NATIONAL BANK OF CANADA

# FIXED INCOME PRESENTATION

**Q1-2024**

As of January 31, 2024

# FORWARD-LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES

## 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 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 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 provisions for credit losses. These assumptions appear in the Economic Review and Outlook sections of the Bank's 2023 Annual Report and of the Report to Shareholders for the First Quarter of 2024 and, for each business segment, in the Economic and Market Review sections of the Bank's 2023 Annual Report.

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 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 risk factors is provided in the Risk Management sections beginning on p. 62 of the 2023 Annual Report and on p. 26 of the Report to Shareholders for the First Quarter of 2024.

## Non-GAAP and Other Financial Measures

The quantitative information in this document has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated, and should be read in conjunction with the Bank's 2023 Annual Report. 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, which are based on IFRS. 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 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 Bank cautions readers that it uses non-GAAP and other financial measures that do not have standardized meanings under GAAP and therefore may not be comparable to similar measures used by other financial institutions.

For additional information relating to the non-GAAP and other financial measures presented in this document and an explanation of their composition, refer to pages 14-19 and 124-127 of the Bank's 2023 Annual Report and to pages 4-8 and 43-46 of the Report to Shareholders for the First Quarter of 2024 which are available at nbc.ca/investorrelations or at sedarplus.ca. Such explanation is incorporated by reference hereto.

Note: National Bank fiscal year ends October 31.

# NATIONAL BANK OVERVIEW

> One of six systemically important banks in Canada

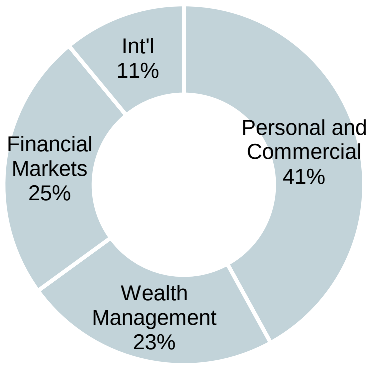
> Canadian bank with leading presence in Quebec
- Leading P&C franchise in Quebec
- Pan-Canadian franchise in Financial Markets
- Differentiated Wealth Management platform

> Focused international strategy delivering superior growth and returns

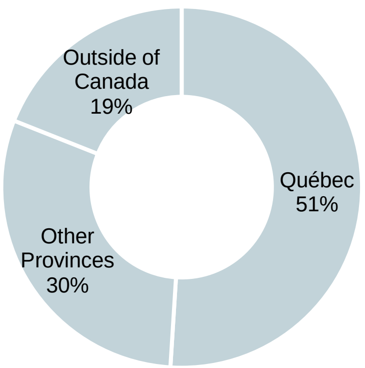
## Revenues

F2023 Total Revenue - Adjusted = $10,790M

By Segment(1)




By Geography(1)




### Our Culture

> Entrepreneurial

> Agile

> Collaborative

> Diverse and inclusive

### Our Strategic Positioning

> Canadian bank with leading franchise in Quebec

> Differentiated positioning in Financial Markets and Wealth Management

> Focused strategy outside Canada

### Our Discipline

> Strong risk management culture

> Disciplined cost management

> Solid capital levels

(1) Presented on a taxable equivalent basis and excluding the Other heading. This is a non-GAAP financial measure. See slide 2. International (Int'l) refers to U.S. Specialty Finance and International.

# FY 2023 – SOLID FOUNDATIONS DRIVING STRONG RETURNS

| | |
|---|---|
| **Organic growth across our business segments and continued cost discipline** | Achieved our F2023 adjusted PTPP[(1)] objective of mid to high single digit growth |
| **Superior ROE** | Achieved our adjusted ROE[(2)] target range of 15% - 20% again in F2023: 16.6% |
| **Prudent credit positioning** | Performing ACL exceeding pandemic peak; Total ACL representing 8.7x LTM net charge-offs[(3)] |
| **Robust capital position** | CET1 ratio[(4)]: 13.5% |
| **Sustainable dividend growth** | Reached our adjusted dividend payout ratio[(5)] target range of 40% - 50%: 42% |

(1) Pre-Tax Pre-Provision earnings (PTPP) refers to Income before provisions for credit losses and income taxes. Reported PTPP for F2023 is (2.6%). Adjusted PTPP for F2023 is of +5.3%. On a taxable equivalent basis, and excluding specified items when applicable, which is a non-GAAP financial measure. See slides 2 and 51.
(2) Represents a supplementary financial measure. Reported ROE for F2023 is 16.3%. Adjusted ROE represents adjusted net income attributable to common shareholders as a percentage of adjusted average equity attributable to common shareholders and is a non-GAAP ratio. See slide 2 and 51.
(3) Total ACL / LTM Net Charge-Offs (excluding POCI).
(4) Common Equity Tier 1 (CET1) capital ratio represents a capital management measure. See slide 2.
(5) Represents a non-GAAP ratio. See slide 2.

# Q1 2024 – STRONG START TO THE YEAR

**Revenues** ($MM; YoY)

| | | |
|---|---|---|
| Reported: | $2,710; | **6%** |
| Adjusted[(1)]: | $2,820; | **5%** |

**PTPP**[(2)] ($MM; YoY)

| | | |
|---|---|---|
| Reported: | $1,261; | **8%** |
| Adjusted[(1)]: | $1,371; | **5%** |

**PCL** ($MM)

| | | |
|---|---|---|
| Total: | $120; | **21 bps** |
| Impaired[(3)]: | $99; | **17 bps** |

**Diluted EPS**

| | |
|---|---|
| Reported: | $2.59 |
| Adjusted: | $2.59 |

**ROE**[(4)]

| | |
|---|---|
| Reported: | 17.1% |
| Adjusted: | 17.1% |

- Organic growth and disciplined execution generating strong returns
  - EPS of $2.59
  - ROE of 17.1%
- Positive operating leverage
- Prudent credit positioning
- CET1 ratio of 13.1%[(5)]
- Sound liquidity metrics with an LCR of 145%[(5)]

(1) On a taxable equivalent basis, which is a non-GAAP financial measure. In light of the proposed legislation with respect to Canadian dividends, the Bank did not either recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024. See slides 2 and 50.
(2) Pre-Tax Pre-Provision earnings (PTPP) refers to Income before provisions for credit losses and income taxes.
(3) Provisions for credit losses on impaired loans excluding POCI loans.
(4) Represents a supplementary financial measure. See slide 2.
(5) Common Equity Tier 1 (CET1) capital ratio and Liquidity coverage ratio (LCR) represent capital management measures. See slide 2.

