

National Bank reports its results for the Third Quarter of 2024

The financial information reported in this document is based on the unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended July 31, 2024 and is prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS represent Canadian generally accepted accounting principles (GAAP). All amounts are presented in Canadian dollars.

MONTREAL, August 28, 2024 – For the third quarter of 2024, National Bank is reporting net income of \$1,033 million, up 24% from \$830 million in the third quarter of 2023. Third-quarter diluted earnings per share stood at \$2.89 compared to \$2.33 in the third quarter of 2023. These increases were driven by good performance in all of the business segments. Adjusted net income⁽¹⁾, which excludes specified items⁽¹⁾ (notably the items related to the agreement to acquire Canadian Western Bank (CWB) recorded during the third quarter of 2024), totalled \$960 million compared to \$781 million in the same quarter of 2023. Adjusted diluted earnings⁽¹⁾ per share stood at \$2.68 compared to \$2.18 in the third quarter of 2023.

For the first nine months of 2024, the Bank's net income totalled \$2,861 million, up 13% from \$2,538 million in the same period of 2023. Nine-month diluted earnings per share stood at \$8.03 versus \$7.14 in the same period last year. These increases were driven by good performance, owing to revenue growth, in all of the business segments, partly offset by increases in non-interest expenses, provisions for credit losses, and income taxes. Nine-month adjusted net income⁽¹⁾, which excludes specified items⁽¹⁾, totalled \$2,788 million, up 11% from \$2,513 million in the same period of 2023, and nine-month adjusted diluted earnings per share⁽¹⁾ stood at \$7.82, up 11% from \$7.06 in the same period of 2023.

“Our strong financial results for the third quarter reflect our diversified earnings mix and solid credit profile as well as disciplined execution across the Bank,” said Laurent Ferreira, President and Chief Executive Officer of National Bank of Canada. “With our prudent approach to capital, credit, and costs, we remain well-positioned in a complex macro environment and we look forward to the growth opportunities ahead.”

Highlights

(millions of Canadian dollars)		Quarter ended July 31			Nine months ended July 31		
	2024	2023 ⁽²⁾	% Change	2024	2023 ⁽²⁾	% Change	
Net income	1,033	830	24	2,861	2,538	13	
Diluted earnings per share (<i>dollars</i>)	\$ 2.89	\$ 2.33	24	\$ 8.03	\$ 7.14	12	
Income before provisions for credit losses and income taxes	1,455	1,086	34	3,994	3,342	20	
Return on common shareholders' equity ⁽³⁾	18.4 %	16.1 %		17.5 %	17.0 %		
Dividend payout ratio ⁽³⁾	41.6 %	41.7 %		41.6 %	41.7 %		
Operating results – Adjusted⁽¹⁾							
Net income – Adjusted	960	781	23	2,788	2,513	11	
Diluted earnings per share – Adjusted (<i>dollars</i>)	\$ 2.68	\$ 2.18	23	\$ 7.82	\$ 7.06	11	
Income before provisions for credit losses and income taxes – Adjusted	1,448	1,172	24	4,184	3,690	13	
				As at July 31, 2024	As at October 31, 2023		
CET1 capital ratio under Basel III ⁽⁴⁾				13.5 %	13.5 %		
Leverage ratio under Basel III ⁽⁴⁾				4.4 %	4.4 %		

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

(2) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

(3) For details on the composition of these measures, see the Glossary section on pages 49 to 52 in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

(4) For additional information on capital management measures, see the Financial Reporting Method section on pages 4 to 10 in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

Personal and Commercial

- Net income totalled \$366 million in the third quarter of 2024 versus \$319 million in the third quarter of 2023, a 15% increase that was driven by growth in total revenues.
- At \$1,198 million, third-quarter total revenues rose \$83 million or 7% year over year, mainly due to an increase in net interest income (driven by growth in loan and deposit volumes), partly offset by a lower net interest margin.
- Compared to a year ago, personal lending grew 4% and commercial lending grew 14%.
- The net interest margin⁽¹⁾ stood at 2.31% in the third quarter of 2024, down from 2.34% in the third quarter of 2023.
- Third-quarter non-interest expenses stood at \$615 million, up 3% year over year.
- Provisions for credit losses rose \$4 million year over year.
- At 51.3%, the third-quarter efficiency ratio⁽¹⁾ improved from 53.8% in the third quarter of 2023.

