Additional requirements, of which:	**85,597**	**21,171**	21,290
Outflows related to derivative exposures and other collateral requirements	**29,202**	**11,972**	12,197
Outflows related to loss of funding on secured debt securities	**1,493**	**1,477**	1,537
Backstop liquidity and credit enhancement facilities and commitments to extend credit	**54,902**	**7,722**	7,556
Other contractual commitments to extend credit	**4,682**	**2,181**	1,777
Other contingent commitments to extend credit	**207,191**	**2,638**	2,711
Total cash outflows	**n.a.**	**143,821**	140,060
Cash inflows			
Secured lending (e.g., reverse repos)	**183,175**	**38,120**	31,636
Inflows from fully performing exposures	**16,126**	**10,598**	12,544
Other cash inflows	**31,132**	**30,876**	32,211
Total cash inflows	**230,433**	**79,594**	76,391
		Total adjusted value[5]	Total adjusted value[5]
Total HQLA		**107,109**	98,259
Total net cash outflows		**64,227**	63,669
Liquidity coverage ratio (%)[6]		**173 %**	161 %

n.a. Not applicable
(1) See the Financial Reporting Method section on pages 18 to 23 for additional information on capital management measures.
(2) OSFI prescribed a table format in order to standardize disclosure throughout the banking industry.
(3) Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
(4) Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates.
(5) Total adjusted values are calculated after the application of both haircuts and inflow and outflow rates and any applicable caps.
(6) The data in this table has been calculated using averages of the daily figures in the quarter.

As at October 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 October 31, 2025 and the preceding quarter is 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.

Intraday Liquidity

The Bank manages its intra-day liquidity in such a way that the amount of available liquidity exceeds its maximum intra-day liquidity requirements. The Bank monitors its intra-day liquidity on an hourly basis, and the evolution thereof is presented monthly to the ALCO.

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 requires Canadian banks to maintain a minimum NSFR of 100%.

The following table provides the available stable funding and the required stable funding in accordance with OSFI's *Liquidity Adequacy Requirements Guideline*. As at October 31, 2025, the Bank's NSFR was 124%, well above the 100% regulatory requirement and demonstrating the Bank's solid liquidity in a long-term position.

NSFR Disclosure Requirements[1][2]*

(millions of Canadian dollars)	As at October 31, 2025					As at July 31, 2025
	Unweighted value by residual maturity					
	No maturity	6 months or less	Over 6 months to 1 year	Over 1 year	Weighted value[3]	Weighted value[3]
Available Stable Funding (ASF) Items						
Capital:	33,799	–	–	3,432	37,231	37,232
Regulatory capital	33,799	–	–	3,432	37,231	37,232
Other capital instruments	–	–	–	–	–	–
Retail deposits and deposits from small business customers:	81,982	15,207	12,632	33,962	133,311	129,299
Stable deposits	30,820	4,581	4,737	9,781	47,911	46,968
Less stable deposits	51,162	10,626	7,895	24,181	85,400	82,331
Wholesale funding:	96,221	113,902	42,393	58,537	143,883	148,948
Operational deposits	46,231	–	–	–	23,115	20,126
Other wholesale funding	49,990	113,902	42,393	58,537	120,768	128,822
Liabilities with matching interdependent assets[4]	–	4,002	2,425	24,150	–	–
Other liabilities[5]:	18,552		20,276		1,136	1,200
NSFR derivative liabilities[5]	n.a.		7,962		n.a.	n.a.
All other liabilities and equity not included in the above categories	18,552	4,246	267	7,801	1,136	1,200
Total ASF	n.a.	n.a.	n.a.	n.a.	315,561	316,679
Required Stable Funding (RSF) Items						
Total NSFR high-quality liquid assets (HQLA)	n.a.	n.a.	n.a.	n.a.	9,028	10,575
Deposits held at other financial institutions for operational purposes	–	–	–	–	–	–
Performing loans and securities:	76,680	141,065	45,334	119,413	206,535	203,859
Performing loans to financial institutions secured by Level 1 HQLA	115	12,722	–	–	642	487
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	8,299	77,763	4,013	5,463	17,402	18,158
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities, of which:	42,334	37,162	25,265	47,291	107,040	104,640
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	622	3,184	604	1,211	3,085	2,405
Performing residential mortgages, of which:	9,394	12,483	15,306	65,251	65,333	63,573
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk	9,394	12,483	15,306	65,251	65,333	63,573
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	16,538	935	750	1,408	16,118	17,001
Assets with matching interdependent liabilities[4]	–	4,002	2,425	24,150	–	–
Other assets[5]:	14,074		45,667		33,440	36,492
Physical traded commodities, including gold	3,161	n.a.	n.a.	n.a.	2,867	2,912
Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties[5]	n.a.		15,498		13,174	11,439
NSFR derivative assets[5]	n.a.		5,411		–	5,340
NSFR derivative liabilities before deduction of the variation margin posted[5]	n.a.		18,004		900	470
All other assets not included in the above categories	10,913	1,588	446	4,720	16,499	16,331
Off-balance-sheet items[5]	n.a.		147,932		5,660	5,511
Total RSF	n.a.	n.a.	n.a.	n.a.	254,663	256,437
Net Stable Funding Ratio (%)	n.a.	n.a.	n.a.	n.a.	124 %	123 %

n.a. Not applicable
(1) See the Financial Reporting Method section on pages 18 to 23 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 LAR 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 maturity.

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

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 Bank maintains a good balance of its funding through appropriate diversification of its unsecured funding vehicles, securitization programs, and secured funding. The Bank also diversifies its funding by source, geography, currency, instrument and maturity. 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.

Liquidity and funding levels remained sound and robust over the year, and the Bank does not foresee any event, commitment, or demand that might have a significant impact on its liquidity and funding risk position. For additional information, see the table entitled Residual Contractual Maturities of Balance Sheet Items and Off-Balance-Sheet Commitments in Note 29 to the Consolidated Financial Statements.

Credit Ratings

The credit ratings assigned by ratings agencies represent their assessment of the Bank's credit quality based on qualitative and quantitative information provided to them. Credit ratings may be revised at any time based on various factors, including macroeconomic factors, the methodologies used by ratings agencies, or the current and projected financial condition of the Bank. Credit ratings are one of the main factors that influence the Bank's ability to access capital markets at a reasonable cost. A downgrade in the Bank's credit ratings could adversely affect the cost, size, and term of future funding and could also result in increased requirement to pledge collateral or decreased capacity to engage in certain collateralized business activities at a reasonable cost, including hedging and derivative financial instrument transactions.

Liquidity and funding levels remain sound and robust, and the Bank continues to enjoy excellent access to the market for its funding needs. The Bank received favourable credit ratings from all the agencies, reflecting the high quality of its debt instruments, and the Bank's objective is to maintain these strong credit ratings. As at October 31, 2025, the ratings agencies' outlook remained unchanged at "Stable." The following table presents the Bank's credit ratings according to four rating agencies as at October 31, 2025.

The Bank's Credit Ratings

				As at October 31, 2025
	Moody's	**S&P**[1]	**DBRS**	**Fitch**
Short-term senior debt	P-1	A-1	R-1 (high)	F1+
Canadian commercial paper		A-1 (mid)		
Long-term deposits	Aa2		AA	AA-
Long-term non-bail-inable senior debt[2]	Aa2	A+	AA	AA-
Long-term senior debt[3]	A2	A-	AA (low)	A+
NVCC subordinated debt	Baa1 (hyb)	BBB+	A (low)	A-
NVCC limited recourse capital notes	Baa3 (hyb)	BBB-	BBB (high)	BBB
NVCC preferred shares	Baa3 (hyb)	P-2 (low)	Pfd-2	
Counterparty risk[4]	Aa2/P-1			AA-
Covered bonds program	Aaa		AAA	AAA
Rating outlook	Stable	Stable	Stable	Stable

(1) On October 17, 2025, S&P Global ratings (S&P) upgraded the Bank's Long-term non bail-inable senior debt, Long-term senior debt, NVCC subordinated debt, NVCC limited recourse capital notes and NVCC preferred shares.
(2) Includes senior debt issued before September 23, 2018 and senior debt issued on or after September 23, 2018, which is excluded from the Bank Recapitalization (Bail-In) Regime.
(3) Subject to conversion under the Bank Recapitalization (Bail-In) Regime.
(4) Moody's uses the term Counterparty Risk Rating while Fitch uses the term Derivative Counterparty Rating.

Guarantees

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-, two-, or three-notch downgrade. These additional collateral requirements are presented in the table below.

(millions of Canadian dollars)	As at October 31, 2025		
	One-notch downgrade	Two-notch downgrade	Three-notch downgrade
Derivatives[1]	31	115	153

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

Funding Strategy

The main objective of the funding strategy is to support the Bank's organic growth while also enabling it to survive potentially severe and prolonged crises and to meet its regulatory obligations and financial targets.

The Bank's funding framework is summarized as follows:

- pursue a diversified deposit strategy to fund core banking activities through stable deposits coming from the networks of each of the Bank's major business segments;
- maintain sound liquidity risk management through centralized expertise and management of liquidity metrics within a predefined risk appetite;
- maintain active access to various markets to ensure a diversification of institutional funding in terms of source, geography, currency, instrument, and maturity, whether or not funding is secured.

The funding strategy is implemented in support of the Bank's overall objectives of strengthening its franchise among market participants and reinforcing its excellent reputation. 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 Bank actively monitors and controls liquidity risk exposures and funding needs within and across entities, business segments, and currencies. The process involves evaluating the liquidity position of individual business segments in addition to that of the Bank as a whole as well as the liquidity risk from raising unsecured and secured funding in foreign currencies. The funding strategy is implemented through the funding plan and deposit strategy, which are monitored, updated to reflect actual results, and regularly evaluated.

Diversified Funding Sources

The primary purpose of diversifying by source, geography, currency, instrument, maturity, and depositor is to mitigate liquidity and funding risk by ensuring that the Bank maintains alternative sources of funds that strengthen its capacity to withstand a variety of severe yet plausible institution-specific and market-wide shocks. To meet this objective, the Bank:

- takes funding diversification into account in the business planning process;
- maintains a variety of funding programs to access different markets;
- sets limits on funding concentration;
- maintains strong relationships with fund providers;
- is active in various funding markets of all tenors and for various instruments;
- identifies and monitors the main factors that affect the ability to raise funds.

The Bank is active in the following funding and securitization platforms:

- Canadian dollar Senior Unsecured Debt programs;
- U.S. dollar Senior Unsecured Debt programs;
- Canadian Medium-Term Note programs;
- U.S. dollar Commercial Paper program;
- Euro Commercial Paper program;
- U.S. dollar Certificates of Deposit;
- Euro Medium-Term Note programs;
- Canada Mortgage and Housing Corporation securitization programs;
- Canadian Credit Card Trust II;
- Legislative Covered Bond program.

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

Residual Contractual Maturities of Wholesale Funding*

(millions of Canadian dollars)	As at October 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]	**923**	**–**	**–**	**590**	**1,513**	**–**	**–**	**1,513**
Certificates of deposit and commercial paper[2]	**3,035**	**7,648**	**14,277**	**19,939**	**44,899**	**210**	**–**	**45,109**
Senior unsecured medium-term notes[3]	**6,327**	**1,883**	**5,098**	**7,893**	**21,201**	**8,868**	**13,638**	**43,707**
Senior unsecured structured notes	**–**	**119**	**130**	**1,287**	**1,536**	**955**	**2,758**	**5,249**
Covered bonds and asset-backed securities								
Mortgage securitization	**–**	**3,314**	**390**	**2,404**	**6,108**	**3,463**	**21,006**	**30,577**
Covered bonds	**–**	**–**	**–**	**2,599**	**2,599**	**3,315**	**4,121**	**10,035**
Subordinated liabilities[4]	**–**	**–**	**–**	**–**	**–**	**–**	**3,432**	**3,432**
	10,285	**12,964**	**19,895**	**34,712**	**77,856**	**16,811**	**44,955**	**139,622**
Secured funding	**–**	**3,314**	**390**	**5,003**	**8,707**	**6,778**	**25,127**	**40,612**
Unsecured funding	**10,285**	**9,650**	**19,505**	**29,709**	**69,149**	**10,033**	**19,828**	**99,010**
	10,285	**12,964**	**19,895**	**34,712**	**77,856**	**16,811**	**44,955**	**139,622**
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.

Operational Risk

Operational risk is the risk of losses attributable to personnel, to an inadequacy or to a failure of processes, systems, or external events. Operational risk exists for every Bank activity. Theft, fraud, cyberattacks, unauthorized transactions, system errors, human error, misinterpretation of laws and regulations, litigation or disputes with clients, inappropriate sales practice behaviour, or property damage are just a few examples of events likely to cause financial loss, harm the Bank's reputation, or lead to regulatory penalties or sanctions.

Although operational risk cannot be eliminated entirely, it can be managed in a thorough and transparent manner to keep it at an acceptable level. The Bank's operational risk management framework is built on the concept of three lines of defence and provides a clear allocation of responsibilities to all levels of the organization, as mentioned below.

Operational Risk Management Framework

The operational risk management framework is described in the Operational Risk Management Policy, which is derived from the Risk Management Policy. The operational risk management framework is aligned with the Bank's risk appetite and is made up of policies, standards, and procedures specific to each operational risk, which fall under the responsibility of specialized groups. Effective management of operational risk contributes to the operational resilience of the Bank, which ensures the implementation of an efficient approach in this respect.

The Operational Risk Management Committee (ORMC), a subcommittee of the GRC, is the main governance committee overseeing operational risk matters. Its mission is to provide oversight of the bank-wide operational risk to which the Bank is exposed, to ensure that it is aligned with the Bank's established risk appetite targets.

The segments use several operational risk management tools and methods to identify, assess, manage and monitor their operational risks and control measures. With these tools and methods, the segments can:

- recognize and understand the inherent and residual risks to which their activities and operations are exposed;
- identify how to manage and monitor the identified risks to keep them at an acceptable level;
- proactively and continuously manage risks;
- obtain an integrated view of risk posture and the action plans that need to be put in place to achieve risk appetite targets, by combining the results of these various tools in the risk profile.

Operational Risk Management Tools and Methods

Operational Risk Taxonomy

With the aim of developing a common language for the Bank's operational risk universe, an operational risk taxonomy has been established. It is comparable to the Basel taxonomy and based on eight risk categories and two risk themes.

Collection and Analysis of Data on Internal Operational Events
The Operational Risk Unit applies a process, across the Bank and its subsidiaries, for identifying, collecting, and analyzing data on internal operational events. This process helps determine the Bank's exposure to the operational risks and operational losses incurred and assess the effectiveness of internal controls. It also helps limit operational events, keep losses at an acceptable level and, as a result, reduce potential capital charges and lower the likelihood of damage to the Bank's reputation. These data are processed and saved in a centralized database and are the subject of a quality assurance exercise.

Self-Assessment of Operational Risk
Self-assessment of operational risk gives each business unit and corporate unit the means to proactively identify and assess the new or major operational risks to which they are exposed, evaluate the effectiveness of monitoring and mitigating controls, and develop action plans to keep such risks at acceptable levels. The self-assessment is done on an ongoing basis through quarterly monitoring and in-depth analysis, or when significant changes are made to products, services, operations, markets, technological systems or business processes, which helps anticipate factors that could hinder performance or the achievement of objectives.

Key Risk Indicators
Key risk indicators are used to monitor the main operational risk exposure factors and track how risks are evolving in order to proactively manage them. The business units and corporate units define the key indicators associated with their main operational risks and assign tolerance thresholds to them. These indicators are monitored periodically and, when they show a significant increase in risk or when a tolerance threshold is exceeded, they are sent to an appropriate level in the hierarchy and action plans are implemented as required.

Scenario Analysis
Scenario analysis, which is part of a Bank-wide stress testing program, is an important and useful tool for assessing the impacts related to potentially serious events. It is used to define the risk appetite, set risk exposure limits, and engage in business planning. More specifically, scenario analysis provides management with a better understanding of the risks faced by the Bank and helps it make appropriate management decisions to mitigate potential operational risks that are inconsistent with the Bank's risk appetite.

Insurance Program
To protect itself against any material financial losses arising from unforeseeable operational risk exposure, the Bank also has adequate insurance, the nature and amount of which meet its coverage requirements.

Operational Risk Reports and Disclosures
Operational events for which the financial impact exceeds tolerance thresholds or that have a significant non-financial impact are submitted to appropriate decision-making levels. Management is obligated to report on its management process and to remain alert to current and future issues. Reports on the Bank's risk profile, highlights, and emerging risks are periodically submitted, on a timely basis, to the ORMC and the RMC. This reporting enhances the transparency and proactive management of the main operational risk factors.

Regulatory Compliance Risk

Regulatory compliance risk is the risk of the Bank or its employees or one of its business partners failing to comply with the regulatory requirements in effect where it does business, both in Canada and internationally. Regulatory compliance risk is present in all of the daily operations of each Bank segment.

The Bank faces an increasingly complex environment of regulatory requirements, as governments and regulatory authorities continue to implement major reforms aimed at strengthening the stability of the financial system and protecting key markets and participants. Numerous factors are creating significant pressure on human resources and the need for technological innovation, including the expansion of the Bank's international activities, increasingly complex international sanctions in a constantly evolving geopolitical environment, the growing interconnectivity of regulatory risks, and the evolving expectations of the many regulatory bodies. In the course of its activities, the Bank is also subject to investigations, reviews and audits conducted by various regulatory authorities and law enforcement authorities, as well as legal proceedings.

Although the Bank takes reasonable measures to comply with regulatory requirements, decisions resulting from these investigations, reviews or audits and unfavourable outcomes from litigation against the Bank could expose it to fines, penalties, sanctions, damages or business restrictions that could have a significant negative impact on its operating results. In addition, unfavourable decisions against the Bank could damage its reputation, potentially affecting its future business prospects. A situation of non-compliance could also lead to increased oversight by regulatory authorities.

Organizational Structure of Compliance
As the regulatory environment is constantly evolving and regulators' requirements for anti-money laundering are increasingly stringent, a new role of Vice-President and Chief Anti-Money Laundering Officer was created, effective November 1, 2025. This role further strengthens our commitment and efforts in the continued fight against money laundering, and reports directly to the Senior Vice-President, Chief Compliance Officer.

Compliance is an independent oversight function within the Bank. The Senior Vice-President, Chief Compliance Officer serves as chief compliance officer (CCO) for the Bank, including oversight of its subsidiaries and foreign centres. She is responsible for implementing and updating the Bank's programs for regulatory compliance management. The Vice-President, Chief Anti-Money Laundering Officer (commonly called the CAMLO), reporting to the CCO, ensures compliance with regulatory requirements related to AML/ATF, international sanctions, and the fight against corruption. The CCO and CAMLO have a direct relationship with the Chair of the RMC and meet with her at least once every quarter. They can also communicate directly with senior management, leaders, and directors of the Bank, its subsidiaries and foreign centres.

Regulatory Compliance Framework
The Bank operates in a highly regulated industry. To ensure sound management of regulatory compliance, the Bank favours proactive approaches and incorporates regulatory requirements into its day-to-day operations.

Such proactive management also provides reasonable assurance that the Bank is in compliance, in all material respects, with the regulatory requirements in effect where it does business, both in Canada and internationally.

The implementation of a regulatory compliance risk management framework across the Bank is entrusted to the Compliance Oversight function, which has the following mandate:

- implement policies and standards that ensure compliance with current regulatory requirements, including those related to AML/ATF, to international sanctions, and to the fight against corruption;
- develop compliance and AML/ATF training programs for Bank employees, leaders, and directors;
- exercise independent oversight and monitoring of the programs, policies, and procedures implemented by the management of the Bank, its subsidiaries, and its foreign centres to ensure that the control mechanisms are sufficient, respected, and effective;
- report relevant compliance and AML/ATF matters to the Bank's Board and inform it of any significant changes in the effectiveness of the risk management framework.

The Bank holds itself to high regulatory compliance risk management standards in order to earn the trust of its clients, its shareholders, the market, and the general public.

In addition, the Bank has an organization-wide AML/ATF Program designed to prevent the use of its products and services for money laundering and terrorist financing purposes. The Bank also applies an International Sanctions Program, which is designed to ensure that all financial products and activities comply with the applicable economic sanctions, as well as an Anticorruption Program aimed at preventing acts of corruption in the organization. Controls are in place to monitor and detect financial transactions that are suspected of being linked to money laundering or the financing of terrorist activities, or that are in contravention of international sanctions, and to report them to the applicable regulatory authorities.

The main regulatory developments that have been monitored over the past year are described below.

Reform of the *Official Languages Act* (federal law)
The purpose of Bill C-13, *An Act to amend the Official Languages Act, to enact the Use of French in Federally Regulated Private Businesses Act and to make related amendments to other Acts* is to provide a new legal framework and support the official languages of Canada. It modernizes the *Official Languages Act* by giving new powers to the Commissioner (compliance agreements, orders, penalties, etc.) to protect the language rights of Canadians. It also introduces a new law that confers rights and obligations on federal businesses regarding language of service (consumers) and language of work in Quebec and in other regions of Canada with a strong francophone presence. The bill was assented to on June 20, 2023. The amendments to the *Official Languages Act* then came into effect, with the new Act coming into effect by order-in-council at a later date. A consultation was initiated by Canadian Heritage to obtain industry feedback on application of the new law. The comments received will be used to set the rules of a new regulation, in particular to align the new obligations in regions with a strong French-speaking presence.

An Act to protect consumers against abusive commercial practices and to offer better transparency with respect to price and credit
Bill 72 amends the *Quebec Consumer Protection Act*, mainly with respect to prices, credit contracts and long-term lease contracts, and itinerant merchants. The measures affecting the Bank mainly concern the limitation of consumer liability in the event of fraud on their demand deposit accounts, credit contracts and electronic signatures. Certain provisions came into force on November 7, 2024, and August 7, 2025. Other provisions, particularly those concerning liability in the event of fraud, will come into force once a regulation has been issued, possibly in 2025 or 2026.

Commitment on Low-Cost and No-Cost Accounts
On April 16, 2024, through the budget, the federal government announced measures to reduce banking fees for Canadians. Following negotiations, thirteen financial institutions, including the six major Canadian banks, agreed to the 2024 *Commitment on Low-Cost and No-Cost Accounts*, which came into force on December 1, 2025. Under this commitment, consumers will be able to access low-cost accounts at a monthly cost of $4, offering a minimum of 18 debit transactions per month. The commitment also expands eligibility for no-cost accounts to certain consumer groups, including newcomers to Canada for their first year in the country.

Regulations Amending the Financial Consumer Protection Framework Regulations
On March 12, 2025, the Regulations Amending the *Financial Consumer Protection Framework Regulations* were adopted. They will come into force on March 12, 2026. The purpose of the amendment is to cap non-sufficient funds fees at $10 for personal deposit accounts. These fees may not be charged more than once in a period of two business days in respect of the same deposit account or in respect of a personal deposit account that is in unauthorized overdraft by less than $10.

Budget Implementation Act, 2023, No. 1 and *Criminal Interest Rate Regulations*
On December 23, 2023, the federal government released its *Criminal Interest Rate Regulations* for public consultation. The purpose of these draft regulations is to implement the amendments to the *Criminal Code* proposed in the *Budget Implementation Act, No. 1, 2023,* which will change the calculation method from one based on an effective annual rate to a method based on an annual percentage rate and lower the criminal interest rate from an APR of 45% to 35%. The law came into force on January 1, 2025.

Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Activities
Changes to the Bank's Policy and Standards resulting from amendments made to the regulations set out in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (AML/ATF) have been implemented in accordance with the requirements of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). The Bank is continuously monitoring upcoming directives and amendments, particularly those concerning Bill C-2 – *Act respecting certain measures relating to the security of the border between Canada and the United States and respecting other related security measures*.

Protection of Personal Information
Given technological advancements and societal changes, the protection of personal information remains a topical issue in Canada. Recent regulatory measures around the world reflect a desire to implement a stronger legislative framework in the areas of confidentiality and use of personal information. In Quebec, most of the obligations under Act 25, *An Act to modernize legislative provisions as regards the protection of personal information*, came into effect in 2023, while the final component of Act 25 concerning the data portability right came into force in 2024, like the *Regulation respecting the anonymization of personal information*. At the federal level, the *Consumer-Driven Banking Act* was enacted on June 20, 2024. This law establishes Canada's first legislative framework for an open banking system, which aims to enable consumers and small businesses to transfer their financial data between financial institutions and accredited financial applications in a secure and user-friendly manner.

Employment Equity Act
Amendments to the *Employment Equity Regulations* introduced new pay transparency reporting obligations, among other things, under the *Employment Equity Act*. The amendments came into effect on January 1, 2021 and created new pay gap reporting obligations for affected employers, which were required to be included in employer annual reports (which were due by June 1, 2022). The aggregate wage gap data for each employer were publicly posted for the first time in the winter of 2023 (to be updated annually thereafter). The purpose of the *Employment Equity Act* is to achieve equality in the workplace so that no person shall be denied employment opportunities or benefits for reasons unrelated to ability and, in the fulfilment of that goal, to correct the conditions of disadvantage in employment experienced by women, Indigenous Peoples, persons with disabilities, and members of visible minorities by giving effect to the principle that employment equity means more than treating persons in the same way but also requires special measures and the accommodation of differences.

Pay Equity Act
Under the federal *Pay Equity Act*, which came into effect on August 31, 2021, employers with more than ten employees are required to develop a pay equity plan that identifies and corrects gender-based wage gaps within three years (i.e., no later than September 3, 2024). The purpose of the Act is to achieve pay equity through proactive means by redressing the systemic gender-based discrimination in the compensation practices and systems of employers that is experienced by employees who occupy positions in predominantly female job classes. This Act seeks to ensure that employees receive equal compensation for work of equal value, while taking into account the diverse needs of employers and then to maintain pay equity through proactive means. Employers with over 100 employees must prepare (and maintain) their pay equity plan in a joint employer-employee pay equity committee.

Recovery and Resolution Planning
As part of the regulatory measures used to manage systemic risks, D-SIBs are required to prepare recovery and resolution plans. A recovery plan is essentially a roadmap that guides the recovery of a bank in the event of severe financial stress; conversely, a resolution plan guides its orderly wind-down in the event of failure when recovery is no longer an option. The Bank improves and periodically updates its recovery and resolution plans to prepare for these high-risk, but low-probability, events in accordance with the guidelines of the CDIC, which are frequently updated. In addition, the Bank and other D-SIBs continue to work with the CDIC to maintain a comprehensive resolution plan that would ensure an orderly winding down of the Bank's operations. These plans are approved by the Board and submitted to the national regulatory agencies.

Internal Revenue Code (Section 871(m) – Dividend Equity Payments)
Section 871(m) of the U.S. Internal Revenue Code (IRC) aims to ensure that non-U.S. persons pay tax on payments that can be considered dividends on U.S. shares when these payments are made on certain derivative instruments. The derivative instruments for which the underlying are U.S. shares (including U.S. exchange-traded funds) or "non-qualified indices" are therefore subject to the withholding and reporting requirements. The effective date of certain aspects of this regulation, as well as some of the obligations of Qualified Derivatives Dealers under section 871(m) of the IRC and the Qualified Intermediary Agreement, has been postponed until January 1, 2027, but further clarification is still expected from the Internal Revenue Service (IRS) to enable institutions to comply with these requirements.

U.S. Foreign Account Tax Compliance Act and Common Reporting Standard
The U.S. law addressing foreign account tax compliance (*Foreign Account Tax Compliance Act* or FATCA) and the Common Reporting Standard (CRS), both incorporated into the *Income Tax Act* (Canada), are intended to counter tax evasion internationally through the automatic exchange of tax information reported annually by Canadian financial institutions to the Canada Revenue Agency (CRA), which then relays the information to the relevant tax authorities.

CRA also publishes guidance documents on the due diligence and reporting obligations imposed under FATCA and CRS. These documents are amended periodically to reflect any regulatory changes. Bills to implement the amendments to CRS made by OECD, as well as the Crypto Asset Reporting Framework (CARF), have been released in 2025. These measures would apply to the 2026 calendar year and thereafter, allowing for the first reporting and exchange of information under CARF and the amended CRS to take place in 2027 for the 2026 calendar year.

Proposed Rules on Sales and Exchanges of Digital Assets by Brokers
In June 2024, the U.S. Department of the Treasury published final regulations on broker sales and exchanges of digital assets. Since January 1, 2025, brokers are required to report the gross proceeds from sales of digital assets. Reporting the adjusted basis will be required for sales effected on or after January 1, 2026. A White House report filed in July 2025 recommends amendments to policies and regulations that would significantly alter reporting requirements for digital asset transactions.

One-Day Settlement Cycle
The European Commission is proposing to shorten the settlement cycle for intra-European Union securities transactions. The proposed legislative amendment would shorten the settlement cycle on securities transactions, such as shares or bonds executed on European Union trading venues, from two business days (T+2) to one day after the trading takes place (T+1). The European Commission is proposing a targeted amendment to the *Central Securities Depositories Regulation* and has set the appropriate date for the transition to T+1 settlement as October 11, 2027, in alignment with the UK and Switzerland.

Amendments to rules requiring clearing of U.S. Treasury securities and Treasury repo transactions
On December 13, 2023, the Securities and Exchange Commission (SEC) approved new rules on mandatory clearing of U.S. Treasury securities and repo (repurchase agreements) and reverse repo (reverse repurchase agreements) transactions that include U.S. Treasury securities in order to improve risk management practices. The final rules require Treasury central counterparties to require direct participants to submit for clearance and settlement all eligible secondary market transactions to which they are counterparties. These changes were initially scheduled for phased implementation by June 2026. On February 25, 2025, the SEC announced that it was extending the key deadlines for the U.S. Treasury clearing rules, with the new implementation schedule set for December 31, 2026, for mandatory clearing of cash transactions and June 30, 2027, for mandatory clearing of repo transactions.

Consolidation of the Rules of the Canadian Investment Regulatory Organization (CIRO)
A consolidation of CIRO rules has been underway since October 2023 and has been carried out in five consultation phases. Phases 1 to 5 have been published for comments. The entry into force of this new set of rules has yet to be confirmed by CIRO. These rules will apply to investment dealers and mutual fund dealers.

Accessible Canada Act
The Act was adopted in June 2019. The purpose of the Act is to make Canada a barrier-free country by January 1, 2040. The Bank published its accessibility plan on May 31, 2023, and its second progress report on May 28, 2025, on the Bank's website at nbc.ca. On December 21, 2024, the federal government published draft amendments to the regulations, proposing to add new requirements to the *Accessible Canada Regulations*. If they are adopted, federal private sector organizations will be required to comply with the accessibility requirements of CAN/ASC - EN 301 549:2024 – *Accessibility requirements for ICT products and services*. As of June 1, 2028, all public-facing and employee-facing web pages (including their content), all public-facing mobile applications, and all digital documents made available for download from public-facing web pages to be published must comply with the CAN/ASC-EN standard.

Amendments to *National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations – Client Relationship Model (Phase 3)*
In April 2023, the CSA published the final version of changes designed to enhance disclosure requirements on the cost of investment funds and to impose new disclosure requirements on the cost and performance of individual variable insurance contracts (segregated fund contracts). All dealers, advisers, registered investment fund managers, and insurers offering segregated fund contracts are affected by these new requirements, which will come into effect on January 1, 2026.

Regulation 91-507 – Trade Repositories and Derivatives Data Reporting
The amendments to Regulation 91-507 of the AMF (and to the equivalent CSA rules) intended to standardize the reporting of OTC derivatives data and harmonize it with global standards came into force on July 25, 2025.

National Instrument 93-101 – Derivatives: Business Conduct
This instrument, which came into force on September 28, 2024, sets out the obligations for OTC derivatives dealers and advisors. NI 93-101 meets international standards, including fair dealing, conflicts of interest, suitability, reporting non-compliance and recordkeeping. The business conduct rule is intended to help protect market participants by improving transparency, increasing accountability, and promoting responsible business conduct in OTC derivatives markets.

Regulation respecting complaint processing and dispute resolution in the financial sector
On January 27, 2025, the AMF published the final version of the regulation. Investment dealers who are members of CIRO are temporarily exempt from applying certain sections of the regulation for their activities in Quebec. The regulation came into force on July 1, 2025, and the changes have been made.

Client and Order Identifiers
On December 7, 2023, the Montréal Exchange published the final version of changes to client and order identifiers. These rules introduce client identifiers and markers to identify orders when entered on the Electronic Trading System. The Exchange has extended the timeline for Participants to ensure compliance with the client and order identifiers requirements, and has established a compliance deadline of March 31, 2025. The new requirements were implemented by March 31, 2025.

Changes to the proficiency model (CIRO)
On April 17, 2025, CIRO published the final version of the changes to the proficiency model. The changes focus on redesigning examinations and training for registered individuals. The changes will come into effect on January 1, 2026, and will affect all divisions of National Bank Financial.

Reputation Risk

Reputation risk is the risk that the Bank's operations or practices will be judged negatively by the public, whether that judgment is with or without basis, thereby adversely affecting the perception, image, or trademarks of the Bank and potentially resulting in costly litigation or loss of income. Reputation risk generally arises from a deficiency in managing another risk. The Bank's reputation may, for example, be adversely affected by non-compliance with laws and regulations or by process failures. All risks must therefore be managed effectively in order to protect the Bank's reputation.

The Bank's corporate culture continually promotes the behaviours and values to be adopted by employees. Ethics are at the heart of everything we do. To fulfill our mission, put people first, and continue to build a strong bank, we must maintain the highest degree of work ethic. Our Code of Conduct outlines what is expected from each employee in terms of ethical behaviour and rules to be followed as they carry out their duties.

Reputation Risk Management Policy
Approved by the GRC, the reputation risk policy covers all of the Bank's practices and activities. It sets out the principles and rules for managing reputation risk within our risk appetite limits along the following five focal points: clients, employees, community, shareholders and governance, all of which represent Bank stakeholders. The policy is supplemented by specific provisions of several policies and standards, such as the policy on managing risks related to major changes, the business continuity and crisis management policy, and the investment governance policy.

Strategic Risk

Strategic risk is the risk of a financial loss or of reputational harm arising from inappropriate strategic orientations, improper execution, or ineffective response to economic, financial, or regulatory changes. The corporate strategic plan is developed by the Senior Leadership Team, in alignment with the Bank's overall risk appetite, and approved by the Board. Once approved, the initiatives of the strategic plan are monitored regularly to ensure that they are progressing. If not, strategies could be reviewed or adjusted if deemed appropriate.

In addition, the Bank has a specific Board-approved policy for strategic investments, which are defined as purchases of business assets or acquisitions of significant interests in an entity for the purposes of acquiring control or creating a long-term relationship. As such, acquisition projects and other strategic investments are analyzed through a due diligence process to ensure that these investments are aligned with the corporate strategic plan and the Bank's risk appetite.

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. Environmental and social risk can have an impact on the traditional risks inherent to the activities of a financial institution. These include effects on credit risk, market risk, liquidity and funding risk, and operational risk.

Environmental risk consists of many aspects, including the use of energy, water, and other resources, climate change and biodiversity. Social risk includes, for example, considerations relating to human rights, accessibility, diversity, equity and inclusion, our human capital management practices, including work conditions and the health, safety and well-being of our employees.

In addition, the rapid evolution of the global regulatory environment, increased expectations and scrutiny from regulatory agencies and other associations, and potential imbalances among their requirements represent challenges, as do stakeholders' expectations and their differing views about the Bank's environmental and social priorities and actions. As a result, the Bank's reputation could also be affected by its action or inaction or by a perception of inaction or inadequate action on environmental and social matters, particularly regarding the progress made. All these factors can lead to greater exposure to reputation risk, regulatory compliance risk, and strategic risk, or have an impact on the activities and financial position of our clients. We monitor the evolution of these factors, analyze them, and update our procedures on an ongoing basis.

Governance
Our sustainability governance structure is based on all levels of the organization being involved in achieving our objectives and meeting our commitments. The Board exercises its sustainability strategy oversight role by ensuring that sustainability issues are incorporated into the Bank's long-term strategic objectives, and by monitoring the development and integration of sustainability initiatives into our day-to-day activities. The Board's various committees monitor environmental and social risks in accordance with their respective mandates. They are supported by management in the performance of their duties. ESG factors continue to be incorporated into the Bank's processes, in line with its strategy. Sustainability indicators have been added to the various monitoring dashboards and are gradually being integrated into the Bank's risk appetite framework. Reports on the monitoring of these indicators and on the Bank's commitments are periodically presented to the internal committees and to the Board committees tasked with overseeing them. The Bank also has an environmental policy that expresses its determination to preserve the environment in the face of human activity, both in terms of our own activities and the benefits to the community.

The Bank sees governance as a collaborative exercise based on open, transparent and ongoing dialogue with its stakeholders. In an environment where sustainability issues are changing rapidly, these exchanges enable the Bank to better understand stakeholders' expectations and respond to them in a sustainable manner. The Bank's growth is based on these relationships, which are central to its shared mission focused on people and action.

The Bank's Code of Conduct outlines what is expected from each employee in their professional, business, and community interactions. It also provides guidance on adhering to the Bank's values, on the day-to-day conduct of the Bank's affairs, and on relationships with third parties, employees, and clients to create an environment conducive to achieving the Bank's mission.

In addition, our Human Rights Statement outlines how the Bank applies its principles in its activities and relationships with its stakeholders. The Bank's commitment on modern slavery outlines the governance structure, risk management and control measures deployed by the Bank in this regard.

For further information on our governance and the policies and rules governing our activities, please refer to the "Codes and commitments" section, available on the Bank's website at nbc.ca.

Risk Management
Identifying, assessing, mitigating and monitoring environmental and social risks are part of the Bank's risk management framework and risk appetite framework. For some years now, the Bank has been integrating environmental and social risk into its risk management policy framework. The Bank has also added a statement to its risk appetite about its commitment to achieving its sustainability objectives through target indicators. Other risk management policies and standards also support more comprehensive environmental and social risk management. Given the potential impacts, climate risk has been more fully integrated. A specific management standard has been developed, and the concept of climate risk has been incorporated into the risk inventory register, and considered in the Internal Capital Adequacy Assessment Process. We continue to make progress by integrating climate risk considerations into our processes and by strengthening our ability to incorporate these climate risks into scenario analysis, in line with regulatory expectations.

With respect to its own activities, the Bank has adopted a Supplier Code of Conduct that describes its expectations concerning responsible business practices. By adopting this code, the Bank is manifesting its intention to do business with suppliers that incorporate environmental, social and governance issues into their operations and throughout their supply chains. Before entering into a relationship with a third party, the business segment conducts due diligence to assess the risk.

In addition, the Bank continues to quantify greenhouse gas (GHG) emissions for both its operations and its financing, including the integration of emissions related to its acquisition of CWB. The Bank continues to develop its sustainability strategy, aimed in particular at quantifying the financial impacts of environmental and social risk, and affirms its commitment to transparently communicating the progress made on a regular basis.

The Bank is mindful of the accuracy of the information it provides in the context of increased disclosure and the risks associated with greenwashing and social washing. It recognizes that effective management of environmental and social risks depends on the quality of the data and methodologies used. However, enduring limitations in terms of data availability and reliability can hinder comprehensive assessments of such risks. The Bank continues efforts to optimize its data and control architecture by integrating sustainability-related data, in particular by collaborating with internal and external experts. These initiatives seek to improve the monitoring, analysis and reporting of such risks. We nevertheless recognize that these measures will not entirely eliminate the risks. In addition, our ability to set and achieve our environmental and social objectives, priorities, and targets depends on several assumptions, scenarios and factors, many of which are beyond the Bank's control and whose effects are difficult to predict. These assumptions, data, indicators, measures, methodologies, scenarios and other standards continue to evolve, and may differ significantly from those used by others, from those we may use in the future, or from those that may be imposed in the future by governmental or other authorities in this area. We may therefore be obliged to redefine certain objectives, priorities, or targets or revise data to reflect changes in methodologies or the quality of the available data. It is also possible that the Bank's predictions, targets, or projections prove to be inaccurate, that its assumptions may not be confirmed, and that its strategic objectives and performance targets will not be achieved within the announced timeframes.

To proactively ensure the strategic positioning of its entire portfolio, the Bank continues to support the transition to a low-carbon economy and continues to monitor the related developments and implications. Doing so involves ongoing and stronger adaptation efforts as well as additional mitigation measures for instances of business interruptions or disruptions caused by major incidents such as natural disasters or health crises. Such measures include the business continuity plan, the operational risk management program, and the disaster risk management program. To ensure regulatory compliance and sound risk management, the Bank has implemented new processes and is continuing to improve its existing ones and is working to optimize its controls and data architecture to include sustainability-related data.

New Regulatory Developments

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 published an update of guideline B-15 entitled *Climate Risk Management*. Key changes include deferring the requirement to disclose Scope 3 GHG emissions and clarifying expectations regarding asset management activities.

On December 16, 2022, the European Union published the Corporate Sustainability Reporting Directive (CSRD), which has come into force gradually since January 1, 2024. Europe's CSRD requires affected companies to use European Sustainability Reporting Standards (ESRS), which specify disclosure requirements and, when relevant, the reporting structure to be used. These obligations apply according to a defined timetable, depending on the size and status of each organization.

In 2024, the Bank began an in-depth assessment of its regulatory obligations in order to prepare for this new requirement. A specialized governance structure was put in place to oversee the project and ensure effective coordination and strategic supervision.

In 2025, work continued with the development of a compliance plan, identification of the gaps to be filled and mobilization of internal teams. Targeted consultations were held with the stakeholders, and monitoring mechanisms were put in place to ensure gradual and rigorous implementation. In February 2025, the European Commission presented a draft "Omnibus" package of legislation on sustainability rules to the European Financial Reporting Advisory Group (EFRAG) with the aim of simplifying ESRS. The draft proposes several amendments to the CSRD, with targeted relief from certain requirements and an adjustment to the timetable for certain aspects.

Tightening the Rules on Greenwashing (C-59)

Bill C-59 amended the *Competition Act* to include provisions prohibiting misleading environmental benefit claims. These provisions are designed to prohibit claims about the environmental benefits of a product or company that are not based on adequate and proper testing. The private right of access announced last year came into force in June 2025 and allows any person or organization to apply to the Competition Tribunal to seek remedies related to misleading commercial practices, including greenwashing. These new provisions increase the regulatory, legal and reputation risks incurred by the Bank, which continues to focus greater attention on its sustainability disclosures.

On November 4, 2025, as part of its 2025 budget, the Canadian government announced a legislative review of Bill C-59. We will continue to monitor developments on this matter and advance best practices in sustainability reporting and disclosure.

Material Accounting Policies and Accounting Estimates

A summary of the material accounting policies used by the Bank is presented in Note 1 to the Consolidated Financial Statements of this *Annual Report*. The accounting policies discussed below 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 material impact on the Bank's Consolidated Financial Statements. In addition, valuation techniques used for assets and liabilities resulting from the CWB acquisition are described below.

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. Some of the Bank's accounting policies, such as measurement of expected credit losses (ECLs), require particularly complex judgments and estimates. See Note 1 to the Consolidated Financial Statements for a summary of the most significant estimation processes used to prepare the Consolidated Financial Statements in accordance with IFRS and the valuation techniques used to determine carrying values and fair values of assets and liabilities. The uncertainty regarding certain key inputs used in measuring ECLs is described in Note 8 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 core deposits includes an estimate of future interest costs and operating expenses for these 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 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 arm's-length transaction between knowledgeable, willing parties.

Classification of Financial Instruments

At initial recognition, all financial instruments are recorded at fair value in the Consolidated Balance Sheet. At initial recognition, financial assets must be classified as subsequently measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Bank determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. At initial recognition, financial liabilities are classified as subsequently measured at amortized cost or as at fair value through profit or loss.

For the purpose of classifying a financial asset, the Bank must determine whether the contractual cash flows associated with the financial asset are solely payments of principal and interest on the principal amount outstanding. The principal is generally the fair value of the financial asset at initial recognition. The interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period, and for other basic lending risks and costs as well as of a profit margin. If the Bank determines that the contractual cash flows associated with a financial asset are not solely payments of principal and interest, the financial assets must be classified as measured at fair value through profit or loss.

When classifying financial assets, the Bank determines the business model used for each portfolio of financial assets that are managed together to achieve a same business objective. The business model reflects how the Bank manages its financial assets and the extent to which the financial asset cash flows are generated by the collection of the contractual cash flows, the sale of the financial assets, or both. The Bank determines the business model using scenarios that it reasonably expects to occur. Consequently, the business model determination is a matter of fact and requires the use of judgment and consideration of all the relevant evidence available to the Bank at the date of determination.

A financial asset portfolio falls within a "hold to collect" business model when the Bank's primary objective is to hold these financial assets in order to collect contractual cash flows from them and not to sell them. When the Bank's objective is achieved both by collecting contractual cash flows and by selling the financial assets, the financial asset portfolio falls within a "hold to collect and sell" business model. In this type of business model, collecting contractual cash flows and selling financial assets are both integral components to achieving the Bank's objective for this financial asset portfolio. Financial assets are mandatorily measured at fair value through profit or loss if they do not fall within either a "hold to collect" business model or a "hold to collect and sell" business model.

Fair Value of Financial Instruments

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

Unadjusted quoted prices in active markets, based on bid prices for financial assets and offered prices for financial liabilities, provide the best evidence of fair value. A financial instrument is considered quoted in an active market when prices in exchange, dealer, broker or principal-to-principal markets are accessible at the measurement date. An active market is one where transactions occur with sufficient frequency and volume to provide quoted prices on an ongoing basis.

When there is no quoted price in an active market, the Bank uses another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider when pricing a transaction. Judgment is required when applying a large number of acceptable valuation techniques and estimates to determine fair value. The estimated fair value reflects market conditions on the measurement date and, consequently, may not be indicative of future fair value.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration received or paid. If there is a difference between the fair value at initial recognition and the transaction price, and the fair value is determined using a valuation technique based on observable market inputs or, in the case of a derivative, if the risks are fully offset by other contracts entered into with third parties, this difference is recognized in the Consolidated Statement of Income. In other cases, the difference between the fair value at initial recognition and the transaction price is deferred in the Consolidated Balance Sheet. The amount of the deferred gain or loss is recognized over the term of the financial instrument. The unamortized balance is immediately recognized in net income when (i) observable market inputs can be obtained and support the fair value of the transaction, (ii) the risks associated with the initial contract are substantially offset by other contracts entered into with third parties, (iii) the gain or loss is realized through a cash receipt or payment, or (iv) the transaction matures or is terminated before maturity.

In certain cases, measurement adjustments are recognized to address factors that market participants would use at the measurement date to determine fair value but that are not included in the measurement technique due to system limitations or uncertainty surrounding the measure. These factors include, but are not limited to, the unobservable nature of inputs used in the valuation model, assumptions about risk such as market risk, credit risk, or valuation model risk and future administration costs. The Bank may also consider market liquidity risk when determining the fair value of financial instruments when it believes these instruments could be disposed of for a consideration below the fair value otherwise determined due to a lack of market liquidity or an insufficient volume of transactions in a given market. The measurement adjustments also include the funding valuation adjustment applied to derivative financial instruments to reflect the market implied cost or benefits of funding collateral for uncollateralized or partly collateralized transactions.

IFRS establishes a fair value measurement hierarchy that classifies the inputs used in financial instrument fair value measurement techniques according to three levels. The fair value measurement hierarchy has the following levels:

Level 1
Inputs corresponding to unadjusted quoted prices in active markets for identical assets and liabilities and accessible to the Bank at the measurement date. These instruments consist primarily of equity securities, derivative financial instruments traded in active markets, and certain highly liquid debt securities actively traded in over-the-counter markets.

Level 2
Valuation techniques based on inputs, other than the quoted prices included in Level 1 inputs, that are directly or indirectly observable in the market for the asset or liability. These inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market inputs by correlation or other means. These instruments consist primarily of certain loans, certain deposits, derivative financial instruments traded in over-the-counter markets, certain debt securities, certain equity securities whose value is not directly observable in an active market, liabilities related to transferred receivables, and certain other liabilities.

Level 3
Valuation techniques based on one or more significant inputs that are not observable in the market for the asset or liability. The Bank classifies financial instruments in Level 3 when the valuation technique is based on at least one significant input that is not observable in the markets. The valuation technique may also be partly based on observable market inputs. Financial instruments whose fair values are classified in Level 3 consist of investments in hedge funds, certain derivative financial instruments, equity and debt securities of private companies, certain loans, certain deposits (structured deposit notes), and certain other assets (receivables).

Establishing fair value is an accounting estimate and has an impact on the following items: *Securities at fair value through profit or loss*, certain *Loans*, *Securities at fair value through other comprehensive income*, *Obligations related to securities sold short*, *Derivative financial instruments*, financial instruments designated at fair value through profit or loss, and financial instruments designated at fair value through other comprehensive income in the Consolidated Balance Sheet. This estimate also has an impact on *Non-interest income* in the Consolidated Statement of Income of the Capital Markets segment and of the *Other* heading. Lastly, this estimate has an impact on *Other comprehensive income* in the Consolidated Statement of Comprehensive Income. For additional information on the determination of the fair value of financial instruments, see Notes 4 and 7 to the Consolidated Financial Statements.

Impairment of Financial Assets

At the end of each reporting period, the Bank applies a three-stage impairment approach to measure the expected credit losses (ECL) on all debt instruments measured at amortized cost or at fair value through other comprehensive income and on loan commitments and financial guarantees that are not measured at fair value. ECLs are a probability-weighted estimate of credit losses over the remaining expected life of the financial instrument. The ECL model is forward looking. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and future economic conditions. Judgment is required in making assumptions and estimates, determining movements between the three stages, and applying forward-looking information. Any changes in these assumptions and estimates, as well as the use of different, but equally reasonable, estimates and assumptions, could have an impact on the allowances for credit losses and the provisions for credit losses for the year. All business segments are affected by this accounting estimate. For additional information, see Note 8 to the Consolidated Financial Statements.

Determining the Stage
The ECL three-stage impairment approach is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and an allowance for credit losses that is measured, at each reporting date, in an amount equal to 12-month expected credit losses, is recorded. When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and an allowance for credit losses that is measured, at each reporting date, in an amount equal to lifetime expected credit losses, is recorded. In subsequent reporting periods, if the credit risk of a financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1, i.e., recognition of 12-month expected credit losses. When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset occurs, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected credit losses continues to be recorded or the financial asset is written off. Interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Assessment of Significant Increase in Credit Risk
In determining whether credit risk has increased significantly, the Bank uses an internal credit risk grading system, external risk ratings, and forward-looking information to assess deterioration in the credit quality of a financial instrument. To assess whether or not the credit risk of a financial instrument has increased significantly, the Bank compares the probability of default (PD) occurring over its expected life as at the reporting date with the PD occurring over its expected life on the date of initial recognition and considers reasonable and supportable information indicative of a significant increase in credit risk since initial recognition. The Bank includes relative and absolute thresholds in the definition of significant increase in credit risk and a backstop of 30 days past due. All financial instruments that are more than 30 days past due since initial recognition are migrated to Stage 2 even if other metrics do not indicate that a significant increase in credit risk has occurred. The assessment of a significant increase in credit risk requires significant judgment.