# Q1 2024 – TOTAL BANK RESULTS

## Total Bank Summary Results – Q1 2024

*($MM)*

| Adjusted Results[1] | Q1 24 | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Revenues | **2,820** | 2,725 | 2,692 | 3% | 5% |
| Non-Interest Expenses | **1,449** | 1,461 | 1,390 | (1%) | 4% |
| Pre-Tax / Pre-Provisions[2] | **1,371** | 1,264 | 1,302 | 8% | 5% |
| PCL | **120** | 115 | 86 | | |
| Net Income | **922** | 850 | 900 | 8% | 2% |
| Diluted EPS | **$2.59** | $2.39 | $2.54 | 8% | 2% |
| Operating Leverage[3] | | | | | 0.6% |
| Efficiency Ratio[3] | **51.4%** | 53.6% | 51.6% | (220bps) | (20bps) |
| Return on Equity[3] | **17.1%** | 16.0% | 18.4% | | |

| Reported Results | Q1 24 | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Revenues | **2,710** | 2,560 | 2,562 | 6% | 6% |
| Non-Interest Expenses | **1,449** | 1,597 | 1,390 | (9%) | 4% |
| Pre-Tax / Pre-Provisions[2] | **1,261** | 963 | 1,172 | 31% | 8% |
| PCL | **120** | 115 | 86 | | |
| Net Income | **922** | 751 | 876 | 23% | 5% |
| Diluted EPS | **$2.59** | $2.09 | $2.47 | 24% | 5% |
| Operating Leverage[3] | | | | | 1.6% |
| Return on Equity[3] | **17.1%** | 14.1% | 17.9% | | |

| Key Metrics | Q1 24 | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Avg Loans & BAs - Total | **228,161** | 222,366 | 209,699 | 3% | 9% |
| CET1 Ratio[3] | **13.1%** | 13.5% | 12.6% | | |

- Diluted EPS of $2.59
- Positive operating leverage
- CET1 ratio of 13.1%
- ROE of 17.1%

(1) On a taxable equivalent basis, and excluding specified items when applicable, which are non-GAAP financial measures. See slides 2 and 50.
(2) Pre-Tax Pre-Provision earnings (PTPP) refers to Income before provisions for credit losses and income taxes.
(3) For supplementary financial measures, non-GAAP ratios and capital management measures, see slide 2.

# PERSONAL AND COMMERCIAL BANKING

## P&C Summary Results – Q1 2024

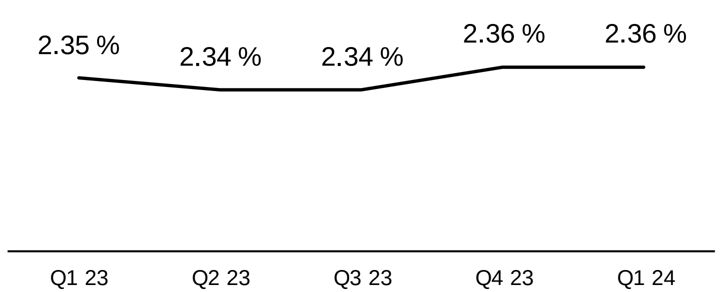
*($MM)*

| **Adjusted Results**[1] | **Q1 24** | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Revenues | **1,154** | 1,118 | 1,104 | 3% | 5% |
| Personal | **640** | 611 | 603 | 5% | 6% |
| Commercial | **514** | 507 | 501 | 1% | 3% |
| Non-Interest Expenses | **615** | 612 | 593 | - | 4% |
| Pre-Tax / Pre-Provisions | **539** | 506 | 511 | 7% | 5% |
| PCL | **71** | 65 | 61 | | |
| Net Income | **339** | 320 | 326 | 6% | 4% |
| Efficiency Ratio[2] (%) | **53.3%** | 54.7% | 53.7% | (140bps) | (40bps) |
| **Reported Results** | **Q1 24** | Q4 23 | Q1 23 | QoQ | YoY |
| Revenues | **1,154** | 1,118 | 1,104 | 3% | 5% |
| Non-Interest Expenses | **615** | 680 | 593 | (10%) | 4% |
| Pre-Tax / Pre-Provisions | **539** | 438 | 511 | 23% | 5% |
| PCL | **71** | 65 | 61 | | |
| Net Income | **339** | 271 | 326 | 25% | 4% |
| Efficiency Ratio[2] (%) | **53.3%** | 60.8% | 53.7% | (750bps) | (40bps) |
| **Key Metrics** | **Q1 24** | Q4 23 | Q1 23 | QoQ | YoY |
| Avg Loans & Bas | **153,291** | 150,847 | 145,347 | 2% | 5% |
| Personal | **96,701** | 96,282 | 94,511 | 0.4% | 2% |
| Commercial | **56,590** | 54,565 | 50,836 | 4% | 11% |
| Avg Deposits | **88,949** | 87,873 | 85,051 | 1% | 5% |
| Personal | **40,845** | 40,357 | 39,591 | 1% | 3% |
| Commercial | **48,104** | 47,516 | 45,460 | 1% | 6% |
| PCL Ratio | **0.18%** | 0.17% | 0.17% | | |

- Revenues up 5% YoY, mainly from balance sheet growth
- Expenses up 4% YoY, with continued technology investments, partly offset by lower amortization
- Average deposits up 1% QoQ and average loans up 2% QoQ
  - Broad-based growth in commercial lending
- NIM stable QoQ, reflecting higher asset and deposit spreads, mainly offset by balance sheet mix

## P&C Net Interest Margin

*(NIM on Average Interest-Bearing Assets)*




(1) Excluding specified items when applicable, which are non-GAAP financial measures. See slides 2 and 50.
(2) Represents a supplementary financial measure. See slide 2.

# WEALTH MANAGEMENT

## Wealth Management Summary Results – Q1 2024

*($MM)*

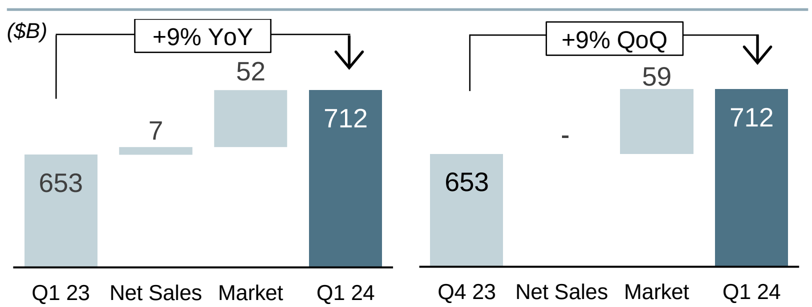
| **Adjusted Results**[1] | **Q1 24** | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Revenues | **660** | 638 | 637 | 3% | 4% |
| Fee-Based | **375** | 371 | 347 | 1% | 8% |
| Transaction & Others | **87** | 79 | 82 | 10% | 6% |
| Net Interest Income | **198** | 188 | 208 | 5% | (5%) |
| Non-Interest Expenses | **390** | 380 | 364 | 3% | 7% |
| Pre-Tax / Pre-Provisions | **270** | 258 | 273 | 5% | (1%) |
| Net Income | **196** | 187 | 198 | 5% | (1%) |
| Efficiency Ratio[3] | **59.1%** | 59.6% | 57.1% | (50bps) | 200bps |

| **Reported Results** | **Q1 24** | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Revenues | **660** | 638 | 637 | 3% | 4% |
| Non-Interest Expenses | **390** | 423 | 364 | (8%) | 7% |
| Pre-Tax / Pre-Provisions | **270** | 215 | 273 | 26% | (1%) |
| Net Income | **196** | 155 | 198 | 26% | (1%) |
| Efficiency Ratio[3] | **59.1%** | 66.3% | 57.1% | (720bps) | 200bps |