Wealth Management

- Net income totalled \$217 million in the third quarter of 2024, a 19% increase from \$183 million in the third quarter of 2023.
- Third-quarter total revenues amounted to \$716 million compared to \$629 million in third-quarter 2023, an \$87 million or 14% increase driven by growth in fee-based revenues and net interest income.
- Third-quarter non-interest expenses stood at \$416 million versus \$375 million in third-quarter 2023, an 11% increase associated with revenue growth.
- At 58.1%, the third-quarter efficiency ratio⁽¹⁾ improved from 59.6% in the third quarter of 2023.

Financial Markets

- Net income totalled \$318 million in the third quarter of 2024, up 55% from \$205 million in the third quarter of 2023.
- Third-quarter total revenues on a taxable equivalent basis amounted to \$781 million, a 39% increase that was due to growth in global markets revenues and in corporate and investment banking revenues.
- Third-quarter non-interest expenses stood at \$320 million compared to \$272 million in third-quarter 2023, an increase that was partly due to variable compensation and to the segment's technological investments.
- Third-quarter provisions for credit losses stood at \$22 million compared to \$5 million in the third quarter of 2023.
- At 41.0%, the efficiency ratio⁽¹⁾ on a taxable equivalent basis improved from 48.6% in the third quarter of 2023.

U.S. Specialty Finance and International

- Net income totalled \$158 million in the third quarter of 2024, up 23% from \$128 million in the third quarter of 2023.
- Third-quarter total revenues amounted to \$361 million, a 24% year-over-year increase driven by revenue growth at both the Credigy and ABA Bank subsidiaries.
- Third-quarter non-interest expenses stood at \$115 million, a 15% year-over-year increase attributable to business growth at Credigy and ABA Bank.
- Third-quarter provisions for credit losses were up \$17 million year over year, with the increase being attributable to both Credigy and ABA Bank.
- At 31.9%, the efficiency ratio⁽¹⁾ improved from 34.2% in the third quarter of 2023.

Other

- There was a net loss of \$26 million in the third quarter of 2024 compared to a net loss of \$5 million in the same quarter of 2023, a change that essentially came from a year-over-year increase in non-interest expenses (notably higher variable compensation associated with the Bank's revenue growth), partly offset by a more favourable impact of specified items⁽²⁾ on net loss in the third quarter of 2024.

CWB Transaction

- On June 11, 2024, the Bank entered into an agreement to acquire all of the issued and outstanding common shares of CWB by way of a share exchange valuing CWB at approximately \$5.0 billion. This transaction will enable the Bank to accelerate its growth across Canada. The transaction is subject to the satisfaction of customary closing conditions, including regulatory approvals, and is expected to close in 2025. For additional information, see the CWB Transaction section of in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

Capital Management

- As at July 31, 2024, the Common Equity Tier 1 (CET1) capital ratio under Basel III⁽³⁾ stood at 13.5%, unchanged from October 31, 2023.
- As at July 31, 2024, the Basel III⁽³⁾ leverage ratio was 4.4%, unchanged from October 31, 2023.

Dividends

- On August 27, 2024, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of \$1.10 per common share, payable on November 1, 2024 to shareholders of record on September 30, 2024.

(1) For details on the composition of these measures, see the Glossary section on pages 49 to 52 in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

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

(3) For additional information on capital management measures, see the Financial Reporting Method section on pages 4 to 10 in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

Financial Reporting Method

The Bank's consolidated financial statements are prepared in accordance with IFRS, as issued by the IASB. The financial statements also comply with section 308(4) of the *Bank Act* (Canada), which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions (Canada) (OSFI), the consolidated financial statements are to be prepared in accordance with IFRS, which represent Canadian GAAP. None of the OSFI accounting requirements are exceptions to IFRS.

The presentation of segment disclosures is consistent with the presentation adopted by the Bank for the fiscal year beginning November 1, 2023. This presentation reflects the retrospective application of accounting policy changes arising from the adoption of IFRS 17 – Insurance Contracts (IFRS 17). For additional information, see Note 2 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca. The figures for the 2023 quarters have been adjusted to reflect these accounting policy changes.

Non-GAAP and Other Financial Measures

The Bank uses a number of financial measures when assessing its results and measuring overall performance. Some of these financial measures are not calculated in accordance with GAAP. *Regulation 52-112 Respecting Non-GAAP and Other Financial Measures Disclosure* (Regulation 52-112) prescribes disclosure requirements that apply to the following measures used by the Bank:

- non-GAAP financial measures;
- non-GAAP ratios;
- supplementary financial measures;
- capital management measures.