Measurement of Expected Credit Losses
ECLs are measured as the probability-weighted present value of all expected cash shortfalls over the remaining expected life of the financial instrument, and reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions is considered. The estimation and application of forward-looking information require significant judgment. Cash shortfalls represent the difference between all contractual cash flows owed to the Bank and all cash flows the Bank expects to receive.

The measurement of ECLs is primarily based on the product of the financial instrument's PD, loss given default (LGD) and exposure at default (EAD). Forward-looking macroeconomic factors such as unemployment rates, housing price indices, interest rates, and gross domestic product (GDP) are incorporated into the risk parameters. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The Bank incorporates three forward-looking macroeconomic scenarios in its ECL calculation process: a base scenario, an upside scenario, and a downside scenario. Probability weights are assigned to each scenario. The scenarios and probability weights are reassessed quarterly and subject to management review. The Bank applies experienced credit judgment to adjust the modelled ECL results when it becomes evident that known or expected risk factors and information were not considered in the credit risk rating and modelling process.

ECLs for all financial instruments are recognized under *Provisions for credit losses* in the Consolidated Statement of Income. In the case of debt instruments measured at fair value through other comprehensive income, ECLs are recognized under *Provisions for credit losses* in the Consolidated Statement of Income, and a corresponding amount is recognized in *Other comprehensive income* with no reduction in the carrying amount of the asset in the Consolidated Balance Sheet. As for debt instruments measured at amortized cost, they are presented net of the related allowances for credit losses in the Consolidated Balance Sheet. Allowances for credit losses for off-balance-sheet credit exposures that are not measured at fair value are included in *Other liabilities* in the Consolidated Balance Sheet.

Purchased or Originated Credit-Impaired Financial Assets
On initial recognition of a financial asset, the Bank determines whether the asset is credit-impaired. For financial assets that are credit-impaired upon purchase or origination, the lifetime expected credit losses are reflected in the initial fair value. In subsequent reporting periods, the Bank recognizes only the cumulative changes in these lifetime ECLs since initial recognition as an allowance for credit losses. The Bank recognizes changes in ECLs under *Provisions for credit losses* in the Consolidated Statement of Income, even if the lifetime ECLs are less than the ECLs that were included in the estimated cash flows on initial recognition.

Definition of Default
The definition of default used by the Bank to measure ECLs and transfer financial instruments between stages is consistent with the definition of default used for internal credit risk management purposes. 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.

Write-Offs
A financial asset and its related allowance for credit losses are normally written off in whole or in part when the Bank considers the probability of recovery to be non-existent and when all guarantees and other remedies available to the Bank have been exhausted or if the borrower is bankrupt or winding up and balances owing are not likely to be recovered.

Impairment of Non-Financial Assets

Premises and equipment and intangible assets with finite useful lives are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. At the end of each reporting period, the Bank determines whether there is an indication that premises and equipment or intangible assets with finite useful lives may be impaired. Goodwill and intangible assets that are not available for use or that have indefinite useful lives are tested for impairment annually or more frequently if there is an indication that the asset might be impaired.

An asset is tested for impairment by comparing its carrying amount with its recoverable amount. The recoverable amount must be estimated for the individual asset. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs will be determined. Goodwill is always tested for impairment at the level of a CGU or a group of CGUs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Bank uses judgment to identify CGUs.

An asset's recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or CGU. Value in use is the present value of expected future cash flows from the asset or CGU. The recoverable amount of the asset or CGU is determined using valuation models that consider various factors such as projected future cash flows, discount rates, and growth rates. The use of different estimates and assumptions in applying the impairment tests could have a significant impact on income. If the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognized under *Non-interest expenses* in the Consolidated Statement of Income.

Management exercises judgment when determining whether there is objective evidence that premises and equipment or intangible assets with finite useful lives may be impaired. It also uses judgment in determining to which CGU or group of CGUs an asset or goodwill is to be allocated. Moreover, for impairment assessment purposes, management must make estimates and assumptions to determine the recoverable amount of non-financial assets, CGUs, or a group of CGUs. For additional information on the estimates and assumptions used to calculate the recoverable amount of an asset or CGU, see Note 11 to the Consolidated Financial Statements.

Any changes to these estimates and assumptions may have an impact on the recoverable amount of a non-financial asset and, consequently, on impairment testing results. These accounting estimates have an impact on *Premises and equipment*, *Intangible assets* and *Goodwill* reported in the Consolidated Balance Sheet. The aggregate impairment losses, if any, are recognized under *Non-interest expenses – Other* in the given business segment.

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

The expense and obligation of the defined benefit component of the pension plans and other post-employment benefit plans are actuarially determined using the projected benefit method prorated on service. The calculations incorporate management's best estimates of various actuarial assumptions such as discount rates, rates of compensation increase, health care cost trend rates, mortality rates, and retirement age.

Remeasurements of these plans represent the actuarial gains and losses related to the defined benefit obligation and the actual return on plan assets, excluding the net interest determined by applying a discount rate to the net asset or net liability of the plans. Remeasurements are immediately recognized in *Other comprehensive income* and are not subsequently reclassified to net income; these cumulative gains and losses are reclassified to *Retained earnings*.

The use of different assumptions could have a significant impact on the defined benefit asset (liability) presented under *Other assets (Other liabilities)* in the Consolidated Balance Sheet, on the pension plan and other post-employment benefit plan expenses presented under *Compensation and employee benefits* in the Consolidated Statement of Income, as well as on *Remeasurements of pension plans and other post-employment benefit plans* presented in *Other comprehensive income*. All business segments are affected by this accounting estimate. For additional information, including the significant assumptions used to determine the Bank's pension plan and other post-employment benefit plan expenses and the sensitivity analysis for significant plan assumptions, see Note 23 to the Consolidated Financial Statements.

Income Taxes

The Bank makes assumptions to estimate income taxes as well as deferred tax assets and liabilities. This process involves estimating the actual amount of current taxes and evaluating tax loss carryforwards and temporary differences arising from differences between the values of items reported for accounting and for income tax purposes. Deferred tax assets and liabilities, presented under *Other assets* and *Other liabilities* in the Consolidated Balance Sheet, are calculated according to the tax rates to be applied in future periods. Previously recorded deferred tax assets and liabilities must be adjusted when the date of the future event is revised based on current information. The Bank periodically evaluates deferred tax assets to assess recoverability. In the Bank's opinion, based on the information at its disposal, it is probable that all deferred tax assets will be realized before they expire.

This accounting estimate affects *Income taxes* in the Consolidated Statement of Income for all business segments. For additional information on income taxes, see Notes 1 and 24 to the Consolidated Financial Statements.

Litigation

In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios, and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions, or other legal remedies of varied natures.

More specifically, the Bank is involved as a defendant in class actions instituted by consumers contesting, *inter alia*, certain transaction fees or who wish to avail themselves of certain legislative provisions relating to consumer protection. The recent developments in the main legal proceeding involving the Bank are as follows:

Vaillancourt-Thivierge (previously Defrance)
On January 21, 2019, the Quebec Superior Court authorized a class action against the National Bank and several other Canadian financial institutions. The originating application was served to the Bank on April 23, 2019. The class action was initiated on behalf of consumers residing in Quebec. The plaintiffs allege that non-sufficient funds charges, billed by all of the defendants when a payment order is refused due to non-sufficient funds, are illegal and prohibited by the *Consumer Protection Act*. The plaintiffs are claiming, in the form of damages, the repayment of these charges as well as punitive damages.

It is impossible to determine the outcome of the claims instituted or which may be instituted against the Bank and its subsidiaries. The Bank estimates, based on the information at its disposal, that while the amount of contingent liabilities pertaining to these claims, taken individually or in the aggregate, could have a material impact on the Bank's consolidated results of operations for a particular period, it would not have a material adverse impact on the Bank's consolidated financial position.

Provisions are liabilities of uncertain timing and amount. A provision is recognized when the Bank has a present obligation (legal or constructive) arising from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when the amount of the obligation can be reliably estimated. The recognition of a litigation provision requires the judgment of the Bank's management in assessing the existence of an obligation, the timing and probability of loss, and estimates of potential monetary impact. Provisions are based on the Bank's best estimates of the economic resources required to settle the present obligation, given all available information and relevant risks and uncertainties, and, when it is significant, the effect of the time value of money. However, the actual amount required to settle litigation could be significantly higher or lower than the amounts recognized, as the actual amounts depend on a variety of factors and risks, notably the degree to which proceedings have advanced when the amount is determined, the presence of multiple defendants whose share of responsibility is undetermined, including that of the Bank, the types of matters or allegations in question, including some that may involve new legal frameworks or regulations or that set forth new legal interpretations and theories.

The Bank regularly assesses all litigation provisions by considering the development of each case, the Bank's past experience in similar transactions, and the opinion of its legal counsel. Each new piece of information can alter the Bank's assessment as to the probability and estimated amount of loss and therefore the extent to which it adjusts the recorded provision.

Structured Entities

In the normal course of business, the Bank enters into arrangements and transactions with structured entities. Structured entities are entities designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate solely to administrative tasks and the relevant activities are directed by means of contractual arrangements. A structured entity is consolidated when the Bank concludes, after evaluating the substance of the relationship and its right or exposure to variable returns, that it controls that entity. Management must exercise judgment in determining whether the Bank controls an entity. Additional information is provided in the Securitization and Off-Balance-Sheet Arrangements section of this MD&A and in Note 27 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. The following standards have been issued but are not yet effective. The Bank is currently assessing the impact of applying these standards on the Consolidated Financial Statements.

Effective Date – November 1, 2026

Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments*, which affects certain provisions of IFRS 9 – *Financial Instruments* and IFRS 7 – *Financial Instruments: Disclosures*. Specifically, the amendments provide an accounting policy choice to derecognize financial liabilities settled through electronic transfer prior to the settlement date if certain conditions are met. They also provide additional guidance on the classification of certain financial assets with contingent features, financial assets with non-recourse features and contractually linked instruments. Lastly, the amendments include additional disclosures for equity instruments designated at fair value through other comprehensive income as well as for financial assets and financial liabilities that have contractual terms that could change the timing or amount of contractual cash flows. These amendments must be applied retrospectively for annual periods beginning on or after January 1, 2026 but do not require restatement of prior periods. Earlier application is permitted.

Effective Date – November 1, 2027

IFRS 18 – *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued a new accounting standard, IFRS 18 – *Presentation and Disclosure in Financial Statements* (IFRS 18). This new standard replaces the current IAS 1 accounting standard on the presentation of financial statements and presents a new accounting framework that will improve how information is communicated in financial statements. In particular, it introduces new categories and subtotals in the Consolidated Statement of Income and includes limited changes to the Consolidated Statement of Cash Flows and the Consolidated Balance Sheet. IFRS 18 also requires disclosure of management-defined performance measures and provides additional guidance for grouping of information. This standard must be applied retrospectively for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

Additional Financial Information

Table 1 – Quarterly Results

(millions of Canadian dollars, except per share amounts)	2025[1]				
	Total	Q4	Q3	Q2	Q1
Statement of income data					
Net interest income[2]	4,518	1,169	1,172	1,205	972
Non-interest income[3]	9,462	2,529	2,277	2,445	2,211
Total revenues	13,980	3,698	3,449	3,650	3,183
Non-interest expenses[4]	7,600	2,087	1,925	1,942	1,646
Income before provisions for credit losses and income taxes	6,380	1,611	1,524	1,708	1,537
Provisions for credit losses[5]	1,246	244	203	545	254
Income taxes[6]	1,117	308	256	267	286
Net income	4,017	1,059	1,065	896	997
Non-controlling interests	–	–	–	–	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	4,017	1,059	1,065	896	997
Earnings per common share					
Basic	$ 10.18	$ 2.60	$ 2.61	$ 2.19	$ 2.81
Diluted	10.07	2.57	2.58	2.17	2.78
Dividends (per share)					
Common	$ 4.64	$ 1.18	$ 1.18	$ 1.14	$ 1.14
Preferred					
Series 30	1.5478	0.3870	0.3869	0.3870	0.3869
Series 32	0.2399	–	–	–	0.2399
Series 38	1.7568	0.4392	0.4392	0.4392	0.4392
Series 40	1.4545	0.3636	0.3636	0.3637	0.3636
Series 42	1.7640	0.4410	0.4410	0.4410	0.4410
Series 47	1.1946	0.3982	0.3982	0.3982	–
Series 49	1.4346	0.4782	0.4782	0.4782	–
Return on common shareholders' equity[7]	13.7 %	13.3 %	13.6 %	11.9 %	16.7 %
Total assets		576,919	552,621	536,194	483,833
Subordinated debt[8]		3,432	3,429	2,822	2,265
Net impaired loans[7]		2,904	2,588	2,437	1,836
Number of common shares outstanding *(thousands)*					
Average – Basic	378,495	391,886	391,609	390,124	340,739
Average – Diluted	382,478	396,532	395,919	393,878	344,954
End of period		391,066	391,967	391,322	341,085
Per common share					
Book value[7]		$ 78.39	$ 77.20	$ 76.13	$ 68.15
Share price					
High	$ 156.70	156.70	144.96	127.44	140.76
Low	107.01	143.40	121.09	107.01	128.79
Number of employees – Worldwide (full-time equivalent)		33,200	32,836	32,371	29,508
Number of branches in Canada		382	393	395	362

(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 second, the third and the fourth quarters of 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

(2) For fiscal 2025, *Net interest income* included an amount of $28 million to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (2024: $14 million).

(3) For fiscal 2025, *Non-interest income* included a gain of $4 million upon the remeasurement at fair value of the interest already held in CWB (2024: $174 million) as well as a $23 million loss to reflect the management of the fair value changes related to the CWB acquisition (2024: $3 million loss). For fiscal 2023, *Non-interest income* had included a gain of $91 million gain upon the fair value remeasurement of the interest in TMX.

(4) For fiscal 2025, *Non-interest expenses* included $352 million in CWB acquisition and integration charges (2024: $18 million) as well as an expense of $73 million to reflect the amortization of intangible assets related to the CWB acquisition. For fiscal 2023, *Non-interest expenses* had included $86 million in premises and equipment and intangible asset impairment losses, $35 million in litigation expenses, $25 million expense related to changes to the *Excise Tax Act*, and $15 million in provisions for contracts.

(5) For fiscal 2025, *Provisions for credit losses* included initial provisions for credit losses on non-impaired loans acquired from CWB of $230 million.

(6) For fiscal 2025, *Income taxes* included an income tax recovery of $47 million recorded following 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. For fiscal 2023, *Income taxes* expenses had included $24 million related to the Canadian Government's 2022 tax measures.

(7) See the Glossary section on pages 136 to 139 for details on the composition of these measures.

(8) Represents long-term financial liability.

	2024					2023				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
	2,939	784	769	635	751	3,586	735	870	882	1,099
	8,461	2,160	2,227	2,115	1,959	6,472	1,825	1,620	1,564	1,463
	11,400	2,944	2,996	2,750	2,710	10,058	2,560	2,490	2,446	2,562
	6,054	1,592	1,541	1,472	1,449	5,753	1,597	1,404	1,362	1,390
	5,346	1,352	1,455	1,278	1,261	4,305	963	1,086	1,084	1,172
	569	162	149	138	120	397	115	111	85	86
	961	235	273	234	219	619	97	145	167	210
	3,816	955	1,033	906	922	3,289	751	830	832	876
	(1)	–	–	(1)	–	(2)	–	(1)	(1)	–
	3,817	955	1,033	907	922	3,291	751	831	833	876
$	10.78	$ 2.69	$ 2.92	$ 2.56	$ 2.61	$ 9.33	$ 2.11	$ 2.35	$ 2.37	$ 2.49
	10.68	2.66	2.89	2.54	2.59	9.24	2.09	2.33	2.34	2.47
$	4.32	$ 1.10	$ 1.10	$ 1.06	$ 1.06	$ 3.98	$ 1.02	$ 1.02	$ 0.97	$ 0.97
	1.2770	0.3869	0.3870	0.2515	0.2516	1.0063	0.2516	0.2516	0.2515	0.2516
	0.9598	0.2400	0.2399	0.2400	0.2399	0.9598	0.2400	0.2399	0.2400	0.2399
	1.7568	0.4392	0.4392	0.4392	0.4392	1.7568	0.4392	0.4392	0.4392	0.4392
	1.4545	0.3636	0.3636	0.3637	0.3636	1.3023	0.3637	0.3636	0.2875	0.2875
	1.7640	0.4410	0.4410	0.4410	0.4410	1.2375	0.3094	0.3093	0.3094	0.3094
	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–
	17.2 %	16.4 %	18.4 %	16.9 %	17.1 %	16.3 %	14.1 %	16.1 %	17.2 %	17.9 %
		462,226	453,933	441,690	433,927		423,477	425,936	417,614	418,287
		1,258	1,254	1,237	749		748	748	748	1,497
		1,629	1,482	1,426	1,276		1,276	1,156	944	972
	339,733	340,479	340,215	339,558	338,675	337,660	338,229	337,916	337,497	336,993
	342,839	344,453	343,531	342,781	341,339	340,768	341,143	341,210	340,971	340,443
		340,744	340,523	340,056	339,166		338,285	338,228	337,720	337,318
		$ 65.74	$ 64.64	$ 62.28	$ 61.18		$ 60.40	$ 58.53	$ 57.45	$ 55.76
$	134.23	134.23	118.17	114.68	103.38	$ 103.58	103.58	103.28	103.45	99.95
	86.50	111.98	106.21	101.24	86.50	84.97	84.97	94.62	92.67	91.02
		29,196	29,250	28,665	28,730		28,916	28,901	28,170	27,674
		368	369	369	368		368	372	374	378

Table 2 – Overview of Results

Year ended October 31 (millions of Canadian dollars)	**2025**[1]	2024	2023	2022	2021
Net interest income[2]	**4,518**	2,939	3,586	5,271	4,783
Non-interest income[3]	**9,462**	8,461	6,472	4,381	4,144
Total revenues	**13,980**	11,400	10,058	9,652	8,927
Non-interest expenses[4]	**7,600**	6,054	5,753	5,230	4,903
Income before provisions for credit losses and income taxes	**6,380**	5,346	4,305	4,422	4,024
Provisions for credit losses[5]	**1,246**	569	397	145	2
Income before income taxes	**5,134**	4,777	3,908	4,277	4,022
Income taxes[6]	**1,117**	961	619	894	882
Net income	**4,017**	3,816	3,289	3,383	3,140
Non-controlling interests	**–**	(1)	(2)	(1)	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	**4,017**	3,817	3,291	3,384	3,140

(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 for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(2) For fiscal 2025, *Net interest income* included an amount of $28 million to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (2024: $14 million).
(3) For fiscal 2025, *Non-interest income* included a gain of $4 million upon the remeasurement at fair value of the interest already held in CWB (2024: $174 million) as well as a $23 million loss to reflect the management of the fair value changes related to the CWB acquisition (2024: $3 million loss). For fiscal 2023, *Non-interest income* had included a gain of $91 million gain upon the fair value remeasurement of the interest in TMX (2021: $33 million gain following a remeasurement of the previously held equity interest in Flinks and a $30 million loss related to the fair value remeasurement of the Bank's equity interest in AfrAsia).
(4) For fiscal 2025, *Non-interest expenses* included $352 million in CWB acquisition and integration charges (2024: $18 million) as well as an expense of $73 million to reflect the amortization of intangible assets related to the CWB acquisition. For fiscal 2023, *Non-interest expenses* had included $86 million in premises and equipment and intangible asset impairment losses (2021: $9 million), $35 million in litigation expenses, $25 million expense related to changes to the *Excise Tax Act*, and $15 million in provisions for contracts.
(5) For fiscal 2025, *Provisions for credit losses* included initial provisions for credit losses on non-impaired loans acquired from CWB of $230 million.
(6) For fiscal 2025, *Income taxes* included an income tax recovery of $47 million recorded following 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. For fiscal 2023, *Income taxes* expenses had included $24 million related to the Canadian Government's 2022 tax measures.

Table 3 – Changes in Net Interest Income

Year ended October 31 (millions of Canadian dollars)	**2025**[1]	2024	2023	2022	2021
Personal and Commercial					
Net interest income	**4,475**	3,587	3,321	2,865	2,547
Average assets[2]	**200,454**	158,917	148,511	140,300	126,637
Average interest-bearing assets[3]	**197,402**	153,980	141,458	133,543	120,956
Net interest margin[3]	**2.27 %**	2.33 %	2.35 %	2.15 %	2.11 %
Wealth Management					
Net interest income	**930**	833	778	594	446
Average assets[2]	**11,224**	9,249	8,560	8,440	7,146
Capital Markets					
Net interest income[4]	**(2,269)**	(2,519)	(1,378)	1,029	1,087
Average assets[2]	**226,990**	195,881	180,837	154,349	151,240
USSF&I					
Net interest income	**1,484**	1,303	1,132	1,090	907
Average assets[2]	**32,511**	27,669	23,007	18,890	16,150
Other					
Net interest income[4][5]	**(102)**	(265)	(267)	(307)	(204)
Average assets[2]	**76,290**	65,546	69,731	71,868	62,333
Total					
Net interest income	**4,518**	2,939	3,586	5,271	4,783
Average assets[2]	**547,469**	457,262	430,646	393,847	363,506

(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 year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(2) Represents an average of the daily balances for the period.
(3) See the Glossary section on pages 136 to 139 for details on the composition of these measures.
(4) Certain comparative amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(5) For fiscal 2025, *Net interest income* included an amount of $28 million to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (2024: $14 million).

Table 4 – Non-Interest Income

Year ended October 31 (millions of Canadian dollars)	**2025**[1]	2024	2023	2022	2021
Underwriting and advisory fees	**570**	419	378	324	415
Securities brokerage commissions	**242**	194	174	204	238
Mutual fund revenues	**734**	638	578	587	563
Investment management and trust service fees	**1,381**	1,141	1,005	997	900
Credit fees	**232**	195	183	155	164
Revenues from acceptances, letters of credit and guarantee	**121**	265	391	335	342
Card revenues	**208**	212	202	186	148
Deposit and payment service charges	**296**	294	300	298	274
Trading revenues (losses)[2]	**4,933**	4,299	2,677	543	268
Gains (losses) on non-trading securities, net[3]	**132**	318	70	113	151
Insurance revenues, net	**80**	73	59	158	131
Foreign exchange revenues, other than trading	**267**	225	183	211	202
Share in the net income of associates and joint ventures	**8**	8	11	28	23
Other[4]	**258**	180	261	242	325
	9,462	8,461	6,472	4,381	4,144
Canada	**8,074**	7,061	5,700	4,299	3,992
United States	**142**	189	98	18	106
Other countries	**1,246**	1,211	674	64	46
Non-interest income as a % of total revenues	**67.7 %**	74.2 %	64.3 %	45.4 %	46.4 %

(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 and ratios for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(2) For fiscal 2025, *Trading revenues (losses)* included a $23 million loss related to the management of the fair value changes related to the CWB acquisition (2024: $3 million loss).
(3) For fiscal 2025, *Gains (losses) on non-trading securities, net* included a gain of $4 million upon the remeasurement at fair value of the equity interest already held in CWB (2024: $174 million).
(4) For fiscal 2023, *Other* had included a gain of $91 million to reflect the remeasurement at fair value of the equity interest in TMX (2021: $33 million gain following a remeasurement of the previously held equity interest in Flinks and a $30 million loss related to the fair value remeasurement of the Bank's equity interest in AfrAsia).

Table 5 – Trading Activity Revenues[1]

Year ended October 31 (millions of Canadian dollars)	**2025**	2024	2023	2022	2021
Net interest income (loss) related to trading activity[2]	**(2,915)**	(3,076)	(1,816)	682	777
Non-interest income related to trading activity[2]	**5,061**	4,327	2,696	548	282
Trading activity revenues[2]	**2,146**	1,251	880	1,230	1,059
Trading activity revenues[1] by segment					
Capital Markets					
Equities	**1,395**	709	389	702	507
Interest rate and credit	**625**	507	364	367	357
Commodities and foreign exchange	**212**	198	173	156	128
	2,232	1,414	926	1,225	992
Other segments	**(86)**	(163)	(46)	5	67
	2,146	1,251	880	1,230	1,059

(1) Certain comparative amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(2) See the Glossary section on pages 136 to 139 for details on the composition of these measures.

Table 6 – Non-Interest Expenses

Year ended October 31 (millions of Canadian dollars)	**2025[1]**	2024	2023	2022	2021
Compensation and employee benefits[2]	**4,549**	3,725	3,425	3,284	3,027
Occupancy[3]	**212**	189	178	157	147
Amortization – Premises and equipment[4]	**211**	177	172	155	152
Technology[5]	**937**	708	646	589	557
Amortization – Technology[6]	**437**	338	432	326	314
Communications[7]	**69**	56	58	57	53
Professional fees[8]	**492**	316	256	249	246
Advertising and business development[9]	**220**	175	168	144	109
Capital and payroll taxes	**39**	36	37	32	52
Other[10]	**434**	334	381	237	246
Total	**7,600**	6,054	5,753	5,230	4,903
Canada	**6,971**	5,494	5,213	4,760	4,478
United States	**238**	222	226	209	203
Other countries	**391**	338	314	261	222
Efficiency ratio[11]	**54.4 %**	53.1 %	57.2 %	54.2 %	54.9 %

(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 and ratios for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(2) For fiscal 2025, *Compensation and employee benefits* included $93 million in CWB acquisition and integration charges.
(3) For fiscal 2025, *Occupancy* expense included $5 million in CWB acquisition and integration charges.
(4) For fiscal 2025, *Amortization – Premises and Equipment* expense included $3 million in CWB acquisition and integration charges (2023: $11 million in impairment losses).
(5) For fiscal 2025, *Technology* expense included $85 million in CWB acquisition and integration charges.
(6) For fiscal 2025, *Amortization – Technology* expense included $6 million in CWB acquisition and integration charges (2023: $75 million in intangible asset impairment losses (2021: $9 million)).
(7) For fiscal 2025, *Communications* expense included $1 million in CWB acquisition and integration charges.
(8) For fiscal 2025, *Professional fees* included acquisition and integration charges of $148 million related to the CWB transaction (2024: $18 million).
(9) For fiscal 2025, *Advertising and business development* expense included $8 million in CWB acquisition and integration charges.
(10) For fiscal 2025, *Other* expenses included $3 million in CWB acquisition and integration charges as well as an expense of $73 million to reflect the amortization of intangible assets related to the CWB acquisition (2023: $35 million in litigation expenses, $25 million expense related to changes to the *Excise Tax Act*, and $15 million in provisions for contracts).
(11) See the Glossary section on pages 136 to 139 for details on the composition of these measures.

Table 7 – Provisions for Credit Losses[1]

Year ended October 31 (millions of Canadian dollars)	**2025**[2]	2024	2023	2022	2021
Personal Banking[3]					
Impaired	**239**	196	119	75	65
Non-impaired[4]	**51**	28	38	9	(77)
	290	224	157	84	(12)
Commercial Banking					
Impaired	**283**	92	41	13	26
Non-impaired[4]	**295**	19	40	–	26
	578	111	81	13	52
Wealth Management					
Impaired	**4**	–	(1)	1	1
Non-impaired	**1**	(1)	3	2	–
	5	(1)	2	3	1
Capital Markets					
Impaired	**85**	34	3	1	78
Non-impaired	**57**	20	36	(24)	(102)
	142	54	39	(23)	(24)
USSF&I					
Impaired	**183**	156	60	54	(13)
Non-impaired	**48**	26	53	12	(2)
	231	182	113	66	(15)
Other					
Impaired	**–**	–	–	–	–
Non-impaired	**–**	(1)	5	2	–
	–	(1)	5	2	–
Total provisions for credit losses					
Impaired	**794**	478	222	144	157
Non-impaired	**452**	91	175	1	(155)
	1,246	569	397	145	2
Average loans[5]	**278,616**	234,180	215,976	194,340	172,323
Provisions for credit losses on impaired loans as a % of average loans[5][6]	**0.28 %**	0.20 %	0.10 %	0.07 %	0.09 %
Provisions for credit losses as a % of average loans[5][6]	**0.45 %**	0.24 %	0.18 %	0.07 %	– %

(1) All loans classified in Stage 3 of the expected credit loss model and the POCI loans are impaired loans.
(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 and ratios for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(3) Including credit card receivables.
(4) For fiscal 2025, the amount includes initial provisions for credit losses on non-impaired loans acquired from CWB of $230 million.
(5) Including customer's liability under acceptances for fiscal 2021 to 2024.
(6) See the Glossary section on pages 136 to 139 for details on the composition of these measures.

Table 8 – Change in Average Volumes[1]

Year ended October 31 (millions of Canadian dollars)	2025[2]		2024		2023		2022		2021	
	Average volume $	**Rate %**	Average volume $	Rate %	Average volume $	Rate %	Average volume $	Rate %	Average volume $	Rate %
Assets										
Deposits with financial institutions	**31,010**	**3.83**	31,429	4.92	40,824	4.09	42,042	1.03	40,294	0.31
Securities	**181,741**	**1.90**	146,911	1.94	126,182	1.93	111,863	1.77	116,023	1.25
Securities purchased under reverse repurchase agreements and securities borrowed	**22,918**	**7.59**	17,607	9.61	19,533	6.61	16,255	2.08	11,559	0.90
Residential mortgage loans	**105,636**	**4.39**	89,980	4.53	83,296	4.04	76,085	3.05	68,760	3.06
Personal loans	**47,270**	**5.49**	46,208	5.97	44,962	5.49	42,843	3.90	38,657	3.27
Credit card receivables	**2,730**	**13.59**	2,532	13.58	2,325	13.17	2,133	12.81	1,864	13.47
Business and government loans	**122,980**	**5.77**	86,899	7.08	69,599	6.49	58,947	3.63	50,216	3.06
Average interest-bearing assets[1]	**514,285**	**4.11**	421,566	4.70	386,721	4.30	350,168	2.69	327,373	2.13
Other assets	**33,184**		35,696		43,925		43,679		36,133	
	547,469	**3.90**	457,262	4.37	430,646	3.90	393,847	2.43	363,506	1.93
Liabilities and equity										
Personal deposits	**115,103**	**1.87**	91,976	2.48	84,262	2.03	72,927	0.67	68,334	0.42
Deposit-taking institutions	**6,429**	**3.71**	4,936	4.17	4,997	3.81	5,695	0.88	6,522	0.09
Other deposits	**272,759**	**3.86**	218,693	4.88	195,311	4.15	180,307	1.28	161,373	0.68
	394,291	**3.28**	315,605	4.17	284,570	3.51	258,929	1.10	236,229	0.58
Subordinated debt	**2,639**	**4.88**	1,083	5.72	937	5.16	960	3.70	758	3.22
Obligations other than deposits[3]	**90,307**	**3.96**	85,837	4.31	90,194	3.43	81,659	1.13	80,808	0.67
Average interest-bearing liabilities[1]	**487,237**	**3.44**	402,525	4.23	375,701	3.51	341,548	1.25	317,795	0.69
Other liabilities	**27,245**		28,695		30,698		30,209		28,195	
Equity	**32,987**		26,042		24,247		22,090		17,516	
	547,469	**3.07**	457,262	3.73	430,646	3.07	393,847	1.09	363,506	0.61
Net interest margin[4]		**0.83**		0.64		0.83		1.34		1.32

(1) See the Glossary section on pages 136 to 139 for details on the composition of these 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 balances and ratios for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(3) Average obligations other than deposits represent the average of the daily balances for the fiscal year of obligations related to securities sold short, obligations related to securities sold under repurchase agreements and securities loaned, and liabilities related to transferred receivables.
(4) Calculated by dividing net interest income by average assets.

Table 9 – Distribution of Gross Loans[1] by Borrower Category Under Basel Asset Classes

As at October 31

(millions of Canadian dollars)	2025[2]		2024		2023		2022		2021	
	$	%	$	%	$	%	$	%	$	%
Residential mortgage[3]	**123,534**	**40.5**	104,912	42.9	100,214	44.2	95,959	46.2	89,367	48.7
Qualifying revolving retail[4]	**4,454**	**1.5**	4,148	1.7	4,000	1.8	3,801	1.8	3,589	2.0
Other retail[5]	**19,365**	**6.4**	18,037	7.4	16,903	7.4	14,974	7.2	13,081	7.1
Agriculture	**11,590**	**3.8**	9,192	3.8	8,545	3.8	8,109	3.9	7,357	4.0
Oil and gas	**2,653**	**0.9**	1,913	0.8	1,826	0.8	1,435	0.7	1,807	1.0
Mining	**1,971**	**0.6**	2,062	0.9	1,245	0.5	1,049	0.5	529	0.3
Utilities	**12,389**	**4.1**	12,528	5.1	12,427	5.5	9,682	4.6	7,687	4.2
Non-real-estate construction[6]	**2,179**	**0.7**	1,864	0.8	1,739	0.8	1,935	0.9	1,541	0.8
Manufacturing	**9,926**	**3.3**	8,064	3.3	7,047	3.1	7,374	3.6	5,720	3.1
Wholesale	**4,732**	**1.5**	3,145	1.3	3,208	1.4	3,241	1.6	2,598	1.4
Retail	**6,000**	**2.0**	4,229	1.7	3,801	1.7	3,494	1.7	2,978	1.6
Transportation	**6,417**	**2.1**	3,253	1.3	2,631	1.2	2,209	1.1	1,811	1.0
Communications	**3,524**	**1.2**	2,557	1.0	2,583	1.1	1,830	0.9	1,441	0.8
Financial services	**18,660**	**6.1**	12,775	5.2	11,693	5.1	10,777	5.2	8,870	4.8
Real estate and real-estate-construction[7]	**43,927**	**14.4**	30,848	12.6	25,967	11.5	22,382	10.8	18,195	9.9
Professional services	**4,099**	**1.3**	3,879	1.6	3,985	1.8	2,338	1.1	1,872	1.0
Education and health care	**4,907**	**1.6**	3,487	1.4	3,700	1.6	3,412	1.6	4,073	2.2
Other services	**13,066**	**4.3**	7,357	3.0	6,902	3.0	6,247	3.0	5,875	3.2
Government	**2,136**	**0.7**	1,853	0.8	1,727	0.8	1,661	0.8	1,159	0.6
Other	**9,225**	**3.0**	8,270	3.4	6,484	2.9	5,790	2.8	4,137	2.3
	304,754	**100.0**	244,373	100.0	226,627	100.0	207,699	100.0	183,687	100.0

(1) Including customers' liability under acceptances for fiscal 2021 to 2023.
(2) On February 3, 2025, the Bank completed the acquisition of CWB. CWB's results were consolidated from the closing date, which impacted the balances for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(3) Includes residential mortgage loans on one- to four-unit dwellings (Basel definition) and home equity lines of credit.
(4) Includes lines of credit and credit card receivables.
(5) Includes consumer loans and other retail loans but excludes SME loans.
(6) Includes civil engineering loans, public-private partnership loans, and project finance loans.
(7) Includes residential mortgages on dwellings of five or more units and SME loans.

Table 10 – Impaired Loans

As at October 31 (millions of Canadian dollars)	**2025**[1]	2024	2023	2022	2021
Gross impaired loans					
Personal Banking	**442**	327	220	176	169
Commercial Banking	**1,531**	477	345	206	244
Wealth Management	**55**	16	13	21	23
Capital Markets	**226**	122	110	167	162
USSF&I	**1,458**	1,101	896	701	528
	3,712	2,043	1,584	1,271	1,126
Net impaired loans[2]					
Personal Banking	**281**	203	145	104	106
Commercial Banking	**1,114**	324	189	89	107
Wealth Management	**47**	11	8	15	16
Capital Markets	**175**	78	30	91	14
USSF&I	**1,287**	1,013	904	731	593
	2,904	1,629	1,276	1,030	836
Allowances for credit losses on impaired loans	**808**	414	308	241	290
Impaired loan provisioning rate[3]	**21.8 %**	20.3 %	19.4 %	19.0 %	25.8 %
Gross impaired loans as a % of loans[3][4]	**1.22 %**	0.84 %	0.70 %	0.61 %	0.61 %
Net impaired loans as a % of loans[3][4]	**0.96 %**	0.67 %	0.57 %	0.50 %	0.46 %

(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 and ratios for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.
(2) Net impaired loans are presented net of allowances for credit losses on drawn amount of impaired loans.
(3) See the Glossary section on pages 136 to 139 for details on the composition of these measures.
(4) Including customer's liability under acceptances for fiscal 2021 to 2023.

Table 11 – Allowances for Credit Losses

Year ended October 31 (millions of Canadian dollars)	**2025**[1]	2024	2023	2022	2021
Balance at beginning	**1,573**	1,377	1,131	1,169	1,343
Provisions for credit losses	**1,246**	569	397	145	2
Write-offs	**(518)**	(421)	(199)	(233)	(192)
Disposals	**–**	(2)	–	–	(14)
Recoveries	**140**	56	47	40	44
Exchange rate and other movements	**(15)**	(6)	1	10	(14)
Balance at end	**2,426**	1,573	1,377	1,131	1,169
Composition of allowances:					
Allowances for credit losses on impaired loans	**808**	414	308	241	290
Allowances for credit losses on non-impaired loans	**1,323**	927	876	714	708
Allowances for credit losses on off-balance-sheet commitments and other assets	**295**	232	193	176	171

(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 and balances for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

Table 12 – Deposits

As at October 31 (millions of Canadian dollars)		**2025**[1]		2024		2023		2022		2021
	$	**%**	$	%	$	%	$	%	$	%
Personal	**124,417**	**29.1**	95,181	28.5	87,883	30.5	78,811	29.6	70,076	29.1
Business and government	**297,512**	**69.5**	232,730	69.8	197,328	68.5	184,230	69.1	167,870	69.7
Deposit-taking institutions	**6,074**	**1.4**	5,634	1.7	2,962	1.0	3,353	1.3	2,992	1.2
Total	**428,003**	**100.0**	333,545	100.0	288,173	100.0	266,394	100.0	240,938	100.0
Canada	**376,679**	**88.0**	300,642	90.1	257,732	89.4	238,239	89.5	216,906	90.0
United States	**10,316**	**2.4**	8,908	2.7	9,520	3.3	9,147	3.4	9,234	3.8
Other countries	**41,008**	**9.6**	23,995	7.2	20,921	7.3	19,008	7.1	14,798	6.2
Total	**428,003**	**100.0**	333,545	100.0	288,173	100.0	266,394	100.0	240,938	100.0
Personal deposits as a % of total assets		**21.6**		20.6		20.8		19.5		19.7

(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 and ratios for the year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section.

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, loans, while excluding 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
This measure represents gross impaired loans expressed as a percentage of the balance of loans.

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.

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 impaired loans.

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

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.

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

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

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.

Audited Consolidated Financial Statements

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Management's Responsibility for Financial Reporting

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

Management maintains the accounting and internal control systems needed to discharge its responsibility, which is to provide reasonable assurance that the financial accounts are accurate and complete and that the Bank's assets are adequately safeguarded. Controls that are currently in place include quality standards on staff hiring and training; the implementation of organizational structures with clear divisions of responsibility and accountability for performance; the *Code of Professional Conduct*; and the communication of operating policies and procedures.

As Chief Executive Officer and as Chief Financial Officer, we have overseen the evaluation of the design and operation of the Bank's internal control over financial reporting in accordance with *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings* released by the Canadian Securities Administrators. Based on the evaluation work performed, we have concluded that the internal control over financial reporting and the disclosure controls and procedures were effective as at October 31, 2025 and that they provide reasonable assurance that the Bank's financial information is reliable and that its consolidated financial statements have been prepared in accordance with IFRS.

The Board of Directors (the Board) is responsible for reviewing and approving the financial information contained in the *Annual Report*. Acting through the Audit Committee, the Board also oversees the presentation of the consolidated financial statements and ensures that accounting and control systems are maintained. Composed of directors who are neither officers nor employees of the Bank, the Audit Committee is responsible, through Internal Audit, for performing an independent and objective review of the Bank's internal control effectiveness, i.e., governance processes, risk management processes and control measures. Furthermore, the Audit Committee reviews the consolidated financial statements and recommends their approval to the Board.

The control systems are further supported by the presence of the Compliance Service, which exercises independent oversight and evaluation in order to assist managers in effectively managing regulatory compliance risk and to obtain reasonable assurance that the Bank is compliant with regulatory requirements.

Both the Senior Vice-President, Internal Audit and the Senior Vice-President, Chief Compliance Officer have a direct functional link to the Chair of the Audit Committee and to the Chair of the Risk Management Committee. They both also have direct access to the President and Chief Executive Officer.

In accordance with the *Bank Act* (Canada), OSFI is mandated to protect the rights and interests of depositors. Accordingly, OSFI examines and enquires into the business and affairs of the Bank, as deemed necessary, to ensure that the provisions of the *Bank Act* (Canada) are being satisfied and that the Bank is in sound financial condition.

The independent auditor, Deloitte LLP, whose report follows, was appointed by the shareholders at the recommendation of the Board. The auditor has full and unrestricted access to the Audit Committee to discuss audit and financial reporting matters.

Laurent Ferreira
President and Chief Executive Officer

Marie Chantal Gingras
Chief Financial Officer and Executive Vice-President, Finance

Montreal, Canada, December 2, 2025

Independent Auditor's Report

To the Shareholders of National Bank of Canada

Opinion
We have audited the consolidated financial statements of National Bank of Canada (the Bank), which comprise the consolidated balance sheets as at October 31, 2025 and 2024, and the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies (collectively referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at October 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards (Canadian GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended October 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the acquired loans and core deposit intangible assets identified in the Canadian Western Bank acquisition — Refer to Notes 1 and 3 to the financial statements
Key Audit Matter Description
On February 3, 2025, the Bank completed the acquisition of Canadian Western Bank (CWB) and recorded the acquired assets and assumed liabilities at their fair value as of the acquisition date, including loans and core deposit intangible assets. The fair value of the loans and core deposit intangible assets were determined using a discounted cash flow methodology that included certain key assumptions.

Determining the fair values of loans and core deposit intangible assets required significant management judgment and estimation. Auditing these judgments required an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the judgments used in determining the fair value of the loans and core deposit intangible assets included the following, among others:

- Evaluated the effectiveness of controls over the Bank's processing of the underlying loans and deposits.
- Tested the accuracy and completeness of the underlying loans and deposits data by tracing certain key attributes to source information.
- With the assistance of fair value specialists:
    - Evaluated whether the methods used by management to determine the fair value of the loans and core deposit intangible assets were appropriate in the context of the applicable financial reporting framework;
    - For a selection of loans, evaluated the reasonableness of management's fair value by developing a range of independent fair value estimates, using valuation assumptions consistent with those of a market participant, and comparing those to the fair value determined by management;
    - For core deposit intangible assets, tested the mathematical accuracy of the calculation and evaluated certain key valuation assumptions used by management by considering comparable company information, industry data, and market data, as applicable.

Allowances for credit losses — Refer to Notes 1 and 8 to the financial statements
Key Audit Matter Description
The allowances for credit losses represent management's estimate of expected credit losses (ECL) on financial assets calculated under the IFRS 9, *Financial Instruments* ECL framework. The calculation of ECL is based on the probability of default (PD), loss given default (LGD), and exposure at default (EAD) of the underlying assets and represents an unbiased and probability weighted estimate of losses expected to occur in the future based on forecasts of macroeconomic variables for three scenarios. Lifetime ECLs are recorded for financial assets that have experienced significant increases in credit risk (SICR) since initial recognition or that are impaired; otherwise 12-month ECLs are recorded. Given uncertainty surrounding the key inputs used to measure credit losses, the Bank has applied expert credit judgment to adjust the modelled ECL results.

We have identified the allowances for credit losses as a key audit matter due to the inherent complexity of the ECL models used and the significant judgment required by management in relation to the forward-looking nature of some key assumptions including the impact of a possible economic recession. Significant auditor judgment was required in evaluating: (i) the models and methodologies used to measure ECL; (ii) the forecasts of macroeconomic scenarios and probability weighting; (iii) the determination of SICR; and (iv) the adjustments to the modelled ECL results representing management's expert credit judgment. Auditing the ECL models and the key judgments and assumptions required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of professionals with specialized skills in credit risk and economics.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the models and the key judgments and assumptions used by management to estimate the ECL included the following, among others:

- Evaluated the effectiveness of certain internal controls over the Bank's stage 1 and stage 2 ECL process.
- With the assistance of professionals with specialized skills in credit risk or economics:
    - For a selection of ECL models, evaluated the appropriateness of the models used to estimate ECL;
    - Evaluated the forecasts of macroeconomic scenarios and their probability weighting by comparing them against independently developed forecasts and publicly available industry data, including the impact of a possible economic recession;
    - Assessed management's determination of SICR and the appropriateness of the related model's programming;
    - Assessed the adjustments to the modelled ECL results by evaluating management's expert credit judgment.

Income taxes – Uncertain tax positions — Refer to Notes 1 and 24 to the financial statements
Key Audit Matter Description
In the normal course of its business, the Bank is involved in a number of transactions for which the tax impacts are uncertain. The Bank accounts for provisions for uncertain tax positions that adequately represent the risk stemming from tax matters under discussion or being audited by tax authorities or from other matters involving uncertainty. These provisions reflect management's best possible estimate of the amounts that may have to be paid based on qualitative assessments of all relevant factors. As disclosed in Note 24, the Bank was reassessed by the tax authorities for additional income taxes and interest in respect of certain Canadian dividends received by the Bank for certain taxation years and may be reassessed for subsequent taxation years in regard to similar activities. The Bank has not recognized any tax liability related to these uncertain tax positions.

We have identified the assessment of the accounting of the uncertain tax positions related to certain Canadian dividends as a key audit matter given the significant judgment made by management when evaluating the probability of acceptance of the Bank's tax positions and when interpreting relevant tax and case law and administrative positions. Auditing these judgments required a high degree of auditor judgment and resulted in an increased extent of audit effort, including the involvement of tax specialists.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures pertaining to the assessment of the accounting of the uncertain tax positions related to certain Canadian dividends included the following, among others:

- With the assistance of tax specialists, evaluated management's assessment of the probability of acceptance of the Bank's tax positions by assessing:
    - The Bank's interpretations of relevant tax and case law and administrative positions;
    - The correspondence with the relevant tax authorities;
    - The advice and legal opinions obtained by the Bank's external tax advisors.

Other Information
Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis;
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Bank as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carl Magnan.

/s/ Deloitte LLP[1]

December 2, 2025
Montreal, Quebec

[1] CPA auditor, public accountancy permit No. A121501

Consolidated Balance Sheets

As at October 31		2025	2024
Assets			
Cash and deposits with financial institutions		**27,916**	31,549
Securities	Notes 4, 5 and 7		
At fair value through profit or loss		**148,118**	115,935
At fair value through other comprehensive income		**24,024**	14,622
At amortized cost		**16,605**	14,608
		188,747	145,165
Securities purchased under reverse repurchase agreements and securities borrowed		**27,091**	16,265
Loans	Note 8		
Residential mortgage		**113,929**	95,009
Personal		**50,173**	46,883
Credit card		**3,022**	2,761
Business and government		**137,630**	99,720
		304,754	244,373
Allowances for credit losses		**(2,131)**	(1,341)
		302,623	243,032
Other			
Derivative financial instruments	Note 17	**12,515**	12,309
Premises and equipment	Note 10	**2,162**	1,868
Goodwill	Notes 3 and 11	**3,101**	1,522
Intangible assets	Note 11	**1,748**	1,233
Other assets	Note 12	**11,016**	9,283
		30,542	26,215
		576,919	462,226
Liabilities and equity			
Deposits	Notes 5, 13 and 15	**428,003**	333,545
Other			
Obligations related to securities sold short		**13,257**	10,873
Obligations related to securities sold under repurchase agreements and securities loaned	Note 9	**41,356**	38,177
Derivative financial instruments	Note 17	**15,984**	15,760
Liabilities related to transferred receivables	Notes 5 and 9	**30,577**	28,377
Other liabilities	Note 14	**10,541**	8,686
		111,715	101,873
Subordinated debt	Note 16	**3,432**	1,258
Equity			
Equity attributable to the Bank's shareholders and holders of other equity instruments	Notes 3, 19 and 22		
Preferred shares and other equity instruments		**3,114**	3,150
Common shares		**9,865**	3,463
Contributed surplus		**137**	85
Retained earnings		**20,366**	18,633
Accumulated other comprehensive income		**287**	219
		33,769	25,550
Non-controlling interests		**–**	–
		33,769	25,550
		576,919	462,226

The accompanying notes are an integral part of these audited consolidated financial statements.

Laurent Ferreira
President and Chief Executive Officer

Lynn Loewen
Director

Consolidated Statements of Income

Year ended October 31		2025	2024
Interest income			
Loans		**16,665**	15,581
Securities at fair value through profit or loss		**2,070**	1,834
Securities at fair value through other comprehensive income		**791**	541
Securities at amortized cost		**586**	468
Deposits with financial institutions		**1,186**	1,547
		21,298	19,971
Interest expense			
Deposits		**12,987**	13,198
Liabilities related to transferred receivables		**809**	752
Subordinated debt		**129**	62
Other		**2,855**	3,020
		16,780	17,032
Net interest income[1]		**4,518**	2,939
Non-interest income			
Underwriting and advisory fees		**570**	419
Securities brokerage commissions		**242**	194
Mutual fund revenues		**734**	638
Investment management and trust service fees		**1,381**	1,141
Credit fees		**353**	460
Card revenues		**208**	212
Deposit and payment service charges		**296**	294
Trading revenues (losses)	Note 21	**4,933**	4,299
Gains (losses) on non-trading securities, net		**132**	318
Insurance revenues, net		**80**	73
Foreign exchange revenues, other than trading		**267**	225
Share in the net income of associates and joint ventures		**8**	8
Other		**258**	180
		9,462	8,461
Total revenues		**13,980**	11,400
Non-interest expenses			
Compensation and employee benefits		**4,549**	3,725
Occupancy	Note 10	**423**	366
Technology	Notes 10 and 11	**1,374**	1,046
Communications		**69**	56
Professional fees		**492**	316
Other	Note 30	**693**	545
		7,600	6,054
Income before provisions for credit losses and income taxes		**6,380**	5,346
Provisions for credit losses	Note 8	**1,246**	569
Income before income taxes		**5,134**	4,777
Income taxes	Note 24	**1,117**	961
Net income		**4,017**	3,816
Net income attributable to			
Preferred shareholders and holders of other equity instruments		**165**	154
Common shareholders		**3,852**	3,663
Bank shareholders and holders of other equity instruments		**4,017**	3,817
Non-controlling interests		**–**	(1)
		4,017	3,816
Earnings per share *(dollars)*	Note 25		
Basic		**10.18**	10.78
Diluted		**10.07**	10.68
Dividends per common share *(dollars)*	Note 19	**4.64**	4.32

The accompanying notes are an integral part of these audited consolidated financial statements.