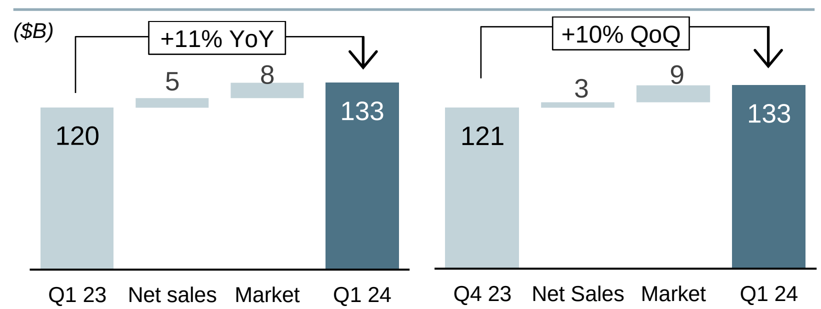
| **Key Metrics** ($B) | **Q1 24** | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Avg Loans & BAs | **7.7** | 7.5 | 7.5 | 3% | 2% |
| Avg Deposits | **41.2** | 40.3 | 40.2 | 2% | 2% |

- Record revenues of $660MM, up 4% YoY
  - Continued momentum in fee-based revenues, driven by strong asset growth, primarily from strong market performance
  - NII of $198MM, up 5% QoQ, benefiting from strong deposit base
- Q1 efficiency ratio < 60%
  - Expense growth mainly driven by higher variable compensation (in line with strong fee-based revenue growth) and technology investments

## Assets Under Administration[2]




## Assets Under Management[2]




(1) Excluding specified items when applicable, which are non-GAAP financial measures. See slides 2 and 50.
(2) This is a non-GAAP measure. See slide 2.
(3) Represents a supplementary financial measure. See slide 2.

# FINANCIAL MARKETS[1]

## Financial Markets Summary Results – Q1 2024

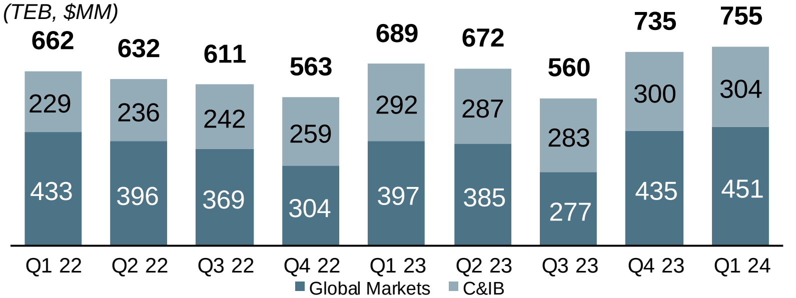
*(TEB, $MM)*

| Adjusted Results[2] | Q1 24 | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Revenues | **755** | 735 | 689 | 3% | 10% |
| Global Markets | **451** | 435 | 397 | 4% | 14% |
| C&IB | **304** | 300 | 292 | 1% | 4% |
| Non-Interest Expenses | **313** | 312 | 287 | - | 9% |
| Pre-Tax / Pre-Provisions | **442** | 423 | 402 | 4% | 10% |
| PCL | **17** | 24 | (9) | | |
| Net Income | **308** | 289 | 298 | 7% | 3% |
| Efficiency Ratio[3] | **41.5%** | 42.4% | 41.7% | (90bps) | (20bps) |
| **Reported Results** | **Q1 24** | Q4 23 | Q1 23 | QoQ | YoY |
| Revenues[4] | **755** | 735 | 689 | 3% | 10% |
| Non-Interest Expenses | **313** | 319 | 287 | (2%) | 9% |
| Pre-Tax / Pre-Provisions | **442** | 416 | 402 | 6% | 10% |
| PCL | **17** | 24 | (9) | | |
| Net Income | **308** | 284 | 298 | 8% | 3% |
| Efficiency Ratio[3] | **41.5%** | 43.4% | 41.7% | (190bps) | (20bps) |
| **Other Metrics** | **Q1 24** | Q4 23 | Q1 23 | QoQ | YoY |
| Avg Loans & BAs[5] | **31,659** | 30,254 | 27,066 | 5% | 17% |

- Record net income of $308MM, up 3% YoY, reflecting well-diversified business mix
  - In light of the proposed legislation with respect to Canadian dividends, the Bank did not either recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024
- Global Markets revenues of $451MM, up 14% YoY, with solid performance across the franchise
- C&IB revenues of $304MM, up 4% YoY
  - Led by NII growth, partly offset by slower M&A activity
- Efficiency ratio of 41.5%
  - Expenses up 9% YoY, mainly from higher variable compensation, in line with strong Q1, and technology investments

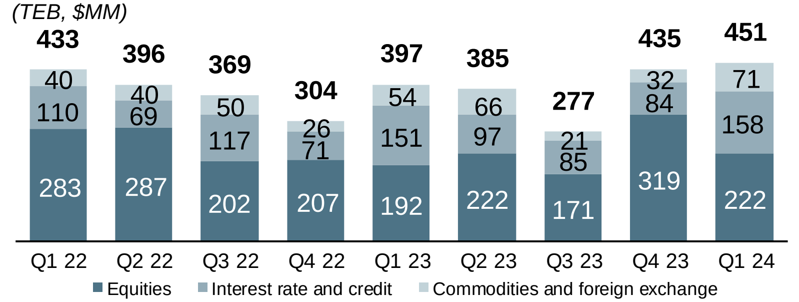
## Financial Markets Revenues

*(TEB, $MM)*




## Global Markets Revenues

*(TEB, $MM)*




(1) In light of the proposed legislation with respect to Canadian dividends, the Bank did not either recognize an income tax deduction or use the taxable equivalent basis method to adjust revenues related to affected dividends received after January 1, 2024. (2) On a taxable equivalent basis, and excluding specified items when applicable, which are non-GAAP financial measures. See slides 2 and 50. (3) Represents a supplementary financial measure. See slide 2. (4) On a taxable equivalent basis (TEB). See slide 2. (5) Corporate Banking only.