Non-GAAP Financial Measures

The Bank uses non-GAAP financial measures that do not have standardized meanings under GAAP and that therefore may not be comparable to similar measures used by other companies. Presenting non-GAAP financial measures helps readers to better understand how management analyzes results, shows the impacts of specified items on the results of the reported periods, and allows readers to better assess results without the specified items if they consider such items not to be reflective of the underlying performance of the Bank's operations. In addition, the Bank uses the taxable equivalent basis to calculate net interest income, non-interest income, and income taxes. This calculation method consists of grossing up certain revenues taxed at lower rates (notably dividends) by the income tax to a level that would make it comparable to revenues from taxable sources in Canada. An equivalent amount is added to income taxes. This adjustment is necessary in order to perform a uniform comparison of the return on different assets, regardless of their tax treatment. However, in light of the enacted legislation with respect to Canadian dividends, the Bank did not recognize an income tax deduction, nor did it or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024 (for additional information see the Income Taxes section in the Report to shareholders for the third quarter of 2024, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca).

The key non-GAAP financial measures used by the Bank to analyze its results are described below, and a quantitative reconciliation of these measures is presented in the tables in the Reconciliation of Non-GAAP Financial Measures section on pages 4 to 6. Note that, for the quarter and nine-month period ended July 31, 2024, after the agreement to acquire Canadian Western Bank (CWB) was concluded, several acquisition-related items have been excluded from results (in particular, the amortization of the subscription receipt issuance costs of \$5 million (\$3 million net of income taxes); a gain of \$120 million (\$86 million net of income taxes) resulting from the remeasurement at fair value of the CWB common shares already held by the Bank; the impact of managing fair value changes, representing a loss of \$7 million (\$5 million net of income taxes); and \$7 million in acquisition and integration charges (\$5 million net of income taxes)). For the quarter and nine-month period ended July 31, 2023, a gain of \$91 million (\$67 million net of income taxes) recorded upon the fair value remeasurement of an equity interest and an expense related to the retroactive impact of changes to the *Excise Tax Act* of \$25 million (\$18 million net of income taxes) had been excluded from results. In addition, for the nine-month period ended July 31, 2023, a \$24 million tax expense related to the Canadian government's 2022 tax measures had been excluded from results given the one-time nature of the item. This amount had included a \$32 million tax expense with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above \$1 billion as well as an \$8 million tax recovery related to the 1.5% increase in the statutory tax rate, which included the impact related to current and deferred taxes for fiscal 2022.

For additional information on non-GAAP financial measures, non-GAAP ratios, supplementary financial measures, and capital management measures, see the Financial Reporting Method section and the Glossary section, on pages 4 to 10 and 49 to 52, respectively, in the Report to shareholders for the third quarter of 2024, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

Reconciliation of Non-GAAP Financial Measures

Presentation of Results – Adjusted

(millions of Canadian dollars)