(1) *Net interest income* includes dividend income. For additional information, see Note 1 to these audited consolidated financial statements.

Consolidated Statements of Comprehensive Income

Year ended October 31	2025	2024
Net income	**4,017**	3,816
Other comprehensive income, net of income taxes		
Items that may be subsequently reclassified to net income		
Net foreign currency translation adjustments		
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	**61**	80
Impact of hedging net foreign currency translation gains (losses)	**(27)**	(67)
	34	13
Net change in debt securities at fair value through other comprehensive income		
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**128**	68
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**(59)**	(59)
	69	9
Net change in cash flow hedges		
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**13**	(100)
Net (gains) losses on designated derivative financial instruments reclassified to net income	**(48)**	(123)
	(35)	(223)
Items that will not be subsequently reclassified to net income		
Remeasurements of pension plans and other post-employment benefit plans	**(39)**	83
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**55**	43
Net fair value change attributable to credit risk on financial liabilities designated at fair value through profit or loss	**(185)**	(350)
	(169)	(224)
Total other comprehensive income, net of income taxes	**(101)**	(425)
Comprehensive income	**3,916**	3,391
Comprehensive income attributable to		
Bank shareholders and holders of other equity instruments	**3,916**	3,392
Non-controlling interests	**–**	(1)
	3,916	3,391

The accompanying notes are an integral part of these audited consolidated financial statements.

Consolidated Statements of Comprehensive Income (cont.)

Income Taxes – Other Comprehensive Income

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

Year ended October 31	2025	2024
Items that may be subsequently reclassified to net income		
Net foreign currency translation adjustments		
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	**5**	–
Impact of hedging net foreign currency translation gains (losses)	**(8)**	(23)
	(3)	(23)
Net change in debt securities at fair value through other comprehensive income		
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**51**	27
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**(23)**	(24)
	28	3
Net change in cash flow hedges		
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**5**	(39)
Net (gains) losses on designated derivative financial instruments reclassified to net income	**(19)**	(47)
	(14)	(86)
Items that will not be subsequently reclassified to net income		
Remeasurements of pension plans and other post-employment benefit plans	**(15)**	32
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**15**	16
Net fair value change attributable to credit risk on financial liabilities designated at fair value through profit or loss	**(71)**	(135)
	(71)	(87)
	(60)	(193)

The accompanying notes are an integral part of these audited consolidated financial statements.

Consolidated Statements of Changes in Equity

Year ended October 31		2025	2024
Preferred shares and other equity instruments at beginning	Notes 3 and 19	**3,150**	3,150
Issuances of preferred shares, Series 47 and 49		**264**	–
Redemption of preferred shares, Series 32, for cancellation		**(300)**	–
Preferred shares and other equity instruments at end		**3,114**	3,150
Common shares at beginning	Note 19	**3,463**	3,294
Issuances of common shares pursuant to the Stock Option Plan		**114**	146
Issuances of common shares related to the CWB acquisition	Notes 3 and 15		
Exchange of common shares		**5,290**	–
Automatic exchange of subscription receipts		**1,040**	–
Repurchases of common shares for cancellation		**(35)**	–
Impact of shares purchased or sold for trading		**(7)**	23
Common shares at end		**9,865**	3,463
Contributed surplus at beginning		**85**	68
Stock option expense	Note 22	**24**	17
Stock options exercised		**(19)**	(16)
Replacement options related to the CWB acquisition	Note 22	**29**	–
Other		**18**	16
Contributed surplus at end		**137**	85
Retained earnings at beginning		**18,633**	16,650
Net income attributable to the Bank's shareholders and holders of other equity instruments		**4,017**	3,817
Dividends on preferred shares and distributions on other equity instruments	Note 19	**(186)**	(175)
Dividends on common shares	Note 19	**(1,763)**	(1,468)
Premium paid on common shares repurchased for cancellation	Note 19	**(178)**	–
Issuance expenses for shares and other equity instruments, net of income taxes		**(12)**	–
Remeasurements of pension plans and other post-employment benefit plans		**(39)**	83
Net gains (losses) on equity securities designated at fair value through other comprehensive income		**55**	43
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss		**(185)**	(350)
Impact of a financial liability resulting from put options written to non-controlling interests	Note 14	**–**	18
Other		**24**	15
Retained earnings at end		**20,366**	18,633
Accumulated other comprehensive income at beginning		**219**	420
Net foreign currency translation adjustments		**34**	13
Net change in unrealized gains (losses) on debt securities at fair value through other comprehensive income		**69**	9
Net change in gains (losses) on instruments designated as cash flow hedges		**(35)**	(223)
Accumulated other comprehensive income at end		**287**	219
Equity attributable to the Bank's shareholders and holders of other equity instruments		**33,769**	25,550
Non-controlling interests at beginning		**–**	2
Net income attributable to non-controlling interests		**–**	(1)
Other		**–**	(1)
Non-controlling interests at end		**–**	–
Equity		**33,769**	25,550

Accumulated Other Comprehensive Income

As at October 31	2025	2024
Accumulated other comprehensive income		
Net foreign currency translation adjustments	**354**	320
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**43**	(26)
Net gains (losses) on instruments designated as cash flow hedges	**(112)**	(77)
Share in the other comprehensive income of associates and joint ventures	**2**	2
	287	219

The accompanying notes are an integral part of these audited consolidated financial statements.

Consolidated Statements of Cash Flows

Year ended October 31		2025	2024
Cash flows from operating activities			
Net income		**4,017**	3,816
Adjustments for			
Provisions for credit losses	Note 8	**1,246**	569
Depreciation of premises and equipment, including right-of-use assets	Note 10	**281**	233
Amortization of intangible assets	Note 11	**373**	281
Impairment losses on premises and equipment and on intangible assets	Notes 10 and 11	**67**	4
Deferred taxes	Note 24	**(180)**	(138)
Losses (gains) on sales of non-trading securities, net		**(128)**	(144)
Share in the net income of associates and joint ventures		**(8)**	(8)
Stock option expense	Note 22	**24**	17
Gain on the fair value remeasurement of an equity interest	Note 3	**(4)**	(174)
Change in operating assets and liabilities			
Securities at fair value through profit or loss		**(32,183)**	(15,941)
Securities purchased under reverse repurchase agreements and securities borrowed		**(10,826)**	(5,005)
Loans, net of securitization		**(20,817)**	(21,442)
Deposits		**61,136**	45,372
Obligations related to securities sold short		**(185)**	(2,787)
Obligations related to securities sold under repurchase agreements and securities loaned		**3,163**	(170)
Derivative financial instruments, net		**105**	1,079
Securitization – Credit cards		**(49)**	–
Interest and dividends receivable and interest payable		**86**	128
Current tax assets and liabilities		**(88)**	175
Other items		**(1,395)**	(1,213)
		4,635	4,652
Cash flows from financing activities			
Redemption of preferred shares and other equity instruments for cancellation	Note 19	**(300)**	–
Issuances of common shares (including the impact of shares purchased for trading)		**88**	153
Repurchases of common shares for cancellation	Note 19	**(213)**	–
Issuance of subordinated debt	Note 16	**1,750**	500
Redemption of subordinated debt	Note 16	**(125)**	–
Purchase of the non-controlling interest of CWB	Note 3	**(335)**	–
Issuance expenses for shares		**(12)**	–
Repayments of lease liabilities		**(76)**	(110)
Dividends paid on shares and distributions on other equity instruments		**(1,952)**	(1,640)
		(1,175)	(1,097)
Cash flows from investing activities			
Net change in investments in associates and joint ventures		**(2)**	10
Business acquisitions	Note 3	**131**	–
Purchases of non-trading securities		**(31,437)**	(17,333)
Maturities of non-trading securities		**12,185**	4,470
Sales of non-trading securities		**12,545**	6,220
Net change in premises and equipment, excluding right-of-use assets		**(233)**	(443)
Net change in intangible assets		**(269)**	(260)
		(7,080)	(7,336)
Impact of currency rate movements on cash and cash equivalents		**(13)**	96
Increase (decrease) in cash and cash equivalents		**(3,633)**	(3,685)
Cash and cash equivalents at beginning		**31,549**	35,234
Cash and cash equivalents at end[1]		**27,916**	31,549
Supplementary information about cash flows from operating activities			
Interest paid		**16,592**	16,767
Interest and dividends received		**21,195**	19,834
Income taxes paid		**1,177**	1,085

The accompanying notes are an integral part of these audited consolidated financial statements.

(1) This item represents the balance of *Cash and deposits with financial institutions* in the Consolidated Balance Sheet. It includes an amount of $14.6 billion as at October 31, 2025 ($11.7 billion as at October 31, 2024) for which there are restrictions and of which $7.1 billion ($6.5 billion as at October 31, 2024) represents the balances that the Bank must maintain with central banks, other regulatory agencies, and certain counterparties.

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Note 1 – Basis of Presentation and Summary of Material Accounting Policies

National Bank of Canada (the Bank) is a financial institution incorporated and domiciled in Canada and whose shares are listed on the Toronto Stock Exchange. Its head office is located at 800 Saint-Jacques Street in Montreal, Quebec, Canada. The Bank is a chartered bank under Schedule 1 of the *Bank Act* (Canada) and is regulated by the Office of the Superintendent of Financial Institutions (Canada) (OSFI). The Bank offers financial services to individuals, businesses, institutional clients, and governments throughout Canada as well as specialized services at the international level. It operates four business segments: the Personal and Commercial segment, the Wealth Management segment, the Capital Markets segment, and the U.S. Specialty Finance and International (USSF&I) segment. Its full line of services includes banking and investing solutions for individuals and businesses, corporate banking and investment banking services, securities brokerage, insurance, and wealth management.

On December 2, 2025, the Board of Directors (the Board) authorized the publication of the Bank's audited annual consolidated financial statements (the Consolidated Financial Statements) for the year ended October 31, 2025.

Basis of Presentation

The Bank's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements also comply with section 308(4) of the *Bank Act* (Canada), which states that, except as otherwise specified by OSFI, the Consolidated Financial Statements are to be prepared in accordance with IFRS. IFRS represents Canadian generally accepted accounting principles (GAAP). None of the OSFI accounting requirements are exceptions to IFRS. The accounting policies described in the Summary of Material Accounting Policies section have been applied consistently to all periods presented.

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

Summary of Material Accounting Policies

Judgments, Estimates and Assumptions

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment and make estimates and assumptions that affect the reporting date carrying amounts of assets and liabilities, net income, and related information. Furthermore, certain accounting policies require complex judgments and estimates because they apply to matters that are inherently uncertain, in particular accounting policies applicable to the following: the fair value determination of financial instruments, the impairment of financial assets, the impairment of non-financial assets, pension plans and other post-employment benefits, income taxes, provisions, the consolidation of structured entities, and the classification of debt instruments. Descriptions of these judgments and estimates are provided in each of the notes related thereto in the Consolidated Financial Statements. Actual results could therefore differ from these estimates, in which case the impacts are recognized in the Consolidated Financial Statements of future fiscal periods. The accounting policies described in this note provide greater detail about the use of estimates and assumptions and reliance on judgment. In addition, the valuation techniques used for the assets and liabilities resulting from the Canadian Western Bank (CWB) acquisition are described below.

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 and previously high interest rates continue to create uncertainty. As a result, establishing reliable estimates and applying judgment continue to be substantially complex. The uncertainty surrounding certain key inputs used in measuring expected credit losses is described in Note 8 to these 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 core deposits includes an estimate of future interest costs and operating expenses for these 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 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 arm's-length transaction between knowledgeable, willing parties.

For additional information, see Note 3 to these Consolidated Financial Statements.

Basis of Consolidation

Subsidiaries

These Consolidated Financial Statements include all the assets, liabilities, operating results and cash flows of the Bank and its subsidiaries, after elimination of intercompany transactions and balances. Subsidiaries are entities, including structured entities, controlled by the Bank. 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 voting rights relate solely to administrative tasks and the relevant activities are directed by means of contractual arrangements.

Management must exercise judgment in determining whether the Bank must consolidate an entity. The Bank controls an entity only if the following three conditions are met:

- it has decision-making authority regarding the entity's relevant activities;
- it has exposure or rights to variable returns from its involvement with the entity;
- it has the ability to use its power to affect the amount of the returns.

When determining decision-making authority, the Bank considers many factors, including the existence and effect of actual and potential voting rights held by the Bank that can be exercised as well as the holding of instruments that are convertible into voting shares. In addition, the Bank must determine whether, as an investor with decision-making rights, it acts as a principal or agent.

Based on these principles, an assessment of control is performed at the inception of a relationship between any entity and the Bank. When performing this assessment, the Bank considers all facts and circumstances, and it must reassess whether it still controls an investee if facts and circumstances indicate that one or more of the three conditions of control have changed.

The Bank consolidates the entities it controls from the date on which control is obtained and ceases to consolidate them from the date control ceases. The Bank uses the acquisition method to account for the acquisition of a subsidiary from a third party on the date control is obtained.

Non-Controlling Interests

Non-controlling interests in subsidiaries represent the equity interests held by third parties in the Bank's subsidiaries and are presented in total *Equity,* separately from *Equity attributable to the Bank's shareholders and holders of other equity instruments.* The non-controlling interests' proportionate shares of the net income and other comprehensive income of the Bank's subsidiaries are presented separately in the Consolidated Statement of Income and in the Consolidated Statement of Comprehensive Income, respectively.

Note 1 – Basis of Presentation and Summary of Material Accounting Policies (cont.)

With respect to units issued to third parties by mutual funds and certain other funds that are consolidated, they are presented at fair value in *Other liabilities* in the Consolidated Balance Sheet. Lastly, changes in ownership interests in subsidiaries that do not result in a loss of control are recognized as equity transactions. The difference between the adjustment in the carrying value of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in *Equity attributable to the Bank's shareholders and holders of other equity instruments*.

Investments in Associates and Joint Ventures

The Bank exercises significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the investee. The Bank has joint control when there is a contractually agreed sharing of control of an entity, and joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates, i.e., entities over which the Bank exercises significant influence, and investments in joint ventures, i.e., entities over which the Bank has rights to the net assets and exercises joint control, are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and, thereafter, the carrying amount is increased or decreased by the Bank's proportionate share of net income, recognized in *Non-interest income* in the Consolidated Statement of Income, and by the proportionate share in other comprehensive income, recognized in *Other comprehensive income* in the Consolidated Statement of Comprehensive Income. Distributions received reduce the carrying amount of the interest.

Translation of Foreign Currencies

The Consolidated Financial Statements are presented in Canadian dollars, which is the Bank's functional and presentation currency. Each foreign operation within the Bank's scope of consolidation determines its own functional currency, and the items reported in the financial statements of each foreign operation are measured using that currency.

Monetary items and non-monetary items measured at fair value and denominated in foreign currencies are translated into the functional currency at exchange rates prevailing at the Consolidated Balance Sheet date. Non-monetary items not measured at fair value are translated into the functional currency at historical rates. Revenues and expenses denominated in foreign currencies are translated at the average exchange rates for the period. Translation gains and losses are recognized in *Non-interest income* in the Consolidated Statement of Income, except for equity instruments designated at fair value through other comprehensive income, for which unrealized gains and losses are recorded in *Other comprehensive income* and will not be subsequently reclassified to net income.

In the Consolidated Financial Statements, the assets and liabilities of all foreign operations are translated into the Bank's functional currency at the exchange rates prevailing at the Consolidated Balance Sheet date, whereas the revenues and expenses of such foreign operations are translated into the Bank's functional currency at the average exchange rates for the period. Any goodwill resulting from the acquisition of a foreign operation that does not have the same functional currency as the parent company, and any fair value adjustments to the carrying amounts of assets and liabilities resulting from the acquisition, are treated as assets and liabilities of the foreign operation and translated at the exchange rates prevailing at the Consolidated Balance Sheet date. Unrealized translation gains and losses related to foreign operations, including the impact of hedges and income taxes on the related results, are presented in *Other comprehensive income*. Upon disposal of a foreign operation, any accumulated translation gains and losses, along with the related hedges, recorded under the *Accumulated other comprehensive income* item of this foreign operation, are reclassified to *Non-interest income* in the Consolidated Statement of Income.

Classification and Measurement of Financial Instruments

At initial recognition, all financial instruments are recorded at fair value in the Consolidated Balance Sheet. At initial recognition, financial assets must be classified as subsequently measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Bank determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. At initial recognition, financial liabilities are classified as subsequently measured at amortized cost or as at fair value through profit or loss.

For the purpose of classifying a financial asset, the Bank must determine whether the contractual cash flows associated with the financial asset are solely payments of principal and interest on the principal amount outstanding. The principal is generally the fair value of the financial asset at initial recognition. The interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period, and for other basic lending risks and costs as well as of a profit margin. If the Bank determines that the contractual cash flows associated with a financial asset are not solely payments of principal and interest, the financial assets must be classified as measured at fair value through profit or loss.

When classifying financial assets, the Bank determines the business model used for each portfolio of financial assets that are managed together to achieve a same business objective. The business model reflects how the Bank manages its financial assets and the extent to which the financial asset cash flows are generated by the collection of the contractual cash flows, the sale of the financial assets, or both. The Bank determines the business model using scenarios that it reasonably expects to occur. Consequently, the business model determination is a matter of fact and requires the use of judgment and consideration of all the relevant evidence available to the Bank at the date of determination.

A financial asset portfolio falls within a "hold to collect" business model when the Bank's primary objective is to hold these financial assets in order to collect contractual cash flows from them and not to sell them. When the Bank's objective is achieved both by collecting contractual cash flows and by selling the financial assets, the financial asset portfolio falls within a "hold to collect and sell" business model. In this type of business model, collecting contractual cash flows and selling financial assets are both integral components to achieving the Bank's objective for this financial asset portfolio. Financial assets are mandatorily measured at fair value through profit or loss if they do not fall within either a "hold to collect" business model or a "hold to collect and sell" business model.

Financial Instruments Designated at Fair Value Through Profit or Loss

A financial asset may be irrevocably designated at fair value through profit or loss at initial recognition if certain conditions are met. The Bank may apply this option if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring financial assets or liabilities or recognizing gains and losses on them on different bases, and if the fair values are reliable. Financial assets thus designated are recognized at fair value, and any change in fair value is recorded in *Non-interest income* in the Consolidated Statement of Income. Interest income arising from these financial instruments designated at fair value through profit or loss is recorded in *Net interest income* in the Consolidated Statement of Income.

A financial liability may be irrevocably designated at fair value through profit or loss when it is initially recognized. Financial liabilities thus designated are recognized at fair value, and any changes in fair value attributable to changes in the Bank's own credit risk are recognized in *Other comprehensive income* unless these changes create or enlarge an accounting mismatch in *Net income.* Fair value changes not attributable to the Bank's own credit risk are recognized in *Non-interest income* in the Consolidated Statement of Income. The amounts recognized in *Other comprehensive income* will not be subsequently reclassified to *Net income*. Interest expense arising from these financial liabilities designated at fair value through profit or loss is recorded in the *Net interest income* item of the Consolidated Statement of Income. The Bank may use this option in the following cases:

- if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring financial assets or liabilities or recognizing gains and losses on them on different bases, and if the fair values are reliable;
- if a group of financial assets and financial liabilities to which an instrument belongs is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information is provided on that basis to senior management. Consequently, the Bank may use this option if it has implemented a documented risk management strategy to manage a group of financial instruments together on the fair value basis, if it can demonstrate that significant financial risks are eliminated or significantly reduced, and if the fair values are reliable;
- for hybrid financial instruments with one or more embedded derivatives that would significantly modify the cash flows of the financial instruments and that would otherwise be bifurcated and accounted for separately.

Financial Instruments Designated at Fair Value Through Other Comprehensive Income

At initial recognition, an investment in an equity instrument that is neither held for trading nor a contingent consideration recognized in a business combination may be irrevocably designated as being at fair value through other comprehensive income. In accordance with this designation, any change in fair value is recognized in *Other comprehensive income* with no subsequent reclassification to net income. Dividend income is recorded in *Interest income* in the Consolidated Statement of Income.

Securities Measured at Fair Value Through Other Comprehensive Income

Securities measured at fair value through other comprehensive income include: (i) debt securities for which the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding and that fall within a "hold to collect and sell" business model and (ii) equity securities designated at fair value through other comprehensive income with no subsequent reclassification of gains and losses to net income.

The Bank recognizes securities transactions at fair value through other comprehensive income on the trade date, and the transaction costs are capitalized. Interest income and dividend income are recognized in *Interest income* in the Consolidated Statement of Income.

Note 1 – Basis of Presentation and Summary of Material Accounting Policies (cont.)

Debt Securities Measured at Fair Value Through Other Comprehensive Income
Debt securities measured at fair value through other comprehensive income are recognized at fair value. Unrealized gains and losses are recognized, net of expected credit losses and related income taxes, and provided they are not hedged by derivative financial instruments in a fair value hedging relationship, in *Other comprehensive income*. When the securities are sold, realized gains or losses, determined on an average cost basis, are reclassified to *Non-interest income – Gains (losses) on non-trading securities, net* in the Consolidated Statement of Income. Premiums, discounts and related transaction costs are amortized to interest income over the expected life of the instrument using the effective interest rate method.

Equity Securities Designated at Fair Value Through Other Comprehensive Income
Equity securities designated at fair value through other comprehensive income are recognized at fair value. Unrealized gains and losses are presented, net of income taxes, in *Other comprehensive income* with no subsequent reclassification of realized gains and losses to net income. Transaction costs incurred upon the purchase of such equity securities are not reclassified to net income upon the sale of the securities.

Securities Measured at Amortized Cost
Securities measured at amortized cost include debt securities for which the contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding and that fall within a "hold to collect" business model.

The Bank recognizes these securities transactions at fair value on the trade date, and the transaction costs are capitalized. After initial recognition, debt securities in this category are recorded at amortized cost. Interest income is recognized in *Interest income* in the Consolidated Statement of Income. Premiums, discounts and related transaction costs are amortized to interest income over the expected life of the instrument using the effective interest rate method. Securities measured at amortized cost are presented net of allowances for credit losses in the Consolidated Balance Sheet.

Securities Measured at Fair Value Through Profit or Loss
Securities not classified or designated as measured at fair value through other comprehensive income or at amortized cost are classified as measured at fair value through profit or loss.

Securities measured at fair value through profit or loss include (i) securities held for trading, (ii) securities designated at fair value through profit or loss, (iii) all equity securities other than those designated as measured at fair value through other comprehensive income with no subsequent reclassifications of gains and losses to net income, and (iv) debt securities for which the contractual cash flows are not solely payments of principal and any interest on any principal amount outstanding.

The Bank recognizes securities transactions at fair value through profit or loss on the settlement date in the Consolidated Balance Sheet. Changes in fair value between the trade date and the settlement date are recognized in *Non-interest income* in the Consolidated Statement of Income.

Securities at fair value through profit or loss are recognized at fair value. Interest income, any transaction costs, as well as realized and unrealized gains or losses on securities held for trading are recognized in *Non-interest income – Trading revenues (losses*) in the Consolidated Statement of Income. Dividend income is recorded in *Interest income* in the Consolidated Statement of Income. Interest income on securities designated at fair value through profit or loss is recorded in *Interest income* in the Consolidated Statement of Income. Realized and unrealized gains or losses on these securities are recognized in *Non-interest income – Trading revenues (losses*) in the Consolidated Statement of Income.

Realized and unrealized gains or losses on equity securities at fair value through profit or loss, other than those held for trading, as well as debt securities for which the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding, are recognized under *Non-interest income – Gains (losses) on non-trading securities, net* in the Consolidated Statement of Income. The dividend income and interest income on these financial assets are recognized under *Interest income* in the Consolidated Statement of Income.

Securities Purchased Under Reverse Repurchase Agreements, Obligations Related to Securities Sold Under Repurchase Agreements, and Securities Borrowed and Loaned
The Bank recognizes these transactions at amortized cost using the effective interest rate method, except when they are designated at fair value through profit or loss and are recorded at fair value. These transactions are held within a business model whose objective is to collect contractual cash flows, i.e., cash flows that are solely payments of principal and interest on the principal amount outstanding. Securities sold under repurchase agreements remain on the Consolidated Balance Sheet, whereas securities purchased under reverse repurchase agreements are not recognized. Reverse repurchase agreements and repurchase agreements are treated as collateralized lending and borrowing transactions.

The Bank also borrows and lends securities. Securities loaned remain on the Consolidated Balance Sheet, while securities borrowed are not recognized. As part of these transactions, the Bank pledges or receives collateral in the form of cash or securities. Collateral pledged in the form of securities remains on the Consolidated Balance Sheet. Collateral received in the form of securities is not recognized in the Consolidated Balance Sheet. Collateral pledged or received in the form of cash is recognized in financial assets or liabilities in the Consolidated Balance Sheet.

When the collateral is pledged or received in the form of cash, the interest income and expense are recorded in *Net interest income* in the Consolidated Statement of Income.

Loans

Loans Measured at Amortized Cost

Loans classified as measured at amortized cost include loans originated or purchased by the Bank that are not classified as measured at fair value through profit or loss or designated at fair value through profit or loss. These loans are held within a business model whose objective is to collect contractual cash flows, i.e., cash flows that are solely payments of principal and interest on the principal amount outstanding. All loans originated by the Bank are recognized when cash is advanced to a borrower. Purchased loans are recognized when the cash consideration is paid by the Bank.

All loans are initially recognized at fair value plus directly attributable costs and are subsequently measured at amortized cost using the effective interest rate method, net of allowances for expected credit losses. For purchased performing loans, the acquisition date fair value adjustment on each loan is amortized to interest income over the expected remaining life of the loan using the effective interest rate method. For purchased credit-impaired loans, the acquisition date fair value adjustment on each loan consists of management's estimate of the shortfall of principal and interest cash flows that the Bank expects to collect and of the time value of money. The time value of money component of the fair value adjustment is amortized to interest income over the remaining life of the loan using the effective interest rate method. Loans are presented net of allowances for credit losses in the Consolidated Balance Sheet.

Loans Measured at Fair Value Through Profit or Loss

Loans classified as measured at fair value through profit or loss, loans designated at fair value through profit or loss, and loans for which the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding are recognized at fair value in the Consolidated Balance Sheet. The interest income on loans at fair value through profit or loss is recorded in *Interest income* in the Consolidated Statement of Income.

Changes in the fair value of loans classified as at fair value through profit or loss and loans designated at fair value through profit or loss are recognized in *Non-interest income – Trading revenues (losses*) in the Consolidated Statement of Income. With respect to loans whose contractual cash flows are not solely payments of principal and interest on the principal amount outstanding, changes in fair value are recognized in *Non-interest income – Other* in the Consolidated Statement of Income.

Reclassification of Financial Assets

A financial asset, other than a derivative financial instrument or a financial asset that, at initial recognition, was designated as measured at fair value through profit or loss, is reclassified only in rare situations, i.e., when there is a change in the business model used to manage the financial asset. The reclassification is applied prospectively from the reclassification date.

Establishing Fair Value

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

Unadjusted quoted prices in active markets, based on bid prices for financial assets and offered prices for financial liabilities, provide the best evidence of fair value. A financial instrument is considered quoted in an active market when prices in exchange, dealer, broker or principal-to-principal markets are accessible at the measurement date. An active market is one where transactions occur with sufficient frequency and volume to provide quoted prices on an ongoing basis.

When there is no quoted price in an active market, the Bank uses another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider when pricing a transaction. Judgment is required when applying a large number of acceptable valuation techniques and estimates to determine fair value. The estimated fair value reflects market conditions on the valuation date and, consequently, may not be indicative of future fair value.

Note 1 – Basis of Presentation and Summary of Material Accounting Policies (cont.)

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration received or paid. If there is a difference between the fair value at initial recognition and the transaction price, and the fair value is determined using a valuation technique based on observable market inputs or, in the case of a derivative, if the risks are fully offset by other contracts entered into with third parties, this difference is recognized in the Consolidated Statement of Income. In other cases, the difference between the fair value at initial recognition and the transaction price is deferred in the Consolidated Balance Sheet. The amount of the deferred gain or loss is recognized over the term of the financial instrument. The unamortized balance is immediately recognized in net income when (i) observable market inputs can be obtained and support the fair value of the transaction, (ii) the risks associated with the initial contract are substantially offset by other contracts entered into with third parties, (iii) the gain or loss is realized through a cash receipt or payment, or (iv) the transaction matures or is terminated before maturity.

In certain cases, measurement adjustments are recognized to address factors that market participants would use at the measurement date to determine fair value but that are not included in the measurement techniques due to system limitations or uncertainty surrounding the measure. These factors include, but are not limited to, the unobservable nature of the inputs used in the valuation model, assumptions about risk such as market risk, credit risk, or valuation model risk, and future administration costs. The Bank may also consider market liquidity risk when determining the fair value of financial instruments when it believes these instruments could be disposed of for a consideration that is below the fair value otherwise determined due to a lack of market liquidity or an insufficient volume of transactions in a given market. The measurement adjustments also include the funding valuation adjustment applied to derivative financial instruments to reflect the market implied cost or benefits of funding collateral for uncollateralized or partly collateralized transactions.

As permitted when certain criteria are met, the Bank has elected to determine fair value based on net exposure to credit risk or market risk for certain portfolios of financial instruments, mainly derivative financial instruments.

Impairment of Financial Assets
At the end of each reporting period, the Bank applies a three-stage impairment approach to measure the expected credit losses (ECL) on all debt instruments measured at amortized cost or at fair value through other comprehensive income and on loan commitments and financial guarantees that are not measured at fair value. The ECL model is forward looking. Measurement of ECLs at each reporting period reflects reasonable and supportable information about past events, current conditions, and forecasts of future events and future economic conditions.

Determining the Stage
The ECL three-stage impairment approach is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and an allowance for credit losses that is measured, at each reporting date, in an amount equal to 12-month expected credit losses, is recorded. When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and an allowance for credit losses that is measured, at each reporting date, in an amount equal to lifetime expected credit losses, is recorded. In subsequent reporting periods, if the credit risk of a financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1, i.e., recognition of 12-month expected credit losses. When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset occurs, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected credit losses continues to be recorded or the financial asset is written off. Interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Assessment of Significant Increase in Credit Risk
In determining whether credit risk has increased significantly, the Bank uses an internal credit risk grading system, external risk ratings, and forward-looking information to assess deterioration in the credit quality of a financial instrument. To assess whether or not the credit risk of a financial instrument has increased significantly, the Bank compares the probability of default (PD) occurring over its expected life as at the reporting date with the PD occurring over its expected life on the date of initial recognition and considers reasonable and supportable information indicative of a significant increase in credit risk since initial recognition. The Bank includes relative and absolute thresholds in the definition of significant increase in credit risk and a backstop of 30 days past due. All financial instruments that are more than 30 days past due since initial recognition are migrated to Stage 2 even if other metrics do not indicate that a significant increase in credit risk has occurred. The assessment of a significant increase in credit risk requires significant judgment.

Measurement of Expected Credit Losses

ECLs are measured as the probability-weighted present value of all expected cash shortfalls over the remaining expected life of the financial instrument, and reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions is considered. The estimation and application of forward-looking information require significant judgment. Cash shortfalls represent the difference between all contractual cash flows owed to the Bank and all cash flows the Bank expects to receive.

The measurement of ECLs is primarily based on the product of the financial instrument's PD, loss given default (LGD), and exposure at default (EAD). Forward-looking macroeconomic factors such as unemployment rates, housing price indices, interest rates, and gross domestic product (GDP) are incorporated into the risk parameters. The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The Bank incorporates three forward-looking macroeconomic scenarios in its ECL calculation process: a base scenario, an upside scenario, and a downside scenario. Probability weights are assigned to each scenario. The scenarios and probability weights are reassessed quarterly and subject to management review. The Bank applies experienced credit judgment to adjust the modelled ECL results when it becomes evident that known or expected risk factors and information were not considered in the credit risk rating and modelling process.

ECLs for all financial instruments are recognized in *Provisions for credit losses* in the Consolidated Statement of Income. In the case of debt instruments measured at fair value through other comprehensive income, ECLs are recognized in *Provisions for credit losses* in the Consolidated Statement of Income, and a corresponding amount is recognized in *Other comprehensive income* with no reduction in the carrying amount of the asset in the Consolidated Balance Sheet. As for debt instruments measured at amortized cost, they are presented net of the related allowances for credit losses in the Consolidated Balance Sheet. Allowances for credit losses for off-balance-sheet credit exposures that are not measured at fair value are included in *Other liabilities* in the Consolidated Balance Sheet.

Purchased or Originated Credit-Impaired Financial Assets

On initial recognition of a financial asset, the Bank determines whether the asset is credit-impaired. For financial assets that are credit-impaired upon purchase or origination, the lifetime expected credit losses are reflected in the initial fair value. In subsequent reporting periods, the Bank recognizes only the cumulative changes in these lifetime ECLs since initial recognition as an allowance for credit losses. The Bank recognizes changes in ECLs under *Provisions for credit losses* in the Consolidated Statement of Income, even if the lifetime ECLs are less than the ECLs that were included in the estimated cash flows on initial recognition.

Definition of Default

The definition of default used by the Bank to measure ECLs and transfer financial instruments between stages is consistent with the definition of default used for internal credit risk management purposes. 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.

Write-Offs

A financial asset and its related allowance for credit losses are normally written off in whole or in part when the Bank considers the probability of recovery to be non-existent and when all guarantees and other remedies available to the Bank have been exhausted or if the borrower is bankrupt or winding up and balances owing are not likely to be recovered.

Derecognition of Financial Assets and Securitization

A financial asset is considered for derecognition when the Bank has transferred contractual rights to receive the cash flows or assumed an obligation to transfer these cash flows to a third party. The Bank derecognizes a financial asset when it considers that substantially all the risks and rewards of ownership of the asset have been transferred or when the contractual rights to the cash flows of the financial asset expire. When the Bank considers that it has retained substantially all the risks and rewards of ownership of the transferred asset, it continues to recognize the financial asset and, if applicable, recognizes a financial liability in the Consolidated Balance Sheet. If, due to a derivative financial instrument, the transfer of a financial asset does not result in derecognition, the derivative financial instrument is not recognized in the Consolidated Balance Sheet.

When the Bank has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it derecognizes the financial asset it no longer controls. Any rights and obligations retained following the asset transfer are recognized separately as an asset or liability. If the Bank retains control of the financial asset, it continues to recognize the asset to the extent of its continuing involvement in that asset, i.e., the extent to which it is exposed to changes in the value of the transferred asset.

Note 1 – Basis of Presentation and Summary of Material Accounting Policies (cont.)

To diversify its funding sources, the Bank participates in two Canada Mortgage and Housing Corporation (CMHC) securitization programs: the Mortgage-Backed Securities Program under the *National Housing Act* (Canada) (NHA) and the Canada Mortgage Bond (CMB) program. Under the first program, the Bank issues NHA securities backed by insured residential mortgages that can be sold to third parties and, under the second, the Bank sells NHA securities to Canada Housing Trust (CHT). As part of these transactions, the Bank may retain substantially all the risks and rewards related to ownership of the mortgage loans sold. As a result, those securitized insured mortgage loans continue to be recognized in *Loans* in the Bank's Consolidated Balance Sheet, and the liabilities for the consideration received from the transfer are recognized in *Liabilities related to transferred receivables* in the Consolidated Balance Sheet. Moreover, insured mortgage loans securitized and retained by the Bank continue to be recognized in *Loans* in the Consolidated Balance Sheet.

Derecognition of Financial Liabilities
A financial liability is derecognized when the obligation is discharged, cancelled, or expires. The difference between the carrying value of the financial liability transferred and the consideration paid is recognized in the Consolidated Statement of Income.

Cash and Deposits With Financial Institutions
Cash and deposits with financial institutions consist of cash and cash equivalents, amounts pledged as collateral as well as amounts placed in escrow. Cash and cash equivalents consist of cash, bank notes, deposits with the Bank of Canada and other financial institutions, including net receivables related to cheques, and other items in the clearing process.

Obligations Related to Securities Sold Short
This financial liability represents the Bank's obligation to deliver the securities it sold but did not own at the time of sale. Obligations related to securities sold short are recorded at fair value and presented as liabilities in the Consolidated Balance Sheet. Realized and unrealized gains and losses are recognized in *Non-interest income* in the Consolidated Statement of Income.

Derivative Financial Instruments
In the normal course of business, the Bank uses derivative financial instruments to meet the needs of its clients, to generate trading activity revenues, and to manage its exposure to interest rate risk, foreign exchange risk, credit risk, and other market risks.

All derivative financial instruments are measured at fair value in the Consolidated Balance Sheet. Derivative financial instruments with a positive fair value are included in assets, whereas derivative financial instruments with a negative fair value are included in liabilities in the Consolidated Balance Sheet. When the offsetting criteria are met, financial assets and financial liabilities are netted in the Consolidated Balance Sheet and the net fair value of these derivative financial instruments is reported either as an asset or as a liability, depending on the circumstance.

Embedded Derivative Financial Instruments
An embedded derivative is a component of a hybrid contract that also includes a non-derivative host, the effect being that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided, in the case of a non-financial variable, that the variable is not specific to one of the parties to the contract.

A derivative embedded in a financial liability is separated from the host contract and treated as a separate derivative if, and only if, the following three conditions are met: the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, the embedded derivative is a separate instrument that meets the definition of a derivative financial instrument, and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives that are separately accounted for are measured at fair value in the Consolidated Balance Sheet, and subsequent changes in fair value are recognized in *Non-interest income* in the Consolidated Statement of Income.

All embedded derivatives are presented on a combined basis with the host contract.

Held-for-Trading Derivative Financial Instruments
Derivative financial instruments are recognized at fair value, and the realized and unrealized gains and losses (including interest income and expense) are recorded in *Non-interest income* in the Consolidated Statement of Income.

Derivative Financial Instruments Designated as Hedging Instruments
Policy
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. Hedge accounting ensures that offsetting gains, losses, revenues and expenses are recognized in the Consolidated Statement of Income in the same period or periods.

Documenting and Assessing Effectiveness
The Bank designates and formally documents each hedging relationship, at its inception, by detailing the risk management objective and the hedging strategy. The documentation identifies the specific asset, liability, or cash flows being hedged, the related hedging instrument, the nature of the specific risk exposure or exposures being hedged, the intended term of the hedging relationship, and the method for assessing the effectiveness or ineffectiveness of the hedging relationship. At the inception of the hedging relationship, and for every financial reporting period for which the hedge has been designated, the Bank ensures that the hedging relationship is highly effective and consistent with its originally documented risk management objective and strategy. When a hedging relationship meets the hedge accounting requirements, it is designated as either a fair value hedge, a cash flow hedge or a foreign exchange hedge of a net investment in a foreign operation.

Fair Value Hedges
For fair value hedges, the Bank mainly uses interest rate swaps to hedge changes in the fair value of a hedged item. The carrying amount of the hedged item is adjusted based on the effective portion of the gains or losses attributable to the hedged risk, which are recognized in the Consolidated Statement of Income, as well as the change in the fair value of the hedging instrument. The resulting ineffective portion is recognized in *Non-interest income* in the Consolidated Statement of Income.

The Bank prospectively discontinues hedge accounting if the hedging instrument is sold or expires or if the hedging relationship no longer qualifies for hedge accounting or if the Bank revokes the designation. When the designation is revoked, the hedged item is no longer adjusted to reflect changes in fair value, and the amounts previously recorded as cumulative adjustments with respect to the effective portion of gains and losses attributable to the hedged risk are amortized using the effective interest rate method and recognized in the Consolidated Statement of Income over the remaining useful life of the hedged item. If the hedged item is sold or terminated before maturity, the cumulative adjustments with respect to the effective portion of gains and losses attributable to the hedged risk are immediately recorded in the Consolidated Statement of Income.

Cash Flow Hedges
For cash flow hedges, the Bank mainly uses interest rate swaps and total return swaps to hedge variable cash flows attributable to the hedged risk related to a financial asset or liability (or to a group of financial assets or financial liabilities). The effective portion of changes in fair value of the hedging instrument is recognized in *Other comprehensive income*, whereas the ineffective portion is recognized in *Non-interest income* in the Consolidated Statement of Income.

The amounts previously recorded in *Accumulated other comprehensive income* are reclassified to the Consolidated Statement of Income of the period or periods during which the cash flows of the hedged item affect the Consolidated Statement of Income. If the hedging instrument is sold or expires or if the hedging relationship no longer qualifies for hedge accounting or if the Bank cancels that designation, then the amounts previously recognized in *Accumulated other comprehensive income* are reclassified to the Consolidated Statement of Income in the period or periods during which the cash flows of the hedged item affect the Consolidated Statement of Income.

Hedges of Net Investments in Foreign Operations
Derivative and non-derivative financial instruments are used to hedge foreign exchange risk related to investments made in foreign operations whose functional currency is not the Canadian dollar. The effective portion of the gains and losses on the hedging instrument is recognized in *Other comprehensive income*, whereas the ineffective portion is recognized in *Non-interest income* in the Consolidated Statement of Income. Upon the total or partial sale of a net investment in a foreign operation, amounts reported under *Accumulated other comprehensive income* are reclassified, in whole or in part, to *Non-interest income* in the Consolidated Statement of Income.

Note 1 – Basis of Presentation and Summary of Material Accounting Policies (cont.)

Offsetting of Financial Assets and Liabilities
Financial assets and liabilities are offset, and the net amount is presented in the Consolidated Balance Sheet when the Bank has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Premises and Equipment
Premises and equipment, except for land and any portion under construction, are recognized at cost less accumulated depreciation and accumulated impairment losses, if any. Land and any portion under construction are recorded at cost less any accumulated impairment losses. Right-of-use assets are presented in *Premises and equipment* in the Consolidated Balance Sheet. For additional information about the accounting treatment of right-of-use assets, see the Leases section presented below.

Buildings, computer equipment, and equipment and furniture are systematically depreciated over their estimated useful lives. The depreciation period for leasehold improvements is the lesser of the estimated useful life of the leasehold improvements or the non-cancellable period of the lease. Depreciation methods and estimated useful lives are reviewed annually. The depreciation expense is recorded in *Non-interest expenses* in the Consolidated Statement of Income.

	Method	Useful life
Significant components of the head office building		
Interior design	Straight-line	10-20 years
Exterior design, roofing and electromechanical system	Straight-line	30 years
Structure	Straight-line	75 years
Other buildings	5% declining balance	
Computer equipment	Straight-line	3-7 years
Equipment and furniture	Straight-line	8 years
Leasehold improvements	Straight-line	(1)

(1) The depreciation period is the lesser of the estimated useful life or the lease term.

Leases
At the inception date of a contract, the Bank assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When the Bank is a lessee, it recognizes a right-of-use asset and a corresponding lease liability at the lease commencement date except for short-term leases (defined as leases with terms of 12 months or less) other than real estate leases and leases for which the underlying asset is of low value. For such leases, the Bank recognizes the lease payments under *Non-interest expenses* in the Consolidated Statement of Income on a straight-line basis over the lease term. As a practical expedient, the Bank elected, for real estate leases, not to separate non-lease components from lease components and instead account for them as a single lease component.

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for certain remeasurements of lease liabilities. The cost of a right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred when entering into the lease, and an estimate of costs to dismantle the asset or restore the site, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lesser of the lease term and the estimated useful life of the asset. Right-of-use assets are presented in *Premises and equipment* in the Consolidated Balance Sheet. The depreciation expense and impairment losses, if any, are recorded in *Non-interest expenses* in the Consolidated Statement of Income.

The lease liability is initially measured at the present value of future lease payments net of lease incentives not yet received. The present value of lease payments is determined using the Bank's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. In determining the lease term, the Bank considers all the facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The lease term determined by the Bank comprises the non-cancellable period of lease contracts, the periods covered by an option to extend the lease if the Bank is reasonably certain to exercise that option, and the periods covered by an option to terminate the lease if the Bank is reasonably certain not to exercise that option. The Bank reassesses the lease term if a significant event or change in circumstances occurs and that is within its control. The Bank applies judgment to determine the lease term when the lease contains extension and termination options. Lease liabilities are presented under *Other liabilities* in the Consolidated Balance Sheet, and the interest expense is presented in *Interest expense – Other* in the Consolidated Statement of Income.

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.

Goodwill

The Bank uses the acquisition method to account for business combinations. The consideration transferred in a business combination is measured at the acquisition-date fair value, and the transaction costs related to the acquisition are expensed as incurred. When the Bank acquires control of a business, all of the identifiable assets and liabilities of the acquiree, including intangible assets, are recorded at fair value. The interests previously held in the acquiree are also measured at fair value. Goodwill represents the excess of the purchase consideration and all previously held interests over the fair value of the identifiable net assets of the acquiree. If the fair value of the identifiable net assets exceeds the purchase consideration and all previously held interests, the difference is immediately recognized in income as a gain on a bargain purchase.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Bank's ownership interest and can be initially measured at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The measurement basis is selected on a case-by-case basis. Following an acquisition, non-controlling interests consist of the value assigned to those interests at initial recognition plus the non-controlling interests' share of changes in equity since the date of the acquisition.

Intangible Assets

Intangible Assets With Finite Useful Lives

Software that is not part of a cloud computing arrangement and certain other intangible assets are recognized at cost less accumulated amortization and accumulated impairment losses. These intangible assets are systematically amortized on a straight-line basis over their useful lives, which vary between four and ten years. The amortization expense is recorded in *Non-interest expenses* in the Consolidated Statement of Income.

Intangible Assets With Indefinite Useful Lives

The Bank's intangible assets with indefinite useful lives come from the acquisition of subsidiaries or groups of assets and consist of management contracts and a trademark. They are recognized at the acquisition-date fair value. The management contracts are for the management of open-ended funds. At the end of each reporting period, the Bank reviews the useful lives to determine whether facts and circumstances continue to support an indefinite useful life assessment. Intangible assets are deemed to have an indefinite useful life following an examination of all relevant factors, in particular: (a) the contracts do not have contractual maturities; (b) the stability of the business segment to which the intangible assets belong; (c) the Bank's capacity to control the future economic benefits of the intangible assets; and (d) the continued economic benefits generated by the intangible assets.

Impairment of Non-Financial Assets

Premises and equipment and intangible assets with finite useful lives are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. At the end of each reporting period, the Bank determines whether there is an indication that premises and equipment or intangible assets with finite useful lives may be impaired. Goodwill and intangible assets that are not available for use or that have indefinite useful lives are tested for impairment annually or more frequently if there is an indication that the asset might be impaired.

An asset is tested for impairment by comparing its carrying amount with its recoverable amount. The recoverable amount must be estimated for the individual asset. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs will be determined. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Bank uses judgment to identify CGUs.

An asset's recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or CGU. Value in use is the present value of expected future cash flows from the asset or CGU. The recoverable amount of the asset or CGU is determined using valuation models that consider various factors such as projected future cash flows, discount rates, and growth rates. The use of different estimates and assumptions in applying the impairment tests could have a significant impact on income.

Note 1 – Basis of Presentation and Summary of Material Accounting Policies (cont.)

Corporate assets, such as the head office building and computer equipment, do not generate cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets. Therefore, the recoverable amount of an individual corporate asset cannot be determined unless management has decided to dispose of the asset. However, if there is an indication that a corporate asset may be impaired, the recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and that recoverable amount is compared with the carrying amount of this CGU or group of CGUs.

Goodwill is always tested for impairment at the level of a CGU or group of CGUs. For impairment testing purposes, from the acquisition date, goodwill resulting from a business combination must be allocated to the CGU or group of CGUs expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which goodwill is allocated must represent the lowest level for which the goodwill is monitored internally at the Bank and must not be larger than an operating segment. The allocation of goodwill to a CGU or group of CGUs involves management's judgment. If an impairment loss is to be recognized, the Bank does so by first reducing the carrying amount of goodwill allocated to the CGU or group of CGUs and then reducing the carrying amounts of the other assets of the CGU or group of CGUs in proportion to the carrying amount of each asset in the CGU or group of CGUs.

If the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognized in *Non-interest expenses* in the Consolidated Statement of Income. An impairment loss recognized in prior periods for an asset other than goodwill must be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognized. If this is the case, the carrying amount of the asset is increased, given that the impairment loss was reversed, but shall not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for this asset in previous years.

Provisions
Provisions are liabilities of uncertain timing and amount. A provision is recognized when the Bank has a present obligation (legal or constructive) arising from a past event, when it is probable that an outflow of economic resources will be required to settle the obligation and when the amount of the obligation can be reliably estimated. Provisions are based on the Bank's best estimates of the economic resources required to settle the present obligation, given all relevant risks and uncertainties, and, when it is significant, the effect of the time value of money. Provisions are reviewed at the end of each reporting period. Provisions are presented in *Other liabilities* in the Consolidated Balance Sheet.

Interest Income and Expense
Interest income and expense, except for the interest income on securities classified as at fair value through profit or loss, are recognized in *Net interest income* and calculated using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash inflows and outflows through the expected life of a financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Bank estimates expected cash flows by considering all the contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and financial assets that were not impaired upon their purchase or origination but became impaired thereafter. For purchased or originated credit-impaired financial assets, the Bank applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The credit-adjusted effective interest rate reflects expected credit losses. As for loans that have subsequently become credit-impaired, interest income is calculated by applying the effective interest rate to the net carrying amount (net of allowances for credit losses) rather than to the gross carrying amount.

Loan origination fees, including commitment, restructuring, and renegotiation fees, are considered an integral part of the yield earned on the loan. They are deferred and amortized using the effective interest rate method, and the amortization is recognized in *Interest income* over the term of the loan. Direct costs for originating a loan are netted against the loan origination fees. If it is likely that a commitment will result in a loan, commitment fees receive the same accounting treatment, i.e., they are deferred and amortized using the effective interest rate method and the amortization is recognized in *Interest income* over the term of the loan. Otherwise, they are recorded in *Non-interest income* over the term of the commitment.

Loan syndication fees are recorded in *Non-interest income* unless the yield on the loan retained by the Bank is less than that of other comparable lenders involved in the financing. In such cases, an appropriate portion of the fees is deferred and amortized using the effective interest rate method, and the amortization is recognized in *Interest income* over the term of the loan. Certain mortgage loan prepayment fees are recognized in *Interest income* in the Consolidated Statement of Income when earned.

Dividend Income
Dividends from an equity instrument are recognized under *Net interest income* in the Consolidated Statement of Income when the Bank's right to receive payment is established.