# USSF&I – CREDIGY

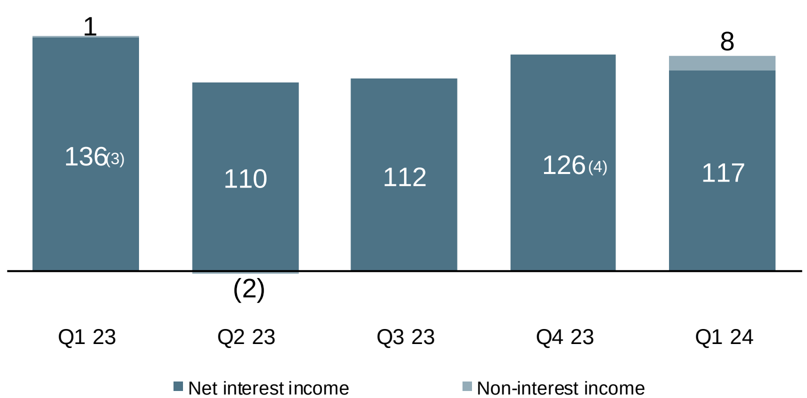
## Credigy Summary Results – Q1 2024

*($MM)*

| | Q1 24 | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Revenues | **125** | 126 | 137 | (1%) | (9%) |
| Net Interest Income | **117** | 126 | 136 | (7%) | (14%) |
| Non-Interest Income | **8** | - | 1 | | |
| Non-Interest Expenses | **35** | 38 | 36 | (8%) | (3%) |
| Pre-Tax / Pre-Provisions | **90** | 88 | 101 | 2% | (11%) |
| PCL | **25** | 10 | 31 | | |
| Net Income | **51** | 61 | 55 | (16%) | (7%) |
| Avg Assets C$ | **10,762** | 10,067 | 9,597 | 7% | 12% |
| Avg Assets US$ | **7,925** | 7,469 | 7,068 | 6% | 12% |
| Efficiency Ratio[2] (%) | **28.0%** | 30.2% | 26.3% | | |

## Credigy Revenues

*($MM)*




- Average assets up 6% QoQ[1] and 12% YoY, with strong momentum in investment volumes
  - US$1.3B deployed in Q1, mainly in mortgage and consumer secured space
- Revenues down YoY and QoQ as reference periods benefitted from pre-payment revenue and portfolio over-performance[3][4]
  - NII up 6% QoQ on a constant currency basis, excluding favourable items recorded in Q4 2023
  - Non-interest income mainly reflecting favourable mark-to-market adjustments on assets at fair value
- PCL of $25M, driven by performing provisions on new investments and impaired provisions from the seasoning of loan portfolios
  - Lower PCL in Q4 2023 reflected write-ups of overperforming POCI portfolios
- Portfolio defensively positioned with continued strong underlying performance
  - Most assets secured (93% as of Q1 vs. 77% pre-pandemic) and well-diversified
  - Maintaining disciplined investment approach in current environment

(1) Average assets. On a constant currency basis.
(2) Represents a supplementary financial measure. See slide 2.
(3) Q1 2023 includes $20M of net interest income from the acceleration of interest due to a loan pre-payment.
(4) Q4 2023 includes $14M of net interest income from pre-payment revenue and favourable impact of over-performance on fair value portfolio.

# USSF&I – ABA

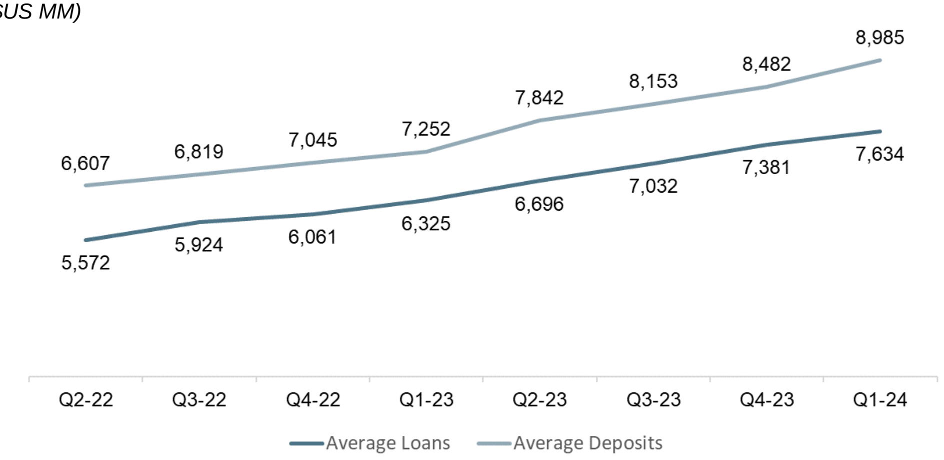
## ABA Summary Results – Q1 2024

*($MM)*

| | Q1 24 | Q4 23 | Q1 23 | QoQ | YoY |
|---|---|---|---|---|---|
| Revenues | **194** | 187 | 180 | 4% | 8% |
| Non-Interest Expenses | **65** | 68 | 61 | (4%) | 7% |
| Pre-Tax / Pre-Provisions | **129** | 119 | 119 | 8% | 8% |
| PCL | **11** | 13 | 4 | | |
| Net Income | **93** | 84 | 91 | 11% | 2% |
| Avg Loans | **10,345** | 9,918 | 8,559 | 4% | 21% |
| Avg Deposits | **12,174** | 11,399 | 9,813 | 7% | 24% |
| Efficiency Ratio[1] (%) | **33.5%** | 36.4% | 33.9% | | |
| Number of clients ('000) | **2,630** | 2,471 | 2,049 | 6% | 28% |

## ABA Loan and Deposit Growth

*($US MM)*

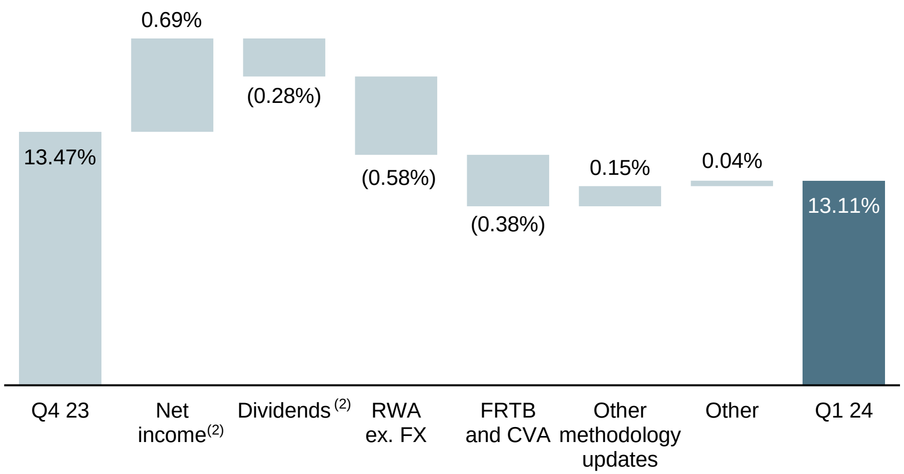



- Solid growth in loans and deposits with client base up 28% YoY
  - Leading digital capabilities and continued investments
- Revenues up 8% YoY and 4% QoQ
  - Improving deposit margin, with strong growth in demand deposits
- Maintaining a low efficiency ratio of 34%
  - Disciplined expense management while supporting business growth and network expansion
- Solid credit position
  - Portfolio: 98% secured with an average LTV in the 40s
  - Clients: diversified SMEs with an average loan size of <US$65k

(1) Represents a supplementary financial measure. See slide 2.