Quarter ended July 31

						2024	2023 ⁽¹⁾
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Operating results							
Net interest income	913	219	(610)	326	(79)	769	870
Non-interest income	285	497	1,391	35	19	2,227	1,620
Total revenues	1,198	716	781	361	(60)	2,996	2,490
Non-interest expenses	615	416	320	115	75	1,541	1,404
Income before provisions for credit losses and income taxes	583	300	461	246	(135)	1,455	1,086
Provisions for credit losses	79	–	22	46	2	149	111
Income before income taxes (recovery)	504	300	439	200	(137)	1,306	975
Income taxes (recovery)	138	83	121	42	(111)	273	145
Net income	366	217	318	158	(26)	1,033	830
Items that have an impact on results							
Net interest income							
Taxable equivalent ⁽²⁾	–	–	–	–	(15)	(15)	(88)
Amortization of the subscription receipt issuance costs ⁽³⁾	–	–	–	–	(5)	(5)	–
Impact on net interest income	–	–	–	–	(20)	(20)	(88)
Non-interest income							
Taxable equivalent ⁽²⁾	–	–	–	–	(79)	(79)	(64)
Gain on the fair value remeasurement of equity interests ⁽⁴⁾⁽⁵⁾	–	–	–	–	120	120	91
Management of the fair value changes related to the CWB acquisition ⁽⁶⁾	–	–	–	–	(7)	(7)	–
Impact on non-interest income	–	–	–	–	34	34	27
Non-interest expenses							
CWB acquisition and integration charges ⁽⁷⁾	–	–	–	–	7	7	–
Expense related to changes to the <i>Excise Tax Act</i> ⁽⁸⁾	–	–	–	–	–	–	25
Impact on non-interest expenses	–	–	–	–	7	7	25
Income taxes							
Taxable equivalent ⁽²⁾	–	–	–	–	(94)	(94)	(152)
Income taxes on the amortization of the subscription receipt issuance costs ⁽³⁾	–	–	–	–	(2)	(2)	–
Income taxes on the gain on the fair value remeasurement of equity interests ⁽⁴⁾⁽⁵⁾	–	–	–	–	34	34	24
Income taxes on management of the fair value changes related to the CWB acquisition ⁽⁶⁾	–	–	–	–	(2)	(2)	–
Income taxes on the CWB acquisition and integration charges ⁽⁷⁾	–	–	–	–	(2)	(2)	–
Income taxes on the expense related to changes to the <i>Excise Tax Act</i> ⁽⁸⁾	–	–	–	–	–	–	(7)
Impact on income taxes	–	–	–	–	(66)	(66)	(135)
Impact on net income	–	–	–	–	73	73	49
Operating results – Adjusted							
Net interest income – Adjusted	913	219	(610)	326	(59)	789	958
Non-interest income – Adjusted	285	497	1,391	35	(15)	2,193	1,593
Total revenues – Adjusted	1,198	716	781	361	(74)	2,982	2,551
Non-interest expenses – Adjusted	615	416	320	115	68	1,534	1,379
Income before provisions for credit losses and income taxes – Adjusted	583	300	461	246	(142)	1,448	1,172
Provisions for credit losses	79	–	22	46	2	149	111
Income before income taxes (recovery) – Adjusted	504	300	439	200	(144)	1,299	1,061
Income taxes (recovery) – Adjusted	138	83	121	42	(45)	339	280
Net income – Adjusted	366	217	318	158	(99)	960	781

- (1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (2) In light of the enacted legislation with respect to Canadian dividends, the Bank did not recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024 (for additional information see the Income Taxes section in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca).
- (3) During the quarter ended July 31, 2024, the Bank recorded an amount of \$5 million (\$3 million net of income taxes) to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (for additional information, see Notes 9 and 11 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca).
- (4) During the quarter ended July 31, 2024, the Bank recorded a gain of \$120 million (\$86 million net of income taxes) upon the remeasurement at fair value of the interest already held in CWB.
- (5) During the quarter ended July 31, 2023, the Bank had concluded that it had lost significant influence over TMX Group Limited (TMX) and therefore ceased using the equity method to account for this investment. The Bank had designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of \$191 million. Upon the measurement at fair value, a gain of \$91 million (\$67 million net of income taxes) had been recorded in the *Other* heading of segment results.
- (6) During the quarter ended July 31, 2024, the Bank recorded a mark-to-market loss of \$7 million (\$5 million net of income taxes) in the *Other* heading of segment results, on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that result in volatility of goodwill and capital on closing of the transaction. For additional information, see the CWB Transaction section in the MD&A in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (7) During the quarter ended July 31, 2024, the Bank recorded acquisition and integration charges of \$7 million (\$5 million net of income taxes) related to the CWB transaction.

- (8) During the quarter ended July 31, 2023, the Bank had recorded a \$25 million expense (\$18 million net of income taxes) in the *Other* heading of segment results, related to the retroactive impact of changes to the *Excise Tax Act* whereby payment card clearing services provided by payment card network operators are subject to the goods and services tax (GST) and the harmonized sales tax (HST).

(millions of Canadian dollars)