Fee and Commission Income
Fee and commission income is recognized when, or as, a performance obligation is satisfied, i.e., when control of a promised service is transferred to a customer and in an amount that reflects the consideration that the entity expects to be entitled to receive in exchange for the service. The revenue may therefore be recognized at a point in time, upon completion of the service, or over time as services are provided.

The Bank must also determine whether its performance obligation is to provide the service itself or to arrange for another party to provide the service (in other words, whether the Bank is acting as a principal or agent). A principal may itself satisfy its performance obligation to provide the specified good or service or it may engage another party to satisfy some or all of the performance obligation on its behalf. A principal also has the primary responsibility for fulfilling the promise to provide the good or service to the customer and has discretion in establishing the price for the service. If the Bank is acting as a principal, revenue is recognized on a gross basis in an amount corresponding to the consideration to which the Bank expects to be entitled. If the Bank is acting as an agent, then revenue is recognized net of the service fees and other costs incurred in relation to the commission and fees earned.

Underwriting and Advisory Fees
Underwriting and advisory fees include underwriting fees, financial advisory fees, and loan syndication fees. These fees are mainly earned in the Capital Markets segment and are recognized at a point in time as revenue upon successful completion of the engagement. Financial advisory fees are fees earned for assisting customers with transactions related to mergers and acquisitions and financial restructurings. Loan syndication fees represent fees earned as the agent or lead lender responsible for structuring, arranging, and administering a loan syndication and are recorded in *Non-interest income* unless the yield on the loan retained by the Bank is less than that of other comparable lenders involved in the financing. In such cases, an appropriate portion of the fees is deferred and amortized using the effective interest rate method, and the amortization is recognized in *Interest income* over the term of the loan.

Securities Brokerage Commissions
Securities brokerage commissions are earned in the Wealth Management segment and are recognized when the transaction is executed.

Mutual Fund Revenues
Mutual fund revenues include management fees earned in the Wealth Management segment. Management fees are primarily calculated based on a fund's net asset value and are recorded in the period the services are performed.

Investment Management and Trust Service Fees
Investment management and trust service fees include management fees, trust service fees, and fees for other investment services provided to clients and earned in the Wealth Management segment. Generally, these fees are calculated using the balances of assets under administration and assets under management. Such fees are recognized in the period the service is performed.

Card Revenues
Card revenues are earned in the Personal and Commercial segment and include card fees such as annual and transactional fees as well as interchange fees. Interchange fees are recognized when a card transaction is settled. Card fees are recognized on the transaction date except for annual fees, which are recorded evenly throughout the year. Reward costs are recorded as a reduction to interchange fees.

Credit Fees and Deposit and Payment Service Charges
Credit fees and deposit and payment service charges are earned in the Personal and Commercial, Capital Markets, and U.S. Specialty Finance and International segments. Credit fees include commissions earned by providing services for loan commitments, financial guarantee contracts, and letters of credit and guarantee, and they are generally recognized in income over the period the services are provided. Deposit and payment service charges include fees related to account maintenance activities and transaction-based service charges. Fees related to account maintenance activities are recognized in the period the services are provided, whereas transaction-based service charges are recognized when the transaction is executed.

Note 1 – Basis of Presentation and Summary of Material Accounting Policies (cont.)

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

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

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

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

Income Taxes
Income taxes include current taxes and deferred taxes and are recorded in net income except for income taxes generated by items recognized in *Other comprehensive income* or directly in equity.

Current tax is the amount of income tax payable on the taxable income for a period. It is calculated using the enacted or substantively enacted tax rates prevailing on the reporting date, and any adjustments recognized in the period for the current tax of prior periods. Current tax assets and liabilities are offset, and the net balance is presented under either *Other assets* or *Other liabilities* in the Consolidated Balance Sheet when the Bank has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to simultaneously realize the asset and settle the liability.

Deferred tax is established based on temporary differences between the carrying values and the tax bases of assets and liabilities, in accordance with enacted or substantively enacted income tax laws and rates that will apply on the date the differences reverse. Deferred tax is not recognized for temporary differences related to the following:

- the initial accounting of goodwill;
- the initial accounting of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting income nor taxable income;
- investments in subsidiaries, associates and joint ventures when it is probable that the temporary difference will not reverse in the foreseeable future and that the Bank controls the timing of the reversal of the temporary difference;
- investments in subsidiaries, associates and joint ventures when it is probable that the temporary difference will not reverse in the foreseeable future and that there will not be taxable income to which the temporary difference can be recognized.

Deferred tax assets are tax benefits in the form of deductions that the Bank may claim to reduce its taxable income in future years. At the end of each reporting period, the carrying amount of deferred tax assets is revised, and it is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are offset, and the net balance is presented under either *Other assets* or *Other liabilities* in the Consolidated Balance Sheet when the Bank has a legally enforceable right to set off the current tax assets and liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on the same taxable entity or on different taxable entities that intend to settle current tax assets and liabilities based on their net amount.

The Bank makes assumptions to estimate income taxes as well as deferred tax assets and liabilities. This process involves estimating the actual amount of current taxes and evaluating tax loss carryforwards and temporary differences arising from differences between the values of items reported for accounting and for income tax purposes. Deferred tax assets and liabilities presented in the Consolidated Balance Sheet are calculated according to the tax rates to be applied in future periods. Previously recorded deferred tax assets and liabilities must be adjusted when the date of the future event is revised based on current information.

The Bank is subject to the jurisdictions of various tax authorities. In the normal course of its business, the Bank is involved in a number of transactions for which the tax impacts are uncertain. As a result, the Bank accounts for provisions for uncertain tax positions that adequately represent the tax risk stemming from tax matters under discussion or being audited by tax authorities or from other matters involving uncertainty. The amounts of these provisions reflect the best possible estimates of the amounts that may have to be paid based on qualitative assessments of all relevant factors. The provisions are estimated at the end of each reporting period. However, it is possible that, at a future date, a provision might need to be adjusted following an audit by the tax authorities. When the final assessment differs from the initially provisioned amounts, the difference will impact the income taxes of the period in which the assessment was made.

Financial Guarantee Contracts
A financial guarantee contract is a contract or indemnification agreement that could require the Bank to make specified payments (in cash, financial instruments, other assets, Bank shares, or provisions of services) to reimburse a beneficiary in the event of a loss resulting from a debtor defaulting on the original or amended terms of a debt instrument.

To reflect the fair value of an obligation assumed at the inception of a financial guarantee, a liability is recorded in *Other liabilities* in the Consolidated Balance Sheet. After initial recognition, the Bank must measure financial guarantee contracts at the higher of the allowance for credit losses, determined using the ECL model, and of the initially recognized amount less, where applicable, the cumulative amount of revenue recognized. This revenue is recognized in *Credit fees* in the Consolidated Statement of Income.

Employee Benefits – Pension Plans and Other Post-Employment Benefit Plans
The Bank offers pension plans that have a defined benefit component and a defined contribution component. The Bank also offers other post-employment benefit plans to eligible retirees. The other post-employment benefit plans include post-employment medical, dental, and life insurance coverage. Most of the pension plans are funded, whereas one of them and the other post-employment benefit plans are not funded.

Defined Benefit Component of the Pension Plans and Other Post-Employment Benefit Plans
Plan expenses and obligations are actuarially determined based on the projected benefit method prorated on service. The calculations incorporate management's best estimates of various actuarial assumptions such as discount rates, rates of compensation increase, health care cost trend rates, mortality rates, and retirement age.

The net asset or net liability related to these plans is calculated separately for each plan as the difference between the present value of the future benefits earned by employees for current and prior-period service and the fair value of plan assets. The net asset or net liability is included under either *Other assets* or *Other liabilities* in the Consolidated Balance Sheet.

The expense related to these plans consists of the following items: current service cost, net interest on the net plan asset or liability, administration costs, and past service cost, if any, recognized when a plan is amended. This expense is recognized in *Compensation and employee benefits* in the Consolidated Statement of Income. The net amount of interest income and expense is determined by applying a discount rate to the net plan asset or liability amount.

Remeasurements of defined benefit pension plans and other post-employment benefit plans represent actuarial gains and losses related to the defined benefit obligation and the actual return on plan assets, excluding net interest determined by applying a discount rate to the net plan asset or liability amount. Remeasurements are immediately recognized in *Other comprehensive income* and are not subsequently reclassified to net income; these cumulative gains and losses are reclassified to *Retained earnings*.

Defined Contribution Component of the Pension Plans
The expense for these plans is equivalent to the Bank's contributions during the period and is recognized in *Compensation and employee benefits* in the Consolidated Statement of Income.

Share-Based Payments
The Bank has several share-based compensation plans: the Stock Option Plan, the Stock Appreciation Rights (SAR) Plan, the Deferred Stock Unit (DSU) Plan, the Restricted Stock Unit (RSU) Plan, the Performance Stock Unit (PSU) Plan, the Deferred Compensation Plan (DCP) of National Bank Financial, and the Employee Share Ownership Plan.

Note 1 – Basis of Presentation and Summary of Material Accounting Policies (cont.)

Compensation expense is recognized over the service period required for employees to become fully entitled to the award. This period is generally the same as the vesting period, except where the required service period begins before the award date. Compensation expense related to awards granted to employees eligible to retire on the award date is immediately recognized on the award date. Compensation expense related to awards granted to employees who will become eligible to retire during the vesting period is recognized over the period from the award date to the date the employee becomes eligible to retire. For all of these plans, as of the first year of recognition, the expense includes cancellation and forfeiture estimates. These estimates are subsequently revised, as necessary. The Bank uses derivative financial instruments to hedge the risks associated with some of these plans. The compensation expense for these plans, net of related hedges, is recognized in the Consolidated Statement of Income.

Under the Stock Option Plan, the Bank uses the fair value method to account for stock options awarded. The options vest at 25% per year, and each tranche is treated as though it was a separate award. The fair value of each of the tranches is measured on the award date using the Black-Scholes model, and this fair value is recognized in *Compensation and employee benefits* and *Contributed surplus.* When the options are exercised, the *Contributed surplus* amount is credited to *Equity – Common shares* in the Consolidated Balance Sheet. The proceeds received from the employees when these options are exercised are also credited to *Equity – Common shares* in the Consolidated Balance Sheet.

For the replacement options issued in connection with the CWB acquisition, vesting occurs at the end of a three-year period. The fair value measured on the award date using the Black-Scholes model is recognized in *Compensation and employee benefits* and *Contributed surplus*, on a straight-line basis over three years.

SARs are recorded at fair value when awarded, and their fair value is remeasured at the end of each reporting period until they are exercised. The cost is recognized in *Compensation and employee benefits* in the Consolidated Statement of Income and under *Other liabilities* in the Consolidated Balance Sheet. The obligation that results from the change in fair value at each period is recognized in net income gradually over the vesting period, and periodically thereafter, until the SARs are exercised. When a SAR is exercised, the Bank makes a cash payment equal to the increase in the stock price since the date of the award.

The obligation that results from the award of a DSU, RSU, PSU and DCP unit is recognized in net income, and the corresponding amount is included in *Other liabilities* in the Consolidated Balance Sheet. For the DSU, RSU and DCP plans, the change in the obligation attributable to changes in the share price and dividends paid on the common shares of these plans is recognized in *Compensation and employee benefits* in the Consolidated Statement of Income for the period in which the changes occur. On the redemption date, the Bank makes a cash payment equal to the value of the common shares on that date. For the PSU Plan, the change in the obligation attributable to changes in the share price, adjusted upward or downward depending on the relative result of the performance criteria, and the change in the obligation attributable to dividends paid on the shares awarded under the plan, are recognized in *Compensation and employee benefits* in the Consolidated Statement of Income for the period in which the changes occur. On the redemption date, the Bank makes a cash payment equal to the value of the common shares on that date, adjusted upward or downward according to the performance criteria.

The Bank's contributions to the employee share ownership plan are expensed as incurred.

Note 2 – Future Accounting Policy Changes

The Bank closely monitors both new accounting standards and amendments to existing accounting standards issued by the IASB. The following standards have been issued but are not yet effective. The Bank is currently assessing the impact of applying these standards on the Consolidated Financial Statements.

Effective Date – November 1, 2026

Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments*, which affects certain provisions of IFRS 9 – *Financial Instruments* and IFRS 7 – *Financial Instruments: Disclosures*. Specifically, the amendments provide an accounting policy choice to derecognize financial liabilities settled through electronic transfer prior to the settlement date if certain conditions are met. They also provide additional guidance on the classification of certain financial assets with contingent features, financial assets with non-recourse features and contractually linked instruments. Lastly, the amendments include additional disclosures for equity instruments designated at fair value through other comprehensive income as well as for financial assets and financial liabilities that have contractual terms that could change the timing or amount of contractual cash flows. These amendments must be applied retrospectively for annual periods beginning on or after January 1, 2026 but do not require restatement of prior periods. Earlier application is permitted.

Effective Date – November 1, 2027

IFRS 18 – *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued a new accounting standard, IFRS 18 – *Presentation and Disclosure in Financial Statements* (IFRS 18). This new standard replaces the current IAS 1 accounting standard on the presentation of financial statements and presents a new accounting framework that will improve how information is communicated in financial statements. In particular, it introduces new categories and subtotals in the Consolidated Statement of Income and includes limited changes to the Consolidated Statement of Cash Flows and the Consolidated Balance Sheet. IFRS 18 also requires disclosure of management-defined performance measures and provides additional guidance for grouping of information. This standard must be applied retrospectively for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

Note 3 – Acquisitions

Canadian Western Bank (CWB)
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 CWB common shares acquired by way of a share exchange at an exchange ratio of 0.450 of a common share of National Bank for each CWB common share, other than those already held by 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 issued common shares was determined on the basis of the share price on the Toronto Stock Exchange (TSX) at closing on January 31, 2025, i.e., a price of $128.99 per share. At the 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 the 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. The total purchase consideration amounted to $7.7 billion.

During the fourth quarter of 2025, the Bank finalized the purchase price allocation which assigns $45.4 billion to assets, including goodwill, and $37.7 billion to liabilities at the acquisition date. The goodwill of $1.6 billion reflects the expected expense synergies from our banking services operations, expected funding synergies, and the expected growth from delivering a full suite of products and services to clients at a national scale for the Personal and Commercial, Wealth Management and Capital Markets segments. Goodwill is not deductible for tax purposes.

The following table presents the estimated acquisition-date fair values of the assets acquired and liabilities assumed and consideration transferred. As a result of the finalization of the purchase price allocation, certain amounts have been revised from those previously presented.

	As at February 3, 2025
Assets	
Cash and deposits with financial institutions	148
Securities	4,481
Loans[1]	37,818
Derivative financial instruments	127
Premises and equipment	225
Goodwill	1,569
Intangible assets[2]	680
Other assets[3]	363
	45,411
Liabilities	
Deposits[4]	33,322
Obligations related to securities sold under repurchase agreements and securities loaned	16
Derivative financial instruments	40
Liabilities related to transferred receivables	2,570
Other liabilities[5]	1,234
Subordinated debt	554
	37,736
Total identifiable net assets acquired and goodwill	7,675
Consideration transferred	
Equity issued	5,290
Settlement of pre-existing relationships	1,400
Issuance of replacement share-based payment awards	63
	6,753
Previously held interest	329
Non-controlling interest	593
Purchase consideration	7,675

(1) Includes $10,021 million of residential mortgage loans, $476 million of personal loans, $36 million of credit card receivables and $27,285 million of business and government loans. The fair value of the loans reflects estimates of incurred and expected future credit losses as at the acquisition date and interest rate premiums or discounts relative to prevailing interest rates.
(2) Includes $605 million of core-deposit intangibles and $75 million of customer relationships, which are amortized on a straight-line basis over 7 years.
(3) Includes interest receivable, derivative collateral, receivables, deferred tax assets and other assets items.
(4) Includes $21,198 million in personal deposits and $12,124 million in business and government deposits.
(5) Includes accounts payable and accrued expenses, interest payable, lease liabilities and other liabilities items.

During the year ended October 31, 2025, the remeasurement at fair value of the previously held interest in CWB generated a $4 million gain that was reported in the *Non-interest income – Other* item of the Consolidated Statement of Income in the *Other* heading of segment disclosures (a gain of $174 million for the year ended October 31, 2024). For the year ended October 31, 2025, acquisition and integration costs of $352 million were included in *Non-Interest expenses* in the Consolidated Statement of Income. The financial results of CWB have been consolidated in the Bank's financial statements as of February 3, 2025 and were recorded in the Personal and Commercial, Wealth Management and Capital Markets segments as well as in the *Other* heading of segment disclosures. Since the acquisition date, CWB has contributed approximately $878 million to the Bank's total revenues and a net loss of approximately $47 million to the Bank's net income. If the Bank had completed the acquisition on November 1, 2024, it would have reported total revenues of approximately $14,284 million and net income of approximately $4,099 million for the year ended October 31, 2025.

Issuance of Common Shares

On February 3, 2025, the Bank issued a total of 50,272,878 common shares, for an amount of $6.3 billion, which increased *Common shares* by $6.3 billion. This issuance includes 41,010,378 common shares at a price of $128.99 per share from the share exchange and 9,262,500 common shares at a price of $112.30 per share from the automatic exchange of subscription receipts. For additional information on subscription receipts, see Note 15 to the Consolidated Financial Statements.

Exchange of Preferred Shares and Redemption of Other Equity Instruments

As of February 4, 2025, certain amendments previously approved by the holders of the outstanding first preferred shares and LRCN of CWB, which permitted the exchange of the first preferred shares of CWB for substantially equivalent first preferred shares of National Bank and the early redemption of the LRCN, were implemented.

On February 20, 2025, all the issued and outstanding Series 5 and Series 9 First Preferred Shares of CWB were exchanged for substantially equivalent Series 47 and Series 49 First Preferred Shares 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 $268 million, which reduced *Non-controlling interests* by $268 million, increased *Preferred shares and other equity instruments* by $264 million and increased *Retained earnings* by $4 million. Consent fees related to the exchange, amounting to $2 million, net of income taxes, were recorded in *Retained earnings*. Given that the Series 47 and Series 49 preferred shares satisfy the non-viability contingent capital (NVCC) requirements, they qualify for the purposes of calculating regulatory capital under Basel III. Also, the Bank redeemed 175,000 LRCN – Series 1 and 150,000 LRCN – Series 2 of CWB for a total amount of $335 million, including consent fees, which reduced *Non-controlling interests* by $325 million and reduced *Retained earnings* by $7 million, net of income taxes.

PGM Global Holdings Inc. (PGM)

On August 1, 2025, the Bank completed the acquisition of PGM, an institutional trading services provider based in Montreal, Quebec. PGM's capabilities will complement and enhance the Bank's existing service offerings. The total consideration transferred of $24 million includes a cash payment of $17 million and a deferred consideration of $7 million over three years, conditional upon meeting performance targets. Based on estimated fair values, the preliminary purchase price allocation assigns $29 million to assets, including $5 million of intangible assets and goodwill of $8 million, and $5 million to liabilities as of the acquisition date. The acquired goodwill reflects expected synergies from our brokerage services activities related to the Wealth Management segment and is not tax-deductible. The intangible assets will be amortized over a period of 7 years.

Note 4 – Fair Value of Financial Instruments

Fair Value and Carrying Value of Financial Instruments by Category

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

	As at October 31, 2025							
				Carrying value and fair value	Carrying value	Fair value		
	Financial instruments classified as at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Debt securities classified as at fair value through other comprehensive income	Equity securities designated at fair value through other comprehensive income	Financial instruments at amortized cost, net	Financial instruments at amortized cost, net	Total carrying value	Total fair value
Financial assets								
Cash and deposits with financial institutions	–	–	–	–	27,916	27,916	27,916	27,916
Securities	147,756	362	23,733	291	16,605	16,869	188,747	189,011
Securities purchased under reverse repurchase agreements and securities borrowed	–	–	–	–	27,091	27,091	27,091	27,091
Loans, net of allowances	16,662	–	–	–	285,961	289,791	302,623	306,453
Other								
Derivative financial instruments	12,515	–	–	–	–	–	12,515	12,515
Other assets	67	–	–	–	3,657	3,657	3,724	3,724
Financial liabilities								
Deposits[1]	–	32,740			395,263	395,685	428,003	428,425
Other								
Obligations related to securities sold short	13,257	–			–	–	13,257	13,257
Obligations related to securities sold under repurchase agreements and securities loaned	–	–			41,356	41,356	41,356	41,356
Derivative financial instruments	15,984	–			–	–	15,984	15,984
Liabilities related to transferred receivables	–	13,191			17,386	17,302	30,577	30,493
Other liabilities	–	5			4,814	4,814	4,819	4,819
Subordinated debt	–	–			3,432	3,529	3,432	3,529

(1) Includes embedded derivative financial instruments.

As at October 31, 2024

	Carrying value and fair value				Carrying value	Fair value		
	Financial instruments classified as at fair value through profit or loss	Financial instruments designated at fair value through profit or loss	Debt securities classified as at fair value through other comprehensive income	Equity securities designated at fair value through other comprehensive income	Financial instruments at amortized cost, net	Financial instruments at amortized cost, net	Total carrying value	Total fair value
Financial assets								
Cash and deposits with financial institutions	–	–	–	–	31,549	31,549	31,549	31,549
Securities	115,578	357	13,956	666	14,608	14,551	145,165	145,108
Securities purchased under reverse repurchase agreements and securities borrowed	–	–	–	–	16,265	16,265	16,265	16,265
Loans, net of allowances	14,972	–	–	–	228,060	229,614	243,032	244,586
Other								
Derivative financial instruments	12,309	–	–	–	–	–	12,309	12,309
Other assets	2,059	–	–	–	3,674	3,674	5,733	5,733
Financial liabilities								
Deposits(1)	–	26,190			307,355	307,553	333,545	333,743
Other								
Obligations related to securities sold short	10,873	–			–	–	10,873	10,873
Obligations related to securities sold under repurchase agreements and securities loaned	–	–			38,177	38,177	38,177	38,177
Derivative financial instruments	15,760	–			–	–	15,760	15,760
Liabilities related to transferred receivables	–	11,034			17,343	17,011	28,377	28,045
Other liabilities	–	–			4,114	4,114	4,114	4,114
Subordinated debt	–	–			1,258	1,296	1,258	1,296

(1) Includes embedded derivative financial instruments.

Establishing Fair Value

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

Unadjusted quoted prices in active markets provide the best evidence of fair value. When there is no quoted price in an active market, the Bank applies other valuation techniques that maximize the use of relevant observable inputs and that minimize the use of unobservable inputs. Such valuation techniques include the following: using information available from recent market transactions, referring to the current fair value of a comparable financial instrument, applying discounted cash flow analysis, applying option pricing models, or relying on any other valuation technique that is commonly used by market participants and has proven to yield reliable estimates. Judgment is required when applying many of the valuation techniques. The Bank's valuation was based on its assessment of the conditions prevailing as at October 31, 2025 and may change in the future. Furthermore, there may be measurement uncertainty resulting from the choice of valuation model used.

Note 4 – Fair Value of Financial Instruments (cont.)

Valuation Governance
Fair value is established in accordance with a rigorous control framework. The Bank has policies and procedures that govern the process for determining fair value. These policies are documented and periodically reviewed by the Risk Management Group. All valuation models are validated, and controls have been implemented to ensure that they are applied.

The fair value of existing or new products is determined and validated by functions independent of the risk-taking team. Complex fair value matters are reviewed by valuation committees made up of experts from various specialized functions.

For financial instruments classified in Level 3 of the fair value hierarchy, the Bank has documented the hierarchy classification policies, and controls are in place to ensure that fair value is measured appropriately, reliably, and consistently. Valuation methods and the underlying assumptions are regularly reviewed.

Valuation Methods and Assumptions
Financial Instruments Whose Fair Value Equals Carrying Value
The carrying value of the following financial instruments is a reasonable approximation of fair value:

- cash and deposits with financial institutions;
- securities purchased under reverse repurchase agreements and securities borrowed;
- obligations related to securities sold under repurchase agreements and securities loaned;
- certain items of other assets and other liabilities.

Securities and Obligations Related to Securities Sold Short
These financial instruments, except for securities at amortized cost, are recognized at fair value in the Consolidated Balance Sheet. Their fair value is based on quoted prices in active markets, i.e., bid prices for financial assets and offered prices for financial liabilities. If there are no quoted prices in an active market, fair value is estimated using prices for securities that are substantially the same. If such prices are not available, fair value is determined using valuation techniques that incorporate assumptions based primarily on observable market inputs such as current market prices, the contractual prices of the underlying instruments, the time value of money, credit risk, interest rate yield curves, and currency rates.

When one or more significant inputs are not observable in the markets, fair value is established primarily using internal estimates and data that consider the valuation policies in effect at the Bank, economic conditions, the characteristics specific to the financial asset or liability, and other relevant factors.

Securities Issued or Guaranteed by Governments
Securities issued or guaranteed by governments include debt securities of the governments of Canada (federal, provincial and municipal) as well as debt securities of the U.S. government (U.S. Treasury), of other U.S. agencies, and of other foreign governments. Securities whose fair value is based on unadjusted quoted prices in active markets are classified in Level 1. For those classified in Level 2, quoted prices for identical or similar instruments in inactive markets are used to determine fair value. In the absence of an observable market, a valuation technique such as the discounted cash flow method could be used, incorporating assumptions on benchmark yields and the risk spreads of similar securities.

Equity Securities and Other Debt Securities
The fair value of equity securities is determined primarily by using quoted prices in active markets. For equity securities and other debt securities classified in Level 2, a valuation technique based on quoted prices of identical and similar instruments in an active market is used to determine fair value. In the absence of observable inputs, a valuation technique such as the discounted cash flow method could be used, incorporating assumptions on benchmark yields and the risk spreads of similar securities. For those classified in Level 3, fair value can be determined based on net asset value, which represents the estimated value of a security based on valuations received from investment or fund managers or the general partners of limited partnerships. Fair value can also be determined using internal valuation techniques adjusted to reflect financial instrument risk factors and economic conditions.

Derivative Financial Instruments

Derivative financial instruments are recorded at fair value in the Consolidated Balance Sheet. For exchange-traded derivative financial instruments, fair value is based on quoted prices in an active market.

For over-the-counter (OTC) derivative financial instruments, fair value is determined using well established valuation techniques that incorporate assumptions based primarily on observable market inputs such as current market prices and the contractual prices of the underlying instruments, the time value of money, interest rate yield curves, credit curves, currency rates as well as price and rate volatility factors. In establishing the fair value of OTC derivative financial instruments, the Bank also incorporates the following factors:

Credit Valuation Adjustment (CVA)

The CVA is a valuation adjustment applied to derivative financial instruments to reflect the credit risk of the counterparty. For each counterparty, the CVA is based on the expected positive exposure and probabilities of default through time. The exposures are determined by using relevant factors such as current and potential future market values, master netting agreements, collateral agreements, and expected recovery rates. The default probabilities are inferred using credit default swap (CDS) spreads. When such information is unavailable, relevant proxies are used. While the general methodology currently assumes independence between expected positive exposures and probabilities of default, adjustments are applied to certain types of transactions where there is a direct link between the exposure at default and the default probabilities.

Funding Valuation Adjustment (FVA)

The FVA is a valuation adjustment applied to derivative financial instruments to reflect the market-implied cost or benefits of funding collateral for uncollateralized or partly collateralized transactions. The expected exposures are determined using methodologies consistent with the CVA framework. The funding level used to determine the FVA is based on the average funding level of relevant market participants.

When the valuation techniques incorporate one or more significant inputs that are not observable in the markets, the fair value of OTC derivative financial instruments is established primarily on the basis of internal estimates and data that consider the valuation policies in effect at the Bank, economic conditions, the characteristics specific to the financial asset or financial liability, and other relevant factors.

Loans

The fair value of fixed-rate mortgage loans is determined by discounting expected future contractual cash flows, adjusted for several factors, including prepayment options, current market interest rates for similar loans, and other relevant variables where applicable. The fair value of variable-rate mortgage loans is deemed to equal carrying value.

The fair value of other fixed-rate loans is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of other variable-rate loans is deemed to equal carrying value.

Deposits

The fair value of fixed-term deposits is determined primarily by discounting expected future contractual cash flows and considering several factors such as redemption options and market interest rates currently offered for financial instruments with similar conditions. For certain term funding instruments, fair value is determined using market prices for similar instruments. The fair value of demand deposits and notice deposits is deemed to equal carrying value.

The fair value of structured deposit notes is established using valuation models that maximize the use of observable inputs when available, such as benchmark indices, and also incorporates the Bank's own credit risk. In calculating the Bank's own credit risk, the market implied spreads of the Bank are used to infer its probabilities of default. Lastly, when fair value is determined using option pricing models, the valuation techniques are similar to those described for derivative financial instruments.

Liabilities Related to Transferred Receivables

These liabilities arise from sale transactions to third parties, including CHT, of securities backed by insured residential mortgages and other securities under the CMHC securitization programs. As some of these transactions do not qualify for derecognition, they are recorded as guaranteed borrowings, which results in the recording of liabilities in the Consolidated Balance Sheet. The fair value of these liabilities is established using valuation techniques based on observable market inputs such as Canada Mortgage Bond prices.

Note 4 – Fair Value of Financial Instruments (cont.)

Other Liabilities and Subordinated Debt
The fair value of these financial liabilities is based on quoted market prices in an active market. If there is no active market, fair value is determined by discounting contractual cash flows using the current market interest rates offered for similar financial instruments that have the same term to maturity.

Hierarchy of Fair Value Measurements

Determining the Levels of the Fair Value Measurement Hierarchy
IFRS establishes a fair value measurement hierarchy that classifies the inputs used in financial instrument fair value measurement techniques according to three levels. This fair value hierarchy requires observable market inputs to be used whenever such inputs exist. According to the hierarchy, the highest level of inputs are unadjusted quoted prices in active markets for identical instruments and the lowest level of inputs are unobservable inputs. In some cases, the inputs used to measure the fair value of a financial instrument might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The fair value measurement hierarchy has the following levels:

Level 1
Inputs corresponding to unadjusted quoted prices in active markets for identical assets and liabilities and accessible to the Bank at the measurement date. These instruments consist primarily of equity securities, derivative financial instruments traded in active markets, and certain highly liquid debt securities actively traded in over-the-counter markets.

Level 2
Valuation techniques based on inputs, other than the quoted prices included in Level 1 inputs, that are directly or indirectly observable in the market for the asset or liability. These inputs are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market inputs by correlation or other means. These instruments consist primarily of certain loans, certain deposits, derivative financial instruments traded in over-the-counter markets, certain debt securities, certain equity securities whose value is not directly observable in an active market, certain other assets, liabilities related to transferred receivables, and certain other liabilities.

Level 3
Valuation techniques based on one or more significant inputs that are not observable in the market for the asset or liability. The Bank classifies financial instruments in Level 3 when the valuation technique is based on at least one significant input that is not observable in the markets. The valuation technique may also be partly based on observable market inputs.

Financial instruments whose fair values are classified in Level 3 consist of the following:

- financial instruments measured at fair value through profit or loss: investments in hedge funds for which there are certain restrictions on unit or security redemptions, equity securities and debt securities of private companies, as well as certain derivative financial instruments whose fair value is established using internal valuation models that are based on significant unobservable market inputs;
- securities at fair value through other comprehensive income: equity and debt securities of private companies;
- certain loans whose fair value is established using internal valuation models that are based on significant unobservable market inputs;
- certain other assets (receivables) for which fair value is established using internal valuation models that are based on significant unobservable market inputs.

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

During fiscal 2025, securities classified as at fair value through profit or loss of $145 million and obligations related to securities sold short of $4 million were transferred from Level 2 to Level 1 as a result of changing market conditions (securities classified as at fair value through profit or loss of $20 million and obligations related to securities sold short of $1 million in fiscal 2024). In addition, during fiscal 2025, securities classified as at fair value through profit or loss of $43 million and obligations related to securities sold short of $3 million were transferred from Level 1 to Level 2 as a result of changing market conditions (securities classified as at fair value through profit or loss of $17 million and obligations related to securities sold short of $1 million in fiscal 2024).

During fiscal 2025 and 2024, financial instruments were transferred to (or from) Level 3 due to changes in the availability of observable market inputs as a result of changing market conditions.

Financial Instruments Recorded at Fair Value in the Consolidated Balance Sheet

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

	As at October 31, 2025			
	Level 1	Level 2	Level 3	Total financial assets/liabilities at fair value
Financial assets				
Securities				
At fair value through profit or loss				
Securities issued or guaranteed by				
Canadian government	**6,019**	**10,959**	**–**	**16,978**
Canadian provincial and municipal governments	**–**	**7,667**	**–**	**7,667**
U.S. Treasury, other U.S. agencies and other foreign governments	**973**	**1,695**	**–**	**2,668**
Other debt securities	**–**	**3,450**	**105**	**3,555**
Equity securities	**114,055**	**2,444**	**751**	**117,250**
	121,047	**26,215**	**856**	**148,118**
At fair value through other comprehensive income				
Securities issued or guaranteed by				
Canadian government	**1,723**	**5,384**	**–**	**7,107**
Canadian provincial and municipal governments	**–**	**4,849**	**–**	**4,849**
U.S. Treasury, other U.S. agencies and other foreign governments	**10,210**	**428**	**–**	**10,638**
Other debt securities	**–**	**1,139**	**–**	**1,139**
Equity securities	**–**	**220**	**71**	**291**
	11,933	**12,020**	**71**	**24,024**
Loans	**–**	**16,421**	**241**	**16,662**
Other				
Derivative financial instruments	**2,052**	**10,359**	**104**	**12,515**
Other assets – Other items	**–**	**–**	**67**	**67**
	135,032	**65,015**	**1,339**	**201,386**
Financial liabilities				
Deposits[1]	**–**	**39,917**	**–**	**39,917**
Other				
Obligations related to securities sold short	**7,044**	**6,213**	**–**	**13,257**
Derivative financial instruments	**1,798**	**14,100**	**86**	**15,984**
Liabilities related to transferred receivables	**–**	**13,191**	**–**	**13,191**
Other liabilities - Accounts payable and accrued expenses	**–**	**5**	**–**	**5**
	8,842	**73,426**	**86**	**82,354**

(1) Includes the embedded derivative financial instruments related to deposits measured at amortized cost.

Note 4 – Fair Value of Financial Instruments (cont.)

	As at October 31, 2024			
	Level 1	Level 2	Level 3	Total financial assets/liabilities at fair value
Financial assets				
Securities				
At fair value through profit or loss				
Securities issued or guaranteed by				
Canadian government	4,150	10,330	–	14,480
Canadian provincial and municipal governments	–	8,473	–	8,473
U.S. Treasury, other U.S. agencies and other foreign governments	1,169	1,046	–	2,215
Other debt securities	–	3,030	60	3,090
Equity securities	85,414	1,655	608	87,677
	90,733	24,534	668	115,935
At fair value through other comprehensive income				
Securities issued or guaranteed by				
Canadian government	170	5,048	–	5,218
Canadian provincial and municipal governments	–	2,900	–	2,900
U.S. Treasury, other U.S. agencies and other foreign governments	4,805	186	–	4,991
Other debt securities	–	847	–	847
Equity securities	–	359	307	666
	4,975	9,340	307	14,622
Loans	–	14,767	205	14,972
Other				
Derivative financial instruments	1,139	11,073	97	12,309
Other assets – Other items	–	1,976	83	2,059
	96,847	61,690	1,360	159,897
Financial liabilities				
Deposits[1]	–	30,434	–	30,434
Other				
Obligations related to securities sold short	6,052	4,821	–	10,873
Derivative financial instruments	1,976	13,758	26	15,760
Liabilities related to transferred receivables	–	11,034	–	11,034
	8,028	60,047	26	68,101

(1) Includes the embedded derivative financial instruments related to deposits measured at amortized cost.

Financial Instruments Classified in Level 3

The Bank classifies financial instruments in Level 3 when the valuation technique is based on at least one significant input that is not observable in the markets. The valuation technique may also be based, in part, on observable market inputs. The table on the following page shows the significant unobservable inputs used for the fair value measurements of financial instruments classified in Level 3 of the hierarchy.

As at October 31, 2025

	Fair value	Primary valuation techniques	Significant unobservable inputs	Range of input values Low	Range of input values High
Financial assets					
Securities					
Equity securities and other debt securities	**927**	Net asset value	Net asset value	**100 %**	**100 %**
		Market comparable	EV/EBITDA[1] multiple	**15 x**	**16 x**
Loans					
Loans at fair value through profit or loss	**241**	Discounted cash flows	Discount rate	**6.81 %**	**13.74 %**
		Discounted cash flows	Liquidity premium	**3.44 %**	**10.38 %**
Other					
Derivative financial instruments					
Interest rate contracts	**4**	Discounted cash flows	Discount rate	**2.20 %**	**2.20 %**
Equity contracts	**90**	Option pricing model	Long-term volatility	**14 %**	**61 %**
			Market correlation	**(1) %**	**100 %**
			Liquidity premium	**4 %**	**8 %**
Credit derivative contracts	**10**	Discounted cash flows	Credit spread	**23 Bps[2]**	**60 Bps[2]**
Other assets – Other items	**67**	Discounted cash flows	Discount rate	**13 %**	**13 %**
	1,339				
Financial liabilities					
Other					
Derivative financial instruments					
Interest rate contracts	**1**	Discounted cash flows	Discount rate	**2.20 %**	**2.20 %**
Equity contracts	**74**	Option pricing model	Long-term volatility	**14 %**	**59 %**
			Market correlation	**(92) %**	**99 %**
			Liquidity premium	**4 %**	**8 %**
Credit derivative contracts	**11**	Discounted cash flows	Credit spread	**5 Bps[2]**	**60 Bps[2]**
	86				

As at October 31, 2024

	Fair value	Primary valuation techniques	Significant unobservable inputs	Range of input values Low	Range of input values High
Financial assets					
Securities					
Equity securities and other debt securities	975	Net asset value	Net asset value	100 %	100 %
		Market comparable	EV/EBITDA[1] multiple	13 x	17 x
		Discounted cash flows	Discount rate	5.50 %	13.20 %
Loans					
Loans at fair value through profit or loss	205	Discounted cash flows	Discount rate	7.31 %	14.50 %
		Discounted cash flows	Liquidity premium	3.53 %	10.62 %
Other					
Derivative financial instruments					
Equity contracts	96	Option pricing model	Long-term volatility	14 %	58 %
			Market correlation	(48) %	100 %
			Liquidity premium	8 %	12 %
Credit derivative contracts	1	Discounted cash flows	Credit spread	21 Bps[2]	60 Bps[2]
Other assets – Other items	83	Discounted cash flows	Discount rate	13 %	13 %
	1,360				
Financial liabilities					
Other					
Derivative financial instruments					
Interest rate contracts	1	Discounted cash flows	Discount rate	2.20 %	2.20 %
Equity contracts	22	Option pricing model	Long-term volatility	13 %	49 %
			Market correlation	(88) %	98 %
Credit derivative contracts	3	Discounted cash flows	Credit spread	21 Bps[2]	60 Bps[2]
	26				

(1) EV/EBITDA means Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization.
(2) Bps or basis point is a unit of measure equal to 0.01%.

Note 4 – Fair Value of Financial Instruments (cont.)

Significant Unobservable Inputs Used for Fair Value Measurements of Financial Instruments Classified in Level 3

Net Asset Value

Net asset value is the estimated value of a security based on valuations received from the investment or fund managers, the administrators of the conduits, or the general partners of limited partnerships. The net asset value of a fund is the total fair value of assets less liabilities.

EV/EBITDA (Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization) Multiple and Price Equivalent

Private equity valuation inputs include earnings multiples, which are determined based on comparable companies, and a higher multiple will translate into a higher fair value. Price equivalent is a percentage of the market price based on the liquidity of the security.

Discount Rate

The discount rate is the input used to bring future cash flows to their present value. A higher discount rate will translate into a lower fair value.

Liquidity Premium

A liquidity premium may be applied when few or no transactions exist to support the valuations. A higher liquidity premium will result in a lower value.

Long-Term Volatility

Volatility is a measure of the expected future variability of market prices. Volatility is generally observable in the market through options prices. However, the long-term volatility of options with a longer maturity might not be observable. An increase (decrease) in long-term volatility is generally associated with an increase (decrease) in long-term correlation. Higher long-term volatility may increase or decrease an instrument's fair value depending on its terms.

Market Correlation

Correlation is a measure of the inter-relationship between two different variables. A positive correlation means that the variables tend to move in the same direction; a negative correlation means that the variables tend to move in opposite directions. Correlation is used to measure financial instruments whose future returns depend on several variables. Changes in correlation will either increase or decrease a financial instrument's fair value depending on the terms of its contractual payout.

Credit Spread

A credit spread (yield) is the difference between the instrument's yield and a benchmark yield. Benchmark instruments have high credit quality ratings with similar maturities. The credit spread therefore represents the discount rate used to determine the present value of future cash flows of an asset to reflect the market return required for credit quality in the estimated cash flows. A higher credit spread will result in a lower value.

Sensitivity Analysis of Financial Instruments Classified in Level 3

The Bank performs sensitivity analyses for the fair value measurements of Level 3 financial instruments, substituting unobservable inputs with one or more reasonably possible alternative assumptions.

For equity securities and other debt securities, the Bank varies significant unobservable inputs such as net asset values, EV/EBITDA multiples, or price equivalents and establishes a reasonable fair value range that could result in a $157 million increase or decrease in the fair value recorded as at October 31, 2025 (a $169 million increase or decrease as at October 31, 2024).

For loans, the Bank varies unobservable inputs such as a liquidity premium and establishes a reasonable fair value range that could result in a $23 million increase or decrease in the fair value recorded as at October 31, 2025 (a $26 million increase or decrease as at October 31, 2024).

For derivative financial instruments, the Bank varies long-term volatility, market correlation inputs, and credit spread and establishes a reasonable fair value range. As at October 31, 2025, for derivative financial instruments, the net fair value recorded could result in a $87 million increase or decrease (a $54 million increase or decrease as at October 31, 2024).

For other assets, the Bank varies unobservable inputs such as discount rates and establishes a reasonable fair value range that could result in a $3 million increase or decrease in the fair value recorded as at October 31, 2025 (a $3 million increase or decrease as at October 31, 2024).

For all Level 3 financial instruments, the reasonable fair value ranges could result in a 7% increase or decrease in net income as at October 31, 2025 (a 7% increase or decrease in net income as at October 31, 2024).

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

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

	Year ended October 31, 2025			
	Securities at fair value through profit or loss	**Securities at fair value through other comprehensive income**	**Loans and other assets**	**Derivative financial instruments[1]**
Fair value as at October 31, 2024	**668**	**307**	**288**	**71**
Total realized and unrealized gains (losses) included in *Net income*[2]	**148**	**–**	**15**	**53**
Total realized and unrealized gains (losses) included in *Other comprehensive income*	**–**	**25**	**–**	**–**
Purchases	**470**	**15**	**3**	**–**
Sales	**(430)**	**(276)**	**(26)**	**–**
Issuances	**–**	**–**	**78**	**–**
Settlements and other	**–**	**–**	**(50)**	**(92)**
Financial instruments transferred into Level 3	**–**	**–**	**–**	**(4)**
Financial instruments transferred out of Level 3	**–**	**–**	**–**	**(10)**
Fair value as at October 31, 2025	**856**	**71**	**308**	**18**
Change in unrealized gains and losses included in *Net income* with respect to financial assets and financial liabilities held as at October 31, 2025[3]	**89**	**–**	**2**	**53**

	Year ended October 31, 2024			
	Securities at fair value through profit or loss	Securities at fair value through other comprehensive income	Loans and other assets	Derivative financial instruments[1]
Fair value as at October 31, 2023	551	378	290	(15)
Total realized and unrealized gains (losses) included in *Net income*[4]	103	–	9	(107)
Total realized and unrealized gains (losses) included in *Other comprehensive income*	–	1	–	–
Purchases	135	–	–	–
Sales	(121)	(72)	(5)	–
Issuances	–	–	23	–
Settlements and other	–	–	(29)	191
Financial instruments transferred into Level 3	–	–	–	(3)
Financial instruments transferred out of Level 3	–	–	–	5
Fair value as at October 31, 2024	668	307	288	71
Change in unrealized gains and losses included in *Net income* with respect to financial assets and financial liabilities held as at October 31, 2024[5]	90	–	9	(107)

(1) The derivative financial instruments include assets and liabilities presented on a net basis.
(2) Total gains (losses) included in *Non-interest income* was a gain of $216 million.
(3) Total unrealized gains (losses) included in *Non-interest income* was an unrealized gain of $144 million.
(4) Total gains (losses) included in *Non-interest income* was a gain of $5 million.
(5) Total unrealized gains (losses) included in *Non-interest income* was an unrealized loss of $8 million.

Note 4 – Fair Value of Financial Instruments (cont.)

Financial Instruments Not Recorded at Fair Value in the Consolidated Balance Sheet

The following tables show the financial instruments that have not been recorded at fair value in the Consolidated Balance Sheet according to the fair value hierarchy, except for those whose carrying value is a reasonable approximation of fair value.

	As at October 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Securities at amortized cost				
Securities issued or guaranteed by				
Canadian government	**420**	**10,308**	**–**	**10,728**
Canadian provincial and municipal governments	**–**	**4,113**	**–**	**4,113**
U.S. Treasury, other U.S. agencies and other foreign governments	**115**	**224**	**–**	**339**
Other debt securities	**–**	**1,689**	**–**	**1,689**
	535	**16,334**	**–**	**16,869**
Loans, net of allowances	**–**	**121,721**	**168,070**	**289,791**
Financial liabilities				
Deposits	**–**	**395,685**	**–**	**395,685**
Other				
Liabilities related to transferred receivables	**–**	**17,302**	**–**	**17,302**
Other liabilities	**–**	**–**	**–**	**–**
Subordinated debt	**–**	**3,529**	**–**	**3,529**
	–	**416,516**	**–**	**416,516**

	As at October 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Securities at amortized cost				
Securities issued or guaranteed by				
Canadian government	–	9,217	–	9,217
Canadian provincial and municipal governments	–	2,400	–	2,400
U.S. Treasury, other U.S. agencies and other foreign governments	506	178	–	684
Other debt securities	–	2,250	–	2,250
	506	14,045	–	14,551
Loans, net of allowances	–	100,618	128,996	229,614
Financial liabilities				
Deposits	–	307,553	–	307,553
Other				
Liabilities related to transferred receivables	–	17,011	–	17,011
Other liabilities	–	49	–	49
Subordinated debt	–	1,296	–	1,296
	–	325,909	–	325,909

Note 5 – Financial Instruments Designated at Fair Value Through Profit or Loss

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

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

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

	Carrying value as at October 31, 2025	**Unrealized gains (losses) for the year ended October 31, 2025**	**Unrealized gains (losses) since the initial recognition of the instrument**
Financial assets designated at fair value through profit or loss			
Securities	**362**	**3**	**11**
Financial liabilities designated at fair value through profit or loss			
Deposits[1][2]	**32,740**	**(1,764)**	**398**
Liabilities related to transferred receivables	**13,191**	**(133)**	**(40)**
Other liabilities	**5**	**–**	**–**
	45,936	**(1,897)**	**358**

	Carrying value as at October 31, 2024	Unrealized gains (losses) for the year ended October 31, 2024	Unrealized gains (losses) since the initial recognition of the instrument
Financial assets designated at fair value through profit or loss			
Securities	357	13	8
Financial liabilities designated at fair value through profit or loss			
Deposits[1][2]	26,190	(2,526)	1,212
Liabilities related to transferred receivables	11,034	(213)	136
	37,224	(2,739)	1,348

(1) For the year ended October 31, 2025, the change in the fair value of deposits designated at fair value through profit or loss attributable to credit risk, and recorded in *Other comprehensive income*, resulted in a loss of $256 million (loss of $485 million for the year ended October 31, 2024).
(2) The amount at maturity that the Bank will be contractually required to pay to the holders of these deposits varies and will differ from the reporting date fair value.

Note 6 – Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities are offset, and the net amount is presented in the Consolidated Balance Sheet when the Bank has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Generally, over-the-counter derivative financial instruments subject to master netting agreements of the International Swaps & Derivatives Association, Inc. or other similar agreements do not meet the offsetting criteria in the Consolidated Balance Sheet, because the right of set-off is legally enforceable only in the event of default, insolvency, or bankruptcy.

Generally, securities purchased under reverse repurchase agreements and securities borrowed as well as obligations related to securities sold under repurchase agreements and securities loaned, subject to master agreements, do not meet the offsetting criteria if they confer only a right of set-off that is enforceable only in the event of default, insolvency, or bankruptcy.

However, the above-mentioned transactions may be subject to contractual netting agreements concluded with clearing houses. If the offsetting criteria are met, these transactions are netted in the Consolidated Balance Sheet. In addition, as part of these transactions, the Bank may pledge or receive cash or other financial instruments used as collateral.

The following tables present information on financial assets and financial liabilities that are netted in the Consolidated Balance Sheet, because they meet the offsetting criteria as well as information on those that are not netted and are subject to an enforceable master netting agreement or similar agreement.

As at October 31, 2025

	Gross amounts recognized	Amounts set off in the Consolidated Balance Sheet[1]	Net amounts reported in the Consolidated Balance Sheet	Associated amounts not set off in the Consolidated Balance Sheet		Net amounts
				Financial instruments[2]	Financial assets received/pledged as collateral[3]	
Financial assets						
Securities purchased under reverse repurchase agreements and securities borrowed	**61,298**	**34,207**	**27,091**	**4,229**	**22,728**	**134**
Derivative financial instruments	**12,515**	**–**	**12,515**	**7,525**	**1,662**	**3,328**
	73,813	**34,207**	**39,606**	**11,754**	**24,390**	**3,462**
Financial liabilities						
Obligations related to securities sold under repurchase agreements and securities loaned	**75,563**	**34,207**	**41,356**	**4,229**	**37,043**	**84**
Derivative financial instruments	**15,984**	**–**	**15,984**	**7,525**	**6,045**	**2,414**
	91,547	**34,207**	**57,340**	**11,754**	**43,088**	**2,498**

As at October 31, 2024

	Gross amounts recognized	Amounts set off in the Consolidated Balance Sheet[1]	Net amounts reported in the Consolidated Balance Sheet	Associated amounts not set off in the Consolidated Balance Sheet		Net amounts
				Financial instruments[2]	Financial assets received/pledged as collateral[3]	
Financial assets						
Securities purchased under reverse repurchase agreements and securities borrowed	34,247	17,982	16,265	3,815	12,378	72
Derivative financial instruments	12,309	–	12,309	6,410	2,701	3,198
	46,556	17,982	28,574	10,225	15,079	3,270
Financial liabilities						
Obligations related to securities sold under repurchase agreements and securities loaned	56,159	17,982	38,177	3,815	34,309	53
Derivative financial instruments	15,760	–	15,760	6,410	5,256	4,094
	71,919	17,982	53,937	10,225	39,565	4,147

(1) Comprises amounts that qualify for offsetting. Effective in fiscal 2024, certain derivative financial instruments cleared through a central counterparty were considered settled-to-market and not collateralized-to-market. Derivative financial instruments that are settled-to-market are settled on a daily basis, resulting in derecognition, rather than offsetting, of the related amounts.
(2) Carrying amount of financial instruments that are subject to an enforceable master netting agreement or similar agreement but that do not satisfy offsetting criteria.
(3) Excludes collateral in the form of non-financial instruments.