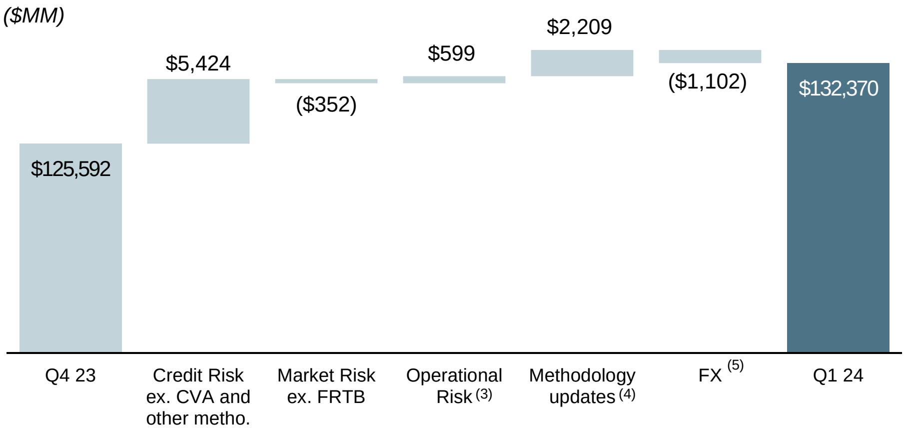
# STRONG CAPITAL POSITION WHILE GENERATING ROBUST RWA GROWTH

## CET1 Ratio[1]




## Risk-Weighted Assets[1]

*($MM)*




### Strong CET1 ratio of 13.1%

- Strong organic capital generation (+41 bps) and robust organic RWA growth (-58 bps)
- Methodology updates (-23 bps)
  - Adoption of FRTB and CVA reforms (-38 bps, in line with expectations)
  - Partly offset by continuous refinements (+15 bps)
- IFRS 17 adoption (-5 bps)

### Robust organic RWA growth of 58 bps

- Credit risk RWA up $5,424MM (ex. CVA and other methodology updates)
  - Strong asset growth (-51 bps), primarily driven by Credigy, Commercial and Corporate Banking
  - Credit migration in retail and non-retail books (-5 bps)

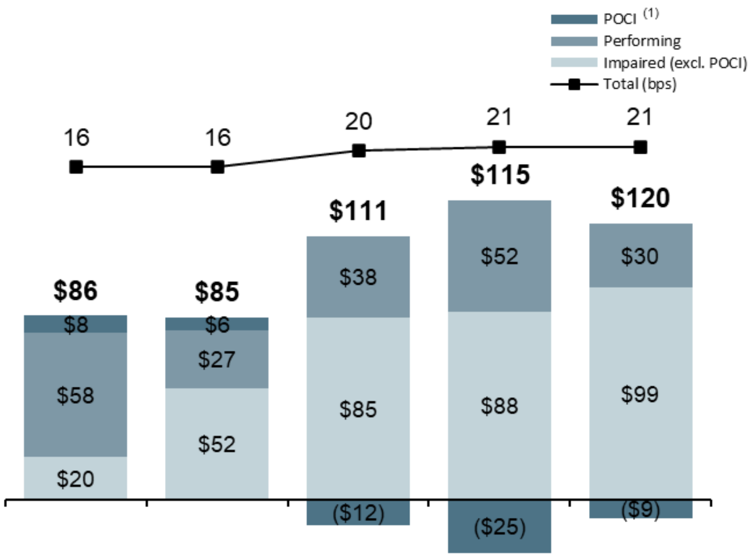
(1) Represents a capital management measure. See slide 2.
(2) Net income attributable to common shareholders; Dividends on common shares.
(3) Primarily reflecting litigation expenses recorded in Q4 2023 (+4 bps).
(4) Adoption of FRTB (-50 bps); adoption of CVA (+12 bps); continuous refinements (+15 bps).
(5) Variation in RWA from foreign exchange translation has a negligible impact on the CET1 ratio, as the movement is offset by the gain/loss on net foreign currency translation adjustments accounted for in other comprehensive income.

# CREDIT RISK OVERVIEW

# PROVISIONS FOR CREDIT LOSSES (PCL)

## PCL

*($MM)*




*($MM)*

| | Q1 23 | Q2 23 | Q3 23 | Q4 23 | Q1 24 |
|---|---|---|---|---|---|
| Personal | 24 | 26 | 34 | 35 | 42 |
| Commercial | 6 | 3 | 31 | 8 | 28 |
| Wealth Management | (1) | - | - | - | - |
| Financial Markets | (18) | 9 | (5) | 17 | (2) |
| USSF&I | 9 | 14 | 25 | 28 | 31 |
| **PCL on impaired (excl. POCI)** | **20** | **52** | **85** | **88** | **99** |
| **POCI** [1] | **8** | **6** | **(12)** | **(25)** | **(9)** |
| **PCL on performing** | **58** | **27** | **38** | **52** | **30** |
| **Total PCL** | **86** | **85** | **111** | **115** | **120** |

### Q1 Total PCL

- $120M (21 bps), reflecting resilient portfolio mix and prudent provisioning

### Q1 PCL on Impaired Loans (excl. POCI)

- Provision of $99M (17 bps)
- Retail: continued normalization
- Non-retail: primarily 3 files
- USSF&I: Credigy – normal seasoning of portfolios, ABA – higher stage 3 migration

### Q1 PCL on Performing Loans

- Provision of $30M (5 bps) driven by portfolio growth and increased management overlay, partially offset by more favorable macro and model calibration
  - Retail: $10M
  - Non-retail: $17M
  - USSF&I: $3M

### FY 2024 Outlook for Impaired PCL

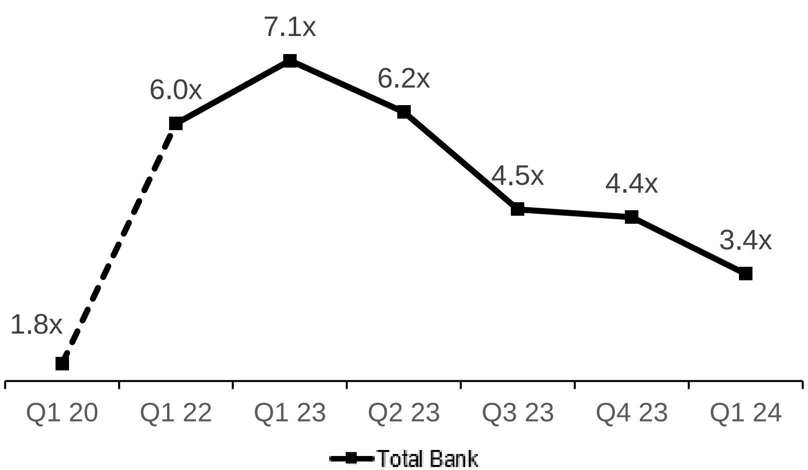
- Return to pre-pandemic range of 15 - 25 bps

(1) Purchased or Originated Credit Impaired.
(2) Represents Provisions for credit losses on impaired loans excluding POCI loans ratio, which is a supplementary financial measure. See slide 2.