Nine months ended July 31

						2024	2023 ⁽¹⁾
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Operating results							
Net interest income	2,653	620	(1,787)	945	(276)	2,155	2,851
Non-interest income	830	1,439	4,089	92	(149)	6,301	4,647
Total revenues	3,483	2,059	2,302	1,037	(425)	8,456	7,498
Non-interest expenses	1,842	1,206	945	323	146	4,462	4,156
Income before provisions for credit losses and income taxes	1,641	853	1,357	714	(571)	3,994	3,342
Provisions for credit losses	239	–	50	119	(1)	407	282
Income before income taxes (recovery)	1,402	853	1,307	595	(570)	3,587	3,060
Income taxes (recovery)	386	235	359	124	(378)	726	522
Net income	1,016	618	948	471	(192)	2,861	2,538
Items that have an impact on results							
Net interest income							
Taxable equivalent ⁽²⁾	–	–	–	–	(66)	(66)	(242)
Amortization of the subscription receipt issuance costs ⁽³⁾	–	–	–	–	(5)	(5)	–
Impact on net interest income	–	–	–	–	(71)	(71)	(242)
Non-interest income							
Taxable equivalent ⁽²⁾	–	–	–	–	(225)	(225)	(172)
Gain on the fair value remeasurement of equity interests ⁽⁴⁾⁽⁵⁾	–	–	–	–	120	120	91
Management of the fair value changes related to the CWB acquisition ⁽⁶⁾	–	–	–	–	(7)	(7)	–
Impact on non-interest income	–	–	–	–	(112)	(112)	(81)
Non-interest expenses							
CWB acquisition and integration charges ⁽⁷⁾	–	–	–	–	7	7	–
Expense related to changes to the <i>Excise Tax Act</i> ⁽⁸⁾	–	–	–	–	–	–	25
Impact on non-interest expenses	–	–	–	–	7	7	25
Income taxes							
Taxable equivalent ⁽²⁾	–	–	–	–	(291)	(291)	(414)
Income taxes on the amortization of the subscription receipt issuance costs ⁽³⁾	–	–	–	–	(2)	(2)	–
Income taxes on the gain on the fair value remeasurement of equity interests ⁽⁴⁾⁽⁵⁾	–	–	–	–	34	34	24
Income taxes on management of the fair value changes related to the CWB acquisition ⁽⁶⁾	–	–	–	–	(2)	(2)	–
Income taxes on the CWB acquisition and integration charges ⁽⁷⁾	–	–	–	–	(2)	(2)	–
Income taxes on the expense related to changes to the <i>Excise Tax Act</i> ⁽⁸⁾	–	–	–	–	–	–	(7)
Income taxes related to the Canadian government's 2022 tax measures ⁽⁹⁾	–	–	–	–	–	–	24
Impact on income taxes	–	–	–	–	(263)	(263)	(373)
Impact on net income	–	–	–	–	73	73	25
Operating results – Adjusted							
Net interest income – Adjusted	2,653	620	(1,787)	945	(205)	2,226	3,093
Non-interest income – Adjusted	830	1,439	4,089	92	(37)	6,413	4,728
Total revenues – Adjusted	3,483	2,059	2,302	1,037	(242)	8,639	7,821
Non-interest expenses – Adjusted	1,842	1,206	945	323	139	4,455	4,131
Income before provisions for credit losses and income taxes – Adjusted	1,641	853	1,357	714	(381)	4,184	3,690
Provisions for credit losses	239	–	50	119	(1)	407	282
Income before income taxes (recovery) – Adjusted	1,402	853	1,307	595	(380)	3,777	3,408
Income taxes (recovery) – Adjusted	386	235	359	124	(115)	989	895
Net income – Adjusted	1,016	618	948	471	(265)	2,788	2,513

- (1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (2) In light of the enacted legislation with respect to Canadian dividends, the Bank did not recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024 (for additional information, see the Income Taxes section in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca).
- (3) During the nine-month period ended July 31, 2024, the Bank recorded an amount of \$5 million (\$3 million net of income taxes) to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (for additional information, see Notes 9 and 11 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca).
- (4) During the nine-month period ended July 31, 2024, the Bank recorded a gain of \$120 million (\$86 million net of income taxes) upon the remeasurement at fair value of the interest already held in CWB.
- (5) During the nine-month period ended July 31, 2023, the Bank had concluded that it had lost significant influence over TMX Group Limited (TMX) and therefore ceased using the equity method to account for this investment. The Bank had designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of \$191 million. Upon the fair value measurement, a gain of \$91 million (\$67 million net of income taxes) had been recorded in the *Other* heading of segment results.

- (6) During the nine-month period ended July 31, 2024, the Bank recorded a mark-to-market loss of \$7 million (\$5 million net of income taxes) on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that result in volatility of goodwill and capital on closing of the transaction. For additional information, see the CWB Transaction section in the MD&A in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (7) During the nine-month period ended July 31, 2024, the Bank recorded acquisition and integration charges of \$7 million (\$5 million net of income taxes) related to the CWB transaction.
- (8) During the nine-month period ended July 31, 2023, the Bank had recorded a \$25 million expense (\$18 million net of income taxes), in the *Other* heading of segment results, to reflect the retroactive impact of changes to the *Excise Tax Act* whereby payment card clearing services provided by payment card network operators are subject to the goods and services tax (GST) and the harmonized sales tax (HST).
- (9) During the nine-month period ended July 31, 2023, the Bank recorded, in the *Other* heading of segment results, a \$32 million tax expense with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above \$1 billion as well as an \$8 million tax recovery related to the 1.5% increase in the statutory tax rate, which included the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