Note 7 – Securities

Residual Contractual Maturities of Securities

As at October 31	1 year or less	Over 1 year to 5 years	Over 5 years	No specified maturity	2025 Total	2024 Total
Securities at fair value through profit or loss						
Securities issued or guaranteed by						
Canadian government	**1,393**	**10,708**	**4,877**	**–**	**16,978**	14,480
Canadian provincial and municipal governments	**279**	**2,478**	**4,910**	**–**	**7,667**	8,473
U.S. Treasury, other U.S. agencies and other foreign governments	**443**	**1,250**	**975**	**–**	**2,668**	2,215
Other debt securities	**468**	**1,793**	**1,294**	**–**	**3,555**	3,090
Equity securities	**–**	**–**	**–**	**117,250**	**117,250**	87,677
	2,583	**16,229**	**12,056**	**117,250**	**148,118**	115,935
Securities at fair value through other comprehensive income						
Securities issued or guaranteed by						
Canadian government	**1,148**	**2,891**	**3,068**	**–**	**7,107**	5,218
Canadian provincial and municipal governments	**81**	**792**	**3,976**	**–**	**4,849**	2,900
U.S. Treasury, other U.S. agencies and other foreign governments	**352**	**6,628**	**3,658**	**–**	**10,638**	4,991
Other debt securities	**131**	**277**	**731**	**–**	**1,139**	847
Equity securities	**–**	**–**	**–**	**291**	**291**	666
	1,712	**10,588**	**11,433**	**291**	**24,024**	14,622
Securities at amortized cost[1]						
Securities issued or guaranteed by						
Canadian government	**1,953**	**8,451**	**101**	**–**	**10,505**	9,194
Canadian provincial and municipal governments	**38**	**965**	**3,072**	**–**	**4,075**	2,458
U.S. Treasury, other U.S. agencies and other foreign governments	**115**	**224**	**–**	**–**	**339**	687
Other debt securities	**1,172**	**367**	**147**	**–**	**1,686**	2,269
	3,278	**10,007**	**3,320**	**–**	**16,605**	14,608

(1) As at October 31, 2025, securities at amortized cost are presented net of allowances for credit losses of $13 million ($6 million as at October 31, 2024).

Credit Quality

As at October 31, 2025 and 2024, securities at fair value through other comprehensive income and securities at amortized cost were mainly classified in Stage 1, with their credit quality falling mostly in the “Excellent” category according to the Bank’s internal risk-rating categories. For additional information on the reconciliation of allowances for credit losses, see Note 8 to these Consolidated Financial Statements.

Note 7 – Securities (cont.)

Unrealized Gross Gains (Losses) on Securities at Fair Value Through Other Comprehensive Income[1]

	As at October 31, 2025			
	Amortized cost	**Gross unrealized gains**	**Gross unrealized losses**	**Carrying value[2]**
Securities issued or guaranteed by				
Canadian government	**6,939**	**172**	**(4)**	**7,107**
Canadian provincial and municipal governments	**4,777**	**100**	**(28)**	**4,849**
U.S. Treasury, other U.S. agencies and other foreign governments	**10,466**	**180**	**(8)**	**10,638**
Other debt securities	**1,149**	**13**	**(23)**	**1,139**
Equity securities	**246**	**45**	**–**	**291**
	23,577	**510**	**(63)**	**24,024**

	As at October 31, 2024			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Carrying value[2]
Securities issued or guaranteed by				
Canadian government	5,166	96	(44)	5,218
Canadian provincial and municipal governments	2,894	45	(39)	2,900
U.S. Treasury, other U.S. agencies and other foreign governments	4,986	37	(32)	4,991
Other debt securities	888	3	(44)	847
Equity securities	591	77	(2)	666
	14,525	258	(161)	14,622

(1) Excludes the impact of hedging.
(2) The allowances for credit losses on securities at fair value through other comprehensive income (excluding equity securities), representing $3 million as at October 31, 2025 ($3 million as at October 31, 2024), are reported under *Other comprehensive income*. For additional information, see Note 8 to these Consolidated Financial Statements.

Equity Securities Designated at Fair Value Through Other Comprehensive Income

The Bank designated certain equity securities, the main business objective of which is to generate dividend income, at fair value through other comprehensive income without subsequent reclassification of gains and losses to net income. During the year ended October 31, 2025, a dividend income amount of $30 million was recognized for these investments ($41 million for the year ended October 31, 2024), including amounts of $19 million for investments that were sold during the year ended October 31, 2025 ($7 million for investments that were sold during the year ended October 31, 2024).

	Year ended October 31, 2025			Year ended October 31, 2024		
	Equity securities of private companies	**Equity securities of public companies**	**Total**	Equity securities of private companies	Equity securities of public companies	Total
Fair value at beginning	**307**	**359**	**666**	378	281	659
Change in fair value	**25**	**45**	**70**	1	58	59
Designated at fair value through other comprehensive income	**15**	**102**	**117**	–	253	253
Sales[1]	**(276)**	**(286)**	**(562)**	(72)	(233)	(305)
Fair value at end	**71**	**220**	**291**	307	359	666

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

Gains (Losses) on Disposals of Securities at Amortized Cost

During the years ended October 31, 2025 and 2024, the Bank disposed of certain debt securities measured at amortized cost. The carrying value of these securities upon disposal was $524 million for the year ended October 31, 2025 ($1,419 million for the year ended October 31, 2024), and the Bank recognized losses of $4 million for the year ended October 31, 2025 (gains of $6 million for the year ended October 31, 2024) under *Non-interest income – Gains (losses) on non-trading securities, net* in the Consolidated Statement of Income.

Note 8 – Loans and Allowances for Credit Losses

Loans are recognized either at fair value through profit or loss or at amortized cost using the financial asset classification criteria defined in IFRS 9.

Determining and Measuring Expected Credit Losses (ECL)

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

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

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

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

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

Impairment Governance
A rigorous control framework is applied to the determination of expected credit losses. The Bank has policies and procedures that govern impairments arising from credit risk. These policies are documented and periodically reviewed by the Risk Management Group. All models used to calculate expected credit losses are validated, and controls are in place to ensure they are applied.

These models are validated by groups that are independent of the team that prepares the calculations. Complex questions on measurement methodologies and assumptions are reviewed by a group of experts from various functions. Furthermore, the inputs and assumptions used to determine expected credit losses are regularly reviewed.

Measurement of Expected Credit Losses (ECL)
Expected credit losses are estimated using three main variables: (1) probability of default (PD), (2) loss given default (LGD) and (3) exposure at default (EAD). For accounting purposes, 12-month PD and lifetime PD are the probabilities of a default occurring over the next 12 months or over the life of a financial instrument, respectively, based on conditions existing at the balance sheet date and on future economic conditions that have, or will have, an impact on credit risk. LGD reflects the losses expected should default occur and considers such factors as the mitigating effects of collateral, the realizable value thereof, and the time value of money. EAD is the expected balance owing at default and considers such factors as repayments of principal and interest between the balance sheet date and the time of default as well as any amounts expected to be drawn on a committed facility. Twelve-month expected credit losses are estimated by multiplying 12-month PD by LGD and by EAD. Lifetime expected credit losses are estimated using the lifetime PD.

For most financial instruments, expected credit losses are measured on an individual basis. Financial instruments that have credit losses measured on a collective basis are grouped according to similar credit risk characteristics such as type of instrument, geographic location, comparable risk level, and business sector or industry.

Inputs, Assumptions and Estimation Techniques
The Bank's approach to calculating expected credit losses consists essentially of leveraging existing regulatory models and then adjusting their parameters for IFRS 9 purposes. These models have the advantage of having been thoroughly tested and validated. In addition, using the same base models, regardless of the purpose, provides consistency across risk assessments. These models use inputs, assumptions and estimation techniques that require a high degree of management judgment. The main factors that contribute to changes in ECL that are subject to significant judgment include the following:

- calibration of regulatory parameters in order to obtain point-in-time and forward-looking parameters;
- forecasts of macroeconomic variables for multiple scenarios and the probability weighting of the scenarios;
- determination of the significant increases in credit risk (SICR) of a loan.

Note 8 – Loans and Allowances for Credit Losses (cont.)

Main Parameters

PD Estimates

Since the objective of the regulatory calibration of PD is to align historical data to the long-run default rate, adjustments are required to obtain a point-in-time, forward-looking PD, as required by IFRS 9. The Bank performs the following: (1) A point-in-time calibration, where the PD of the portfolio is aligned with the appropriate default rate. The resulting PD estimate generally equals the prior-year default rate. The prior-year default rate is selected for the calibration performed at this stage, as it often reflects one of the most accurate and appropriate estimates of the current-year default rate; (2) Forward-looking adjustments are incorporated through, among other measures, a calibration factor based on forecasts produced by the stress testing team's analyses. The team considers three macroeconomic scenarios, and, for each scenario, produces a forward-looking assessment covering the three upcoming years.

LGD Estimates

The LGD estimation method consists of using, for each of the three macroeconomic scenarios, expected LGD based on the LGD values observed using backtesting, the economic LGD estimated and used to calculate economic capital, and lastly, the estimated downturn LGD used to calculate regulatory capital.

EAD Estimates

For term loans, the Bank uses expected EAD, which is the outstanding balance anticipated at each point in time. Expected EAD decreases over time according to contractual repayments and to prepayments. For revolving loans, the EAD percentage is based on the percentage estimated by the corresponding regulatory model and, thereafter, is converted to dollars according to the authorized balance.

Expected Life

For most financial instruments, the expected life used when measuring expected credit losses is the remaining contractual life. For revolving financial instruments where there is no contractual maturity, such as credit cards or lines of credit, the expected life is based on the behavioural life of clients who have defaulted or closed their account.

Incorporation of Forward-Looking Information

The Bank's Economy and Strategy Group is responsible for developing three macroeconomic scenarios and for recommending probability weights for each scenario. Macroeconomic scenarios are not developed for specific portfolios, as the Economy and Strategy Group provides a set of variables for each of the defined scenarios for the next three years. The PDs are also adjusted to incorporate economic assumptions (interest rates, unemployment rates, GDP forecasts, oil prices, housing price indices, etc.) that can be statistically tied to PD changes that will have an impact beyond the next 12 months. These statistical relationships are determined using the processes developed for stress testing. In addition, the group considers other relevant factors that may not be adequately reflected in the information used to calculate the PDs (including late payments and whether the financial asset is subject to additional monitoring within the watchlist process for business and government loan portfolios).

Determination of a Significant Increase in the Credit Risk of a Financial Instrument

At each reporting period, the Bank determines whether credit risk has increased significantly since initial recognition by examining the change in the risk of default occurring over the remaining life of the financial instrument. First, the Bank compares the point-in-time forward-looking remaining lifetime PD at the reporting date with the expected point-in-time forward-looking remaining lifetime PD established at initial recognition. Based on this comparison, the Bank determines whether the loan has deteriorated when compared to the initial conditions. Because the comparison includes an adjustment based on origination-date forward-looking information and reporting-date forward-looking information, the deterioration may be caused by the following factors: (i) deterioration of the economic outlook used in the forward-looking assessment; (ii) deterioration of the borrower's conditions (payment defaults, worsening financial ratios, etc.); or (iii) a combination of both factors. The quantitative criteria used to determine a significant increase in credit risk are a series of relative and absolute thresholds, and a backstop is also applied. All financial instruments that are over 30 days past due but below 90 days past due are migrated to Stage 2, even if the other criteria do not indicate a significant increase in credit risk.

Credit Quality of Loans

The following tables present the gross carrying amounts of loans as at October 31, 2025 and 2024, according to credit quality and ECL impairment stage of each loan category at amortized cost, and according to credit quality for loans at fair value through profit or loss. For additional information on credit quality according to the Internal Ratings-Based (IRB) categories, see the Internal Default Risk Ratings table on page 87 in the Credit Risk section of the MD&A for the year ended October 31, 2025.

	As at October 31, 2025				
	Non-impaired loans				
	Stage 1	Stage 2	Impaired loans	Loans at fair value through profit or loss[1]	Total
Residential mortgage					
Excellent	**37,897**	**9**	**–**	**–**	**37,906**
Good	**18,734**	**104**	**–**	**–**	**18,838**
Satisfactory	**15,712**	**3,269**	**–**	**–**	**18,981**
Special mention	**453**	**719**	**–**	**–**	**1,172**
Substandard	**91**	**240**	**–**	**–**	**331**
Default	**–**	**–**	**223**	**–**	**223**
IRB Approach	**72,887**	**4,341**	**223**	**–**	**77,451**
Standardized Approach	**20,840**	**671**	**957**	**14,010**	**36,478**
Gross carrying amount	**93,727**	**5,012**	**1,180**	**14,010**	**113,929**
Allowances for credit losses[2]	**88**	**69**	**102**	**–**	**259**
Carrying amount	**93,639**	**4,943**	**1,078**	**14,010**	**113,670**
Personal					
Excellent	**22,936**	**19**	**–**	**–**	**22,955**
Good	**8,231**	**893**	**–**	**–**	**9,124**
Satisfactory	**8,159**	**1,838**	**–**	**–**	**9,997**
Special mention	**2,339**	**921**	**–**	**–**	**3,260**
Substandard	**51**	**308**	**–**	**–**	**359**
Default	**–**	**–**	**244**	**–**	**244**
IRB Approach	**41,716**	**3,979**	**244**	**–**	**45,939**
Standardized Approach	**3,845**	**97**	**292**	**–**	**4,234**
Gross carrying amount	**45,561**	**4,076**	**536**	**–**	**50,173**
Allowances for credit losses[2]	**119**	**141**	**180**	**–**	**440**
Carrying amount	**45,442**	**3,935**	**356**	**–**	**49,733**
Credit card					
Excellent	**357**	**–**	**–**	**–**	**357**
Good	**491**	**–**	**–**	**–**	**491**
Satisfactory	**909**	**29**	**–**	**–**	**938**
Special mention	**563**	**278**	**–**	**–**	**841**
Substandard	**44**	**156**	**–**	**–**	**200**
Default	**–**	**–**	**–**	**–**	**–**
IRB Approach	**2,364**	**463**	**–**	**–**	**2,827**
Standardized Approach	**189**	**6**	**–**	**–**	**195**
Gross carrying amount	**2,553**	**469**	**–**	**–**	**3,022**
Allowances for credit losses[2]	**43**	**114**	**–**	**–**	**157**
Carrying amount	**2,510**	**355**	**–**	**–**	**2,865**
Business and government					
Excellent	**7,116**	**2**	**–**	**1,251**	**8,369**
Good	**28,915**	**4**	**–**	**27**	**28,946**
Satisfactory	**40,097**	**12,453**	**–**	**146**	**52,696**
Special mention	**303**	**1,986**	**–**	**–**	**2,289**
Substandard	**–**	**550**	**–**	**–**	**550**
Default	**–**	**–**	**864**	**–**	**864**
IRB Approach	**76,431**	**14,995**	**864**	**1,424**	**93,714**
Standardized Approach	**36,650**	**4,906**	**1,132**	**1,228**	**43,916**
Gross carrying amount	**113,081**	**19,901**	**1,996**	**2,652**	**137,630**
Allowances for credit losses[2]	**365**	**384**	**526**	**–**	**1,275**
Carrying amount	**112,716**	**19,517**	**1,470**	**2,652**	**136,355**
Total loans					
Gross carrying amount	**254,922**	**29,458**	**3,712**	**16,662**	**304,754**
Allowances for credit losses[2]	**615**	**708**	**808**	**–**	**2,131**
Carrying amount	**254,307**	**28,750**	**2,904**	**16,662**	**302,623**

(1) Not subject to expected credit losses.
(2) The allowances for credit losses do not include the amounts related to undrawn commitments reported under *Other liabilities* in the Consolidated Balance Sheet.

Note 8 – Loans and Allowances for Credit Losses (cont.)

As at October 31, 2024

	Non-impaired loans				
	Stage 1	Stage 2	Impaired loans	Loans at fair value through profit or loss[1]	Total
Residential mortgage					
Excellent	33,651	16	–	–	33,667
Good	17,063	241	–	–	17,304
Satisfactory	12,634	4,209	–	–	16,843
Special mention	358	800	–	–	1,158
Substandard	70	300	–	–	370
Default	–	–	118	–	118
IRB Approach	63,776	5,566	118	–	69,460
Standardized Approach	11,350	266	741	13,192	25,549
Gross carrying amount	75,126	5,832	859	13,192	95,009
Allowances for credit losses[2]	62	85	50	–	197
Carrying amount	75,064	5,747	809	13,192	94,812
Personal					
Excellent	21,702	274	–	–	21,976
Good	6,686	1,618	–	–	8,304
Satisfactory	6,959	2,247	–	–	9,206
Special mention	2,111	845	–	–	2,956
Substandard	53	279	–	–	332
Default	–	–	226	–	226
IRB Approach	37,511	5,263	226	–	43,000
Standardized Approach	3,580	84	219	–	3,883
Gross carrying amount	41,091	5,347	445	–	46,883
Allowances for credit losses[2]	102	123	135	–	360
Carrying amount	40,989	5,224	310	–	46,523
Credit card					
Excellent	551	–	–	–	551
Good	399	–	–	–	399
Satisfactory	729	28	–	–	757
Special mention	484	211	–	–	695
Substandard	69	149	–	–	218
Default	–	–	–	–	–
IRB Approach	2,232	388	–	–	2,620
Standardized Approach	141	–	–	–	141
Gross carrying amount	2,373	388	–	–	2,761
Allowances for credit losses[2]	42	114	–	–	156
Carrying amount	2,331	274	–	–	2,605
Business and government					
Excellent	7,743	–	–	1,486	9,229
Good	27,950	7	–	53	28,010
Satisfactory	34,626	11,381	–	147	46,154
Special mention	255	1,770	–	–	2,025
Substandard	2	481	2	–	485
Default	–	–	565	–	565
IRB Approach	70,576	13,639	567	1,686	86,468
Standardized Approach	12,879	107	172	94	13,252
Gross carrying amount	83,455	13,746	739	1,780	99,720
Allowances for credit losses[2]	218	181	229	–	628
Carrying amount	83,237	13,565	510	1,780	99,092
Total loans					
Gross carrying amount	202,045	25,313	2,043	14,972	244,373
Allowances for credit losses[2]	424	503	414	–	1,341
Carrying amount	201,621	24,810	1,629	14,972	243,032

(1) Not subject to expected credit losses.
(2) The allowances for credit losses do not include the amounts related to undrawn commitments reported under *Other liabilities* in the Consolidated Balance Sheet.

The following table presents the credit risk exposures of off-balance-sheet commitments as at October 31, 2025 and 2024 according to credit quality and ECL impairment stage.

As at October 31	2025				2024			
	Stage 1	**Stage 2**	**Impaired**	**Total**	Stage 1	Stage 2	Impaired	Total
Off-balance-sheet commitments[1]								
Retail								
Excellent	**16,332**	**13**	**–**	**16,345**	16,159	113	–	16,272
Good	**5,083**	**321**	**–**	**5,404**	3,492	415	–	3,907
Satisfactory	**1,771**	**236**	**–**	**2,007**	1,095	249	–	1,344
Special mention	**468**	**133**	**–**	**601**	381	112	–	493
Substandard	**20**	**44**	**–**	**64**	30	35	–	65
Default	**–**	**–**	**2**	**2**	–	–	1	1
Non-retail								
Excellent	**13,887**	**–**	**–**	**13,887**	13,071	–	–	13,071
Good	**25,144**	**8**	**–**	**25,152**	22,547	–	–	22,547
Satisfactory	**17,682**	**6,376**	**–**	**24,058**	15,513	6,351	–	21,864
Special mention	**29**	**193**	**–**	**222**	24	278	–	302
Substandard	**8**	**125**	**–**	**133**	2	52	–	54
Default	**–**	**–**	**25**	**25**	–	–	27	27
IRB Approach	**80,424**	**7,449**	**27**	**87,900**	72,314	7,605	28	79,947
Standardized Approach	**28,306**	**406**	**83**	**28,795**	18,968	–	–	18,968
Total exposure	**108,730**	**7,855**	**110**	**116,695**	91,282	7,605	28	98,915
Allowances for credit losses	**178**	**84**	**6**	**268**	142	72	–	214
Total exposure, net of allowances	**108,552**	**7,771**	**104**	**116,427**	91,140	7,533	28	98,701

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

Loans Past Due But Not Impaired[1]

As at October 31	2025				2024			
	Residential mortgage	**Personal**	**Credit card**	**Business and government**	Residential mortgage	Personal	Credit card	Business and government
Past due but not impaired								
31 to 60 days	**366**	**126**	**34**	**194**	179	121	30	76
61 to 90 days	**101**	**52**	**18**	**68**	82	48	14	33
Over 90 days[2]	**–**	**–**	**41**	**–**	–	–	35	–
	467	**178**	**93**	**262**	261	169	79	109

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

Note 8 – Loans and Allowances for Credit Losses (cont.)

Impaired Loans

As at October 31	2025			2024		
	Gross	**Allowances for credit losses**	**Net**	Gross	Allowances for credit losses	Net
Residential mortgage	**1,180**	**102**	**1,078**	859	50	809
Personal	**536**	**180**	**356**	445	135	310
Credit card[1]	**–**	**–**	**–**	–	–	–
Business and government	**1,996**	**526**	**1,470**	739	229	510
	3,712	**808**	**2,904**	2,043	414	1,629

(1) Credit card receivables are considered impaired, at the latest, when payment is 180 days past due, and they are written off at that time.

Maximum Exposure to Credit Risk of Impaired Loans

The following table presents the maximum exposure to credit risk of impaired loans, the percentage of exposure covered by guarantees, and the main types of collateral and guarantees held for each loan category.

As at October 31	2025		2024		
	Gross impaired loans	**Percentage covered by guarantees[1]**	Gross impaired loans	Percentage covered by guarantees[1]	Types of collateral and guarantees
Residential mortgage	**1,180**	**90%**	859	85%	Residential buildings
Personal	**536**	**37%**	445	41%	Buildings, land and automobiles
Business and government	**1,996**	**77%**	739	72%	Buildings, land, equipment, government and bank guarantees

(1) For gross impaired loans, the ratio is calculated on a weighted average basis using the estimated value of the collateral and guarantees held for each loan category presented. The value of the collateral and guarantees held for a specific loan may exceed the balance of the loan; when this is the case, the ratio presented is capped at 100%.

Allowances for Credit Losses

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

						Year ended October 31, 2025
	Allowances for credit losses as at October 31, 2024	**Provisions for credit losses**	**Write-offs[1]**	**Disposals**	**Recoveries and other**	**Allowances for credit losses as at October 31, 2025**
Balance sheet						
Cash and deposits with financial institutions[2][3]	**9**	**2**	**–**	**–**	**–**	**11**
Securities[3]						
At fair value through other comprehensive income[4]	**3**	**–**	**–**	**–**	**–**	**3**
At amortized cost[2]	**6**	**7**	**–**	**–**	**–**	**13**
Securities purchased under reverse repurchase agreements and securities borrowed[2][3]	**–**	**–**	**–**	**–**	**–**	**–**
Loans[5]						
Residential mortgage	**197**	**79**	**(24)**	**–**	**7**	**259**
Personal	**360**	**255**	**(187)**	**–**	**12**	**440**
Credit card	**156**	**110**	**(128)**	**–**	**19**	**157**
Business and government	**628**	**739**	**(179)**	**–**	**87**	**1,275**
	1,341	**1,183**	**(518)**	**–**	**125**	**2,131**
Other assets[2][3]	**–**	**–**	**–**	**–**	**–**	**–**
Off-balance-sheet commitments[6]						
Letters of guarantee and documentary letters of credit	**21**	**4**	**–**	**–**	**–**	**25**
Undrawn commitments	**188**	**48**	**–**	**–**	**–**	**236**
Backstop liquidity and credit enhancement facilities	**5**	**2**	**–**	**–**	**–**	**7**
	214	**54**	**–**	**–**	**–**	**268**
	1,573	**1,246**	**(518)**	**–**	**125**	**2,426**

						Year ended October 31, 2024
	Allowances for credit losses as at October 31, 2023	Provisions for credit losses	Write-offs[1]	Disposals	Recoveries and other	Allowances for credit losses as at October 31, 2024
Balance sheet						
Cash and deposits with financial institutions[2][3]	10	(1)	–	–	–	9
Securities[3]						
At fair value through other comprehensive income[4]	3	–	–	–	–	3
At amortized cost[2]	4	2	–	–	–	6
Securities purchased under reverse repurchase agreements and securities borrowed[2][3]	–	–	–	–	–	–
Loans[5]						
Residential mortgage	154	46	(4)	(2)	3	197
Personal	271	198	(121)	–	12	360
Credit card	139	113	(111)	–	15	156
Business and government	567	226	(185)	–	20	628
Customers' liability under acceptances	53	(53)	–	–	–	–
	1,184	530	(421)	(2)	50	1,341
Other assets[2][3]	–	–	–	–	–	–
Off-balance-sheet commitments[6]						
Letters of guarantee and documentary letters of credit	16	5	–	–	–	21
Undrawn commitments	152	36	–	–	–	188
Backstop liquidity and credit enhancement facilities	8	(3)	–	–	–	5
	176	38	–	–	–	214
	1,377	569	(421)	(2)	50	1,573

(1) The contractual amount outstanding on financial assets that were written off during the year ended October 31, 2025 and that are still subject to enforcement activity was $259 million ($172 million for the year ended October 31, 2024).
(2) These financial assets are presented net of the allowances for credit losses in the Consolidated Balance Sheet.
(3) As at October 31, 2025 and 2024, these financial assets were mainly classified in Stage 1 and their credit quality fell mostly within the *Excellent* category.
(4) The allowances for credit losses are reported under *Accumulated other comprehensive income* in the Consolidated Balance Sheet.
(5) The allowances for credit losses are reported under *Allowances for credit losses* in the Consolidated Balance Sheet.
(6) The allowances for credit losses are reported under *Other liabilities* in the Consolidated Balance Sheet.

Note 8 – Loans and Allowances for Credit Losses (cont.)

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

Year ended October 31	2025				2024			
	Allowances for credit losses on non-impaired loans		**Allowances for credit losses on impaired loans[1]**	**Total**	Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans[1]	Total
	Stage 1	**Stage 2**			Stage 1	Stage 2		
Residential mortgage								
Balance at beginning	**62**	**85**	**50**	**197**	69	93	(8)	154
Originations or purchases[2]	**28**	**–**	**–**	**28**	13	–	–	13
Transfers[3]:								
to Stage 1	**64**	**(49)**	**(15)**	**–**	58	(50)	(8)	–
to Stage 2	**(7)**	**32**	**(25)**	**–**	(9)	28	(19)	–
to Stage 3	**–**	**(15)**	**15**	**–**	(1)	(26)	27	–
Net remeasurement of loss allowances[4]	**(57)**	**21**	**104**	**68**	(57)	59	62	64
Derecognitions[5]	**(3)**	**(5)**	**(9)**	**(17)**	(7)	(7)	(11)	(25)
Changes to models	**–**	**–**	**–**	**–**	(2)	(12)	8	(6)
Provisions for credit losses	**25**	**(16)**	**70**	**79**	(5)	(8)	59	46
Write-offs	**–**	**–**	**(24)**	**(24)**	–	–	(4)	(4)
Disposals	**–**	**–**	**–**	**–**	(2)	–	–	(2)
Recoveries	**–**	**–**	**8**	**8**	–	–	3	3
Foreign exchange movements and other	**1**	**–**	**(2)**	**(1)**	–	–	–	–
Balance at end	**88**	**69**	**102**	**259**	62	85	50	197
Includes:								
Amounts drawn	**88**	**69**	**102**	**259**	62	85	50	197
Undrawn commitments[6]	**–**	**–**	**–**	**–**	–	–	–	–
Personal								
Balance at beginning	**107**	**127**	**135**	**369**	95	114	72	281
Originations or purchases[2]	**54**	**–**	**–**	**54**	36	–	–	36
Transfers[3]:								
to Stage 1	**96**	**(87)**	**(9)**	**–**	106	(96)	(10)	–
to Stage 2	**(39)**	**46**	**(7)**	**–**	(26)	33	(7)	–
to Stage 3	**(2)**	**(84)**	**86**	**–**	(1)	(74)	75	–
Net remeasurement of loss allowances[4]	**(83)**	**158**	**158**	**233**	(94)	165	117	188
Derecognitions[5]	**(8)**	**(14)**	**(8)**	**(30)**	(10)	(14)	(5)	(29)
Changes to models	**–**	**–**	**–**	**–**	–	(1)	3	2
Provisions for credit losses	**18**	**19**	**220**	**257**	11	13	173	197
Write-offs	**–**	**–**	**(187)**	**(187)**	–	–	(121)	(121)
Disposals	**–**	**–**	**–**	**–**	–	–	–	–
Recoveries	**–**	**–**	**16**	**16**	–	–	15	15
Foreign exchange movements and other	**–**	**–**	**(4)**	**(4)**	1	–	(4)	(3)
Balance at end	**125**	**146**	**180**	**451**	107	127	135	369
Includes:								
Amounts drawn	**119**	**141**	**180**	**440**	102	123	135	360
Undrawn commitments[6]	**6**	**5**	**–**	**11**	5	4	–	9

(1) The total amount of undiscounted initially expected credit losses on the POCI loans acquired during the year ended October 31, 2025 was $398 million (no POCI loans had been acquired during the year ended October 31, 2024). The expected credit losses reflected in the purchase price have been discounted.
(2) Include allowances for credit losses on impaired loans acquired from CWB. For additional information, see Note 3.
(3) Represent stage transfers deemed to have taken place at the beginning of the quarter in which the transfer occurred.
(4) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volumes and in the credit quality of existing loans as well as to changes in risk parameters.
(5) Represent reversals to loss allowances arising from full loan repayments (excluding write-offs and disposals).
(6) The allowances for credit losses on undrawn commitments are reported under *Other liabilities* in the Consolidated Balance Sheet.

Year ended October 31	2025				2024			
	Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans[1]	Total	Allowances for credit losses on non-impaired loans		Allowances for credit losses on impaired loans[1]	Total
	Stage 1	Stage 2			Stage 1	Stage 2		
Credit card								
Balance at beginning	**70**	**141**	**–**	**211**	59	127	–	186
Originations or purchases[2]	**17**	**–**	**–**	**17**	12	–	–	12
Transfers[3]:								
to Stage 1	**130**	**(130)**	**–**	**–**	110	(110)	–	–
to Stage 2	**(24)**	**24**	**–**	**–**	(20)	20	–	–
to Stage 3	**–**	**(66)**	**66**	**–**	(1)	(46)	47	–
Net remeasurement of loss allowances[4]	**(109)**	**187**	**43**	**121**	(90)	147	49	106
Derecognitions[5]	**(3)**	**(2)**	**–**	**(5)**	(2)	(1)	–	(3)
Changes to models	**–**	**–**	**–**	**–**	2	4	–	6
Provisions for credit losses	**11**	**13**	**109**	**133**	11	14	96	121
Write-offs	**–**	**–**	**(128)**	**(128)**	–	–	(111)	(111)
Disposals	**–**	**–**	**–**	**–**	–	–	–	–
Recoveries	**–**	**–**	**19**	**19**	–	–	15	15
Foreign exchange movements and other	**–**	**–**	**–**	**–**	–	–	–	–
Balance at end	**81**	**154**	**–**	**235**	70	141	–	211
Includes:								
Amounts drawn	**43**	**114**	**–**	**157**	42	114	–	156
Undrawn commitments[6]	**38**	**40**	**–**	**78**	28	27	–	55
Business and government								
Balance at beginning	**308**	**215**	**229**	**752**	251	220	244	715
Originations or purchases[2]	**384**	**–**	**–**	**384**	135	–	–	135
Transfers[3]:								
to Stage 1	**70**	**(68)**	**(2)**	**–**	54	(52)	(2)	–
to Stage 2	**(191)**	**208**	**(17)**	**–**	(52)	60	(8)	–
to Stage 3	**(2)**	**(22)**	**24**	**–**	(1)	(10)	11	–
Net remeasurement of loss allowances[4]	**(22)**	**149**	**404**	**531**	(39)	28	154	143
Derecognitions[5]	**(74)**	**(65)**	**(14)**	**(153)**	(40)	(26)	(6)	(72)
Changes to models	**–**	**–**	**–**	**–**	–	(5)	1	(4)
Provisions for credit losses	**165**	**202**	**395**	**762**	57	(5)	150	202
Write-offs	**–**	**–**	**(179)**	**(179)**	–	–	(185)	(185)
Disposals	**–**	**–**	**–**	**–**	–	–	–	–
Recoveries	**–**	**–**	**97**	**97**	–	–	23	23
Foreign exchange movements and other	**–**	**–**	**(10)**	**(10)**	–	–	(3)	(3)
Balance at end	**473**	**417**	**532**	**1,422**	308	215	229	752
Includes:								
Amounts drawn	**365**	**384**	**526**	**1,275**	218	181	229	628
Undrawn commitments[6]	**108**	**33**	**6**	**147**	90	34	–	124
Total allowances for credit losses at end[7]	**767**	**786**	**814**	**2,367**	547	568	414	1,529
Includes:								
Amounts drawn	**615**	**708**	**808**	**2,131**	424	503	414	1,341
Undrawn commitments[6]	**152**	**78**	**6**	**236**	123	65	–	188

(1) The total amount of undiscounted initially expected credit losses on the POCI loans acquired during the year ended October 31, 2025 was $398 million (no POCI loans had been acquired during the year ended October 31, 2024). The expected credit losses reflected in the purchase price have been discounted.
(2) Include allowances for credit losses on impaired loans acquired from CWB. For additional information, see Note 3.
(3) Represent stage transfers deemed to have taken place at the beginning of the quarter in which the transfer occurred.
(4) Includes the net remeasurement of loss allowances (after transfers) attributable mainly to changes in volumes and in the credit quality of existing loans as well as to changes in risk parameters.
(5) Represent reversals to loss allowances arising from full loan repayments (excluding write-offs and disposals).
(6) The allowances for credit losses on undrawn commitments are reported under *Other liabilities* in the Consolidated Balance Sheet.
(7) Excludes allowances for credit losses on other financial assets at amortized cost and on off-balance-sheet commitments other than undrawn commitments.

Note 8 – Loans and Allowances for Credit Losses (cont.)

Distribution of Gross and Impaired Loans by Borrower Category Under the Basel Asset Classes

	2025					2024				
	As at October 31			Year ended October 31		As at October 31			Year ended October 31	
	Gross loans	Impaired loans	Allowances for credit losses on impaired loans[1]	Provisions for credit losses	Write-offs	Gross loans	Impaired loans	Allowances for credit losses on impaired loans[1]	Provisions for credit losses	Write-offs
Retail										
Residential mortgage[2]	**123,534**	**1,126**	**98**	**68**	**24**	104,912	894	51	55	3
Qualifying revolving retail[3]	**4,454**	**20**	**14**	**127**	**159**	4,148	27	21	115	130
Other retail[4]	**19,365**	**646**	**193**	**211**	**155**	18,037	454	129	171	103
	147,353	**1,792**	**305**	**406**	**338**	127,097	1,375	201	341	236
Non-retail										
Agriculture	**11,590**	**146**	**19**	**6**	**6**	9,192	84	16	12	–
Oil and gas	**2,653**	**12**	**3**	**(9)**	**–**	1,913	–	–	–	–
Mining	**1,971**	**60**	**20**	**2**	**–**	2,062	38	17	17	–
Utilities	**12,389**	**98**	**4**	**4**	**–**	12,528	–	–	–	–
Non-real-estate construction[5]	**2,179**	**41**	**32**	**1**	**–**	1,864	38	31	–	–
Manufacturing	**9,926**	**269**	**121**	**137**	**72**	8,064	93	45	32	37
Wholesale	**4,732**	**67**	**27**	**24**	**16**	3,145	48	17	42	64
Retail	**6,000**	**143**	**57**	**48**	**6**	4,229	13	6	–	13
Transportation	**6,417**	**119**	**18**	**23**	**21**	3,253	71	6	4	7
Communications	**3,524**	**30**	**11**	**23**	**39**	2,557	22	9	(11)	9
Financial services	**18,660**	**151**	**39**	**19**	**–**	12,775	66	16	11	–
Real estate services and real estate construction[6]	**43,927**	**612**	**89**	**62**	**4**	30,848	113	26	22	2
Professional services	**4,099**	**36**	**16**	**13**	**2**	3,879	18	4	1	2
Education and health care	**4,907**	**31**	**12**	**4**	**10**	3,487	49	13	6	50
Other services	**13,066**	**104**	**34**	**24**	**4**	7,357	12	7	1	1
Government	**2,136**	**–**	**–**	**–**	**–**	1,853	–	–	–	–
Other	**9,225**	**1**	**1**	**1**	**–**	8,270	3	–	–	–
	157,401	**1,920**	**503**	**382**	**180**	117,276	668	213	137	185
	304,754	**3,712**	**808**	**788**	**518**	244,373	2,043	414	478	421
Stages 1, 2 and impaired off-balance-sheet commitments[7]				**458**					91	
				1,246	**518**				569	421

(1) Allowances for credit losses on drawn amounts.
(2) Includes residential mortgages on one-to-four-unit dwellings (Basel definition) and home equity lines of credit.
(3) Includes lines of credit and credit card receivables.
(4) Includes consumer loans and other retail loans but excludes small and medium enterprise (SME) loans.
(5) Includes civil engineering loans, public-private partnership loans, and project finance loans.
(6) Includes residential mortgages on dwellings of five or more units and SME loans.
(7) Includes provisions for credit losses on other financial assets at amortized cost and on off-balance-sheet commitments.

Main Macroeconomic Factors

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

As at October 31, 2025

	Base scenario		**Upside scenario**		**Downside scenario**	
	Next 12 months	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**
Macroeconomic factors[1]						
GDP growth[2]	**1.5 %**	**1.9 %**	**1.8 %**	**2.1 %**	**(6.3) %**	**2.7 %**
Unemployment rate	**7.2 %**	**6.6 %**	**6.7 %**	**5.9 %**	**9.2 %**	**8.4 %**
Housing price index growth[2]	**0.3 %**	**2.4 %**	**9.7 %**	**2.4 %**	**(13.9) %**	**0.3 %**
BBB spread[3]	**1.6 %**	**1.6 %**	**1.4 %**	**1.4 %**	**3.3 %**	**2.4 %**
S&P/TSX growth[2][4]	**5.0 %**	**2.8 %**	**12.1 %**	**3.2 %**	**(30.5) %**	**7.5 %**
WTI oil price[5] *(US$ per barrel)*	**62**	**69**	**74**	**75**	**39**	**47**

As at July 31, 2025

	Base scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Macroeconomic factors[1]						
GDP growth[2]	0.9 %	2.0 %	2.2 %	2.1 %	(5.9) %	2.7 %
Unemployment rate	7.2 %	6.7 %	6.7 %	6.0 %	9.2 %	8.5 %
Housing price index growth[2]	(2.7) %	2.6 %	9.7 %	2.4 %	(13.9) %	0.3 %
BBB spread[3]	1.8 %	1.6 %	1.5 %	1.4 %	3.3 %	2.4 %
S&P/TSX growth[2][4]	2.5 %	2.8 %	8.1 %	3.2 %	(31.0) %	7.5 %
WTI oil price[5] *(US$ per barrel)*	62	69	74	75	36	45

As at October 31, 2024

	Base scenario		Upside scenario		Downside scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
Macroeconomic factors[1]						
GDP growth[2]	1.2 %	2.0 %	1.9 %	2.1 %	(5.2) %	2.7 %
Unemployment rate	7.3 %	6.7 %	6.5 %	5.8 %	8.7 %	7.9 %
Housing price index growth[2]	4.1 %	2.6 %	7.7 %	2.4 %	(13.9) %	0.3 %
BBB spread[3]	2.2 %	1.9 %	1.7 %	1.6 %	3.4 %	2.6 %
S&P/TSX growth[2][4]	(3.8) %	2.7 %	4.0 %	3.0 %	(25.6) %	5.5 %
WTI oil price[5] *(US$ per barrel)*	71	75	89	84	45	55

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

The main macroeconomic factors used for the personal credit portfolio are unemployment rate and growth in the housing price index, based on the economy of Canada or Quebec. The main macroeconomic factors used for the business and government credit portfolio are unemployment rate, spread on corporate BBB bonds, S&P/TSX growth, and WTI oil price.

An increase in unemployment rate or BBB spread will generally lead to higher allowances for credit losses, whereas an increase in the other macroeconomic factors (GDP, S&P/TSX, housing price index, and WTI oil price) will generally lead to lower allowances for credit losses.

Note 8 – Loans and Allowances for Credit Losses (cont.)

During the year ended October 31, 2025, macroeconomic factors evolved favourably for financial variables and were essentially stable for the economy. Overall, the environment remains challenging, and uncertainty continues to be high.

The Canadian economy remains fragile because of the uncertainty surrounding tariffs. The unemployment rate is on the rise and the economy, after contracting in the second quarter of 2025, is not expected to do better than a modest rebound in the third quarter of 2025, as investment and hiring intentions remain weak. This is not surprising, as companies are somewhat in the dark about their access to the U.S. market due to the current trade tensions and the uncertain outcome of the renewal process for the Canada-United States-Mexico Agreement (CUSMA) in 2026. In such a context, the Bank of Canada lends its support by further lowering interest rates, but it is hard to do more, as inflation is a little too high for the time being. While retaliatory measures against U.S. protectionism have been limited, economic growth remains resilient in the United States and should continue to be solid in 2026, backed by a significant budget stimulus and favourable financial conditions. Risks of overheating are high, which could prevent the U.S. Federal Reserve to deliver the interest rate cuts anticipated by the market.

In the base scenario, Canada's unemployment rate stands at 7.1% after 12 months, an increase of 0.1 percentage point. In addition to the stagnation of the labour market, real estate prices are at a standstill, as economic uncertainty is dampening the enthusiasm of potential buyers. In fact, house prices increase 0.3% year over year. The S&P/TSX sits at 29,566 points after one year, and the price of oil is at US$64.

In the upside scenario, trade tensions fade, and geopolitical conflicts are resolved, lifting confidence. Inflation continues to subside, as central bankers managed to curb it without causing significant damage to the economy. This enables them to make further cuts to interest rates. The Canadian and U.S. governments continue to expand spending. With the labour market holding up, consumer spending remains relatively resilient. House prices appreciate strongly against a backdrop of respectable economic growth and an improving labour market. After one year, the unemployment rate in this scenario is more favourable than in the base scenario (6 tenths lower). House prices rise 9.7%, the S&P/TSX sits at 31,561 points after one year, and the price of oil is at US$75.

In the downside scenario, widespread tariffs are imposed on Canada, but the country limits retaliation so as not to generate too much inflation. The central bank cuts interest rates sharply but falling demand and uncertainty translate into sharply reduced investment by businesses, which consequently reduce staffing levels. Given budgetary constraints, governments are unable to support households and businesses as they did during the pandemic. The geopolitical situation continues to cause concern, with the risk of conflicts escalating. After 12 months, economic contraction pushes unemployment to 10.0%. House prices fall sharply (-13.9%). The S&P/TSX sits at 19,563 points after one year, and the price of oil is at US$33.

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

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

Scenarios
The following table shows a comparison of the Bank's allowances for credit losses on non-impaired loans (Stages 1 and 2) as at October 31, 2025 based on the probability weightings of three scenarios with allowances for credit losses resulting from simulations of each scenario weighted at 100%.

	Allowances for credit losses on non-impaired loans
Balance as at October 31, 2025	**1,553**
Simulations	
100% upside scenario	**1,084**
100% base scenario	**1,235**
100% downside scenario	**1,971**

Migration
The following table shows a comparison of the Bank's allowances for credit losses on non-impaired loans (Stages 1 and 2) as at October 31, 2025 with the estimated allowances for credit losses that would result if all these non-impaired loans were in Stage 1.

	Allowances for credit losses on non-impaired loans
Balance as at October 31, 2025	**1,553**
Simulation	
Non-impaired loans if they were all in Stage 1	**1,240**

Finance leases

As part of the CWB acquisition, the Bank acquired finance leases for a fair value amount of $3,625 million. As at October 31, 2025, the amount recognized as a net investment in finance leases included in business and government loans was $3,659 million and the related allowance for expected credit losses recorded was $50 million.

The following table provides a reconciliation between the maturities of the undiscounted lease payments and the net investment in finance leases.

	As at October 31, 2025
1 year or less	**1,345**
Over 1 year to 2 years	**1,068**
Over 2 years to 3 years	**770**
Over 3 years to 4 years	**473**
Over 4 years to 5 years	**233**
Over 5 years	**61**
Undiscounted lease payments	**3,950**
Unearned finance income	**(291)**
Net investment in finance leases[1]	**3,659**

(1) Interest income totalled $112 million for the year ended October 31, 2025.

Note 9 – Financial Assets Transferred But Not Derecognized

In the normal course of its business, the Bank enters into transactions in which it transfers financial assets such as securities or loans directly to third parties, in particular structured entities. According to the terms of some of those transactions, the Bank retains substantially all of the risks and rewards related to those financial assets. The risks include credit risk, interest rate risk, foreign exchange risk, prepayment risk, and other price risks, whereas the rewards include the income streams associated with the financial assets. As such, those financial assets are not derecognized and the transactions are treated as collateralized or secured borrowings. The nature of those transactions is described below.

Securities Sold Under Repurchase Agreements and Securities Loaned
When securities are sold under repurchase agreements and securities loaned under securities lending agreements, the Bank transfers financial assets to third parties in accordance with the standard terms for such transactions. These third parties may have an unlimited right to resell or repledge the financial assets received. If cash collateral is received, the Bank records the cash along with an obligation to return the cash, which is included in *Obligations related to securities sold under repurchase agreements and securities loaned* in the Consolidated Balance Sheet. Where securities are received as collateral, the Bank does not record the collateral in the Consolidated Balance Sheet.

Transfers of Financial Assets
As part of the CMHC securitization programs, the Bank sells NHA securities backed by insured residential mortgages and other securities to third parties, including CHT. Under the CMB program, CHT finances the purchase of these securities through the issuance of insured mortgage bonds with third-party investors having legal recourse only to the transferred assets. As some of these transfers do not qualify for derecognition, the cash received for these transferred assets is treated as a secured borrowing, and a corresponding liability is recorded in *Liabilities related to transferred receivables* in the Consolidated Balance Sheet.

For certain other transfers, the Bank has determined that they qualify for derecognition as it has transferred substantially all the risks and rewards related to those financial assets. During the year ended October 31, 2025, the Bank derecognized $910 million of securitized mortgages ($308 million for the year ended October 31, 2024).

Note 9 – Financial Assets Transferred But Not Derecognized (cont.)

The following table provides additional information about the nature of the transferred financial assets that do not qualify for derecognition and the associated liabilities.

As at October 31	2025	2024
Carrying value of financial assets transferred but not derecognized		
Securities[1]	**134,671**	110,614
Residential mortgages	**24,079**	24,015
	158,750	134,629
Carrying value of associated liabilities[2]	**87,251**	70,423
Fair value of financial assets transferred but not derecognized		
Securities[1]	**134,671**	110,614
Residential mortgages	**23,523**	23,760
	158,194	134,374
Fair value of associated liabilities[2]	**87,167**	70,091

(1) The amount related to the securities loaned is the maximum amount of Bank securities that can be lent. For obligations related to securities sold under repurchase agreements, the amount includes the Bank's own financial assets as well as those of third parties.

(2) Associated liabilities include liabilities related to transferred receivables and obligations related to securities sold under repurchase agreements before the offsetting impact of $27,226 million as at October 31, 2025 ($13,805 million as at October 31, 2024). Liabilities related to securities loaned are not included, as the Bank can lend its own financial assets and those of third parties. The carrying value and fair value of liabilities related to securities loaned stood at $18,889 million before the offsetting impact of $6,981 million as at October 31, 2025 ($14,113 million before the offsetting impact of $4,177 million as at October 31, 2024).

The following table specifies the nature of the transactions related to financial assets transferred but not derecognized.

As at October 31	2025	2024
Carrying value of financial assets transferred but not derecognized		
Securities backed by insured residential mortgages and other securities sold to third parties	**24,990**	25,557
Securities sold under repurchase agreements	**64,533**	46,716
Securities loaned	**69,227**	62,356
	158,750	134,629

Note 10 – Premises and Equipment

	Owned assets held							Right-of-use	Total
	Land	Head office building under construction	Buildings	Computer equipment	Equipment and furniture	Leasehold improvements	Total	Real estate	
Cost									
As at October 31, 2023	74	256	436	317	116	396	1,595	863	2,458
Additions and modifications[1]	16	119	141	104	12	51	443	66	509
Disposals	–	–	(2)	(3)	(1)	(4)	(10)		(10)
Transfers[2]	–	(375)	321	24	30	–	–	–	–
Fully depreciated assets			(1)	(60)	(2)	(15)	(78)	(54)	(132)
Impact of foreign currency translation	–	–	–	2	–	–	2	1	3
As at October 31, 2024	90	–	895	384	155	428	1,952	876	2,828
Additions and modifications	**–**	**–**	**33**	**71**	**28**	**101**	**233**	**116**	**349**
Acquisitions through business combinations[3]	**2**	**–**	**17**	**11**	**11**	**50**	**91**	**135**	**226**
Disposals	**–**	**–**	**(1)**	**(5)**	**(1)**	**(10)**	**(17)**		**(17)**
Fully depreciated assets			**–**	**(34)**	**(8)**	**(19)**	**(61)**	**(13)**	**(74)**
Impact of foreign currency translation	**–**	**–**	**–**	**1**	**–**	**1**	**2**	**2**	**4**
As at October 31, 2025	**92**	**–**	**944**	**428**	**185**	**551**	**2,200**	**1,116**	**3,316**
Accumulated depreciation									
As at October 31, 2023			35	183	55	180	453	413	866
Depreciation for the year			30	58	15	35	138	95	233
Disposals			(2)	(3)	(1)	(4)	(10)		(10)
Impairment losses[4]			–	–	–	–	–	2	2
Fully depreciated assets			(1)	(60)	(2)	(15)	(78)	(54)	(132)
Impact of foreign currency translation			–	–	–	–	–	1	1
As at October 31, 2024			62	178	67	196	503	457	960
Depreciation for the year			**35**	**73**	**21**	**45**	**174**	**107**	**281**
Disposals			**–**	**(5)**	**(1)**	**(9)**	**(15)**		**(15)**
Impairment losses[4]			**–**	**–**	**–**	**–**	**–**	**2**	**2**
Fully depreciated assets			**–**	**(34)**	**(8)**	**(19)**	**(61)**	**(13)**	**(74)**
Impact of foreign currency translation			**–**	**–**	**–**	**–**	**–**	**–**	**–**
As at October 31, 2025			**97**	**212**	**79**	**213**	**601**	**553**	**1,154**
Carrying value as at October 31, 2024	90	–	833	206	88	232	1,449	419	1,868
Carrying value as at October 31, 2025	**92**	**–**	**847**	**216**	**106**	**338**	**1,599**	**563**	**2,162**

(1) During the year ended October 31, 2024, the Bank had acquired office and commercial space in the building at 700 Saint-Jacques Street in Montreal.
(2) During the year ended October 31, 2024, the Bank had completed its relocation to the new head office building that was under construction. As a result, amounts related to significant components were transferred to their corresponding premises and equipment categories.
(3) For additional information, see Note 3.
(4) During the year ended October 31, 2025, the Bank recorded impairment losses of $2 million related to right-of-use assets ($2 million during the year ended October 31, 2024). These impairment losses were recognized in *Non-interest expenses – Occupancy* in the Consolidated Statement of Income and reported under the *Other* heading in segment disclosures.