# PRUDENT PROVISIONING IN UNCERTAIN ECONOMIC ENVIRONMENT

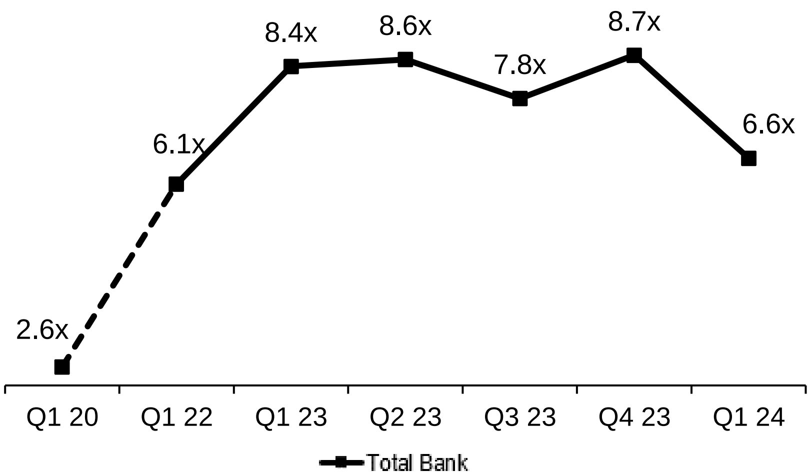
## Strong Performing ACL Coverage

*Performing ACL / LTM PCL on Impaired Loans*




## Total Allowances Cover 6.6x NCOs

*Total ACL / LTM Net Charge-Offs (Excluding POCI)*




## ABA: Historical PCL and NCOs (Bps)

| | 2019 | 2020 | 2021 | 2022 | 2023 | **Q1 24** |
|---|---|---|---|---|---|---|
| Performing PCL | 26 | 40 | 44 | (3) | 6 | **(15)** |
| Impaired PCL | 18 | 13 | 6 | 45 | 28 | **58** |
| Total PCL | 44 | 53 | 49 | 43 | 35 | **42** |
| NCO | 3 | 2 | <1 | 1 | 1 | **1** |

## Strong Total ACL Coverage

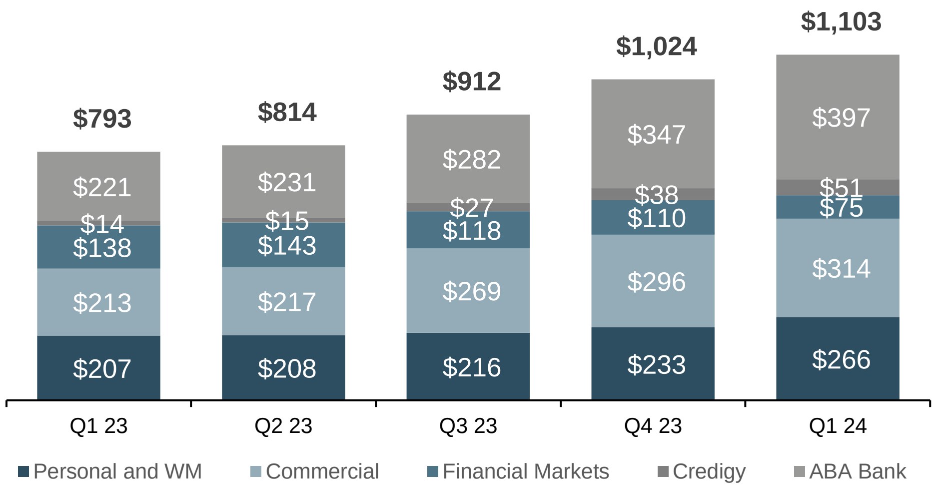
*Total ACL / Total Loans (excluding POCI and FVTPL)*

| | Q1 20 | Q3 23 | Q4 23 | **Q1 24** |
|---|---|---|---|---|
| Mortgages | 0.15% | 0.31% | 0.33% | **0.34%** |
| Credit Cards | 7.14% | 7.27% | 7.15% | **7.48%** |
| Total Retail | 0.53% | 0.57% | 0.59% | **0.61%** |
| Total Non-Retail | 0.58% | 0.76% | 0.80% | **0.78%** |
| Total Bank | 0.56% | 0.67% | 0.70% | **0.70%** |

Note: Performing ACL includes allowances on drawn ($888M), undrawn ($166M) and other assets ($39M)

# GROSS IMPAIRED LOANS AND FORMATIONS (excluding POCI)

## Gross Impaired Loans (GIL) Excluding POCI Loans(1)



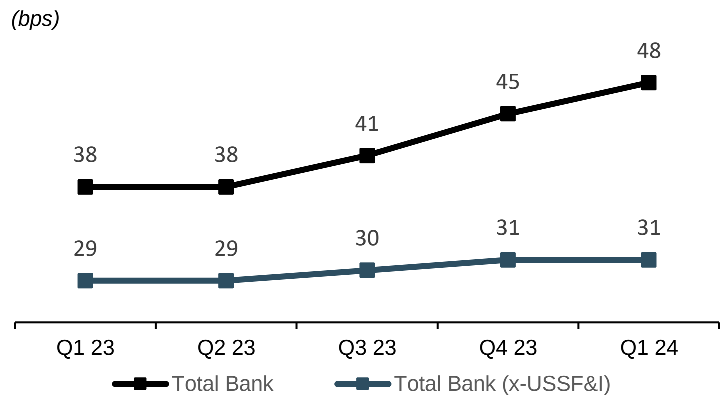

- Gross impaired loans (excl. POCI) of $1,103M, increase of 3 bps QoQ at 48 bps
  - GIL excl. USSF&I(2): 31 bps (stable QoQ)
- Net formations of $173M, increase of $1M QoQ
  - Retail: continued normalization
  - Non-retail: A few commercial files primarily in Education & health care sector
  - Credigy: Normal seasoning of portfolios. Performance matching expectations
  - ABA: Softer external demand and a slower recovery in tourism

## Net Formations(3) Excl. POCI Loans by Business Segment

($MM)

| | Q1 23 | Q2 23 | Q3 23 | Q4 23 | **Q1 24** |
|---|---|---|---|---|---|
| Personal | 44 | 33 | 45 | 60 | **73** |
| Commercial | 12 | 6 | 56 | 28 | **40** |
| Financial Markets | (29) | 5 | (25) | (8) | **(13)** |
| Wealth Management | (8) | (3) | 1 | 3 | **(3)** |
| Credigy | 15 | 14 | 25 | 24 | **26** |
| ABA Bank | (13) | 10 | 51 | 65 | **50** |
| Total GIL Net Formations | 21 | 65 | 153 | 172 | **173** |

## GIL Excluding POCI Loans(1)




(1) Represents a supplementary financial measure – see slide 2.
(2) Represents GIL excluding POCI loans and excluding GIL from our USSF&I segment.
(3) Formations include new accounts, disbursements, principal repayments, and exchange rate fluctuation; net of write-offs.