Presentation of Basic and Diluted Earnings Per Share – Adjusted

(Canadian dollars)	Quarter ended July 31		Nine months ended July 31	
	2024	2023 ⁽¹⁾	2024	2023 ⁽¹⁾
Basic earnings per share	\$ 2.92	\$ 2.35	\$ 8.09	\$ 7.21
Amortization of the subscription receipt issuance costs ⁽²⁾	0.01	–	0.01	–
Gain on the fair value remeasurement of equity interests ⁽³⁾⁽⁴⁾	(0.25)	(0.20)	(0.25)	(0.20)
Management of the fair value changes related to the CWB acquisition ⁽⁵⁾	0.01	–	0.01	–
CWB acquisition and integration charges ⁽⁶⁾	0.02	–	0.02	–
Expense related to changes to the <i>Excise Tax Act</i> ⁽⁷⁾	–	0.05	–	0.05
Income taxes related to the Canadian government's 2022 tax measures ⁽⁸⁾	–	–	–	0.07
Basic earnings per share – Adjusted	\$ 2.71	\$ 2.20	\$ 7.88	\$ 7.13
Diluted earnings per share	\$ 2.89	\$ 2.33	\$ 8.03	\$ 7.14
Amortization of the subscription receipt issuance costs ⁽²⁾	0.01	–	0.01	–
Gain on the fair value remeasurement of equity interests ⁽³⁾⁽⁴⁾	(0.25)	(0.20)	(0.25)	(0.20)
Management of the fair value changes related to the CWB acquisition ⁽⁵⁾	0.01	–	0.01	–
CWB acquisition and integration charges ⁽⁶⁾	0.02	–	0.02	–
Expense related to changes to the <i>Excise Tax Act</i> ⁽⁷⁾	–	0.05	–	0.05
Income taxes related to the Canadian government's 2022 tax measures ⁽⁸⁾	–	–	–	0.07
Diluted earnings per share – Adjusted	\$ 2.68	\$ 2.18	\$ 7.82	\$ 7.06

- (1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (2) During the quarter and nine-month period ended July 31, 2024, the Bank recorded an amount of \$5 million (\$3 million net of income taxes) to reflect the amortization of the issuance costs of the subscription receipts issued as part of the agreement to acquire CWB (for additional information, see Notes 9 and 11 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca).
- (3) During the quarter and nine-month period ended July 31, 2024, the Bank recorded a gain of \$120 million (\$86 million net of income taxes) upon the remeasurement at fair value of the interest already held in CWB.
- (4) During the quarter and nine-month period ended July 31, 2023, the Bank had concluded that it had lost significant influence over TMX Group Limited (TMX) and therefore ceased using the equity method to account for this investment. The Bank had designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of \$191 million. Upon the fair value measurement, a gain of \$91 million (\$67 million net of income taxes) had been recorded in the *Other* heading of segment results.
- (5) During the quarter and the nine-month period ended July 31, 2024, the Bank recorded a mark-to-market loss of \$7 million (\$5 million net of income taxes) on interest rate swaps used to manage the fair value changes of CWB's assets and liabilities that result in volatility of goodwill and capital on closing of the transaction. For additional information, see the CWB Transaction section the MD&A in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (6) During the quarter and nine-month period ended July 31, 2024, the Bank recorded acquisition and integration charges of \$7 million (\$5 million net of income taxes) related to the CWB transaction.
- (7) During the quarter and nine-month period ended July 31, 2023, the Bank had recorded a \$25 million expense (\$18 million net of income taxes) in the *Other* heading of segment results to reflect the retroactive impact of changes to the *Excise Tax Act* whereby payment card clearing services provided by payment card network operators are subject to the goods and services tax (GST) and the harmonized sales tax (HST).
- (8) During the nine-month period ended July 31, 2023, the Bank recorded, in the *Other* heading segment results, a \$32 million tax expense with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above \$1 billion as well as an \$8 million tax recovery related to the 1.5% increase in the statutory tax rate, which included the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