Assets Leased Under Operating Leases

The Bank is a lessor under operating lease agreements for certain buildings. These leases have terms varying from one year to five years and do not contain any bargain purchase options or contingent rent.

The future minimum payments receivable under these operating leases total $4 million and include sublease revenues of $3 million related to real estate right-of-use assets.

Note 10 – Premises and Equipment (cont.)

Leases Recognized in the Consolidated Statement of Income

Year ended October 31	2025	2024
Interest expense	**23**	17
Expense for leases of low-value assets[1]	**13**	11
Expense relating to variable lease payments	**100**	80
Income from leasing and subleasing[2]	**4**	4

(1) The expense relates to lease payments for low-value assets that are part of the exemptions permitted by the practical expedients of IFRS 16.
(2) These amounts for the years ended October 31, 2025 and 2024 include variable lease payments of $2 million.

For the year ended October 31, 2025, the cash outflows for leases amounted to $212 million (2024: $218 million).

Note 11 – Goodwill and Intangible Assets

Goodwill

The following table presents changes in the carrying amounts of goodwill by cash-generating unit (CGU) and by business segment for the years ended October 31, 2025 and 2024.

	Personal and Commercial[1]			Wealth Management				Capital Markets[2]	USSF&I			Other	Total
	Personal[2]	Commercial[2]	Total	Third-Party Solutions[2]	Securities Brokerage[2]	Managed Solutions[2]	Total		Credigy Ltd.[2]	Advanced Bank of Asia Limited[2]	Total	Flinks Technology Inc.[2]	
Balance as at October 31, 2023	54	–	54	256	434	269	959	235	34	138	172	101	1,521
Impact of foreign currency translation	–	–	–	–	–	–	–	–	–	1	1	–	1
Balance as at October 31, 2024	54	–	54	256	434	269	959	235	34	139	173	101	1,522
Acquisitions[3]	**181**	**1,208**	**1,389**	**8**	**16**	**24**	**48**	**140**	**–**	**–**	**–**	**–**	**1,577**
Impact of foreign currency translation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**2**	**–**	**2**
Balance as at October 31, 2025	**235**	**1,208**	**1,443**	**264**	**450**	**293**	**1,007**	**375**	**35**	**140**	**175**	**101**	**3,101**

(1) Following the acquisition of CWB, the Personal and Commercial CGU was split into two distinct CGUs: Personal and Commercial. The goodwill allocated to the Personal and Commercial CGU prior to the change was solely attributable to personal banking and insurance activities. As such, no portion of the goodwill that was allocated to the Personal and Commercial CGU prior to the split was attributable to commercial banking activities.
(2) Constitutes a CGU.
(3) For additional information, see Note 3.

Goodwill Impairment Testing and Significant Assumptions

For impairment testing purposes, goodwill resulting from a business combination must be allocated, as of the acquisition date, to a CGU or group of CGUs expected to benefit from the synergies of the business combination. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the recoverable value of the CGU or group of CGUs may have fallen below its carrying amount.

Goodwill was tested for impairment during the years ended October 31, 2025 and 2024, and no impairment loss was recognized.

The recoverable value of a CGU or group of CGUs is based on the value in use that is calculated based on discounted after-tax cash flows. Future after-tax cash flows are estimated based on a five-year period, which is the reference period used for the most recent financial forecasts approved by management. Cash flows beyond that period are extrapolated using a long-term growth rate.

The discount rate used for each CGU or group of CGUs is calculated using the cost of debt financing and the cost related to the Bank's equity. This rate corresponds to the Bank's weighted average cost of capital and reflects the risk specific to the CGU. The long-term growth rate used in calculating discounted cash flow estimates is based on the forecasted growth rate plus a risk premium. The rate is constant over the entire five-year period for which the cash flows were determined. Growth rates are determined, among other factors, based on past growth rates, economic trends, inflation, competition, and the impact of the Bank's strategic initiatives. As at October 31, 2025, for each CGU or CGU group, the discount rate (after tax) used was 9.59% (9.72% as at October 31, 2024), and the long-term growth rate varied between 2% and 5%, depending on the CGU, as at October 31, 2025 and 2024.

Estimating a CGU's value in use requires significant judgment regarding the inputs used in applying the discounted cash flow method. The Bank conducts sensitivity analyses by varying the after-tax discount rate upward by 1% and the terminal growth rates downward by 1%. Such sensitivity analyses demonstrate that a reasonable change in assumptions would not result in a CGU's carrying value exceeding its value in use.

Intangible Assets

	Indefinite useful life			Finite useful life					Total
	Management contracts[1]	Trademark	Total	Internally-generated software[2]	Other software	Core-deposit intangibles	Other intangible assets	Total	
Cost									
As at October 31, 2023	158	7	165	1,889	127	–	60	2,076	2,241
Additions	–	–	–	241	19	–	–	260	260
Impairment losses[3]	(2)	–	(2)	–	–	–	–	–	(2)
Fully amortized intangible assets				(182)	(23)	–	(58)	(263)	(263)
As at October 31, 2024	156	7	163	1,948	123	–	2	2,073	2,236
Additions	**–**	**–**	**–**	**248**	**21**	**–**	**–**	**269**	**269**
Acquisitions through business combinations[4]	**–**	**–**	**–**	**–**	**–**	**605**	**80**	**685**	**685**
Impairment losses[3]	**–**	**(3)**	**(3)**	**(74)**	**–**	**–**	**–**	**(74)**	**(77)**
Fully amortized intangible assets				**(218)**	**(18)**	**–**	**–**	**(236)**	**(236)**
Impact of foreign currency translation				**–**	**(1)**	**–**	**–**	**(1)**	**(1)**
As at October 31, 2025	**156**	**4**	**160**	**1,904**	**125**	**605**	**82**	**2,716**	**2,876**
Accumulated amortization									
As at October 31, 2023				847	78	–	60	985	985
Amortization for the year				263	18	–	–	281	281
Impairment losses[3]				–	–	–	–	–	–
Fully amortized intangible assets				(182)	(23)	–	(58)	(263)	(263)
As at October 31, 2024				928	73	–	2	1,003	1,003
Amortization for the year				**283**	**17**	**65**	**8**	**373**	**373**
Impairment losses[3]				**(12)**	**–**	**–**	**–**	**(12)**	**(12)**
Fully amortized intangible assets				**(218)**	**(18)**	**–**	**–**	**(236)**	**(236)**
As at October 31, 2025				**981**	**72**	**65**	**10**	**1,128**	**1,128**
Carrying value as at October 31, 2024	156	7	163	1,020	50	–	–	1,070	1,233
Carrying value as at October 31, 2025	**156**	**4**	**160**	**923**	**53**	**540**	**72**	**1,588**	**1,748**

(1) For annual impairment testing purposes, management contracts are allocated to the Managed Solutions CGU.
(2) The remaining amortization period for significant internally-generated software is three years.
(3) During the year ended October 31, 2025, the Bank recorded impairment losses of $3 million resulting from the impairment test carried out on indefinite-life intangible assets ($2 million during the year ended October 31, 2024) as well as an amount of $62 million related to internally-generated software for which the Bank has decided to cease its use or development (a negligible amount during the year ended October 31, 2024). The impairment losses related to internally-generated software were recognized in *Non-interest expenses – Technology* in the Consolidated Statement of Income and reported under the Personal and Commercial segment in segment disclosures.
(4) For additional information, see Note 3.

Note 12 – Other Assets

As at October 31	2025	2024
Receivables, prepaid expenses and other items	**1,768**	3,579
Interest and dividends receivable	**1,844**	1,742
Due from clients, dealers and brokers	**1,168**	1,302
Defined benefit asset (Note 23)	**441**	487
Deferred tax assets (Note 24)	**1,131**	828
Current tax assets	**819**	669
Reinsurance contract assets	**20**	22
Insurance contract assets	**40**	41
Investments in associates and joint ventures	**46**	40
Commodities[1]	**3,739**	573
	11,016	9,283

(1) Commodities include precious metals and other commodities that are recorded at fair value based on quoted prices in active markets and classified in Level 1 of the fair value measurement hierarchy.

Note 13 – Deposits

As at October 31				2025	2024
	On demand[1]	After notice[2]	Fixed term[3]	Total	Total
Personal	**7,010**	**56,461**	**60,946**	**124,417**	95,181
Business and government[4]	**77,356**	**35,808**	**184,348**	**297,512**	232,730
Deposit-taking institutions	**1,562**	**476**	**4,036**	**6,074**	5,634
	85,928	**92,745**	**249,330**	**428,003**	333,545

(1) Demand deposits are deposits for which the Bank does not have the right to require notice of withdrawal and consist essentially of deposits in chequing accounts.
(2) Notice deposits are deposits for which the Bank may legally require a notice of withdrawal and consist mainly of deposits in savings accounts.
(3) Fixed-term deposits are deposits that can be withdrawn by the holder on a specified date and include term deposits, guaranteed investment certificates, savings accounts and plans, covered bonds, and other similar instruments.
(4) As at October 31, 2024, business and government deposits included subscription receipts of $1.0 billion issued as part of the agreement to acquire CWB. For additional information, see Notes 3 and 15.

Deposits – Business and government includes, among other items, covered bonds, as described below, and deposits of $26.1 billion as at October 31, 2025 ($23.5 billion as at October 31, 2024) that are subject to the bank bail-in conversion regulations issued by the Government of Canada. These regulations provide certain powers to the Canada Deposit Insurance Corporation (CDIC), notably the power to convert certain eligible Bank shares and liabilities into common shares should the Bank become non-viable.

Covered Bonds

NBC Covered Bond Guarantor (Legislative) Limited Partnership

In December 2013, the Bank established the covered bond legislative program under which covered bonds are issued. It therefore created NBC Covered Bond Guarantor (Legislative) Limited Partnership (the Guarantor) to guarantee payment of the principal and interest owed to the bondholders. The Bank sold uninsured residential mortgages to the Guarantor and granted it loans to facilitate the acquisition of these assets. During the year ended October 31, 2025, an amount of US$255 million and an amount of 1.0 billion euros in covered bonds came to maturity (750 million euros in covered bonds were issued, and covered bonds of 750 million euros matured during the year ended October 31, 2024). Covered bonds totalled $10.0 billion as at October 31, 2025 ($11.4 billion as at October 31, 2024). For additional information, see Note 27 to these Consolidated Financial Statements.

The Bank has limited access to the assets owned by this structured entity according to the terms of the agreements that apply to this transaction. The assets owned by this entity totalled $18.0 billion as at October 31, 2025 ($22.3 billion as at October 31, 2024), of which $17.6 billion ($21.9 billion as at October 31, 2024) is presented in *Residential mortgage loans* in the Bank's Consolidated Balance Sheet.

Note 14 – Other Liabilities

As at October 31	2025	2024
Accounts payable and accrued expenses	**4,192**	3,433
Subsidiaries' debts to third parties	**313**	236
Interest and dividends payable	**2,475**	2,290
Lease liabilities	**644**	472
Due to clients, dealers and brokers	**1,065**	853
Defined benefit liability (Note 23)	**98**	103
Allowances for credit losses – Off-balance-sheet commitments (Note 8)	**268**	214
Deferred tax liabilities (Note 24)	**324**	69
Current tax liabilities	**185**	123
Insurance contract liabilities	**27**	28
Other items[1][2][3]	**950**	865
	10,541	8,686

(1) As at October 31, 2025, *Other items* included provisions for litigation of $13 million ($10 million as at October 31, 2024).
(2) As at October 31, 2025, *Other items* included provisions for onerous contracts of $10 million ($18 million as at October 31, 2024).
(3) As at October 31, 2025, *Other items* included the financial liability resulting from put options written to non-controlling interests of Flinks for an amount of $5 million ($5 million as at October 31, 2024).

Note 15 – Subscription Receipts

In connection with the CWB transaction, the Bank had offered an aggregate of 9,262,500 subscription receipts at a price of $112.30 per subscription receipt pursuant to a public offering (the Public Offering) and concurrent private placement (the Concurrent Private Placement) for a total amount of $1.0 billion.

Pursuant to the Public Offering, on June 17, 2024, the Bank had issued and sold 4,453,000 subscription receipts at a price of $112.30 for total gross proceeds of approximately $500 million. The Public Offering was underwritten on a bought-deal basis by a syndicate of underwriters (the Underwriters). On July 17, 2024, the Bank had issued and sold 178,250 additional subscription receipts pursuant to the partial exercise of the Underwriters' over-allotment option. Pursuant to the Concurrent Private Placement, on June 17, 2024, the Bank had issued and sold 4,453,000 subscription receipts at a price of $112.30 to an affiliate of Caisse de dépôt et placement du Québec (CDPQ) for total gross proceeds of approximately $500 million. On July 17, 2024, the Bank had issued and sold 178,250 additional subscription receipts to an affiliate of CDPQ pursuant to CDPQ's option to purchase additional subscription receipts to maintain its pro-rata ownership.

Each subscription receipt entitled the holder thereof to receive, automatically upon closing of the CWB transaction, without any action on the part of the holder and without payment of additional consideration, (i) one common share of National Bank, and (ii) a cash payment equal to the amount per common share of any cash dividends declared by the Bank and for which the record date fell within the period from June 17, 2024 up to (but excluding) the last day the subscription receipts were outstanding (less applicable withholding taxes, if any). Had the transaction failed, the subscription receipt holders would have had the right to the reimbursement of the full amount, including interest earned.

On February 3, 2025, the closing date of the transaction, the common shares of the Bank issuable pursuant to the subscription receipts were automatically issued through CDS Clearing and Depository Services Inc. in accordance with the terms of the subscription receipts. In addition, pursuant to the terms of the subscription receipts, holders of subscription receipts were also entitled to receive a cash amount for each subscription receipt equivalent to the dividend per common share payable by National Bank to holders of common shares of record on June 24, 2024, September 30, 2024, and December 30, 2024, with payment occurring on August 1, 2024, November 1, 2024, and February 1, 2025, respectively. The number of common shares of National Bank issued pursuant to the automatic exchange of the subscription receipts was 9,262,500.

Note 16 – Subordinated Debt

On June 26, 2025, the Bank issued medium-term notes for an amount of $750 million bearing interest at 4.333% and maturing on August 15, 2035. The interest on these notes will be payable semi-annually at a rate of 4.333% per annum until August 15, 2030 and, thereafter, will be payable quarterly at a floating rate equal to Daily Compounded CORRA (Canadian Overnight Repo Rate Average) plus 1.61%. With the prior approval of OSFI, the Bank may, at its option, redeem these notes as of August 15, 2030, in whole or in part, at their nominal value plus accrued and unpaid interest.

On January 13, 2025, the Bank issued medium-term notes for an amount of $1.0 billion bearing interest at 4.260% and maturing on February 15, 2035. The interest on these notes will be payable semi-annually at a rate of 4.260% per annum until February 15, 2030 and, thereafter, will be payable quarterly at a floating rate equal to Daily Compounded CORRA plus 1.56%. With the prior approval of OSFI, the Bank may, at its option, redeem these notes as of February 15, 2030, in whole or in part, at their nominal value plus accrued and unpaid interest.

As part of the CWB acquisition, the Bank assumed subordinated debentures in a total amount of $525 million, detailed below. The acquisition-date fair value was $554 million. For additional information, see Note 3 to these Consolidated Financial Statements.

The Bank assumed subordinated debentures in an amount of $125 million bearing interest at 4.840% and maturing on June 29, 2030. The interest on these debentures was payable semi-annually at a rate of 4.840% per annum until June 29, 2025, the date on which the Bank redeemed the subordinated debentures at a price equal to the outstanding principal amount plus accrued and unpaid interest.

The Bank assumed subordinated debentures in an amount of $150 million bearing interest at 5.937% and maturing on December 22, 2032. The interest on these debentures will be payable semi-annually at a rate of 5.937% per annum until December 22, 2027 and, thereafter, will be payable quarterly at a floating rate equal to Daily Compounded CORRA plus 2.91%. With the prior approval of OSFI, the Bank may, at its option, redeem these subordinated debentures as of December 22, 2027, in whole or in part, at a price equal to the outstanding principal amount plus accrued and unpaid interest.

The Bank assumed subordinated debentures in an amount of $250 million bearing interest at 5.949% and maturing on January 29, 2034. The interest on these debentures will be payable semi-annually at a rate of 5.949% per annum until January 29, 2029 and, thereafter, will be payable quarterly at a floating rate equal to Daily Compounded CORRA plus 2.73%. With the prior approval of OSFI, the Bank may, at its option, redeem these subordinated debentures as of January 29, 2029, in whole or in part, at a price equal to the outstanding principal amount plus accrued and unpaid interest.

Given that the medium-term notes and subordinated debentures satisfy the NVCC requirements, they qualify for the purposes of calculating regulatory capital under Basel III.

As at October 31			2025	2024
Maturity date	**Interest rate**	**Redemption date**		
August 2032[1]	5.426%[2]	August 16, 2027[3]	**750**	750
February 2034[1]	5.279%[4]	February 15, 2029[3]	**500**	500
December 2032[1]	5.937%[5]	December 22, 2027[3]	**150**	–
January 2034[1]	5.949%[6]	January 29, 2029[3]	**250**	–
February 2035[1]	4.260%[7]	February 15, 2030[3]	**1,000**	–
August 2035[1]	4.333%[8]	August 15, 2030[3]	**750**	–
			3,400	1,250
Unamortized fair value adjustment related to the CWB acquisition[9]			**25**	–
Fair value hedge adjustment[10]			**16**	12
Unamortized issuance costs[11]			**(9)**	(4)
Total			**3,432**	1,258

(1) These notes contain NVCC provisions and qualify for the purposes of calculating regulatory capital under Basel III. In the case of a trigger event as defined by OSFI, each note will be automatically and immediately converted, on a full and permanent basis, without the consent of the holder, into a specified number of common shares of the Bank as determined using an automatic conversion formula with a multiplier of 1.5 and a conversion price based on the greater of: (i) a floor price of $5.00; (ii) the current market price of common shares, which represents the volume weighted average price of common shares for the ten trading days ending on the trading day preceding the date of the trigger event. If the common shares are not listed on an exchange when this price is being established, the price will be the fair value reasonably determined by the Bank's Board. The number of shares issued is determined by dividing the par value of the note (plus accrued and unpaid interest on such note) by the conversion price and then applying the multiplier.

(2) Bearing interest at a rate of 5.426%, payable semi-annually until August 16, 2027, and thereafter bearing interest at a floating rate equal to Daily Compounded CORRA plus 2.32%, payable quarterly.

(3) With the prior approval of OSFI, the Bank may, at its option, redeem these notes in whole or in part, at their nominal value plus accrued and unpaid interest.

(4) Bearing interest at a rate of 5.279%, payable semi-annually until February 15, 2029, and thereafter bearing interest at a floating rate equal to Daily Compounded CORRA plus 1.80%, payable quarterly.

(5) Bearing interest at a rate of 5.937%, payable semi-annually until December 22, 2027, and thereafter bearing interest at a floating rate equal to Daily Compounded CORRA plus 2.91%, payable quarterly.

(6) Bearing interest at a rate of 5.949%, payable semi-annually until January 29, 2029, and thereafter bearing interest at a floating rate equal to Daily Compounded CORRA plus 2.73%, payable quarterly.

(7) Bearing interest at a rate of 4.260%, payable semi-annually until February 15, 2030, and thereafter bearing interest at a floating rate equal to Daily Compounded CORRA plus 1.56%, payable quarterly.

(8) Bearing interest at a rate of 4.333%, payable semi-annually until August 15, 2030, and thereafter bearing interest at a floating rate equal to Daily Compounded CORRA plus 1.61%, payable quarterly.

(9) This amount represents the difference between the fair value at acquisition date and the nominal value, net of accumulated amortization, calculated using the effective interest rate method.

(10) The fair value hedge adjustment represents the impact of the hedging transactions applied to hedge changes in the fair value of subordinated debt caused by interest rate fluctuations.

(11) The unamortized costs related to the issuance of the subordinated debt represent the initial cost, net of accumulated amortization, calculated using the effective interest rate method.

Note 17 – 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 spread, or index.

The main types of derivative financial instruments used are presented below.

Forwards and Futures
Forwards and futures are contractual obligations to buy or sell a specified amount of currency, interest rate, commodity, or financial instrument on a specified future date at a specified price. Forwards are tailor-made agreements transacted in the over-the-counter market. Futures are traded on organized exchanges and are subject to cash margining calculated daily by clearing houses.

Swaps
Swaps are over-the-counter contracts in which two parties agree to exchange cash flows with specific characteristics. The Bank uses the following types of swap contracts:

- Cross-currency swaps are transactions in which counterparties exchange fixed-rate interest payments and principal payments in different currencies.
- Interest rate swaps are transactions in which counterparties exchange fixed- and floating-rate interest payments based on the notional principal value in the same currency.
- Commodity swaps are transactions in which counterparties exchange fixed- and floating-rate payments based on the notional principal value of a commodity.
- Equity swaps are transactions in which counterparties agree to exchange the return on one equity or group of equities for a payment based on an interest rate benchmark.
- Credit default swaps are transactions in which one of the parties agrees to pay returns to the other party so that the latter can make a payment if a credit event occurs.

Options
Options are agreements between two parties in which the writer of the option grants the buyer the right, but not the obligation, to buy or sell, either at a specified date or dates or at any time prior to a predetermined expiry date, a specific amount of currency, commodity, or financial instrument at an agreed-upon price upon the sale of the option. The writer receives a premium for the sale of this instrument.

Notional Amounts[1]

As at October 31	Term to maturity					2025		2024
	3 months or less	Over 3 months to 12 months	Over 1 year to 5 years	Over 5 years	Total contracts	Contracts held for trading purposes	Contracts designated as hedges	Total contracts
Interest rate contracts								
OTC contracts								
Forward rate agreements								
Not settled by central counterparties	**15,399**	**960**	**–**	**–**	**16,359**	**16,359**	**–**	18,068
Settled by central counterparties	**–**	**–**	**–**	**–**	**–**	**–**	**–**	570
Swaps								
Not settled by central counterparties	**7,560**	**19,109**	**95,010**	**73,044**	**194,723**	**190,666**	**4,057**	167,945
Settled by central counterparties	**533,901**	**274,056**	**654,547**	**266,614**	**1,729,118**	**1,631,977**	**97,141**	1,230,229
Options purchased	**621**	**776**	**2,495**	**2,171**	**6,063**	**5,897**	**166**	6,992
Options written	**450**	**580**	**3,029**	**2,960**	**7,019**	**6,783**	**236**	9,998
	557,931	**295,481**	**755,081**	**344,789**	**1,953,282**	**1,851,682**	**101,600**	1,433,802
Exchange-traded contracts								
Futures								
Long positions	**14,443**	**10,405**	**3,725**	**–**	**28,573**	**28,573**	**–**	17,304
Short positions	**38,110**	**10,682**	**4,959**	**–**	**53,751**	**53,751**	**–**	64,289
Options purchased	**–**	**–**	**–**	**–**	**–**	**–**	**–**	8,633
Options written	**–**	**–**	**–**	**–**	**–**	**–**	**–**	278
	52,553	**21,087**	**8,684**	**–**	**82,324**	**82,324**	**–**	90,504
Foreign exchange contracts								
OTC contracts								
Forwards	**42,063**	**15,498**	**9,118**	**950**	**67,629**	**67,629**	**–**	57,530
Swaps	**248,741**	**95,375**	**113,924**	**59,226**	**517,266**	**493,933**	**23,333**	543,777
Options purchased	**13,489**	**13,847**	**5,391**	**–**	**32,727**	**32,727**	**–**	45,816
Options written	**12,323**	**18,065**	**5,613**	**–**	**36,001**	**36,001**	**–**	53,686
	316,616	**142,785**	**134,046**	**60,176**	**653,623**	**630,290**	**23,333**	700,809
Exchange-traded contracts								
Futures								
Long positions	**1,656**	**–**	**–**	**–**	**1,656**	**1,656**	**–**	51
Short positions	**73**	**–**	**–**	**–**	**73**	**73**	**–**	28
	1,729	**–**	**–**	**–**	**1,729**	**1,729**	**–**	79
Equity, commodity and credit derivative contracts[2]								
OTC contracts								
Forwards	**–**	**32**	**7**	**–**	**39**	**39**	**–**	32
Swaps								
Not settled by central counterparties	**40,118**	**51,818**	**11,076**	**1,676**	**104,688**	**104,496**	**192**	92,760
Settled by central counterparties	**853**	**814**	**10,859**	**1,523**	**14,049**	**14,049**	**–**	8,497
Options purchased	**4,313**	**1,764**	**2,245**	**4,015**	**12,337**	**12,337**	**–**	13,277
Options written	**4,884**	**2,760**	**4,223**	**363**	**12,230**	**12,230**	**–**	12,012
	50,168	**57,188**	**28,410**	**7,577**	**143,343**	**143,151**	**192**	126,578
Exchange-traded contracts								
Futures								
Long positions	**7,618**	**3,205**	**1,887**	**40**	**12,750**	**12,750**	**–**	7,667
Short positions	**47,091**	**10,497**	**6,853**	**9**	**64,450**	**64,450**	**–**	50,146
Options purchased	**48,902**	**4,794**	**6,351**	**42**	**60,089**	**60,089**	**–**	48,601
Options written	**4,841**	**555**	**57**	**–**	**5,453**	**5,453**	**–**	5,757
	108,452	**19,051**	**15,148**	**91**	**142,742**	**142,742**	**–**	112,171
	1,087,449	**535,592**	**941,369**	**412,633**	**2,977,043**	**2,851,918**	**125,125**	2,463,943

(1) Notional amounts are not recognized in assets or liabilities in the Consolidated Balance Sheet. They represent the reference amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged.
(2) Includes precious metal contracts.

Note 17 – Derivative Financial Instruments (cont.)

Credit Risk

Credit risk on derivative financial instruments is the risk of financial loss that the Bank will have to assume if a counterparty fails to honour its contractual obligations. Credit risk related to derivative financial instruments is subject to the same credit approval, credit limit, and credit monitoring standards as those applied to the Bank's other credit transactions. Consequently, the Bank evaluates the creditworthiness of counterparties and manages the size of the portfolios as well as the diversification and maturity profiles of these financial instruments.

The Bank limits the credit risk of over-the-counter contracts by dealing with creditworthy counterparties and entering into contracts that provide for the exchange of collateral between parties where the fair value of the outstanding transactions exceeds an agreed threshold. The Bank also negotiates master netting agreements that provide for the simultaneous close-out and settling of all transactions with a given counterparty on a net basis in the event of default, insolvency, or bankruptcy. However, overall exposure to credit risk, reduced through master netting agreements, may change substantially after the balance sheet date because it is affected by all transactions subject to a contract as well as by changes in the market rates of the underlying instruments.

The Bank also uses financial intermediaries to have access to established clearing houses in order to minimize the settlement risk arising from financial derivative transactions. In some cases, the Bank has direct access to clearing houses for settling derivative financial instruments. In addition, certain derivative financial instruments traded over the counter are settled directly or indirectly by central counterparties.

In the case of exchange-traded contracts, exposure to credit risk is limited because these transactions are standardized contracts executed on established exchanges, each of which is associated with a well-capitalized clearing house that assumes the obligations of both counterparties and guarantees their performance obligations. All exchange-traded contracts are subject to initial margins and daily settlement.

Terms Used

Replacement Cost

Replacement cost is the Bank's maximum credit risk associated with derivative financial instruments as at the Consolidated Balance Sheet date. This amount is the positive fair value of all derivative financial instruments, before all master netting agreements and collateral held.

Credit Risk Equivalent

The credit risk equivalent amount is the total replacement cost plus an amount representing the potential future credit risk exposure, as outlined in OSFI's *Capital Adequacy Requirements Guideline*.

Risk-Weighted Amount

The risk-weighted amount is determined by applying the OSFI guidance to the credit risk equivalent.

Credit Risk Exposure of the Derivative Financial Instrument Portfolio

As at October 31	2025			2024		
	Replacement cost	**Credit risk equivalent[1]**	**Risk-weighted**	Replacement cost	Credit risk equivalent[1]	Risk-weighted
Interest rate contracts	**2,485**	**3,554**	**843**	2,397	3,358	584
Foreign exchange contracts	**5,390**	**6,769**	**1,493**	6,430	6,791	1,496
Equity, commodity and credit derivative contracts	**4,640**	**11,153**	**1,678**	3,482	10,234	1,464
	12,515	**21,476**	**4,014**	12,309	20,383	3,544
Impact of master netting agreements	**(7,525)**			(6,410)		
	4,990	**21,476**	**4,014**	5,899	20,383	3,544

(1) The amounts are presented net of the Impact of master netting agreements.

Credit Risk Exposure of the Derivative Financial Instrument Portfolio by Counterparty

As at October 31	2025		2024	
	Replacement cost	**Credit risk equivalent**	Replacement cost	Credit risk equivalent
OECD member-country governments	**399**	**2,393**	372	2,497
Banks of OECD member countries	**419**	**4,809**	835	4,922
Other	**4,172**	**14,274**	4,692	12,964
	4,990	**21,476**	5,899	20,383

Fair Value of Derivative Financial Instruments [1]

As at October 31	2025			2024		
	Positive	**Negative**	**Net**	Positive	Negative	Net
Contracts held for trading purposes						
Interest rate contracts						
Forwards	**49**	**84**	**(35)**	69	63	6
Swaps	**2,009**	**2,895**	**(886)**	2,213	3,248	(1,035)
Options	**80**	**71**	**9**	97	87	10
	2,138	**3,050**	**(912)**	2,379	3,398	(1,019)
Foreign exchange contracts						
Forwards	**595**	**265**	**330**	617	380	237
Swaps	**4,203**	**4,599**	**(396)**	5,072	5,024	48
Options	**436**	**374**	**62**	487	466	21
	5,234	**5,238**	**(4)**	6,176	5,870	306
Equity, commodity and credit derivative contracts						
Forwards	**13**	**2**	**11**	9	3	6
Swaps	**2,043**	**3,661**	**(1,618)**	2,076	2,908	(832)
Options	**2,568**	**3,222**	**(654)**	1,377	3,129	(1,752)
	4,624	**6,885**	**(2,261)**	3,462	6,040	(2,578)
Total – Contracts held for trading purposes	**11,996**	**15,173**	**(3,177)**	12,017	15,308	(3,291)
Contracts designated as hedges						
Interest rate contracts						
Swaps	**347**	**633**	**(286)**	18	258	(240)
Options	**–**	**7**	**(7)**	–	17	(17)
	347	**640**	**(293)**	18	275	(257)
Foreign exchange contracts						
Swaps	**156**	**171**	**(15)**	254	177	77
Equity, commodity and credit derivative contracts						
Swaps	**16**	**–**	**16**	20	–	20
Total – Contracts designated as hedges	**519**	**811**	**(292)**	292	452	(160)
Designated as fair value hedges	**384**	**657**	**(273)**	54	302	(248)
Designated as cash flow hedges	**135**	**154**	**(19)**	238	150	88
Total fair value	**12,515**	**15,984**	**(3,469)**	12,309	15,760	(3,451)
Impact of master netting agreements	**(7,525)**	**(7,525)**	**–**	(6,410)	(6,410)	–
	4,990	**8,459**	**(3,469)**	5,899	9,350	(3,451)

(1) The fair value includes the impact of treating variation margins as settlement of the related derivative financial instrument exposure by certain central counterparties.

Note 18 – Hedging Activities

The Bank's market risk exposure, risk management objectives, policies and procedures, and risk measurement methods are presented in the Risk Management section of the MD&A for the year ended October 31, 2025.

The Bank has elected, as permitted under IFRS 9, to continue applying the hedge accounting requirements of IAS 39. Some of the tables present information on currencies, specifically, the U.S. dollar (USD), the Australian dollar (AUD), the Canadian dollar (CAD), the Hong Kong dollar (HKD), the euro (EUR), the pound sterling (GBP), the Swiss franc (CHF), the Yuan (CNH) and the Mexican peso (MXV).

Note 18 – Hedging Activities (cont.)

The following table shows the notional amounts and the weighted average rates by term to maturity of the designated derivative instruments and their fair value by type of hedging relationship. The fair value includes the impact of treating variation margins as settlement of the related derivative exposure by certain central counterparties.

As at October 31	2025								2024	
	Term to maturity					Fair value			Fair value	
	1 year or less	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	Total	Assets	Liabilities	Total	Assets	Liabilities
Fair value hedges										
Interest rate risk										
Interest rate swaps						**347**	**633**		18	258
Notional amount	**24,324**	**5,781**	**11,987**	**17,865**	**59,957**			61,015		
Average fixed interest rate – Pay fixed	**2.7 %**	**2.8 %**	**3.4 %**	**3.2 %**	**3.2 %**			3.5 %		
Average fixed interest rate – Receive fixed	**3.8 %**	**2.5 %**	**3.4 %**	**3.2 %**	**3.6 %**			4.1 %		
Cross-currency swaps						**37**	**17**		36	27
Notional amount	**1,219**	**–**	**78**	**445**	**1,742**			1,226		
Average USD-AUD exchange rate	**–**	**–**	**–**	**$ 0.6930**	**$ 0.6930**			$ 0.6936		
Average USD-EUR exchange rate	**–**	**–**	**–**	**$ 1.1388**	**$ 1.1388**			$ 1.0513		
Average USD-MXV exchange rate	**–**	**–**	**–**	**$ 0.4573**	**$ 0.4573**			$ 0.4573		
Average USD-CNH exchange rate	**$ 0.1373**	**–**	**$ 0.1369**	**–**	**$ 0.1373**			$ 0.1373		
Options						**–**	**7**		–	17
Notional amount	**56**	**76**	**62**	**208**	**402**			669		
Average fixed interest rate – Purchased	**(0.8) %**	**(1.3) %**	**(1.1) %**	**–**	**(1.2) %**			(1.2) %		
Average fixed interest rate – Written	**5.2 %**	**–**	**–**	**2.9 %**	**3.2 %**			2.4 %		
	25,599	**5,857**	**12,127**	**18,518**	**62,101**	**384**	**657**	62,910	54	302
Cash flow hedges										
Interest rate risk										
Interest rate swaps						**–**	**–**		–	–
Notional amount	**6,848**	**7,106**	**19,201**	**8,086**	**41,241**			42,508		
Average fixed interest rate – Pay fixed	**3.1 %**	**3.0 %**	**3.0 %**	**3.4 %**	**3.1 %**			3.4 %		
Average fixed interest rate – Receive fixed	**(0.3) %**	**4.1 %**	**2.4 %**	**3.1 %**	**2.5 %**			2.6 %		
Cross-currency swaps						**119**	**154**		218	150
Notional amount	**8,021**	**1,082**	**12,483**	**–**	**21,586**			24,075		
Average CAD-USD exchange rate	**$ 1.3195**	**$ 1.4356**	**$ 1.3555**	**–**	**$ 1.3508**			$ 1.3280		
Average USD-EUR exchange rate	**$ 1.1210**	**–**	**$ 1.1009**	**–**	**$ 1.1073**			$ 1.1206		
Average USD-GBP exchange rate	**$ 1.1945**	**–**	**–**	**–**	**$ 1.1945**			$ 1.1945		
Average CHF-USD exchange rate	**–**	**–**	**$ 1.0064**	**–**	**$ 1.0064**			$ 1.0064		
Equity price risk										
Equity swaps										
Notional amount	**192**	**–**	**–**	**–**	**192**	**16**	**–**	180	20	–
Average price	**$ 113.97**	**–**	**–**	**–**	**$ 113.97**			$ 113.97		
	15,061	**8,188**	**31,684**	**8,086**	**63,019**	**135**	**154**	66,763	238	150
Hedges of net investments in foreign operations[1]										
Foreign exchange risk										
Cross-currency swaps										
Notional amount	**5**	**–**	**–**	**–**	**5**	**–**	**–**	11	–	–
Average CAD-USD exchange rate	**–**	**–**	**–**	**–**	**–**			$ 1.3561		
Average USD-HKD exchange rate	**$ 0.1287**	**–**	**–**	**–**	**$ 0.1287**			$ 0.1287		
	5	**–**	**–**	**–**	**5**	**–**	**–**	11	–	–
	40,665	**14,045**	**43,811**	**26,604**	**125,125**	**519**	**811**	129,684	292	452

(1) As at October 31, 2025, the Bank also designated foreign currency deposits denominated in U.S. dollars of $5,639 million as net investment hedging instruments ($3,989 million as at October 31, 2024).

Fair Value Hedges

Fair value hedge transactions consist of using derivative financial instruments (interest rate swaps and options) to hedge changes in the fair value of a financial asset or financial liability caused by interest rate fluctuations. Changes in the fair values of derivative financial instruments used as hedging instruments offset changes in the fair value of the hedged items. The Bank applies this strategy mainly to portfolios of securities measured at fair value through other comprehensive income, fixed-rate mortgage loans, fixed-rate deposits, liabilities related to transferred receivables, and subordinated debt.

In addition, when a fixed-rate asset or liability is denominated in a foreign currency, the Bank sometimes uses cross-currency swaps to hedge the associated foreign exchange risk. The Bank may designate a cross-currency swap to exchange the fixed-rate foreign currency for the functional currency at a floating rate in a single hedging relationship addressing both interest rate risk and foreign exchange risk. In certain cases, given that interest rate risk and foreign exchange risk are hedged in a single hedging relationship, the information below does not distinguish between interest rate risk and the combination of interest rate risk and foreign exchange risk as two separate risk categories. The Bank applies this strategy mainly to foreign currency fixed-rate deposits.

Regression analysis is used to assess hedge effectiveness and determine the hedge ratio. For fair value hedges, the main source of potential hedge ineffectiveness is a circumstance where the critical terms of the hedging instrument and the hedged item are not closely aligned.

The following tables show amounts related to hedged items as well as the results of the fair value hedges.

	As at October 31, 2025			**Year ended October 31, 2025**		
	Carrying value of hedged items	**Cumulative hedge adjustments from active hedges**	**Cumulative adjustments from discontinued hedges**	**Gains (losses) on the hedged items for ineffectiveness measurement[1]**	**Gains (losses) on the hedging instruments for ineffectiveness measurement[1]**	**Hedge ineffectiveness[1]**
Securities at fair value through other comprehensive income	**20,383**	**379**	**(46)**	**218**	**(217)**	**1**
Mortgages	**1,910**	**4**	**1**	**28**	**(30)**	**(2)**
Deposits	**32,640**	**(210)**	**48**	**(52)**	**51**	**(1)**
Liabilities related to transferred receivables	**5,546**	**269**	**36**	**(108)**	**110**	**2**
Subordinated debt	**1,410**	**–**	**16**	**(7)**	**7**	**–**
				79	**(79)**	**–**

	As at October 31, 2024			Year ended October 31, 2024		
	Carrying value of hedged items	Cumulative hedge adjustments from active hedges	Cumulative adjustments from discontinued hedges	Gains (losses) on the hedged items for ineffectiveness measurement[1]	Gains (losses) on the hedging instruments for ineffectiveness measurement[1]	Hedge ineffectiveness[1]
Securities at fair value through other comprehensive income	12,316	167	(117)	433	(427)	6
Mortgages	5,224	21	(127)	164	(168)	(4)
Deposits	32,554	(170)	(69)	(466)	465	(1)
Liabilities related to transferred receivables	5,014	210	(8)	(383)	385	2
Subordinated debt	510	12	–	(12)	12	–
				(264)	267	3

(1) Amounts are presented on a pre-tax basis.

Note 18 – Hedging Activities (cont.)

Cash Flow Hedges

Cash flow hedge transactions consist of using interest rate swaps to hedge the risk of changes in future cash flows caused by floating-rate assets or liabilities. In addition, the Bank sometimes uses cross-currency swaps to hedge the foreign exchange risk caused by assets or liabilities denominated in foreign currencies. In certain cases, given that interest rate risk and foreign exchange risk are hedged in a single hedging relationship, the information below does not distinguish between interest rate risk and the combination of interest rate risk and foreign exchange risk as two separate risk categories. The Bank applies this strategy mainly to its loan, personal credit line, and deposit portfolios as well as liabilities related to transferred receivables.

The Bank also uses total return swaps to hedge the risk of changes in future cash flows related to the Restricted Stock Unit (RSU) Plan. Some of these swaps are designated as part of a cash flow hedge against a portion of the unrecognized obligation of the RSU Plan. In cash flow hedges, the derivative financial instruments used as hedging instruments reduce the variability of the future cash flows related to the hedged items.

Regression analysis is used to assess hedge effectiveness and to determine the hedge ratio. For cash flow hedges, the main source of potential hedge ineffectiveness is a circumstance where the critical terms of the hedging instrument and the hedged item are not closely aligned.

The following tables show the amounts related to hedged items as well as the results of the cash flow hedges.

	As at October 31, 2025				**Year ended October 31, 2025**		
	***Accumulated other comprehensive income* from active hedges**	***Accumulated other comprehensive income* from discontinued hedges**	**Gains (losses) on hedged items for ineffectiveness measurement[1]**	**Gains (losses) on hedging instruments for ineffectiveness measurement[1]**	**Hedge ineffectiveness[1]**	**Unrealized gains (losses) included in *Other comprehensive income* as the effective portion of the hedging**	**Losses (gains) reclassified to *Net interest income*[1]**
Interest rate risk							
Loans	**167**	**(55)**	**(153)**	**151**	**2**	**149**	**(110)**
Deposits	**(200)**	**(100)**	**(496)**	**443**	**(2)**	**(116)**	**53**
Liabilities related to transferred receivables	**(11)**	**1**	**2**	**(1)**	**1**	**(2)**	**(10)**
	(44)	**(154)**	**(647)**	**593**	**1**	**31**	**(67)**
Equity price risk							
Other liabilities	**46**	**–**	**13**	**(13)**	**–**	**(13)**	**–**
	2	**(154)**	**(634)**	**580**	**1**	**18**	**(67)**

	As at October 31, 2024				Year ended October 31, 2024		
	Accumulated other comprehensive income from active hedges	*Accumulated other comprehensive income* from discontinued hedges	Gains (losses) on hedged items for ineffectiveness measurement[1]	Gains (losses) on hedging instruments for ineffectiveness measurement[1]	Hedge ineffectiveness[1]	Unrealized gains (losses) included in *Other comprehensive income* as the effective portion of the hedging instrument[1]	Losses (gains) reclassified to *Net interest income*[1]
Interest rate risk							
Loans	105	(186)	(292)	288	4	284	48
Deposits	(246)	5	46	(55)	(4)	(458)	(31)
Acceptances	–	156	22	(22)	–	(22)	(148)
Liabilities related to transferred receivables	(18)	21	19	(20)	(1)	(19)	(39)
	(159)	(4)	(205)	191	(1)	(215)	(170)
Equity price risk							
Other liabilities	60	–	(76)	76	–	76	–
	(99)	(4)	(281)	267	(1)	(139)	(170)

(1) Amounts are presented on a pre-tax basis.

Hedges of Net Investments in Foreign Operations

The Bank's structural foreign exchange risk arises from investments in foreign operations denominated in currencies other than the Canadian dollar. The Bank measures this risk by assessing the impact of foreign currency fluctuations and hedges it using derivative and non-derivative financial instruments (cross-currency swaps and deposits). In a hedge of a net investment in a foreign operation (net investment hedge), the financial instruments used offset the foreign exchange gains and losses on the investments. When non-derivative financial instruments are designated as foreign exchange risk hedges, only the changes in fair value that are attributable to foreign exchange risk are taken into account when assessing and calculating the effectiveness of the hedge.

Assessing the effectiveness of net investment hedges consists of comparing changes in the carrying value of the deposits or the fair value of the derivative attributable to exchange rate fluctuations with changes in the net investment in a foreign operation attributable to exchange rate fluctuations. Inasmuch as the notional amount of the hedging instruments and the hedged net investments are aligned, no ineffectiveness is expected.

The following tables present the amounts related to hedged items as well as the results of the net investment hedges.

	As at October 31, 2025					**Year ended October 31, 2025**	
	***Accumulated other comprehensive income* from active hedges**	***Accumulated other comprehensive income* from discontinued hedges**	**Gains (losses) on hedged items for ineffectiveness measurement[1]**	**Gains (losses) on hedging instruments for ineffectiveness measurement[1]**	**Hedge ineffectiveness[1]**	**Unrealized gains (losses) included in *Other comprehensive income* as the effective portion of the hedging**	**Losses (gains) reclassified to the *Non-interest income*[1]**
Net investments in foreign operations denominated in:							
USD	**(121)**	**(320)**	**35**	**(35)**	**–**	**(35)**	**–**

	As at October 31, 2024					Year ended October 31, 2024	
	Accumulated other comprehensive income from active hedges	*Accumulated other comprehensive income* from discontinued hedges	Gains (losses) on hedged items for ineffectiveness measurement[1]	Gains (losses) on hedging instruments for ineffectiveness measurement[1]	Hedge ineffectiveness[1]	Unrealized gains (losses) included in *Other comprehensive income* as the effective portion of the hedging instrument[1]	Losses (gains) reclassified to the *Non-interest income*[1]
Net investments in foreign operations denominated in:							
USD	(160)	(246)	90	(90)	–	(90)	–

(1) Amounts are presented on a pre-tax basis.

Note 18 – Hedging Activities (cont.)

Reconciliation of Equity Components

The following table presents a reconciliation by risk category of *Accumulated other comprehensive income* attributable to hedge accounting.

As at October 31	2025		2024	
	Net gains (losses) on cash flow hedges	**Net foreign currency translation**	Net gains (losses) on cash flow hedges	Net foreign currency translation
Balance at beginning	**(77)**	**320**	146	307
Hedges of net investments in foreign operations[1]				
Gains (losses) included as the effective portion		**(35)**		(90)
Net foreign currency translation gains (losses) on investments in foreign operations		**66**		80
Cash flow hedges[1]				
Gains (losses) included as the effective portion				
Interest rate risk	**31**		(215)	
Equity price risk	**(13)**		76	
Losses (gains) reclassified to *Net interest income*				
Interest rate risk	**(67)**		(170)	
Income taxes	**14**	**3**	86	23
Balance at end	**(112)**	**354**	(77)	320

(1) Amounts are presented on a pre-tax basis.

Note 19 – Share Capital and Other Equity Instruments

Authorized

Common Shares

An unlimited number of shares without par value.

First Preferred Shares

An unlimited number of shares, without par value, issuable for a maximum aggregate consideration of $7.5 billion.

First Preferred Shares and Other Equity Instruments

As at October 31, 2025

	Redemption and conversion date[1][2]	Redemption price per share or LRCN ($)[1]	Convertible into preferred shares[2]	Dividend per share ($) or interest rate per LRCN[3]	Reset premium of the dividend rate or interest rate
First preferred shares issued and outstanding					
Series 30[4]	May 15, 2029 [5][6]	25.00	Series 31	0.38694 [7]	2.40 %
Series 38[4]	November 15, 2027 [5][6]	25.00	Series 39	0.43919 [7]	3.43 %
Series 40[4]	May 15, 2028 [5][6]	25.00	Series 41	0.36363 [7]	2.58 %
Series 42[4]	November 15, 2028 [5][6]	25.00	Series 43	0.44100 [7]	2.77 %
Series 47[4]	April 30, 2029 [5][6]	25.00	Series 48	0.39819 [8]	2.76 %
Series 49[4]	April 30, 2029 [5][6]	25.00	Series 50	0.47819 [8]	4.04 %
Other equity instruments issued and outstanding					
Limited Recourse Capital Notes (LRCN)					
Series 1 (LRCN – Series 1)[9][10]	October 15, 2025 [5]	1,000.00	Series 44 [9]	4.30 %[11]	3.943 %
Series 2 (LRCN – Series 2)[9][10]	July 15, 2026 [5]	1,000.00	Series 45 [9]	4.05 %[11]	3.045 %
Series 3 (LRCN – Series 3)[9][10]	October 16, 2027 [5]	1,000.00	Series 46 [9]	7.50 %[11]	4.281 %
First preferred shares authorized but not issued					
Series 31[4]	May 15, 2029 [5]	25.00 [12]	n.a.	Floating rate [13]	2.40 %
Series 39[4]	November 15, 2027 [5]	25.00 [12]	n.a.	Floating rate [13]	3.43 %
Series 41[4]	May 15, 2028 [5]	25.00 [12]	n.a.	Floating rate [13]	2.58 %
Series 43[4]	November 15, 2028 [5]	25.00 [12]	n.a.	Floating rate [13]	2.77 %
Series 48[4]	April 30, 2029 [5]	25.00 [12]	n.a.	Floating rate [13]	2.76 %
Series 50[4]	April 30, 2029 [5]	25.00 [12]	n.a.	Floating rate [13]	4.04 %

n.a. Not applicable

(1) Redeemable in cash at the Bank's option, in whole or in part, subject to the provisions of the *Bank Act* (Canada) and to OSFI approval. For the preferred shares, the redemption prices are increased by all the declared and unpaid dividends on the preferred shares to the date fixed for redemption. In the case of LRCN, the redemption prices are increased by interest accrued and unpaid up to the redemption date.

(2) Convertible at the option of the holders of first preferred shares issued and outstanding, subject to certain conditions.

(3) The dividends are non-cumulative and payable quarterly, whereas interest on the LRCN is payable semi-annually.

(4) Upon the occurrence of a trigger event, as defined by OSFI, each outstanding preferred share will be automatically and immediately converted, on a full and permanent basis, without the consent of the holder, into a number of Bank common shares determined pursuant to an automatic conversion formula. This conversion will be calculated by dividing the value of the preferred shares, i.e., $25.00 per share, plus all declared and unpaid dividends as at the date of the trigger event, by the value of the common shares. The value of the common shares will be the greater of a $5.00 floor price or the current market price of the common shares. Current market price means the volume weighted average trading price of common shares for the ten consecutive trading days ending on the trading day preceding the date of the trigger event. If the common shares are not listed on an exchange when this price is being established, the price will be the fair value reasonably determined by the Bank's Board.