# LIQUIDITY AND FUNDING OVERVIEW

# FUNDING STRATEGY

Our funding strategy is designed to:

- ✓ support the Bank's organic growth;
- ✓ enable the Bank to survive potentially severe and prolonged crises; and
- ✓ meet its regulatory obligations and financial targets.

The funding framework consists of 3 pillars:

**1. 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;

2. Maintain a **sound liquidity risk management** through centralized expertise and management of liquidity metrics within predefined risk appetite;

**3. Maintain active access** to various markets to **ensure diversification** of institutional funding in terms of source, geographic location, currency, instrument and maturity, whether secured or unsecured.

Implemented to **strengthen** the Bank's **franchise** among market participants and consolidate its **excellent reputation**

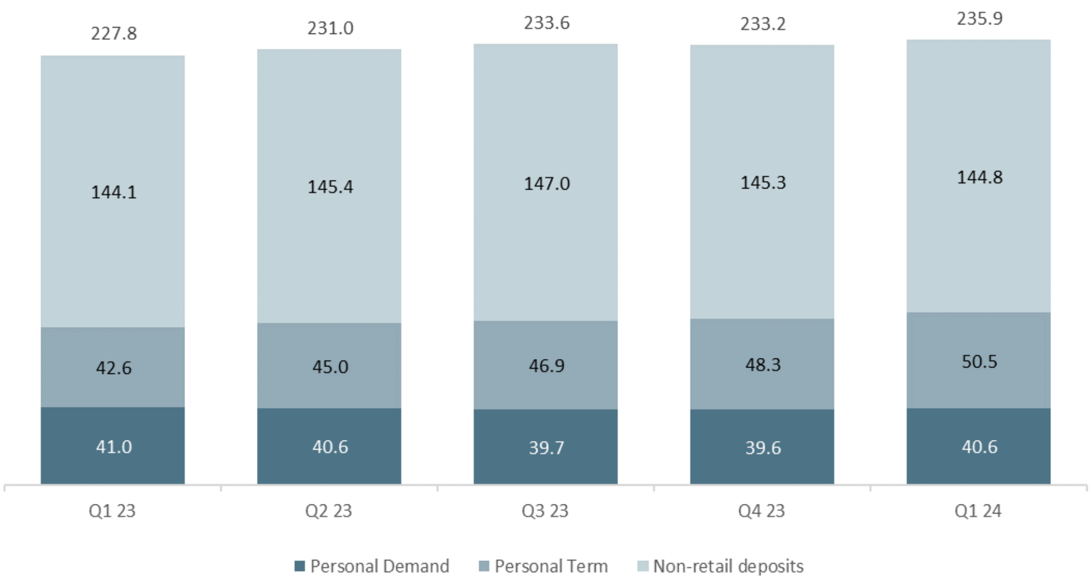
The deposit strategy remains a priority for the Bank, which continues to prefer deposits to institutional funding.

# DIVERSIFIED DEPOSIT STRATEGY

**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

**Deposits (Ex. Wholesale Funding)**(1)

*($B)*




**Total Deposits:**
**1Y CAGR = 4%**

**Personal Deposits:**
**1Y CAGR = 9%**

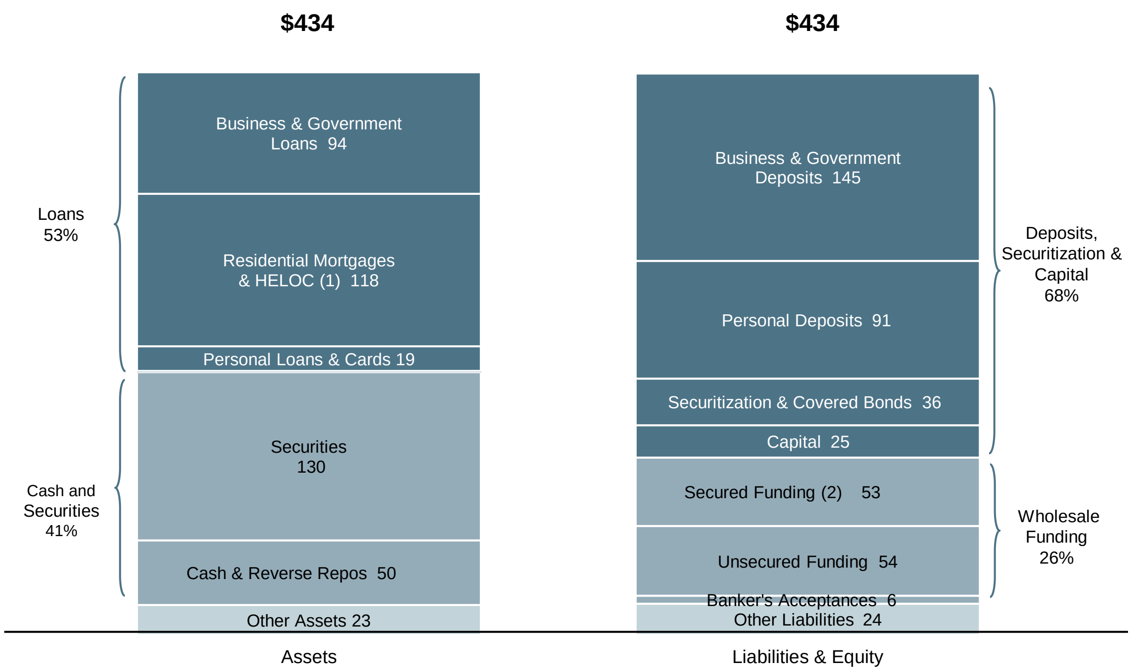
- Resulting from the **steady execution** of the Bank's **successful deposit strategy**, Personal Deposits increased to $91B with Total Deposits reaching $236B as of Q1 2024.

(1) As per end-of-period balances for total deposits, excluding deposits from deposit-taking institutions

# DIVERSIFIED FUNDING PROFILE

## Balance Sheet Overview

*($B, as at January 31, 2024)*




### Balance sheet reflects our diversified business model

- Core banking activities well-funded through diversified and resilient sources
  - Diversified deposit base across segments and products
  - Stable securitization funding
- Unsecured wholesale funding diversified across currencies, products, tenors and geographies

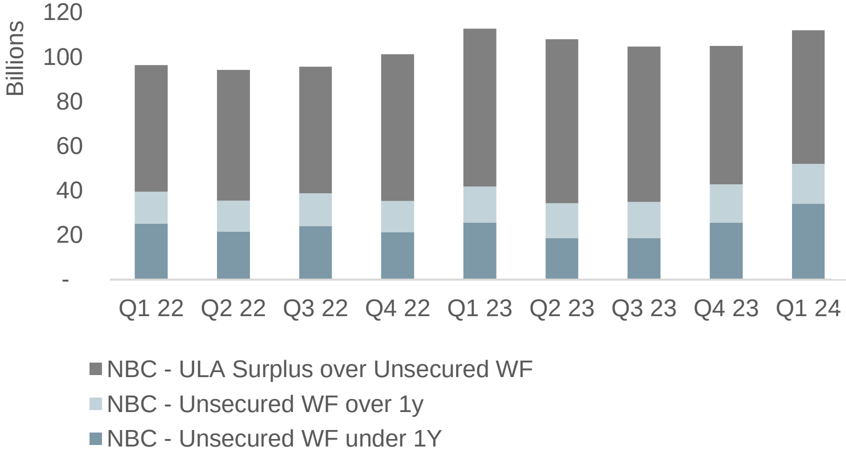
(1) Securitized agency MBS are on balance sheet as per IFRS.
(2) Includes obligations related to securities sold short.