Highlights

(millions of Canadian dollars, except per share amounts)			Quarter ended July 31		Nine months ended July 31	
	2024	2023 ⁽¹⁾	% Change	2024	2023 ⁽¹⁾	% Change
Operating results						
Total revenues	2,996	2,490	20	8,456	7,498	13
Income before provisions for credit losses and income taxes	1,455	1,086	34	3,994	3,342	20
Net income	1,033	830	24	2,861	2,538	13
Return on common shareholders' equity ⁽²⁾	18.4 %	16.1 %		17.5 %	17.0 %	
Operating leverage ⁽²⁾	10.5 %	(4.4) %		5.4 %	(4.5) %	
Efficiency ratio ⁽²⁾	51.4 %	56.4 %		52.8 %	55.4 %	
Earnings per share						
Basic	\$ 2.92	\$ 2.35	24	\$ 8.09	\$ 7.21	12
Diluted	\$ 2.89	\$ 2.33	24	\$ 8.03	\$ 7.14	12
Operating results – Adjusted⁽³⁾						
Total revenues – Adjusted ⁽³⁾	2,982	2,551	17	8,639	7,821	10
Income before provisions for credit losses and income taxes – Adjusted ⁽³⁾	1,448	1,172	24	4,184	3,690	13
Net income – Adjusted ⁽³⁾	960	781	23	2,788	2,513	11
Return on common shareholders' equity – Adjusted ⁽⁴⁾	17.0 %	15.1 %		17.0 %	16.9 %	
Operating leverage – Adjusted ⁽⁴⁾	5.7 %	(3.0) %		2.7 %	(2.2) %	
Efficiency ratio – Adjusted ⁽⁴⁾	51.4 %	54.1 %		51.6 %	52.8 %	
Diluted earnings per share – Adjusted ⁽³⁾	\$ 2.68	\$ 2.18	23	\$ 7.82	\$ 7.06	11
Common share information						
Dividends declared	\$ 1.10	\$ 1.02	8	\$ 3.22	\$ 2.96	9
Book value ⁽²⁾	\$ 64.64	\$ 58.53		\$ 64.64	\$ 58.53	
Share price						
High	\$ 118.17	\$ 103.28		\$ 118.17	\$ 103.45	
Low	\$ 106.21	\$ 94.62		\$ 86.50	\$ 91.02	
Close	\$ 115.48	\$ 103.28		\$ 115.48	\$ 103.28	
Number of common shares (<i>thousands</i>)	340,523	338,228		340,523	338,228	
Market capitalization	39,324	34,932		39,324	34,932	

(millions of Canadian dollars)			As at July 31, 2024	As at October 31, 2023 ⁽¹⁾	% Change
Balance sheet and off-balance-sheet					
Total assets			453,933	423,477	7
Loans and acceptances, net of allowances			239,549	225,443	6
Deposits			320,587	288,173	11
Equity attributable to common shareholders			22,011	20,432	8
Assets under administration ⁽²⁾			746,295	652,631	14
Assets under management ⁽²⁾			150,239	120,858	24
Regulatory ratios under Basel III⁽⁵⁾					
Capital ratios					
Common Equity Tier 1 (CET1)			13.5 %	13.5 %	
Tier 1			15.7 %	16.0 %	
Total			16.9 %	16.8 %	
Leverage ratio			4.4 %	4.4 %	
TLAC ratio ⁽⁵⁾			29.7 %	29.2 %	
TLAC leverage ratio ⁽⁵⁾			8.3 %	8.0 %	
Liquidity coverage ratio (LCR) ⁽⁵⁾			152 %	155 %	
Net stable funding ratio (NSFR) ⁽⁵⁾			120 %	118 %	
Other information					
Number of employees – Worldwide (full-time equivalent)			29,250	28,916	1
Number of branches in Canada			369	368	–
Number of banking machines in Canada			946	944	–

- (1) Certain amounts have been adjusted to reflect accounting policy changes arising from the adoption of IFRS 17. For additional information, see Note 2 to the unaudited interim condensed consolidated financial statements in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (2) For details on the composition of these measures, see the Glossary section on pages 49 to 52 in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (3) See the Financial Reporting Method section on pages 3 to 6 for additional information on non-GAAP financial measures.
- (4) For additional information on non-GAAP ratios, see the Financial Reporting Method section on pages 4 to 10 in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.
- (5) For additional information on capital management measures, see the Financial Reporting Method section on pages 4 to 10 in the *Report to Shareholders – Third Quarter 2024*, which is available on the Bank's website at nbc.ca or the SEDAR+ website at sedarplus.ca.

Caution Regarding Forward-Looking Statements

Certain statements in this document are forward-looking statements. All such statements are made in accordance with applicable securities legislation in Canada and the United States. The forward-looking statements in this document may include, but are not limited to, statements made about the economy, market changes, the Bank's objectives, outlook, and priorities for fiscal year 2024 and beyond, the strategies or actions that will be taken to achieve them, expectations for the Bank's financial condition, its activities, the anticipated acquisition of Canadian Western Bank and the impacts and benefits of the transaction, the regulatory environment in which it operates, its environmental, social, and governance targets and commitments, and certain risks to which the Bank is exposed. These forward-looking statements are typically identified by verbs or words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend" and "plan", in their future or conditional forms, notably verbs such as "will", "may", "should", "could" or "would" as well as similar terms and expressions.

Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank's vision, strategic objectives, and performance targets, and may not be appropriate for other purposes. These forward-looking statements are based on current expectations, estimates, assumptions and intentions and are subject to uncertainty and inherent risks, many of which are beyond the Bank's control. There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations, or conclusions will not prove to be accurate, that its assumptions may not be confirmed, and that its vision, strategic objectives, and performance targets will not be achieved. The Bank cautions investors that these forward-looking statements are not guarantees of future performance and that actual events or results may differ significantly from these statements due to a number of factors. Thus, the Bank recommends that readers not place undue reliance on these forward-looking statements, as a number of factors could cause actual results to differ significantly from the expectations, estimates, or intentions expressed in these forward-looking statements. Investors and others who rely on the Bank's forward-looking statements should carefully consider the factors listed below as well as the uncertainties they represent and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

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

The forward-looking statements made in this document are based on a number of assumptions and are subject to risk factors, many of which are beyond the Bank's control and the impacts of which are difficult to predict. These risk factors include, among others, the general economic environment and financial market conditions in Canada, the United States, and the other countries where the Bank operates; the possible delay or failure to close the acquisition of Canadian Western Bank, the potential failure to obtain the required approvals to the transaction in a timely manner or at all; the Bank's ability to complete the integration within anticipated time periods and at expected cost levels, the realization of the expected strategic, financial and other benefits of the transaction, such as achieving synergies, in the timeframe anticipated; the impact of upheavals in the U.S. banking industry; exchange rate and interest rate fluctuations; inflation; global supply chain disruptions; higher funding costs and greater market volatility; changes made to fiscal, monetary, and other public policies; changes made to regulations that affect the Bank's business; geopolitical and sociopolitical uncertainty; climate change, including physical risks and those related to the transition to a low-carbon economy, and the Bank's ability to satisfy stakeholder expectations on environmental and social issues; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Bank's ability to achieve its key short-term priorities and long-term strategies; the timely development and launch of new products and services; the Bank's ability to recruit and retain key personnel; technological innovation, including advances in artificial intelligence and the open banking system, and heightened competition from established companies and from competitors offering non-traditional services; changes in the performance and creditworthiness of the Bank's clients and counterparties; the Bank's exposure to significant regulatory matters or litigation; changes made to the accounting policies used by the Bank to report financial information, including the uncertainty inherent to assumptions and critical accounting estimates; changes to tax legislation in the countries where the Bank operates; changes made to capital and liquidity guidelines as well as to the presentation and interpretation thereof; changes to the credit ratings assigned to the Bank by financial and extra-financial rating agencies; potential disruptions to key suppliers of goods and services to the Bank; the potential impacts of disruptions to the Bank's information technology systems, including cyberattacks as well as identity theft and theft of personal information; the risk of fraudulent activity; and possible impacts of major events affecting the economy, market conditions, or the Bank's outlook, including international conflicts, natural disasters, public health crises, and the measures taken in response to these events.

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

Disclosure of the Third Quarter 2024 Results

Conference Call

- A conference call for analysts and institutional investors will be held on Wednesday, August 28, 2024 at 11:00 a.m. EDT.
- Access by telephone in listen-only mode: 1-800-806-5484 or 416-340-2217. The access code is 8438144#.
- A recording of the conference call can be heard until November 22, 2024 by dialing 1-800-408-3053 or 905-694-9451. The access code is 8808810#.

Webcast

- The conference call will be webcast live at nbc.ca/investorrelations.
- A recording of the webcast will also be available on National Bank's website after the call.

Financial Documents

- The *Report to Shareholders* (which includes the quarterly consolidated financial statements) is available at all times on National Bank's website at nbc.ca/investorrelations.
- The *Report to Shareholders*, the *Supplementary Financial Information*, the *Supplementary Regulatory Capital and Pillar 3 Disclosure*, and a slide presentation will be available on the Investor Relations page of National Bank's website on the morning of the day of the conference call.

For more information

- Marianne Ratté, Vice-President and Head – Investor Relations, 1-866-517-5455
- Debby Cordeiro, Senior Vice-President – Communications, Public Affairs and ESG, 514-412-0538