(5) For the preferred shares, redeemable at the date fixed for redemption and on the same date every five years thereafter. In the case of LRCN, the redemption occurs automatically upon the redemption of the preferred shares issued by the Bank in conjunction with the LRCN and held in a limited recourse trust. The preferred shares issued and held in a limited recourse trust are redeemable for a period of one month from the date fixed for redemption and on the same dates every five years thereafter.

(6) Convertible on the date fixed for conversion and on the same date every five years thereafter, subject to certain conditions.

(7) The dividend amount is set for the five-year period commencing on May 16, 2024 for Series 30, on November 16, 2022 for Series 38, on May 16, 2023 for Series 40 and on November 16, 2023 for Series 42 and ending on the redemption date. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the rate of interest equal to the sum of the five-year Government of Canada bond yield on the applicable fixed-rate calculation date by $25.00, plus the reset premium.

(8) The dividend amount is set for the initial period ending on the date fixed for redemption. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the rate of interest equal to the sum of the five-year Government of Canada bond yield on the applicable fixed-rate calculation date by $25.00, plus the reset premium.

Note 19 – Share Capital and Other Equity Instruments (cont.)

(9) The LRCN – Series 1, LRCN – Series 2 and LRCN – Series 3 are notes for which recourse is limited to the assets held by an independent trustee in a consolidated limited recourse trust. The trust assets consist of Series 44, Series 45 and Series 46 preferred shares issued by the Bank in conjunction with the LRCN – Series 1, LRCN – Series 2 and LRCN – Series 3. In the event of (i) non-payment of interest on any of the interest payment dates, (ii) non-payment of the redemption amount upon redemption of the LRCN, (iii) non-payment of the principal amount upon maturity of the LRCN, or (iv) an event of default in respect of the LRCN, the noteholders will have recourse only to the assets of the trust, and each noteholder will be entitled to its pro rata share of the assets of the trust. In such circumstances, delivery of the assets of the trust will eliminate all of the Bank's obligations with respect to the LRCN. The LRCN – Series 1, LRCN – Series 2 and LRCN – Series 3 are redeemable at maturity or earlier to the extent that the Bank redeems the Series 44, Series 45 and Series 46 preferred shares from the date fixed for redemption, and subject to OSFI's consent and approval.

(10) The Series 44, Series 45 and Series 46 preferred shares issued by the Bank in conjunction with the LRCN – Series 1, LRCN – Series 2 and LRCN – Series 3 are held by a consolidated limited recourse trust on the Bank's balance sheet and are therefore eliminated for financial reporting purposes. Upon the occurrence of a trigger event, as defined by OSFI; (i) each LRCN will be automatically redeemed and the redemption price will be covered by delivery of the trust's assets that consist of Series 44, Series 45 and Series 46 preferred shares; (ii) each outstanding preferred share will be automatically and immediately converted on a full and permanent basis, without the consent of the holder, into a number of Bank common shares determined pursuant to an automatic conversion formula. This conversion will be calculated by dividing the value of the preferred shares, i.e., $1,000 per share, plus all accrued and unpaid interest as at the date of the trigger event, by the value of the common shares. The value of the common shares will be the greater of a $5.00 floor price or the current market price of the common shares. Current market price means the volume weighted average trading price of common shares for the ten consecutive trading days ending on the trading day preceding the date of the trigger event. If the common shares are not listed on an exchange when this price is being established, the price will be the fair value reasonably determined by the Bank's Board.

(11) The interest rate is set for the initial period ending on the date fixed for redemption. Every five years thereafter until November 15, 2075 for the LRCN – Series 1, until August 15, 2076 for the LRCN – Series 2 and until November 16, 2077 for the LRCN – Series 3, the interest rate on the notes will be adjusted and will be an annual interest rate equal to the five-year Government of Canada bond yield on the applicable interest rate calculation date, plus the interest rate reset premium.

(12) As of the date fixed for redemption, and every five years thereafter, the redemption price will be $25.00 per share.

(13) The dividend period begins as of the date fixed for redemption. The amount of the floating quarterly non-cumulative dividend is determined by multiplying by $25.00 the rate of interest equal to the sum of the 90-day Government of Canada treasury bill yield on the floating rate calculation date, plus the reset premium.

Second Preferred Shares

15 million shares without par value, issuable for a maximum aggregate consideration of $300 million. As at October 31, 2025, no shares had been issued or traded.

Shares and Other Equity Instruments Outstanding

As at October 31	2025		2024	
	Number of shares or LRCN	**Shares or LRCN $**	Number of shares or LRCN	Shares or LRCN $
First Preferred Shares				
Series 30	**14,000,000**	**350**	14,000,000	350
Series 32	**–**	**–**	12,000,000	300
Series 38	**16,000,000**	**400**	16,000,000	400
Series 40	**12,000,000**	**300**	12,000,000	300
Series 42	**12,000,000**	**300**	12,000,000	300
Series 47[1]	**5,000,000**	**128**	–	–
Series 49[1]	**5,000,000**	**136**	–	–
	64,000,000	**1,614**	66,000,000	1,650
Other equity instruments				
LRCN – Series 1	**500,000**	**500**	500,000	500
LRCN – Series 2	**500,000**	**500**	500,000	500
LRCN – Series 3	**500,000**	**500**	500,000	500
	1,500,000	**1,500**	1,500,000	1,500
Preferred shares and other equity instruments	**65,500,000**	**3,114**	67,500,000	3,150
Common shares at beginning of year	**340,743,876**	**3,463**	338,284,629	3,294
Issued pursuant to the Stock Option Plan	**1,508,524**	**114**	2,297,601	146
Issued as part of the CWB acquisition[1]				
Exchange of common shares	**41,010,378**	**5,290**	–	–
Automatic exchange of subscription receipts	**9,262,500**	**1,040**	–	–
Repurchase of common shares for cancellation	**(1,385,400)**	**(35)**	–	–
Impact of shares purchased or sold for trading[2]	**(74,337)**	**(7)**	161,646	23
Common shares at end of year	**391,065,541**	**9,865**	340,743,876	3,463

(1) For additional information, see Note 3 to these Consolidated Financial Statements.

(2) As at October 31, 2025, a total of 114,034 shares were sold short for trading, representing an amount of $19 million (188,371 shares were sold short for trading, representing an amount of $26 million as at October 31, 2024).

Dividends Declared and Distributions on Other Equity Instruments

Year ended October 31	2025		2024	
	Dividends or interest $	**Dividends per share**	Dividends or interest $	Dividends per share
First Preferred Shares				
Series 30	**22**	**1.5478**	18	1.2770
Series 32	**3**	**0.2399**	12	0.9598
Series 38	**28**	**1.7568**	28	1.7568
Series 40	**17**	**1.4545**	17	1.4545
Series 42	**21**	**1.7640**	21	1.7640
Series 47	**6**	**1.1946**	–	–
Series 49	**7**	**1.4346**	–	–
	104		96	
Other equity instruments				
LRCN – Series 1[1]	**21**		21	
LRCN – Series 2[2]	**20**		20	
LRCN – Series 3[3]	**38**		38	
LRCN – Series 1 and 2 of CWB[4]	**3**		–	
	82		79	
Preferred shares and other equity instruments	**186**		175	
Common shares	**1,763**	**4.6400**	1,468	4.3200
	1,949		1,643	

(1) The LRCN – Series 1 bear interest at a fixed rate of 4.30% per annum.
(2) The LRCN – Series 2 bear interest at a fixed rate of 4.05% per annum.
(3) The LRCN – Series 3 bear interest at a fixed rate of 7.50% per annum.
(4) For additional information, see Note 3 to these Consolidated Financial Statements.

Redemption of Preferred Shares
On February 17, 2025, the first business day after the February 15, 2025 set redemption date, the Bank redeemed all of 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 preferred shares for a total amount of $300 million, which reduced *Preferred shares and other equity instruments*.

Repurchases of Common Shares
On September 25, 2025, the Bank began a normal course issuer bid 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 September 24, 2026. On December 12, 2023, the Bank had begun a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.1% of its then outstanding common shares) over the 12-month period ended on December 11, 2024. On December 12, 2022, the Bank had begun a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.1% of its then outstanding common shares) over the 12-month period ended on December 11, 2023. Any repurchase through the Toronto Stock Exchange is done at market prices. The common shares may also be repurchased through other means authorized by the Toronto Stock Exchange and applicable regulations, including private agreements or share repurchase programs under issuer bid exemption orders issued by the securities regulators. A private purchase made under an exemption order issued by a securities regulator will be done at a discount to the prevailing market price. The amounts that are paid above the average book value of the common shares, including tax, are charged to *Retained earnings*. During the year ended October 31, 2025, the Bank repurchased 1,385,400 common shares for $213 million, including tax, which reduced *Common shares* by $35 million and *Retained earnings* by $178 million. During the year ended October 31, 2024, the Bank did not repurchase any common shares.

Note 19 – Share Capital and Other Equity Instruments (cont.)

Reserved Common Shares
As at October 31, 2025 and 2024, there were 15,507,568 common shares reserved under the Dividend Reinvestment and Share Purchase Plan. As at October 31, 2025, there were 16,977,449 common shares reserved under the Stock Option Plan (17,766,087 as at October 31, 2024), of which an amount of 552,502 common shares are reserved for the replacement options issued in connection with the CWB acquisition.

Restriction on the Payment of Dividends
The Bank is prohibited from declaring dividends on its common or preferred shares if there are reasonable grounds for believing that the Bank would, by so doing, be in contravention of the regulations of the *Bank Act* (Canada) or OSFI's capital adequacy and liquidity guidelines. In addition, the ability to pay common share dividends is restricted by the terms of the outstanding preferred shares pursuant to which the Bank may not pay dividends on its common shares without the approval of the holders of the outstanding preferred shares, unless all preferred share dividends have been declared and paid or set aside for payment.

Dividend Reinvestment and Share Purchase Plan
The Bank has a Dividend Reinvestment and Share Purchase Plan for holders of its common and preferred shares under which they can acquire common shares of the Bank without paying commissions or administration fees. Participants acquire common shares through the reinvestment of cash dividends paid on the shares they hold or through optional cash payments of at least $1 per payment, up to a maximum of $5,000 per quarter. Common shares subscribed by participants are purchased on their behalf in the secondary market through the Bank's transfer agent, Computershare Trust Company of Canada, at a price equal to the average purchase price of the common shares during the three business days immediately following the dividend payment date.

Note 20 – Capital Disclosure

Capital Management Objectives, Policies and Procedures
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, 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 regarding its internal capital adequacy assessment process. This process is a key tool in establishing the Bank's capital strategy and is subject to quarterly reviews and periodic amendments.

Capital Management
Capital ratios are obtained by dividing capital (as defined by the OSFI's *Capital Adequacy Requirements Guideline*) by risk-weighted assets (RWA) and are expressed as percentages. RWA are calculated in accordance with the rules established by OSFI for on- and off-balance-sheet risks. Credit, market, and operational risks are factored into the risk-weighted assets calculation for regulatory purposes. The definition adopted by the Basel Committee on Banking Supervision (BCBS) distinguishes between three types of capital. Common Equity Tier 1 (CET1) capital consists of common shareholders' equity less goodwill, intangible assets, and other CET1 capital deductions. Additional Tier 1 (AT1) capital consists of eligible non-cumulative preferred shares, limited recourse capital notes, and other AT1 capital adjustments. The sum of CET1 and AT1 capital forms what is known as Tier 1 capital. Tier 2 capital consists of the eligible portion of subordinated debt and certain allowances for credit losses. Total regulatory capital is the sum of Tier 1 and Tier 2 capital.

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%. 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 RWA, consists exclusively of CET1 capital. A D-SIB that fails to meet this buffer requirement will not be subject to automatic constraints to reduce capital distributions but must provide a remediation plan to OSFI. The Bank also has to meet the requirements of the capital output floor, under which its total RWA must not be lower than 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.

OSFI also requires D-SIBs to maintain a risk-based total loss-absorbing capacity (TLAC) ratio of at least 25.0% (including the DSB) of RWA and a TLAC leverage ratio of at least 7.25%. The purpose of TLAC is to ensure that a D-SIB has sufficient loss-absorbing capacity to support its internal recapitalization in the unlikely event it becomes non-viable.

In addition, OSFI requires that regulatory capital instruments other than common shares contain NVCC provisions to ensure that investors bear losses before taxpayers where the government determines that it is in the public interest to contribute to the survival of a non-viable financial institution. All the Bank's regulatory capital instruments other than common shares contain NVCC provisions.

During the years ended October 31, 2025 and 2024, the Bank was in compliance with all of OSFI's regulatory capital, leverage, and TLAC requirements.

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

As at October 31	2025	2024
Capital		
CET1	**25,962**	19,321
Tier 1[3]	**28,559**	22,470
Total[3]	**32,657**	24,001
Risk-weighted assets	**188,756**	140,975
Total exposure	**633,494**	511,160
Capital ratios		
CET1	**13.8 %**	13.7 %
Tier 1[3]	**15.1 %**	15.9 %
Total[3]	**17.3 %**	17.0 %
Leverage ratio[3]	**4.5 %**	4.4 %
Available TLAC	**55,993**	44,040
TLAC ratio	**29.7 %**	31.2 %
TLAC leverage ratio	**8.8 %**	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*.
(3) Figures as at October 31, 2025 include the redemption of LRCN - Series 1 completed on November 17, 2025.

Note 21 – 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 certain interest income related to the financing of these financial assets and liabilities, net of interest expenses.

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 expenses on obligations related to securities sold short, certain commission income as well as other income related to trading activities, and any applicable transaction costs.

Year ended October 31	2025	2024
Net interest income (loss) related to trading activity	**(2,915)**	(3,076)
Non-interest income related to trading activity		
Trading revenues (losses)	**4,933**	4,299
Other revenues	**128**	28
	5,061	4,327
Trading activity revenues	**2,146**	1,251

Note 22 – Share-Based Payments

The compensation expense information provided below excludes the impact of hedging.

Stock Option Plan
The Bank's Stock Option Plan is for officers and other designated persons of the Bank and its subsidiaries. Under this plan, options are awarded annually and provide participants with the right to purchase common shares at an exercise price equal to the closing price of the Bank's common share on the Toronto Stock Exchange on the day preceding the award. The options vest evenly over a four-year period and expire ten years from the award date or, in certain circumstances set out in the plan, within specified time limits. The Stock Option Plan contains provisions for retiring employees that allow the participant's rights to continue vesting in accordance with the stated terms of the award agreement. The maximum number of common shares that may be issued under the Stock Option Plan was 16,977,449 as at October 31, 2025 (17,766,087 as at October 31, 2024), of which an amount of 552,502 common shares are reserved for the replacement options issued in connection with the CWB acquisition.The number of common shares reserved for a participant may not exceed 5% of the total number of Bank shares issued and outstanding.

Replacement Options
In connection with the CWB acquisition, during the year ended October 31, 2025, the Bank exchanged outstanding options held by employees of CWB for 719,886 replacement options, with a weighted average fair value of $53.32 granting holders the right to purchase common shares of the Bank on substantially similar terms and conditions as were applicable under the CWB Stock Option Plan prior to the exchange, including vesting schedule, term to expiry, termination of employment and change of control provisions. The replacement options vest at the end of a three-year period and expire seven years from the grant date attached to the CWB options prior to the exchange. The exercise price of the replacement options was adjusted to reflect the price difference between the CWB common shares and the Bank's common shares, and the number of replacement options exchanged for CWB options was adjusted, in conjunction with the exercise price, to maintain the same aggregate intrinsic value immediately following the exchange as immediately prior to the exchange. The adjustment of the exercise price and the number of replacement options issued was based on the acquisition's share exchange ratio of 0.450. See Note 3 for additional information on the CWB acquisition.

As at October 31	2025		2024	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Stock Option Plan				
Outstanding at beginning	**10,443,059**	**$ 76.08**	11,546,688	$ 70.37
Awarded	**1,004,492**	**$ 132.75**	1,222,652	$ 94.08
Replacement options[1]	**719,886**	**$ 53.32**	–	–
Exercised	**(1,508,524)**	**$ 63.52**	(2,297,601)	$ 56.85
Cancelled[2]	**(78,607)**	**$ 103.06**	(28,680)	$ 86.83
Outstanding at end	**10,580,306**	**$ 82.39**	10,443,059	$ 76.08
Exercisable at end	**7,385,670**	**$ 73.05**	6,835,406	$ 67.88

(1) Replacement options issued in connection with the CWB acquisition.
(2) 1,100 expired options during the year ended October 31, 2025 (no expired options during the year ended October 31, 2024).

Exercise price	Options outstanding	Options exercisable	Expiry date
$42.17	236,191	236,191	December 2025
$65.41	13,737	13,737	March 2026
$54.69	521,186	521,186	December 2026
$70.95	28,460	28,460	December 2026
$64.14	835,391	835,391	December 2027
$64.60	38,626	38,626	December 2027
$58.79	998,840	998,840	December 2028
$82.30	94,056	94,056	December 2028
$71.86	1,095,094	1,095,094	December 2029
$53.86	203,267	83,390	December 2029
$71.55	1,425,122	1,425,122	December 2030
$69.11	165,213	65,219	December 2030
$96.35	1,496,812	1,078,995	December 2031
$96.34	9,143	9,143	July 2031
$94.05	1,277,613	596,811	December 2032
$94.08	1,157,255	265,409	December 2033
$132.75	984,300	–	December 2034
	10,580,306	7,385,670	

During the year ended October 31, 2025, the Bank awarded 1,004,492 stock options (1,222,652 stock options during the year ended October 31, 2024) with an average fair value of $23.26 per option ($13.74 for the year ended October 31, 2024).

The average fair value of options awarded, excluding replacement options issued in connection with the CWB acquisition, was estimated on the award date using the Black-Scholes model as well as the following accounting assumptions.

Year ended October 31	**2025**	2024
Risk-free interest rate	**2.63%**	3.61%
Expected life of options	**7 years**	7 years
Expected volatility	**24.43%**	22.29%
Expected dividend yield	**3.54%**	4.62%

The average fair value of replacement options issued in connection with the CWB acquisition was estimated on the award date using the Black-Scholes model as well as the following accounting assumptions, which are presented on a weighted average basis.

Year ended October 31	**2025**
Risk-free interest rate	**2.54%**
Expected life of options awarded	**4-7 years**
Expected volatility	**22.00%**
Expected dividend yield	**3.59%**

The expected life of the options is based on historical data, and the expected life of the replacement options is based on the term to expiry attached to the CWB options prior to the exchange, which are not necessarily representative of how the options will be exercised in the future. Expected volatility is extrapolated from the implied volatility of the Bank's share price and observable market inputs, which are not necessarily representative of actual results. The expected dividend yield represents the annualized dividend divided by the Bank's share price at the award date. The risk-free interest rate is based on the Canadian dollar swap curve at the award date. The exercise price is equal to the Bank's share price at the award date, and the exercise price of the replacement options is equal to the original exercise price attached to the CWB options prior to the exchange divided by the exchange ratio of 0.450. No other market parameter has been included in the fair value measurement of the options.

For the year ended October 31, 2025, a $24 million compensation expense related to this plan was recognized in the Consolidated Statement of Income ($17 million for the year ended October 31, 2024).

Stock Appreciation Rights (SAR) Plan

The SAR Plan is for officers and other designated persons of the Bank and its subsidiaries. Under this plan, participants receive, upon exercising the right, a cash amount equal to the difference between the closing price of the Bank's common share on the Toronto Stock Exchange on the day preceding the exercise date and the closing price on the day preceding the award date. SARs vest evenly over a four-year period and expire ten years after the award date or, in certain circumstances set out in the plan, within specified time limits. The SAR Plan contains provisions for retiring employees that allow the participant's rights to continue vesting in accordance with the stated terms of the award agreement. For the year ended October 31, 2025, a $3 million compensation expense related to this plan was recognized in the Consolidated Statement of Income ($6 million for the year ended October 31, 2024).

As at October 31	**2025**		2024	
	Number of SARs	**Weighted average exercise price**	Number of SARs	Weighted average exercise price
SAR Plan[1]				
Outstanding at beginning	**128,758**	**$ 72.92**	185,672	$ 65.29
Awarded	**12,168**	**$ 132.75**	16,772	$ 94.08
Exercised	**(30,721)**	**$ 71.83**	(73,686)	$ 58.50
Outstanding at end	**110,205**	**$ 79.83**	128,758	$ 72.92
Exercisable at end	**70,556**	**$ 64.99**	79,324	$ 61.60

(1) No SARs cancelled or expired during the years ended October 31, 2025 and 2024.

Exercise price	SARs outstanding	SARs exercisable	Expiry date
$42.17	–	–	December 2025
$54.69	16,320	16,320	December 2026
$64.14	16,236	16,236	December 2027
$58.79	16,604	16,604	December 2028
$71.86	15,396	15,396	December 2029
$71.55	–	–	December 2030
$96.35	7,366	2,000	December 2031
$94.05	9,536	–	December 2032
$94.08	16,579	4,000	December 2033
$132.75	12,168	–	December 2034
	110,205	70,556	

Note 22 – Share-Based Payments (cont.)

Deferred Stock Unit (DSU) Plans
The DSU Plans are for officers and other designated persons of the Bank and its subsidiaries as well as for directors. These plans allow the Bank to tie a portion of the value of the compensation of participants to the future value of the Bank's common shares. A DSU is a right that has a value equal to the closing price of a common share of the Bank on the Toronto Stock Exchange on the day preceding the award. DSUs generally vest evenly over four years. Additional DSUs are credited to the accounts of participants in an amount equal to the dividends declared on Bank common shares and vest evenly over the same period as the reference DSUs. DSUs may be cashed only when participants retire or leave the Bank or, for directors, when their term ends. The DSU Plans contain provisions for retiring employees whereby participants may continue vesting all units in accordance with the stated terms of the award agreement.

During the year ended October 31, 2025, the Bank awarded 37,745 DSUs at a weighted average price of $133.69 (35,412 DSUs at a weighted average price of $101.48 for the year ended October 31, 2024). A total of 412,401 DSUs were outstanding as at October 31, 2025 (460,259 DSUs as at October 31, 2024). For the year ended October 31, 2025, a $17 million compensation expense related to these plans was recognized in the Consolidated Statement of Income ($26 million for the year ended October 31, 2024).

Restricted Stock Unit (RSU) Plan
The RSU Plan is for certain officers and other designated persons of the Bank and its subsidiaries. The objective of this plan is to ensure that the compensation of certain officers and other designated persons is competitive and to foster retention. An RSU represents a right that has a value equal to the average closing price of the Bank's common share, as published by the Toronto Stock Exchange, over the ten trading days preceding the sixth business day in December. RSUs generally vest evenly over three years, although some RSUs vest on the sixth business day of December of the third year following the award date, i.e., the date on which all RSUs expire. Additional RSUs are credited to the accounts of participants in an amount equal to the dividends declared on the Bank's common shares and vest over the same period as the reference RSUs. The RSU Plan contains provisions for retiring employees whereby participants may continue vesting units in accordance with the stated terms of the award agreement.

Replacement Restricted Stock Units (RSUs)
In connection with the CWB acquisition, during the year ended October 31, 2025, the Bank exchanged outstanding RSUs and performance stock units (PSUs) held by employees of CWB for 501,764 replacement RSUs at a price of $128.99, granting holders the right to a cash settlement based on the value of the Bank's common shares. The replacement RSUs retained the same terms as were applicable under the CWB RSU and PSU Plans, including vesting schedule, term to expiry, termination of employment and change of control provisions, with the exception of the performance condition previously attached to the CWB PSU Plan, which was removed immediately prior to the exchange. The replacement units issued in exchange for the CWB RSUs vest on each anniversary of the grant in equal instalments over a period of three years, and the replacement units issued in exchange for the CWB PSUs vest at the end of a three-year period. Upon the exchange, the value of the cash settlement was substituted by the value of the Bank's common shares. To reflect the difference in the value of the cash-settlement between the replacement units and the CWB units, the number of replacement units was adjusted to maintain the same aggregate cash-settlement value immediately following the exchange as immediately prior to the exchange. The number of replacement units was based on the acquisition's share exchange ratio of 0.450.

During the year ended October 31, 2025, the Bank awarded 1,728,889 RSUs at a weighted average price of $137.22 (2,133,400 RSUs at a weighted average price of $91.78 for the year ended October 31, 2024). As at October 31, 2025, a total of 4,593,959 RSUs were outstanding (4,645,753 RSUs as at October 31, 2024). For the year ended October 31, 2025, a $363 million compensation expense related to this plan was recognized in the Consolidated Statement of Income ($347 million for the year ended October 31, 2024).

Performance Stock Unit (PSU) Plan
The PSU Plan is for officers and other designated persons of the Bank. The objective of this plan is to tie a portion of the value of the compensation of these officers and other designated persons to the future value of the Bank's common shares. A PSU represents a right that has a value equal to the average closing price of the Bank's common share, as published by the Toronto Stock Exchange, over the ten trading days preceding the sixth business day in December, adjusted upward or downward according to performance criteria, which is based on the Bank's total shareholder return (TSR) growth index over three years compared to the average TSR growth index of the comparator group composed of Canadian banks over three years. PSUs vest on the sixth business day of December of the third year following the award date, i.e., the date on which all PSUs expire. Additional PSUs are credited to the accounts of participants in an amount equal to the dividends declared on the Bank's common shares and vest over the same period as the reference PSUs. The PSU Plan contains provisions for retiring employees whereby participants may continue vesting units in accordance with the stated terms of the award agreement.

During the year ended October 31, 2025, the Bank awarded 194,570 PSUs at a weighted average price of $137.39 (232,296 PSUs at a weighted average price of $91.78 for the year ended October 31, 2024). As at October 31, 2025, a total of 695,671 PSUs were outstanding (749,971 PSUs as at October 31, 2024). For the year ended October 31, 2025, a $51 million compensation expense related to this plan was recognized in the Consolidated Statement of Income ($50 million for the year ended October 31, 2024).

Deferred Compensation Plan
This plan is exclusively for key employees of the Wealth Management segment. The purpose of this plan is to foster the retention of key employees and promote revenue growth and continuous profitability improvement within the Wealth Management segment. Under this plan, participants can defer a portion of their annual compensation, and the Bank may pay a contribution to key employees when certain financial objectives are met. Amounts awarded by the Bank and the compensation deferred by participants are invested in, among other items, Bank common share units. These share units represent a right that has a value equal to the closing price of the Bank's common share on the Toronto Stock Exchange on the award date. Additional units are credited to the accounts of participants in an amount equal to the dividends declared on the Bank's common shares. Share units representing the amounts awarded by the Bank vest evenly over four years. When a participant retires, or in certain cases when the participant's employment ceases, the participant receives a cash amount representing the value of the vested share units.

During the year ended October 31, 2025, the Bank awarded 130,797 share units at a weighted average price of $133.19 (143,871 share units at a weighted average price of $105.53 for the year ended October 31, 2024). As at October 31, 2025, a total of 2,417,669 share units were outstanding (2,419,041 share units as at October 31, 2024). For the year ended October 31, 2025, a $56 million compensation expense related to this plan was recognized in the Consolidated Statement of Income ($123 million for the year ended October 31, 2024).

Employee Share Ownership Plan
Under the Bank's Employee Share Ownership Plan, employees who meet the eligibility criteria can contribute up to 10% of their annual gross salary by way of payroll deductions. The Bank matches 50% of the employee contribution up to a maximum of $1,500 per annum. Bank contributions vest to the employee after one year of uninterrupted participation in the plan. Subsequent contributions vest immediately. The Bank's contributions, amounting to $24 million for the year ended October 31, 2025 ($17 million for the year ended October 31, 2024), were recognized when paid in *Compensation and employee benefits* in the Consolidated Statement of Income. As at October 31, 2025, a total of 6,305,001 common shares were held for this plan (6,155,909 common shares as at October 31, 2024).

Plan shares are purchased on the open market and are considered to be outstanding for earnings per share calculations. Dividends paid on the Bank's common shares held for the Employee Share Ownership Plan are used to purchase other common shares on the open market.

Plan Liabilities and Intrinsic Value
Total liabilities arising from the Bank's share-based compensation plans amounted to $1,294 million as at October 31, 2025 ($1,123 million as at October 31, 2024). The intrinsic value of these liabilities that had vested as at October 31, 2025 was $654 million ($571 million as at October 31, 2024).

Note 23 – Employee Benefits – Pension Plans and Other Post-Employment Benefit Plans

The Bank offers pension plans that have a defined benefit component and a defined contribution component. The Bank also offers other post-employment benefit plans to eligible retirees. The defined benefit component of the pension plans provides benefits based on years of plan participation and average earnings at retirement. The other post-employment benefits include post-employment medical, dental, and life insurance coverage. Since September 19, 2022, the Bank has offered a defined contribution component to all eligible employees. Therefore, the defined benefit component is no longer offered to employees hired after that date. For the defined contribution component, the Bank's base contribution equals a percentage of annual salary and the Bank's additional contribution varies according to the employee's contributions, and the sum of the employee's age and years of continuous service. Most of the pension plans are funded, whereas one of them and the other post-employment benefit plans are not funded. The fair value of the defined benefit component and the present value of the defined benefit obligations were measured as at October 31.

The Bank's most significant pension plan is the *Employee Pension Plan of the National Bank of Canada*; it is registered with OSFI and the Canada Revenue Agency and subject to the *Pension Benefits Standards Act, 1985* and the *Income Tax Act*.

The defined benefit component of the pension plans and the other post-employment benefit plans exposes the Bank to specific risks such as investment performance, changes to the discount rate used to calculate the obligation, the longevity of plan participants, and the rate of compensation increase. While management believes that the assumptions used in the actuarial valuation process are reasonable, there remains a degree of risk and uncertainty that may cause future results to differ significantly from these assumptions, which could give rise to gains or losses.

According to the Bank's governance rules, the policies and risk management related to the defined benefit component of the pension plans are overseen at different levels by the pension committees, the Bank's management, and the Board's Human Resources Committee. The defined benefit component of the pension plans are examined on an ongoing basis in order to monitor the funding and investment policies, the financial status of the plans, and the Bank's funding requirements.

The Bank funds its registered defined benefit plans in accordance with the requirements of the *Income Tax Act* and the recommendations set out by actuaries in the reports on the actuarial valuation for funding purposes.

For funded plans, the Bank determines whether an economic benefit exists in the form of potential reductions in future contributions and in the form of refunds from the plan surplus, where permitted by applicable regulations and plan provisions.

Defined Benefit Obligation, Assets of the Plans, and Funded Status

As at October 31

	Pension plans – Defined benefit component		Other post-employment benefit plans	
	2025	2024	**2025**	2024
Defined benefit obligation				
Balance at beginning	**4,774**	4,020	**103**	94
Current service cost	**108**	96		–
Interest cost	**235**	231	**5**	5
Remeasurements				
Actuarial (gains) losses arising from changes in demographic assumptions	**–**	–	**–**	–
Actuarial (gains) losses arising from changes in financial assumptions	**25**	541	**–**	8
Actuarial (gains) losses arising from experience adjustments	**32**	43	**(2)**	4
Employee contributions	**72**	73		
Benefits paid	**(221)**	(230)	**(8)**	(8)
Balance at end	**5,025**	4,774	**98**	103
Plan assets				
Fair value at beginning	**5,261**	4,376		
Interest income	**254**	247		
Administration cost	**(4)**	(3)		
Remeasurements				
Return on plan assets (excluding interest income)	**1**	711		
Bank contributions[1]	**103**	87		
Employee contributions	**72**	73		
Benefits paid	**(221)**	(230)		
Fair value at end	**5,466**	5,261		
Defined benefit asset (liability) at end	**441**	487	**(98)**	(103)

(1) For fiscal 2026, the Bank expects to pay an employer contribution of $112 million to the defined benefit component of the pension plans.

Defined Benefit Asset (Liability)

As at October 31

	Pension plans – Defined benefit component		Other post-employment benefit plans	
	2025	2024	**2025**	2024
Defined benefit asset included in *Other assets*	**441**	487		
Defined benefit liability included in *Other liabilities*	**–**	–	**(98)**	(103)
	441	487	**(98)**	(103)

Cost for Pension Plans and Other Post-Employment Benefit Plans

Year ended October 31

	Pension plans		Other post-employment benefit plans	
	2025	2024	**2025**	2024
Current service cost	**108**	96	**–**	–
Interest expense (income), net	**(19)**	(16)	**5**	5
Administration costs	**4**	3		
Expense of the defined benefit component	**93**	83	**5**	5
Expense of the defined contribution component	**44**	21		
Expense recognized in *Net income*	**137**	104	**5**	5
Remeasurements[1]				
Actuarial (gains) losses on the defined benefit obligation	**57**	584	**(2)**	12
Return on plan assets[2]	**(1)**	(711)		
Remeasurements recognized in *Other comprehensive income*	**56**	(127)	**(2)**	12
	193	(23)	**3**	17

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

Allocation of the Fair Value of the Assets of the Defined Benefit Component of the Pension Plans

As at October 31

	2025			2024		
	Quoted in an active market[1]	**Not quoted in an active market**	**Total**	Quoted in an active market[1]	Not quoted in an active market	Total
Asset classes						
Cash and cash equivalents	**–**	**136**	**136**	–	120	120
Equity securities	**443**	**1,601**	**2,044**	432	1,450	1,882
Debt securities						
Canadian government[2]	**(540)**	**2**	**(538)**	(537)	2	(535)
Canadian provincial and municipal governments	**–**	**3,253**	**3,253**	–	3,333	3,333
Other issuers	**–**	**522**	**522**	–	403	403
Other	**–**	**49**	**49**	–	58	58
	(97)	**5,563**	**5,466**	(105)	5,366	5,261

(1) Unadjusted quoted prices in active markets for identical assets that the Bank can access at the measurement date.
(2) Includes obligations related to securities sold short.

The Bank's investment strategy for plan assets considers several factors, including the time horizon of pension plan obligations and investment risk. For each plan, an allocation range per asset class is defined using a mix of equity and debt securities to optimize the risk-return profile of plan assets and minimize asset/liability mismatching.

The assets of the pension plans may include investment securities issued by the Bank. As at October 31, 2025, these investments totalled $4 million ($5 million as at October 31, 2024).

For fiscal 2025, the Bank and its related entities received $22 million ($19 million in fiscal 2024) in fees from the pension plans for related management, administration, and custodial services.

Note 23 – Employee Benefits – Pension Plans and Other Post-Employment Benefit Plans (cont.)

Allocation of the Defined Benefit Obligation by the Status of the Participants in the Defined Benefit Component of the Pension Plans

As at October 31

	Pension plans – Defined benefit component		Other post-employment benefit plans	
	2025	2024	**2025**	2024
Active employees	**45 %**	43 %	**1 %**	1 %
Retirees	**49 %**	52 %	**99 %**	99 %
Participants with deferred vested benefits	**6 %**	5 %		
	100 %	100 %	**100 %**	100 %
Weighted average duration of the defined benefit obligation *(in years)*	**15**	15	**11**	11

Significant Actuarial Assumptions (Weighted Average)

Discount Rate

The discount rate assumption is based on an interest rate curve that represents the yields on corporate AA bonds. Short-term maturities are obtained using a curve based on observed data from corporate AA bonds. Long-term maturities are obtained using a curve based on actual data and extrapolated data.

To measure the obligation related to the defined benefit component of the pension plans and related to the other post-employment benefit plans, the vested benefits that the Bank expects to pay in each future period are discounted to the measurement date using the spot rate associated with each of the respective periods based on the yield curve derived using the above methodology. The sum of discounted benefit amounts represents the defined benefit obligation. An average discount rate that replicates this obligation is then computed separately for each plan.

To better estimate current service cost, a separate discount rate was determined to account for the timing of future benefit payments associated with the additional year of service to be earned by the plan's active participants. Since these benefits are, on average, being paid at a later date than the benefits already earned by participants as a whole (i.e., longer duration), this method results in the use of a generally higher discount rate for calculating current service cost than that used to measure obligations where the spot rates is positively sloped. The methodology used to determine this discount rate is the same as the one used to establish the discount rate for measuring the obligation.

Other Assumptions

For measurement purposes, the estimated annual growth rate for health care costs was 4.92% as at October 31, 2025 (4.97% as at October 31, 2024). Based on the assumption retained, this rate is expected to decrease gradually to 3.57% in 2045 and remain steady thereafter.

Mortality assumptions are a determining factor when measuring the defined benefit obligation. Determining the expected benefit payout period is based on best estimate assumptions regarding mortality. Mortality tables are reviewed at least once a year, and the assumptions made are in accordance with accepted actuarial practice. New results regarding the plans are reviewed and used in calculating best estimates of future mortality.

As at October 31

	Pension plans – Defined benefit component		Other post-employment benefit plans	
	2025	2024	**2025**	2024
Defined benefit obligation				
Discount rate	**4.85 %**	4.85 %	**4.85 %**	4.85 %
Rate of compensation increase[1]	**3.00 %**	4.00 %	**2.00 %**	2.00 %
Health care cost trend rate			**4.92 %**	4.97 %
Life expectancy *(in years)* at 65 for a participant currently at				
Age 65				
Men	**22.5**	22.5	**22.5**	22.5
Women	**24.9**	24.8	**24.9**	24.8
Age 45				
Men	**23.5**	23.5	**23.5**	23.5
Women	**25.8**	25.7	**25.8**	25.7

(1) A 3% assumption with a temporary increase of 1% in the rate of compensation increase was presumed in 2024.

Year ended October 31

	Pension plans – Defined benefit component		Other post-employment benefit plans	
	2025	2024	**2025**	2024
Pension plan expense				
Discount rate – Current service	**4.90 %**	5.60 %	**4.90 %**	5.60 %
Discount rate – Interest expense (income), net	**4.90 %**	5.65 %	**4.85 %**	5.65 %
Rate of compensation increase[1]	**3.00 %**	4.00 %	**2.00 %**	2.00 %
Health care cost trend rate			**4.97 %**	4.94 %
Life expectancy *(in years)* at 65 for a participant currently at				
Age 65				
Men	**22.5**	22.4	**22.5**	22.4
Women	**24.8**	24.8	**24.8**	24.8
Age 45				
Men	**23.5**	23.4	**23.5**	23.4
Women	**25.7**	25.7	**25.7**	25.7

(1) A 3% assumption with a temporary increase of 1% in the rate of compensation increase was presumed in 2024.

Sensitivity of Significant Assumptions for 2025

The following table shows the potential impacts of changes to key assumptions on the defined benefit obligation of the pension plans and other post-employment benefit plans as at October 31, 2025. These impacts are hypothetical and should be interpreted with caution, as changes in each significant assumption may not be linear.

As at October 31, 2025

	Pension plans – Defined benefit component	**Other post-employment benefit plans**
	Change in the obligation	**Change in the obligation**
Impact of a 0.25% increase in the discount rate	**(187)**	**(3)**
Impact of a 0.25% decrease in the discount rate	**201**	**3**
Impact of a 0.25% increase in the rate of compensation increase	**36**	**–**
Impact of a 0.25% decrease in the rate of compensation increase	**(36)**	**–**
Impact of a 1.00% increase in the health care cost trend rate		**3**
Impact of a 1.00% decrease in the health care cost trend rate		**(3)**
Impact of an increase in the age of participants by one year	**(113)**	**(1)**
Impact of a decrease in the age of participants by one year	**110**	**1**

Projected Benefit Payments

Year ended October 31

	Pension plans – Defined benefit component	Other post-employment benefit plans
2026	228	8
2027	234	7
2028	241	7
2029	249	7
2030	256	7
2031 to 2035	1,401	31

Note 24 – Income Taxes

The Bank's income tax expense reported in the Consolidated Financial Statements is as follows.

Year ended October 31	2025	2024
Consolidated Statement of Income		
Current taxes		
Current year	**1,350**	1,124
Prior period adjustments	**(53)**	(25)
	1,297	1,099
Deferred taxes		
Origination and reversal of temporary differences	**(172)**	(133)
Prior period adjustments	**(8)**	(5)
	(180)	(138)
	1,117	961
Consolidated Statement of Changes in Equity		
Issuance expenses for shares, other equity instruments and other	**(38)**	(40)
	(38)	(40)
Consolidated Statement of Comprehensive Income		
Remeasurements of pension plans and other post-employment benefit plans	**(15)**	32
Net change in cash flow hedges	**(14)**	(86)
Net fair value change attributable to credit risk on financial liabilities designated at fair value through profit or loss	**(71)**	(135)
Other	**40**	(4)
	(60)	(193)
Income taxes	**1,019**	728

The breakdown of the income tax expense is as follows.

Year ended October 31	2025	2024
Current taxes[1]	**1,237**	849
Deferred taxes	**(218)**	(121)
	1,019	728

(1) Includes $90 million tax expense resulting from the Pillar 2 rules (global minimum tax) for the year ended October 31, 2025.

The temporary differences and tax loss carryforwards resulting in deferred tax assets and liabilities are as follows.

	As at October 31		Year ended October 31		Year ended October 31	
	Consolidated Balance Sheet		Consolidated Statement of Income		Consolidated Statement of Comprehensive Income	
	2025	2024[1]	**2025**	2024[1]	**2025**	2024
Deferred tax assets						
Allowances for credit losses	**467**	357	**110**	43	**–**	–
Deferred expenses[2]	**620**	501	**112**	139	**–**	–
Defined benefit liability – Other post-employment benefit plans	**39**	39	**–**	–	**–**	3
Leases liabilities[2]	**158**	115	**10**	7	**–**	–
Deferred revenue	**134**	121	**13**	30	**–**	–
Tax loss carryforwards	**56**	48	**8**	(2)	**–**	–
Other items[4]	**109**	109	**(18)**	31	**–**	(4)
	1,583	1,290	**235**	248	**–**	(1)
Deferred tax liabilities						
Allowances for credit losses	**(86)**	(53)	**(33)**	(31)	**–**	–
Premises and equipment and intangible assets[2][3]	**(409)**	(261)	**52**	(36)	**–**	–
Defined benefit asset – Pension plans	**(117)**	(126)	**(3)**	–	**12**	(37)
Investments in associates	**(8)**	(14)	**–**	(2)	**6**	–
Other items[2]	**(156)**	(77)	**(71)**	(41)	**2**	2
	(776)	(531)	**(55)**	(110)	**20**	(35)
Net deferred tax assets (liabilities)[2][3][4]	**807**	759	**180**	138	**20**	(36)

(1) Certain amounts have been adjusted for presentation purposes.
(2) As at October 31, 2025, the amount on the Consolidated Balance Sheet includes $169 million in net deferred tax liabilities related to the CWB acquisition that had no impact on the Consolidated Statement of Comprehensive income.
(3) As at October 31, 2025, the amount on the Consolidated Balance Sheet includes $1 million in deferred tax liabilities related to the PGM acquisition that had no impact on the Consolidated Statement of Comprehensive income.
(4) As at October 31, 2025, the amount on the Consolidated Balance Sheet includes $49 million in deferred tax assets related to the outstanding stock options that are non-qualified securities for the purpose of the *Income Tax Act* ($29 million during the year ended October 31, 2024). For the year ended October 31, 2025, a tax saving of $18 million was recorded under *Contributed surplus* in the Consolidated Statement of Changes in Equity ($19 million during the year ended October 31, 2024).

Net deferred tax assets are included in *Other assets* and net deferred tax liabilities are included in *Other liabilities*.

As at October 31	**2025**	2024
Deferred tax assets	**1,131**	828
Deferred tax liabilities	**(324)**	(69)
	807	759

According to forecasts, which are based on information available as at October 31, 2025, the Bank believes that the results of future operations will likely generate sufficient taxable income to utilize all the deferred tax assets before they expire.

As at October 31, 2025, the total amount of temporary differences, unused tax loss carryforwards, and unused tax credits for which no deferred tax asset has been recognized was $602 million ($547 million as at October 31, 2024).

As at October 31, 2025, the total amount of temporary differences related to investments in subsidiaries, associates, and joint ventures for which no deferred tax liability has been recognized was $8,386 million ($7,626 million as at October 31, 2024).

The following table provides a reconciliation of the Bank's income tax rate.

Year ended October 31	**2025**		2024	
	$	**%**	$	%
Income before income taxes	**5,134**	**100.0**	4,777	100.0
Income taxes at Canadian statutory income tax rate	**1,427**	**27.8**	1,338	28.0
Reduction in income tax rate due to				
Tax-exempt income from securities	**(9)**	**(0.2)**	(141)	(3.0)
Income tax recovery related to a change in tax treatment[1]	**(47)**	**(0.9)**	–	–
Tax rates of subsidiaries, foreign entities and associates	**(248)**	**(4.8)**	(238)	(5.0)
Other items	**(6)**	**(0.1)**	2	–
	(310)	**(6.0)**	(377)	(8.0)
Income taxes reported in the Consolidated Statement of Income and effective income tax rate	**1,117**	**21.8**	961	20.0

(1) During the year ended October 31, 2025, the Bank recorded an income tax recovery of $47 million due to a change in tax treatment related to unrealized gains that had been recognized in fiscal 2024 and in the first quarter of 2025 from the remeasurement at fair value of the interest held by the Bank in CWB prior to the acquisition.

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 October 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 enacted in certain jurisdictions where the Bank operates. For the year ended October 31, 2025, the Bank estimates that the application of the Pillar 2 rules represents an increase in the effective tax rate of 1.8%. For the year ended October 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 enacted.

Note 25 – 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.

Year ended October 31	**2025**	2024
Basic earnings per share		
Net income attributable to the Bank's shareholders and holders of other equity instruments	**4,017**	3,817
Dividends on preferred shares and distributions on other equity instruments	**165**	154
Net income attributable to common shareholders	**3,852**	3,663
Weighted average basic number of common shares outstanding *(thousands)*	**378,495**	339,733
Basic earnings per share *(dollars)*	**10.18**	10.78
Diluted earnings per share		
Net income attributable to common shareholders	**3,852**	3,663
Weighted average basic number of common shares outstanding *(thousands)*	**378,495**	339,733
Adjustment to average number of common shares *(thousands)*		
Stock options[1]	**3,983**	3,106
Weighted average diluted number of common shares outstanding *(thousands)*	**382,478**	342,839
Diluted earnings per share *(dollars)*	**10.07**	10.68

(1) For the years ended October 31, 2025 and 2024, given that the exercise price of the options was lower than the average price of the Bank's common shares, no options were excluded from the diluted earnings per share calculation.

Note 26 – Guarantees, Commitments and Contingent Liabilities

Guarantees

The maximum potential amount of future payments represents the maximum risk of loss if there were a total default by the guaranteed parties, without consideration of recoveries under recourse provisions or insurance policies or from collateral held or pledged. The maximum potential amount of future payments under significant guarantees issued by the Bank is presented in the following table.

As at October 31	**2025**	2024
Letters of guarantee[1]	**11,368**	9,302
Backstop liquidity, credit enhancement facilities and other[1]	**12,089**	11,065
Securities lending	**99**	59

(1) For additional information on allowances for credit losses related to off-balance-sheet commitments, see Note 8 to these Consolidated Financial Statements.

Letters of Guarantee
In the normal course of business, the Bank issues letters of guarantee. These letters of guarantee represent irrevocable commitments that the Bank will make payments in the event that a client cannot meet its obligations to third parties. The Bank's policy for requiring collateral security with respect to letters of guarantee is similar to that for loans. Generally, the term of these letters of guarantee is less than two years.

Backstop Liquidity and Credit Enhancement Facilities
Facilities to Multi-Seller Conduits
The Bank administers multi-seller conduits that purchase financial assets from clients and finance those purchases by issuing asset-backed commercial paper. The Bank provides backstop liquidity facilities to these multi-seller conduits. As at October 31, 2025, the notional amount of the global-style backstop liquidity facilities totalled $6.5 billion ($5.5 billion as at October 31, 2024), representing the total amount of commercial paper outstanding.

These backstop liquidity facilities can be drawn if the conduits are unable to access the commercial paper market, even if there is no general market disruption. These facilities have terms of less than one year and can be periodically renewed. The terms and conditions of these backstop liquidity facilities do not require the Bank to advance money to the conduits if the conduits are insolvent or involved in bankruptcy proceedings or to fund non-performing assets beyond the amount of the available credit enhancements. The backstop liquidity facilities provided by the Bank have not been drawn to date.

The Bank also provides credit enhancement facilities to these multi-seller conduits. These facilities have terms of less than one year and are automatically renewable unless the Bank sends a non-renewal notice. As at October 31, 2025 and 2024, the committed notional value for these facilities was $30 million. To date, the credit enhancement facilities provided by the Bank have not been drawn.

The maximum risk of loss for the Bank cannot exceed the total amount of commercial paper outstanding, i.e., $6.6 billion as at October 31, 2025 ($5.6 billion as at October 31, 2024). As at October 31, 2025, the Bank held $19 million ($63 million as at October 31, 2024) of this commercial paper and, consequently, the maximum potential amount of future payments, taking into account the credit enhancement facilities, was $6.5 billion ($5.5 billion as at October 31, 2024).

CDCC Overnight Liquidity Facility
Canadian Derivatives Clearing Corporation (CDCC) acts as a central clearing counterparty for multiple financial instrument transactions in Canada. Certain fixed-income clearing members of CDCC have provided an equally shared committed and uncommitted global overnight liquidity facility for the purpose of supporting CDCC in its clearing activities of securities purchased under reverse repurchase agreements or sold under repurchase agreements. The objective of this facility is to maintain sufficient liquidity in the event of a clearing member's default. As a fixed-income clearing member providing support to CDCC, the Bank provided a liquidity facility. As at October 31, 2025, the notional amount of the overnight uncommitted liquidity facility amounted to $5.6 billion ($5.6 billion as at October 31, 2024). As at October 31, 2025 and 2024, no amount had been drawn.

Securities Lending
Under securities lending agreements that the Bank has entered into with certain clients who have entrusted it with the safekeeping of their securities, the Bank lends the securities to third parties and indemnifies its clients in the event of loss. To protect itself against any contingent loss, the Bank obtains, as security from the borrower, a cash amount or extremely liquid marketable securities with a fair value greater than that of the securities loaned. No amount has been recognized in the Consolidated Balance Sheet with respect to potential indemnities resulting from securities lending agreements.

Note 26 – Guarantees, Commitments and Contingent Liabilities (cont.)

Other Indemnification Agreements
In the normal course of business, including securitization transactions and discontinuances of businesses and operations, the Bank enters into numerous contractual agreements under which it undertakes to compensate the counterparty for costs incurred as a result of litigation, changes in laws and regulations (including tax legislation), claims with respect to past performance, incorrect representations or the non-performance of certain restrictive covenants. The Bank also undertakes to indemnify any person acting as a director or officer or performing a similar function within the Bank or one of its subsidiaries or another entity, at the request of the Bank, for all expenses incurred by that person in proceedings or investigations to which he or she is party in that capacity. Moreover, as a member of a securities transfer network and pursuant to the membership agreement and the regulations governing the operation of the network, the Bank granted collateral in favour of the Bank of Canada to guarantee any obligation of the Bank towards the Bank of Canada that could result from the Bank's participation in the securities transfer network. The durations of the indemnification agreements vary according to circumstance; as at October 31, 2025 and 2024, given the nature of the agreements, the Bank is unable to make a reasonable estimate of the maximum potential liability it could be required to pay to counterparties. No amount related to these agreements has been recognized in the Consolidated Balance Sheet.

Commitments

Credit Instruments
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 that the Bank could be obligated to extend if the commitments were fully drawn.

As at October 31	**2025**	2024
Letters of guarantee[1]	**11,368**	9,302
Documentary letters of credit[2]	**198**	158
Credit card receivables[3]	**11,472**	10,515
Commitments to extend credit[3]	**117,789**	100,280

(1) See *Letters of Guarantee* on the previous page.
(2) Documentary letters of credit are documents issued by the Bank and used in international trade to enable a third party to present a payment request to the Bank for up to an amount established under specific terms and conditions; these instruments are collateralized by the delivery of the goods to which they are related.
(3) Credit card receivables and commitments to extend credit represent unused portions of authorizations to extend credit, under certain conditions, in the form of loans.

Financial Assets Received as Collateral
As at October 31, 2025, the fair value of financial assets received as collateral that the Bank was authorized to sell or repledge was $164.7 billion ($117.9 billion as at October 31, 2024). Given their characteristics, these financial assets received as collateral are held in a portfolio of liquid assets and consist of securities related to securities financing and derivative transactions as well as securities purchased under reverse repurchase agreements and securities borrowed.

Other Commitments
The Bank acts as an investor in investment banking activities whereby it enters into agreements to finance external private equity funds and investments in equity and debt securities at market value at the time the agreements are signed. In connection with these activities, the Bank had commitments to invest up to $148 million as at October 31, 2025 ($161 million as at October 31, 2024). In addition, through one of its subsidiaries, the Bank purchases retail loans originated by other financial institutions at market value at the time of purchase. As at October 31, 2025, the Bank had commitments to purchase loans of $158 million ($148 million as at October 31, 2024).

Pledged Assets

In the normal course of business, the Bank pledges securities and other assets as collateral. A breakdown of encumbered assets pledged as collateral is provided in the following table. These transactions are concluded in accordance with standard terms and conditions.

As at October 31	**2025**	2024
Assets pledged to		
Bank of Canada	**760**	333
Direct clearing organizations[1]	**17,694**	15,391
Assets pledged in relation to		
Derivative financial instrument transactions	**5,558**	165
Borrowing, securities lending and securities sold under reverse repurchase agreements	**43,264**	41,669
Securitization transactions	**29,950**	28,230
Covered bonds[2]	**11,035**	12,514
Other	**2,554**	2,377
Total	**110,815**	100,679

(1) Includes assets pledged as collateral for activities in the systemically important payment system (designated as Lynx) as at October 31, 2025 and 2024.
(2) The Bank has a covered bond program. For additional information, see Notes 13 and 27 to these Consolidated Financial Statements.

Contingent Liabilities

Litigation

In the normal course of business, the Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios, investment portfolios, and supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions, or other legal remedies of varied natures.

More specifically, the Bank is involved as a defendant in class actions instituted by consumers contesting, *inter alia*, certain transaction fees or who wish to avail themselves of certain legislative provisions relating to consumer protection. The recent developments in the main legal proceeding involving the Bank are as follows:

Vaillancourt-Thivierge (previously Defrance)

On January 21, 2019, the Quebec Superior Court authorized a class action against the National Bank and several other Canadian financial institutions. The originating application was served to the Bank on April 23, 2019. The class action was initiated on behalf of consumers residing in Quebec. The plaintiffs allege that non-sufficient funds charges, billed by all of the defendants when a payment order is refused due to non-sufficient funds, are illegal and prohibited by the *Consumer Protection Act*. The plaintiffs are claiming, in the form of damages, the repayment of these charges as well as punitive damages.

It is impossible to determine the outcome of the claims instituted or which may be instituted against the Bank and its subsidiaries. The Bank estimates, based on the information at its disposal, that while the amount of contingent liabilities pertaining to these claims, taken individually or in the aggregate, could have a material impact on the Bank's consolidated results of operations for a particular period, it would not have a material adverse impact on the Bank's consolidated financial position.

Note 27 – Structured Entities

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. Structured entities are assessed for consolidation in accordance with the accounting treatment described in Note 1 to these Consolidated Financial Statements. The Bank's maximum exposure to loss resulting from its interests in these structured entities consists primarily of the investments in these entities, the fair value of derivative financial instrument contracts entered into with them, and the backstop liquidity and credit enhancement facilities granted to certain structured entities.

In the normal course of business, the Bank may enter into financing transactions with third-party structured entities, including commercial loans, reverse repurchase agreements, prime brokerage margin lending, and similar collateralized lending transactions. While such transactions expose the Bank to the counterparty credit risk of the structured entities, this exposure is mitigated by the collateral related to these transactions. The Bank typically has neither power nor significant variable returns resulting from financing transactions with structured entities and does not consolidate such entities. Financing transactions with third-party-sponsored structured entities are included in the Bank's Consolidated Financial Statements and are not included in the table accompanying this note on the next page.

Non-Consolidated Structured Entities

Multi-Seller Conduits

The Bank administers multi-seller conduits that purchase financial assets from clients and finance those purchases by issuing commercial paper backed by the assets acquired. Clients use these multi-seller conduits to diversify their funding sources and reduce borrowing costs, while continuing to manage the financial assets and providing some amount of first-loss protection. Notes issued by the conduits and held by third parties provide additional credit loss protection. The Bank acts as a financial agent and provides these conduits with administrative and transaction structuring services as well as backstop liquidity and credit enhancement facilities under the commercial paper program. These facilities are presented and described in Note 26. The Bank has concluded derivative financial instrument contracts with these conduits, the fair value of which is presented in the Bank's Consolidated Balance Sheet. Although the Bank has the ability to direct the relevant activities of these conduits, it cannot use its power to affect the amount of the returns it obtains, as it acts as an agent. Consequently, the Bank does not control these conduits and does not consolidate them.

Investment Funds

The Bank enters into derivative or other financial instrument contracts with third parties to provide them with the desired exposure to certain investment funds. The Bank economically hedges the risks related to these derivatives by investing in those investment funds. The Bank can also hold economic interests in certain investment funds as part of its investing activities. In addition, in certain cases, the Bank is sponsor and investment manager of mutual funds in which it has insignificant or no interest. The Bank does not control the funds where its holdings are not significant given that, in these circumstances, the Bank either acts only as an agent or does not have any power over the relevant activities. In both cases, it does not have significant exposure to the variable returns of the funds. Therefore, the Bank does not consolidate these funds.

Private Investments

The Bank invests in several limited liability partnerships and other incorporated entities. These investment companies in turn invest in operating companies with a view to reselling these investments at a profit over the medium or long term. The Bank does not intervene in the operations of these entities; its only role is that of an investor. Consequently, it does not control these companies and does not consolidate them.

Third-Party Structured Entities

The Bank has invested in third-party structured entities, some of which are asset-backed. The underlying assets consist of residential mortgages, consumer loans, equipment loans, leases, and securities. The Bank does not have the ability to direct the relevant activities of these structured entities and has no exposure to their variable returns, other than the right to receive interest income and dividend income from its investments. Consequently, the Bank does not control these structured entities and does not consolidate them.

The following table presents the carrying amounts of the assets and liabilities relating to the Bank's interests in non-consolidated structured entities, the Bank's maximum exposure to loss from these interests, as well as the total assets of these structured entities. The structured entity Canada Housing Trust is not presented. For additional information, see Note 9 to these Consolidated Financial Statements.

	As at October 31, 2025			
	Multi-seller conduits[1]	**Investment funds[2]**	**Private investments[3]**	**Third-party structured entities[4]**
Assets in the Consolidated Balance Sheet				
Securities at fair value through profit or loss	**19**	**356**	**71**	**–**
Securities at amortized cost	**–**	**–**	**–**	**1,268**
Derivative financial instruments	**13**	**–**	**–**	**33**
	32	**356**	**71**	**1,301**
As at October 31, 2024	63	174	73	1,711
Liabilities in the Consolidated Balance Sheet				
Derivative financial instruments	**(7)**	**–**	**–**	**–**
	(7)	**–**	**–**	**–**
As at October 31, 2024	(13)	–	–	(4)
Maximum exposure to loss				
Securities and derivatives	**32**	**356**	**71**	**1,301**
Liquidity, credit enhancement facilities and commitments	**6,537**	**–**	**–**	**577**
	6,569	**356**	**71**	**1,878**
As at October 31, 2024	5,576	174	73	2,149
Total assets of structured entities	**6,555**	**2,148**	**419**	**5,295**
As at October 31, 2024	5,553	1,266	390	6,418

(1) The main underlying assets, located in Canada, are residential mortgages, automobile loans, automobile inventory financings, and other receivables. As at October 31, 2025, the notional committed amount of the global-style liquidity facilities totalled $6.6 billion ($5.6 billion as at October 31, 2024), representing the total amount of commercial paper outstanding. The Bank also provides series-wide credit enhancement facilities for a notional committed amount of $30 million ($30 million as at October 31, 2024). The maximum exposure to loss cannot exceed the amount of commercial paper outstanding. As at October 31, 2025, the Bank held $19 million in commercial paper ($63 million as at October 31, 2024) and, consequently, the maximum potential amount of future payments as at October 31, 2025 was limited to $6.5 billion ($5.5 billion as at October 31, 2024), which represents the undrawn liquidity and credit enhancement facilities.

(2) The underlying assets are various financial instruments and are presented on a net asset basis. Certain investment funds are in a trading portfolio.

(3) The underlying assets are private investments. The amount of total assets of the structured entities corresponds to the amount for the most recent available period.

(4) The underlying assets are residential mortgages, consumer loans, equipment loans, leases, and securities.

Consolidated Structured Entities

Securitization Entity for the Bank's Credit Card Receivables

In April 2015, the Bank set up Canadian Credit Card Trust II (CCCT II) to continue its credit card securitization program on a revolving basis and to use the entity for capital management and funding purposes.

The Bank provides first-loss protection against the losses, since it retains the excess spread from the portfolio of sold receivables. The excess spread represents the residual net interest income after all the expenses related to this structure have been paid. The Bank also provides second-loss protection as it may hold subordinated notes that could be issued by CCCT II. In addition, the Bank acts as an administrative agent and servicer and as such is responsible for the daily administration and management of CCCT II's credit card receivables. The Bank therefore has the ability to direct the relevant activities of CCCT II and can exercise its power to affect the amount of returns it obtains. Consequently, the Bank controls CCCT II and consolidates it.

Multi-Seller Conduit

The Bank administers a multi-seller conduit that purchases various financial assets from clients and finances those purchases by issuing debt securities (including commercial paper) backed by the assets acquired. The clients use this multi-seller conduit to diversify their funding sources and reduce borrowing costs, while continuing to manage the financial assets and providing some amount of first-loss protection. The Bank holds the sole note issued by the conduit and has concluded a derivative financial instrument contract with the conduit. The Bank controls the relevant activities of this conduit through its involvement as a financial agent, agent for administrative and transaction structuring services as well as investor in the conduit's sole note. The Bank's functions and investment in the conduit confer to it decision-making power over the composition of assets acquired by the conduit and the selection of the seller as well as some exposure to the conduit's variable returns. Therefore, the Bank consolidates this conduit.

Note 27 – Structured Entities (cont.)

Investment Funds

The Bank enters into derivative or other financial instrument contracts with third parties to provide them with the desired exposure to certain investment funds. The Bank economically hedges the risks related to these derivatives by investing in those investment funds. The Bank can also hold economic interests in certain investment funds as part of its investing activities. The Bank controls the relevant activities of certain funds through its involvement as an investor and its significant exposure to their variable returns. Therefore, the Bank consolidates these funds.

Covered Bonds

NBC Covered Bond Guarantor (Legislative) Limited Partnership

In December 2013, the Bank established the covered bond legislative program under which covered bonds are issued. It therefore created NBC Covered Bond Guarantor (Legislative) Limited Partnership (the Guarantor) to guarantee payment of the principal and interest owed to the bondholders. The Bank sold uninsured residential mortgages to the Guarantor and granted it loans to facilitate the acquisition of these assets. The Bank acts as manager of the partnership and has decision-making authority over its relevant activities in accordance with the contractual terms governing the covered bond legislative program. In addition, the Bank is able, in accordance with the contractual terms governing the covered bond legislative program, to affect the variable returns of the partnership, which are directly related to the return on the mortgage loan portfolio and the interest on the loans from the Bank. Consequently, the Bank controls the partnership and consolidates it.

Third-Party Structured Entities

In 2018, the Bank, through one of its subsidiaries, provided financing to a third-party structured entity in exchange for a 100% interest in a loan portfolio, the sole asset held by that entity. The Bank controls and therefore consolidates the structured entity, as it has the ability to direct the entity's relevant activities through its involvement in the decision-making process. The Bank is also exposed to the entity's variable returns.

The following table presents the Bank's investments and other assets in the consolidated structured entities as well as the total assets of these entities.

As at October 31	2025		2024	
	Investments and other assets	**Total assets[1]**	Investments and other assets	Total assets[1]
Consolidated structured entities				
Securitization entity for the Bank's credit card receivables[2][3]	**2,554**	**2,565**	3,176	3,243
Multi-seller conduit[4]	**1,470**	**1,470**	2,022	2,022
Investment funds[5]	**51**	**51**	47	47
Covered bonds[6]	**17,530**	**17,993**	21,779	22,288
Third-party structured entities[7]	**111**	**111**	124	124
	21,716	**22,190**	27,148	27,724

(1) There are restrictions, arising essentially from regulatory requirements, corporate or securities laws, and contractual arrangements, that limit the ability of some of the Bank's consolidated structured entities to transfer funds to the Bank.
(2) The underlying assets are credit card receivables.
(3) As at October 31, 2024, the Bank's investment was presented net of third-party holdings.
(4) The underlying assets, located in Canada, are mainly residential mortgages.
(5) The underlying assets are various financial instruments and are presented on a net asset basis. Certain investment funds are in a trading portfolio.
(6) The underlying assets are uninsured residential mortgage loans of the Bank. The average maturity of these underlying assets is two years. As at October 31, 2025, the total amount of transferred mortgage loans was $17.6 billion ($21.9 billion as at October 31, 2024), and the total amount of covered bonds of $10.0 billion was recognized in *Deposits* in the Consolidated Balance Sheet ($11.4 billion as at October 31, 2024). For additional information, see Note 13 to these Consolidated Financial Statements.
(7) The underlying assets consist of a loan portfolio.

Note 28 – Related Party Disclosures

In the normal course of business, the Bank provides various banking services to related parties and enters into contractual agreements and other operations with related parties. The Bank considers the following to be related parties:

- its key officers and directors and members of their immediate family, i.e., spouses and children under 18 living in the same household;
- entities over which its key officers and directors and their immediate family have control or significant influence through their significant voting power;
- the Bank's associates and joint ventures;
- the Bank's pension plans (for additional information, see Note 23 to these Consolidated Financial Statements).

According to the established definition, the Bank's key officers are those persons having authority and responsibility for planning, directing, and controlling the Bank's activities, directly or indirectly.

Related Party Transactions

As at October 31

	Key officers and directors[1]		Related entities	
	2025	2024	**2025**	2024
Assets				
Mortgage loans and other loans	**30**	21	**151** [2]	60 [2]
Liabilities				
Deposits	**60**	47	**1,059** [3]	559 [3]
Other	**–**	–	**5**	2

(1) As at October 31, 2025, key officers and directors and their immediate family members were holding $60 million of the Bank's common and preferred shares ($38 million as at October 31, 2024).

(2) As at October 31, 2025, mortgage loans and other loans consisted of: (i) no amount in loans to the Bank's associates (no amount as at October 31, 2024) and (ii) $151 million in loans to entities over which the Bank's key officers or directors or their immediate family members exercise control or significant influence through significant voting power ($60 million as at October 31, 2024).

(3) As at October 31, 2025, deposits consisted of: (i) no amount in deposits to the Bank's associates (no amount as at October 31, 2024) and (ii) $1,059 million in deposits from entities over which the Bank's key officers or directors and their immediate family members exercise control or significant influence through significant voting power ($559 million as at October 31, 2024).

The contractual agreements and other transactions with related entities as well as with directors and key officers are entered into under conditions similar to those offered to non-related third parties. These agreements did not have a significant impact on the Bank's results. The Bank also offers a deferred stock unit plan to directors who are not Bank employees. For additional information, see Notes 22 and 27 to these Consolidated Financial Statements.

Compensation of Key Officers and Directors

Year ended October 31	**2025**	2024
Compensation and other short-term and long-term benefits	**33**	28
Share-based payments	**31**	27

Note 28 – Related Party Disclosures (cont.)

Principal Subsidiaries of the Bank[1]

			As at October 31, 2025	
Name	Business activity	Principal office address[2]	Voting shares[3]	Investment at cost
Canada and United States				
National Bank Acquisition Holding Inc.	Holding company	Montreal, Canada	100%	1,257
National Bank Financial Inc.	Investment dealer	Montreal, Canada	100%	
NBF International Holdings Inc.	Holding company	Montreal, Canada	100%	
National Bank of Canada Financial Group Inc.	Holding company	New York, NY, United States	100%	
Credigy Ltd.	Holding company	Atlanta, GA, United States	100%	
National Bank of Canada Financial Inc.	Investment dealer	New York, NY, United States	100%	
National Bank Savings and Investments Inc.	Mutual fund dealer	Montreal, Canada	100%	
National Bank Investments Inc.	Mutual fund manager	Montreal, Canada	100%	
National Bank Life Insurance Company	Insurance	Montreal, Canada	100%	
Natcan Trust Company	Trustee	Montreal, Canada	100%	
National Bank Trust Inc.	Trustee	Montreal, Canada	100%	195
National Bank Realty Inc.	Real estate	Montreal, Canada	100%	80
CWB National Leasing Inc.	Financing company	Winnipeg, Canada	100%	740
CWB Wealth Management Ltd.	Mutual fund manager	Edmonton, Canada	100%	44
Canadian Western Trust Company	Trustee	Edmonton, Canada	100%	803
Valiant Trust Company	Trustee	Edmonton, Canada	100%	17
NatBC Holding Corporation	Holding company	Hollywood, FL, United States	100%	100
Natbank, National Association	Commercial bank	Hollywood, FL, United States	100%	
Flinks Technology Inc.	Information technology	Montreal, Canada	97%	150
Other countries				
NBC Global Finance Limited	Investment services	Dublin, Ireland	100%	22
NBC Financial Markets Asia Limited	Investment dealer	Hong Kong, China	100%	5
Advanced Bank of Asia Limited	Commercial bank	Phnom Penh, Cambodia	100%	1,241
ATA IT Ltd.	Information technology	Bangkok, Thailand	100%	3
Natcan Insurance Company SCC	Insurance	Bridgetown, Barbados	100%	108
NBC Paris S.A.	Investment services	Paris, France	100%	4

(1) Excludes consolidated structured entities. For additional information, see Note 27 to these Consolidated Financial Statements.
(2) All subsidiaries were founded or incorporated under the laws of the state, province or country where their principal office is located, except for National Bank of Canada Financial Group Inc., National Bank of Canada Financial Inc. and NatBC Holding Corporation, which were incorporated under the laws of the State of Delaware, United States, and Credigy Ltd., which was incorporated under the laws of the State of Nevada, United States.
(3) The Bank's percentage of voting rights, either directly or indirectly, in these subsidiaries.

Note 29 – Financial Instruments Risk Management

The Bank is exposed to credit risk, market risk, and liquidity and funding risk. The Bank's objectives, policies, and procedures for managing risk and the risk measurement methods are presented in the Risk Management section of the MD&A for the year ended October 31, 2025. Text in grey shading and tables identified with an asterisk (*) in the Risk Management section of the MD&A for the year ended October 31, 2025 are integral parts of these Consolidated Financial Statements.

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 October 31, 2025 and 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 nor 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 funding needs of its clients represent the maximum amount of additional credit that the Bank could be obligated to extend if the commitments were fully drawn.

The Bank also has future minimum commitments under leases as well as under other contracts, mainly commitments to purchase loans and contracts for outsourced information technology services.

	As at October 31, 2025									
	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	13,916	1,537	1,660	680	569	–	–	–	9,554	27,916
Securities										
At fair value through profit or loss	180	149	585	688	981	3,696	12,533	12,056	117,250	148,118
At fair value through other comprehensive income	23	65	73	599	952	2,088	8,500	11,433	291	24,024
At amortized cost	466	400	134	1,036	1,242	2,456	7,551	3,320	–	16,605
	669	614	792	2,323	3,175	8,240	28,584	26,809	117,541	188,747
Securities purchased under reverse repurchase agreements and securities borrowed	17,810	1,641	2,268	–	–	–	–	–	5,372	27,091
Loans[1]										
Residential mortgage	2,907	3,435	5,996	8,211	6,800	24,607	50,720	10,662	591	113,929
Personal	1,160	1,175	2,274	2,283	1,772	6,667	14,500	5,754	14,588	50,173
Credit card									3,022	3,022
Business and government	17,036	9,169	7,877	9,457	6,405	16,420	22,241	9,381	39,644	137,630
Allowances for credit losses									(2,131)	(2,131)
	21,103	13,779	16,147	19,951	14,977	47,694	87,461	25,797	55,714	302,623
Other										
Derivative financial instruments	2,915	1,595	1,156	749	412	1,382	1,691	2,615	–	12,515
Premises and equipment									2,162	2,162
Goodwill									3,101	3,101
Intangible assets									1,748	1,748
Other assets[1]	1,260	305	23	227	219	567	197	1,049	7,169	11,016
	4,175	1,900	1,179	976	631	1,949	1,888	3,664	14,180	30,542
	57,673	19,471	22,046	23,930	19,352	57,883	117,933	56,270	202,361	576,919

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

Note 29 – Financial Instruments Risk Management (cont.)

	As at October 31, 2025									
	1 month or less	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 12 months	Over 1 year to 2 years	Over 2 years to 5 years	Over 5 years	No specified maturity	Total
Liabilities and equity										
Deposits[1][2]										
Personal	3,893	3,675	4,542	5,777	5,354	10,230	16,026	11,449	63,471	124,417
Business and government	49,094	14,091	22,662	23,596	12,484	15,717	39,727	6,977	113,164	297,512
Deposit-taking institutions	1,229	1,463	164	722	451	–	7	–	2,038	6,074
	54,216	19,229	27,368	30,095	18,289	25,947	55,760	18,426	178,673	428,003
Other										
Obligations related to securities sold short[3]	28	579	373	295	154	999	3,045	5,205	2,579	13,257
Obligations related to securities sold under repurchase agreements and securities loaned	16,507	8,195	5,961	–	–	603	–	–	10,090	41,356
Derivative financial instruments	2,226	1,922	2,828	814	568	1,621	1,816	4,189	–	15,984
Liabilities related to transferred receivables[4]	–	3,314	390	1,637	767	3,463	10,457	10,549	–	30,577
Securitization – Credit card[5]	–	–	–	–	–	–	–	–	–	–
Lease liabilities[5]	7	15	22	22	23	83	196	276	–	644
Other liabilities – Other items[1][5]	2,111	374	428	84	138	116	103	228	6,315	9,897
	20,879	14,399	10,002	2,852	1,650	6,885	15,617	20,447	18,984	111,715
Subordinated debt	–	–	–	–	–	–	–	3,432	–	3,432
Equity									33,769	33,769
	75,095	33,628	37,370	32,947	19,939	32,832	71,377	42,305	231,426	576,919
Off-balance-sheet commitments										
Letters of guarantee and documentary letters of credit	106	2,837	2,436	1,680	2,202	2,030	251	7	17	11,566
Credit card receivables[6]									11,472	11,472
Backstop liquidity and credit enhancement facilities[7]	–	15	5,552	15	–	–	–	–	6,507	12,089
Commitments to extend credit[8]	3,952	15,070	8,861	9,910	6,078	7,399	5,613	290	60,616	117,789
Obligations related to:										
Lease commitments[9]	1	1	2	2	2	5	6	18	–	37
Other contracts	4	8	12	12	12	160	110	5	148	471

(1) Amounts payable upon demand or notice are considered to have no specified maturity.
(2) *Deposits* are presented in greater detail than in the Consolidated Balance Sheet.
(3) Amounts are disclosed according to the residual contractual maturity of the underlying security.
(4) These amounts mainly include liabilities related to the securitization of mortgage loans.
(5) *Other liabilities* are presented in greater detail than in 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 $57.2 billion that is unconditionally revocable at the Bank's discretion at any time.
(9) These amounts include leases for which the underlying asset is of low value and leases other than for real estate of less than one year.

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.

Note 29 – Financial Instruments Risk Management (cont.)

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) *Deposits* are presented in greater detail than in the Consolidated Balance Sheet.
(3) Amounts have been disclosed according to the residual contractual maturity of the underlying security.
(4) These amounts mainly include liabilities related to the securitization of mortgage loans.
(5) *Other liabilities* are presented in greater detail than in 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 portion under construction of the head office building.

Note 30 – Segment Disclosures

The Bank carries out its activities in four business segments, which are defined below. For presentation purposes, other activities are grouped in the *Other* heading. Each reportable segment is distinguished by services offered, type of clientele, and marketing strategy. The presentation of segment disclosures is consistent with the presentation adopted by the Bank for the fiscal year that began on November 1, 2024. It reflects the discontinuation of taxable equivalent basis reporting for income and income tax expense. Using the taxable equivalent basis 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.

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

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

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

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

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

The segment disclosures are prepared in accordance with the accounting policies described in Note 1 to these Consolidated Financial Statements. Operations support charges are allocated to each operating segment presented in the business segment results. The Bank assesses performance based on the net income attributable to the Bank's shareholders and holders of other equity instruments. Intersegment revenues are recognized at the exchange amount.

Note 30 – Segment Disclosures (cont.)

Results by Business Segment

Year ended October 31[1]

	Personal and Commercial		Wealth Management		Capital Markets		USSF&I		Other		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Net interest income[2]	**4,475**	3,587	**930**	833	**(2,269)**	(2,519)	**1,484**	1,303	**(102)**	(265)	**4,518**	2,939
Non-interest income[3]	**1,076**	1,086	**2,310**	1,953	**5,931**	5,173	**137**	112	**8**	137	**9,462**	8,461
Total revenues	**5,551**	4,673	**3,240**	2,786	**3,662**	2,654	**1,621**	1,415	**(94)**	(128)	**13,980**	11,400
Non-interest expenses[4][5]	**3,147**	2,486	**1,902**	1,633	**1,442**	1,246	**501**	439	**608**	250	**7,600**	6,054
Income before provisions for credit losses and income taxes	**2,404**	2,187	**1,338**	1,153	**2,220**	1,408	**1,120**	976	**(702)**	(378)	**6,380**	5,346
Provisions for credit losses[6]	**868**	335	**5**	(1)	**142**	54	**231**	182	**–**	(1)	**1,246**	569
Income before income taxes (recovery)	**1,536**	1,852	**1,333**	1,154	**2,078**	1,354	**889**	794	**(702)**	(377)	**5,134**	4,777
Income taxes (recovery)[7]	**425**	509	**357**	317	**394**	100	**185**	166	**(244)**	(131)	**1,117**	961
Net income	**1,111**	1,343	**976**	837	**1,684**	1,254	**704**	628	**(458)**	(246)	**4,017**	3,816
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(1)	**–**	(1)
Net income attributable to the Bank's shareholders and holders of other equity instruments	**1,111**	1,343	**976**	837	**1,684**	1,254	**704**	628	**(458)**	(245)	**4,017**	3,817
Average assets[8]	**200,454**	158,917	**11,224**	9,249	**226,990**	195,881	**32,511**	27,669	**76,290**	65,546	**547,469**	457,262
Total assets	**219,673**	165,204	**12,586**	10,411	**231,686**	193,012	**35,188**	30,202	**77,786**	63,397	**576,919**	462,226

(1) Certain comparative amounts have been adjusted to reflect the discontinuation of taxable equivalent basis reporting for revenues and income taxes.
(2) During the year ended October 31, 2025, the Bank recorded an amount of $28 million ($20 million net of income taxes) in the *Other* heading 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 13 and 15). For the year ended October 31, 2024, the amount was $14 million ($10 million net of income taxes).
(3) During the year ended October 31, 2025, the Bank recorded a gain of $4 million upon the remeasurement at fair value of the interest already held by the Bank in CWB as at January 31, 2025 (a gain of $174 million ($125 million net of income taxes) for the year ended October 31, 2024). Also, during the year ended October 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 (a loss of $3 million ($2 million net of income taxes) for the year ended October 31, 2024). All these items were recorded in the *Other* heading.
(4) During the year ended October 31, 2025, the Bank recorded acquisition and integration charges of $352 million ($255 million net of income taxes), allocated between Personal and Commercial ($1 million), Wealth Management ($3 million) and the *Other* heading ($348 million) related to the CWB acquisition. For the year ended October 31, 2024, they were $18 million ($13 million net of income taxes), recorded in the *Other* heading.
(5) During the year ended October 31, 2025, the Bank recorded an expense of $73 million ($54 million net of income taxes), allocated between Personal and Commercial ($67 million) and Wealth Management ($6 million), to reflect the amortization of intangible assets related to the CWB acquisition.
(6) During the year ended October 31, 2025, the Bank recorded an amount of $230 million ($166 million net of income taxes) in the Personal and Commercial segment to reflect the initial provisions for credit losses on non-impaired loans acquired from CWB.
(7) During the year ended October 31, 2025, the Bank recorded in the *Other* heading an income tax recovery of $47 million due to a change in tax treatment related to unrealized gains that had been recognized in fiscal 2024 and in the first quarter of 2025, from the remeasurement at fair value of the interest held by the Bank in CWB prior to the acquisition.
(8) Represents the average of the daily balances for the period, which is also the basis on which segment assets are reported in the business segments.

Results by Geographic Segment

The Bank allocates its results by geographic region based on the location of the entity responsible for managing the assets, liabilities, and operating results.

Year ended October 31[1]

	Canada		United States		Other		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Net interest income[2]	**2,583**	1,208	**631**	606	**1,304**	1,125	**4,518**	2,939
Non-interest income[3]	**8,074**	7,061	**142**	189	**1,246**	1,211	**9,462**	8,461
Total revenues	**10,657**	8,269	**773**	795	**2,550**	2,336	**13,980**	11,400
Non-interest expenses[4][5]	**6,971**	5,494	**238**	222	**391**	338	**7,600**	6,054
Income before provisions for credit losses and income taxes	**3,686**	2,775	**535**	573	**2,159**	1,998	**6,380**	5,346
Provisions for credit losses[6]	**1,016**	388	**113**	113	**117**	68	**1,246**	569
Income before income taxes	**2,670**	2,387	**422**	460	**2,042**	1,930	**5,134**	4,777
Income taxes[7]	**666**	629	**100**	99	**351**	233	**1,117**	961
Net income	**2,004**	1,758	**322**	361	**1,691**	1,697	**4,017**	3,816
Non-controlling interests	**–**	(1)	**–**	–	**–**	–	**–**	(1)
Net income attributable to the Bank's shareholders and holders of other equity instruments	**2,004**	1,759	**322**	361	**1,691**	1,697	**4,017**	3,817
Average assets[8]	**460,213**	378,632	**30,005**	28,284	**57,251**	50,346	**547,469**	457,262
Total assets	**485,632**	381,098	**32,355**	26,327	**58,932**	54,801	**576,919**	462,226

(1) For the year ended October 31, 2024, certain comparative amounts have been reclassified by geographic segments compared to those previously presented, to better reflect the location of the entities.
(2) During the year ended October 31, 2025, the Bank recorded an amount of $28 million ($20 million net of income taxes) in *Net interest income* in the Canada heading 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 13 and 15). For the year ended October 31, 2024, the amount was $14 million ($10 million net of income taxes).
(3) During the year ended October 31, 2025, the Bank recorded a gain of $4 million upon the remeasurement at fair value of the interest already held by the Bank in CWB as at January 31, 2025 (a gain of $174 million ($125 million net of income taxes) for the year ended October 31, 2024). Also, during the year ended October 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 (a loss of $3 million ($2 million net of income taxes) for the year ended October 31, 2024). All these items were recorded in Canada.
(4) During the year ended October 31, 2025, the Bank recorded, in *Non-interest expenses* in Canada, acquisition and integration charges of $352 million ($255 million net of income taxes) related to the CWB acquisition. For the year ended October 31, 2024, they were $18 million ($13 million net of income taxes).
(5) During the year ended October 31, 2025, the Bank recorded, in *Non-interest expenses* in Canada, an expense of $73 million ($54 million net of income taxes), to reflect the amortization of intangible assets related to the CWB acquisition.
(6) During the year ended October 31, 2025, the Bank recorded in Canada an amount of $230 million ($166 million net of income taxes) to reflect the initial provisions for credit losses on non-impaired loans acquired from CWB.
(7) During the year ended October 31, 2025, the Bank recorded in Canada an income tax recovery of $47 million due to a change in tax treatment related to unrealized gains that had been recognized in fiscal 2024 and in the first quarter of 2025, from the remeasurement at fair value of the interest held by the Bank in CWB prior to the acquisition.
(8) Represents the average of the daily balances for the period.

Note 31 – Events After the Consolidated Balance Sheet Date

Laurentian Bank of Canada Transactions

On December 2, 2025, the Bank entered into a definitive asset purchase agreement with Laurentian Bank of Canada (LBC) pursuant to which it will assume certain liabilities and acquire certain assets related to LBC's retail and SME business banking portfolios (Retail/SME Transaction), and the Bank will assume LBC's distribution agreement for certain mutual funds. Consideration of cash and cash equivalents to be received from LBC will be determined in reference to the value of liabilities assumed net of assets acquired, at the closing date.

The closing of the Retail/SME Transaction, expected to occur in late 2026, is conditional on all conditions precedent to the closing of the acquisition of LBC by Fairstone Bank (Acquisition Transaction) having been satisfied or waived, and to the closing of the Acquisition Transaction immediately following the Retail/SME Transaction. The Retail/SME Transaction is subject to customary closing conditions, including receipt of key regulatory approvals.

Separately, concurrently with the execution of the Retail/SME Transaction agreement, the Bank and LBC have also entered into a definitive loan purchase agreement in respect of the purchase by the Bank of LBC's syndicated loan portfolio (Syndicated Loan Transaction) for a purchase price which will be determined in reference to the value at the closing date. The closing of the Syndicated Loan Transaction, expected to occur in early 2026, is not subject to the closing of either one of the aforementioned transactions and is subject to customary closing conditions.

Redemption of Limited Recourse Capital Notes

On November 17, 2025, the first business day after the November 15, 2025 set redemption date, the Bank redeemed all of the issued and outstanding LRCN – Series 1. Pursuant to the LRCN – Series 1 conditions, the redemption price was $1,000 per LRCN plus the interest accrued and unpaid. The Bank redeemed 500,000 LRCN – Series 1 for a total amount of $500 million, which reduced *Preferred shares and other equity instruments*. In connection with the redemption of LRCN – Series 1, the Bank redeemed all of the Non-Cumulative 5-Year Fixed Rate Reset Series 44 First Preferred Shares, issued by the Bank in conjunction with the LRCN – Series 1 and held by an independent trustee in a limited recourse consolidated trust.

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Statistical Review

As at October 31 or for the year ended October 31[1] (millions of Canadian dollars)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Consolidated Balance Sheet data										
Cash and deposits with financial institutions	**27,916**	31,549	35,234	31,870	33,879	29,142	13,698	12,756	8,802	8,183
Securities	**188,747**	145,165	121,818	109,719	106,304	102,131	82,226	69,783	65,343	64,541
Securities purchased under reverse repurchase agreements and securities borrowed	**27,091**	16,265	11,260	26,486	7,516	14,512	17,723	18,159	20,789	13,948
Loans, net of allowances[2]	**302,623**	243,032	225,443	206,744	182,689	164,740	153,251	146,082	136,457	128,036
Other assets	**30,542**	26,215	29,722	28,921	25,233	20,963	14,475	15,661	14,433	17,498
Total assets	**576,919**	462,226	423,477	403,740	355,621	331,488	281,373	262,441	245,824	232,206
Deposits	**428,003**	333,545	288,173	266,394	240,938	215,878	189,566	170,830	156,671	142,066
Other liabilities	**111,715**	101,873	110,972	114,101	95,233	98,589	75,983	76,539	75,589	77,026
Subordinated debt	**3,432**	1,258	748	1,499	768	775	773	747	9	1,012
Share capital and other equity instruments										
Preferred shares and other equity	**3,114**	3,150	3,150	3,150	2,650	2,950	2,450	2,450	2,050	1,650
Common shares	**9,865**	3,463	3,294	3,196	3,160	3,057	2,949	2,822	2,768	2,645
Contributed surplus	**137**	85	68	56	47	47	51	57	58	73
Retained earnings	**20,366**	18,633	16,650	15,140	12,854	10,307	9,227	8,442	7,703	6,706
Accumulated other comprehensive income	**287**	219	420	202	(32)	(118)	16	175	168	218
Non-controlling interests	**–**	–	2	2	3	3	358	379	808	810
Total liabilities and equity	**576,919**	462,226	423,477	403,740	355,621	331,488	281,373	262,441	245,824	232,206
Average assets[3]	**547,469**	457,262	430,646	393,847	363,506	318,087	286,162	265,940	248,351	235,913
Net impaired loans[4] under IFRS 9[5]	**2,904**	1,629	1,276	1,030	836	1,386	1,673	2,046		
Net impaired loans[4] under IAS 39[5]									2,220	2,139
Consolidated Statement of Income data										
Net interest income	**4,518**	2,939	3,586	5,271	4,783	4,255	3,596	3,382	3,436	3,205
Non-interest income	**9,462**	8,461	6,472	4,381	4,144	3,672	3,836	3,784	3,173	2,635
Total revenues	**13,980**	11,400	10,058	9,652	8,927	7,927	7,432	7,166	6,609	5,840
Non-interest expenses	**7,600**	6,054	5,753	5,230	4,903	4,616	4,375	4,100	3,861	3,875
Income before provisions for credit losses and income taxes	**6,380**	5,346	4,305	4,422	4,024	3,311	3,057	3,066	2,748	1,965
Provisions for credit losses	**1,246**	569	397	145	2	846	347	327	244	484
Income taxes	**1,117**	961	619	894	882	434	443	534	483	225
Net income	**4,017**	3,816	3,289	3,383	3,140	2,031	2,267	2,205	2,021	1,256
Non-controlling interests	**–**	(1)	(2)	(1)	–	42	66	87	84	75
Net income attributable to the Bank's shareholders and holders of other equity instruments	**4,017**	3,817	3,291	3,384	3,140	1,989	2,201	2,118	1,937	1,181

(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 year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section in the MD&A. Certain amounts from fiscal 2023 have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17 and certain amounts from fiscal years 2017 to 2021 were adjusted in 2022 to reflect an accounting policy change applicable to cloud computing arrangements, aside from the average assets figures for fiscal years 2017 to 2019.

(2) Including customers' liability under acceptances for fiscal years 2016 to 2023.

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

(4) See the Glossary section on pages 136 to 139 for details on the composition of these measures.

(5) Given the adoption of IFRS 9, all loans classified in Stage 3 of the expected credit loss model and POCI loans are impaired loans. Under IAS 39, loans were considered impaired according to different criteria.

As at October 31[1]	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Number of common shares *(thousands)*	**391,066**	340,744	338,285	336,582	337,912	335,998	334,172	335,071	339,592	338,053
Basic earnings per share	**$ 10.18**	$ 10.78	$ 9.33	$ 9.72	$ 8.95	$ 5.57	$ 6.22	$ 5.93	$ 5.43	$ 3.31
Diluted earnings per share	**$ 10.07**	$ 10.68	$ 9.24	$ 9.61	$ 8.85	$ 5.54	$ 6.17	$ 5.86	$ 5.37	$ 3.29
Dividend per share	**$ 4.64**	$ 4.32	$ 3.98	$ 3.58	$ 2.84	$ 2.84	$ 2.66	$ 2.44	$ 2.28	$ 2.18
Share price										
High	**$ 156.70**	$ 134.23	$ 103.58	$ 105.44	$ 104.32	$ 74.79	$ 68.02	$ 65.63	$ 62.74	$ 47.88
Low	**$ 107.01**	$ 86.50	$ 84.97	$ 83.12	$ 65.54	$ 38.73	$ 54.97	$ 58.69	$ 46.83	$ 35.83
Close	**$ 156.70**	$ 132.80	$ 86.22	$ 92.76	$ 102.46	$ 63.94	$ 68.02	$ 59.76	$ 62.61	$ 47.88
Book value[2]	**$ 78.39**	$ 65.74	$ 60.40	$ 55.24	$ 47.44	$ 39.56	$ 36.64	$ 34.31	$ 31.50	$ 28.52
Dividends on preferred shares										
Series 28	**–**	–	–	–	–	–	–	–	$ 0.9500	$ 0.9500
Series 30	**$ 1.5478**	$ 1.2770	$ 1.0063	$ 1.0063	$ 1.0063	$ 1.0063	$ 1.0156	$ 1.0250	$ 1.0250	$ 1.0250
Series 32	**$ 0.2399**	$ 0.9598	$ 0.9598	$ 0.9598	$ 0.9598	$ 0.9636	$ 0.9750	$ 0.9750	$ 0.9750	$ 0.9750
Series 34	**–**	–	–	–	$ 0.7000	$ 1.4000	$ 1.4000	$ 1.4000	$ 1.4000	$ 1.1373
Series 36	**–**	–	–	–	$ 1.0125	$ 1.3500	$ 1.3500	$ 1.3500	$ 1.3500	$ 0.5733
Series 38	**$ 1.7568**	$ 1.7568	$ 1.7568	$ 1.1125	$ 1.1125	$ 1.1125	$ 1.1125	$ 1.1125	$ 0.4724	–
Series 40	**$ 1.4545**	$ 1.4545	$ 1.3023	$ 1.1500	$ 1.1500	$ 1.1500	$ 1.1500	$ 0.9310	–	–
Series 42	**$ 1.7640**	$ 1.7640	$ 1.2375	$ 1.2375	$ 1.2375	$ 1.2375	$ 1.2375	$ 0.5323	–	–
Series 47	**$ 1.1946**	–	–	–	–	–	–	–	–	–
Series 49	**$ 1.4346**	–	–	–	–	–	–	–	–	–
LRCN interests										
Series 1	**4.30 %**	4.30 %	4.30 %	4.30 %	4.30 %	4.30 %	–	–	–	–
Series 2	**4.05 %**	4.05 %	4.05 %	4.05 %	4.05 %	–	–	–	–	–
Series 3	**7.50 %**	7.50 %	7.50 %	7.50 %	–	–	–	–	–	–
Financial ratios										
Return on common shareholders' equity[2]	**13.7 %**	17.2 %	16.3 %	18.8 %	20.7 %	14.6 %	18.0 %	18.4 %	18.1 %	11.7 %
Return on average assets[2]	**0.73 %**	0.83 %	0.76 %	0.86 %	0.86 %	0.64 %	0.81 %	0.84 %	0.81 %	0.53 %
Regulatory ratios under Basel III[3]										
Capital ratios										
CET1	**13.8 %**	13.7 %	13.5 %	12.7 %	12.4 %	11.8 %	11.7 %	11.7 %	11.2 %	10.1 %
Tier 1	**15.1 %[4]**	15.9 %	16.0 %	15.4 %	15.0 %	14.9 %	15.0 %	15.5 %	14.9 %[5]	13.5 %
Total	**17.3 %[4]**	17.0 %	16.8 %	16.9 %	15.9 %	16.0 %	16.1 %	16.8 %	15.1 %[5]	15.3 %
Leverage ratio	**4.5 %[4]**	4.4 %	4.4 %	4.5 %	4.4 %	4.4 %	4.0 %	4.0 %	4.0 %	3.7 %
TLAC ratio[6]	**29.7 %**	31.2 %	29.2 %	27.7 %	26.3 %	23.7 %				
TLAC leverage ratio[6]	**8.8 %**	8.6 %	8.0 %	8.1 %	7.8 %	7.0 %				
Liquidity coverage ratio (LCR)[7]	**173 %**	150 %	155 %	140 %	154 %	161 %	146 %	147 %	132 %	134 %
Net stable funding ratio (NSFR)[7]	**124 %**	122 %	118 %	117 %	117 %					
Other information										
Number of employees[8]	**33,200**	29,196	28,916	27,103	24,495	25,604	24,557	22,426	20,584	20,600
Branches in Canada	**382**	368	368	378	384	403	422	428	429	450
Banking machines in Canada	**939**	940	944	939	927	940	939	937	931	938

(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 year ended October 31, 2025. For additional information on the impact of the CWB acquisition, see the Acquisition section in the MD&A. Certain amounts from fiscal 2023 have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17 and certain amounts from fiscal years 2017 to 2021 have been adjusted to reflect an accounting policy change in 2022 applicable to cloud computing arrangements, aside from the return on common shareholders' equity and return on average assets figures for fiscal years 2017 to 2019.
(2) See the Glossary section on pages 136 to 139 for details on the composition of these measures.
(3) Ratios as at October 31, 2022, 2021 and 2020 are calculated in accordance with the Basel III rules, as set out in OSFI's *Capital Adequacy Requirements Guideline* and *Leverage Requirements Guideline,* and reflect the transitional measures granted by OSFI.
(4) Ratios as at October 31, 2025 include the redemption of LRCN - Series 1 completed on November 17, 2025.
(5) Ratios as at October 31, 2017 include the redemption of the Series 28 preferred shares on November 15, 2017.
(6) The TLAC ratio and the TLAC leverage ratio are calculated in accordance with OSFI's *Total Loss Absorbing Capacity Guideline*.
(7) The LCR ratio and the NSFR ratio are calculated in accordance with OSFI's *Liquidity Adequacy Requirements Guideline*.
(8) Full-time equivalent. The methodology was refined during fiscal 2023 and the fiscal 2022 and 2021 figures have been restated.

Information for Shareholders

Description of Share Capital

The authorized share capital of the Bank consists of an unlimited number of common shares, without par value, an unlimited number of first preferred shares, without par value, issuable for a maximum aggregate consideration of $7.5 billion, and 15 million second preferred shares, without par value, issuable for a maximum aggregate consideration of $300 million. As at October 31, 2025, the Bank had a total of 391,065,541 common shares and 65,500,000 first preferred shares issued and outstanding (including Series 44, 45 and 46 issued by the Bank in conjunction with the LRCN; for additional information, see Note 19 to the Consolidated Financial Statements).

Stock Exchange Listings

The Bank's common shares and Series 30, 38, 40, 42, 47 and 49 First Preferred Shares are listed on the Toronto Stock Exchange in Canada.

Issue or class	Ticker symbol
Common shares	NA
First Preferred Shares	
Series 30	NA.PR.S
Series 38	NA.PR.C
Series 40	NA.PR.E
Series 42	NA.PR.G
Series 47	NA.PR.I
Series 49	NA.PR.K

Number of Registered Shareholders

As at October 31, 2025, there were 20,397 common shareholders recorded in the Bank's common share register.

Dividends

Dividend Dates in Fiscal 2026
(subject to approval by the Board of Directors of the Bank)

Record date	Payment date
Common shares	
December 29, 2025	February 1, 2026
March 30, 2026	May 1, 2026
June 29, 2026	August 1, 2026
September 28, 2026	November 1, 2026
Preferred shares,	
Series 30, 38, 40 and 42	
January 6, 2026	February 15, 2026
April 6, 2026	May 15, 2026
July 6, 2026	August 15, 2026
October 6, 2026	November 15, 2026
Series 47 and 49	
January 24, 2026	January 31, 2026
April 23, 2026	April 30, 2026
July 24, 2026	July 31, 2026
October 24, 2026	October 31, 2026

Dividends Declared on Common Shares During Fiscal 2025

Record date	Payment date	Dividend per share ($)
December 30, 2024	February 1, 2025	1.14
March 31, 2025	May 1, 2025	1.14
June 30, 2025	August 1, 2025	1.18
September 29, 2025	November 1, 2025	1.18

Dividends Declared on Preferred Shares During Fiscal 2025

		Dividend per share ($)					
Record date	Payment date	Series 30	Series 38	Series 40	Series 42	Series 47	Series 49
January 6, 2025	February 15, 2025[1]	0.3869	0.4392	0.3636	0.4410	–	–
April 7, 2025	May 15, 2025	0.3870	0.4392	0.3637	0.4410	–	–
April 23, 2025	April 30, 2025	–	–	–	–	0.3982	0.4782
July 7, 2025	August 15, 2025	0.3869	0.4392	0.3636	0.4410	–	–
July 24, 2025	July 31, 2025	–	–	–	–	0.3982	0.4782
October 6, 2025	November 15, 2025	0.3870	0.4392	0.3636	0.4410	–	–
October 24, 2025	October 31, 2025	–	–	–	–	0.3982	0.4782

(1) For this period, a dividend of $0.2399 was declared for Series 32.

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

Dividend Reinvestment and Share Purchase Plan

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

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

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

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National Bank of Canada
National Bank Place
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Montreal, Quebec H3C 1A3 Canada

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Website: nbc.ca

Annual Meeting
The Annual Meeting of Holders of Common Shares of the Bank will be held on April 24, 2026.

Corporate Social Responsibility Statement
The information will be available in March 2026 on the Bank's website at nbc.ca.

Communication with Shareholders
For information about stock transfers, address changes, dividends, lost certificates, tax forms and estate transfers, shareholders of record may contact the transfer agent at the following address:

Computershare Trust Company of Canada
Share Ownership Management
320 Bay Street, 14th Floor
Toronto, Ontario M5H 4A6 Canada

Telephone: 1-888-838-1407
Fax: 1-888-453-0330
E-mail: *service@computershare.com*
Website: computershare.com

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

Other shareholder inquiries can be addressed to:
Investor Relations
National Bank of Canada
800 Saint-Jacques Street, 33rd Floor
Montreal, Quebec H3C 1A3 Canada

Telephone: 1-866-517-5455
E-mail: investorrelations@nbc.ca
Website: nbc.ca/investorrelations

Caution Regarding Forward-Looking Statements
From time to time, National Bank of Canada makes written and oral forward-looking statements, including in this Annual Report, in other filings with Canadian regulators, in reports to shareholders, in press releases and in other communications. These statements are made pursuant to the Canadian and American securities legislation.

The Caution Regarding Forward-Looking Statements section can be found on page 17 of this Annual Report.

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