# SOUND LIQUIDITY RISK MANAGEMENT

Maintain a sound **liquidity risk management** through centralized expertise and management of liquidity metrics within predefined risk appetite, with 4 main principles: Efficient Risk & Reward Balance through a Risk Appetite Framework, Decision-making processes based on clear and complete understanding of liquidity risk and liquidity risk contributors, support to NBC's credit ratings and liquidity position maintained above regulatory minimum requirements.

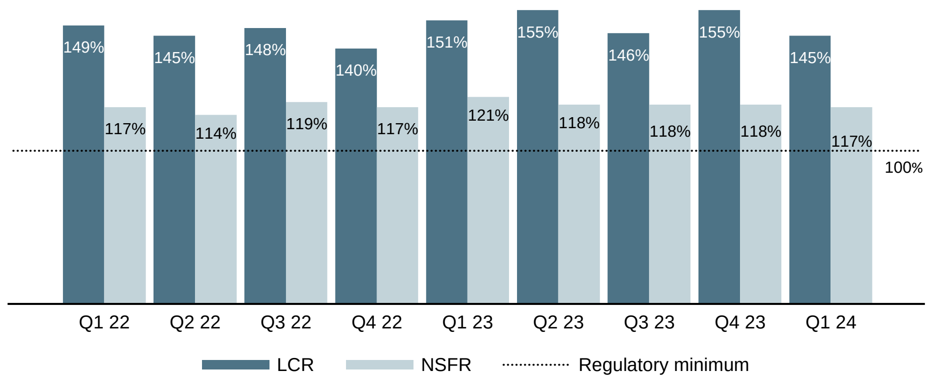
### Unsecured Wholesale Funding vs. Unencumbered Liquid Assets

*(As at January 31, 2024)*




### Liquidity Ratios

*(As at January 31, 2024)*




### Liquidity Approach to Wholesale Funding

- High-quality liquidity portfolio more than offsets reliance on Unsecured Wholesale Funding
- Continued disciplined approach to Unsecured Wholesale Funding

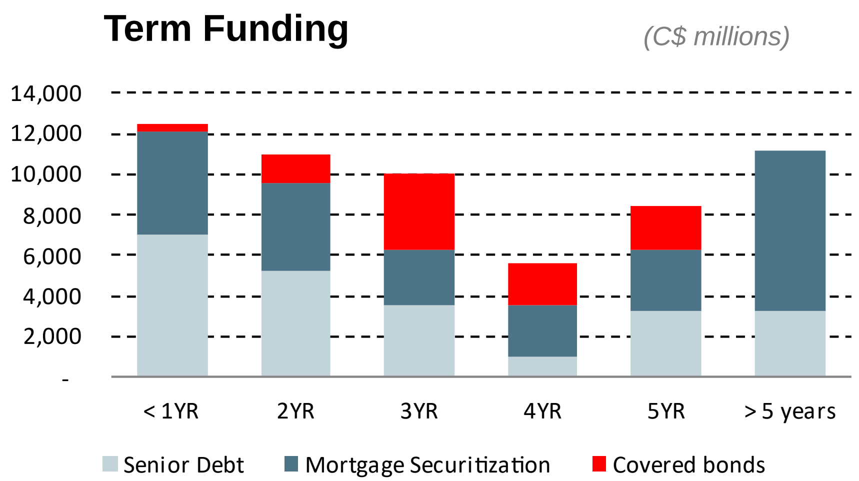
### Sound Liquidity Profile

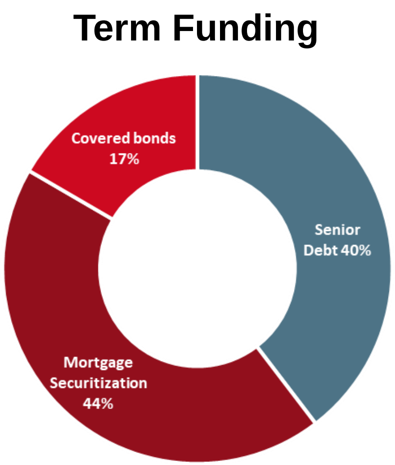
- Consistently operating at liquidity levels well above regulatory minimum requirements
- LCR ratio of 145% and NSFR of 117% at Q1 2024

Additional information on the Bank's liquidity position can be found in the 2023 Annual Report at pp. 91-100, as well as in Q1 2024 Report to Shareholders.

# MATURITY PROFILE

**Maintain active access** to various markets to **ensure diversification** of institutional funding in terms of source, geographic location, currency, instrument and maturity, whether secured or unsecured.




| Canada (selected issuances) | | | | | |
|---|---|---|---|---|---|
| Currency | Principal (in millions) | Tenor | Product | Coupon | Maturity |
| CAD | 1,500 | 5Y | Senior Unsecured (BID) | 5.023% | 29-Feb |
| CAD | 500 | 3Y | Sustainable Senior Unsecured (BID) | 4.968% | 26-Dec |

| Foreign (selected issuances) | | | | | |
|---|---|---|---|---|---|
| Currency | Principal (in millions) | Tenor | Product | Coupon | Maturity |
| USD | 1,000 | 5Y | Senior Unsecured (BID) | 5.600% | 28-Dec |
| EUR | 1,000 | 5Y | Covered Bonds | 3.500% | 28-Apr |
| EUR | 500 | 5Y | Senior Unsecured (BID) | 3.750% | 28-Jan |
| CHF | 280 | 5Y | Covered Bonds | 1.9575% | 27-Nov |
| GBP | 750 | 4Y | Covered Bonds | SONIA + 100 bps | 26-May |
| EUR | 800 | 2Y | Senior Unsecured (BID) | FRN | 25-Jun |

# DIVERSIFIED FUNDING PLATFORMS

**Maintain active access** to various markets to **ensure diversification** of institutional funding in terms of source, geographic location, currency, instrument and maturity, whether secured or unsecured

### Unsecured Wholesale Funding Platforms

- Benchmark C$ Senior Unsecured
- US$ Senior Unsecured MTN programs (Senior Bail-in and Structured notes)
- Euro MTN program (EMTN)
- US$ Commercial Paper programs and Yankee CDs
- EUR Commercial Paper program (ECP) and Euro CDs
- C$ MTN shelf

### Securitization and Covered Bond Programs

- Canadian Mortgage Bonds
- Legislative Global Covered Bond Program
- Canadian Credit Card Trust II

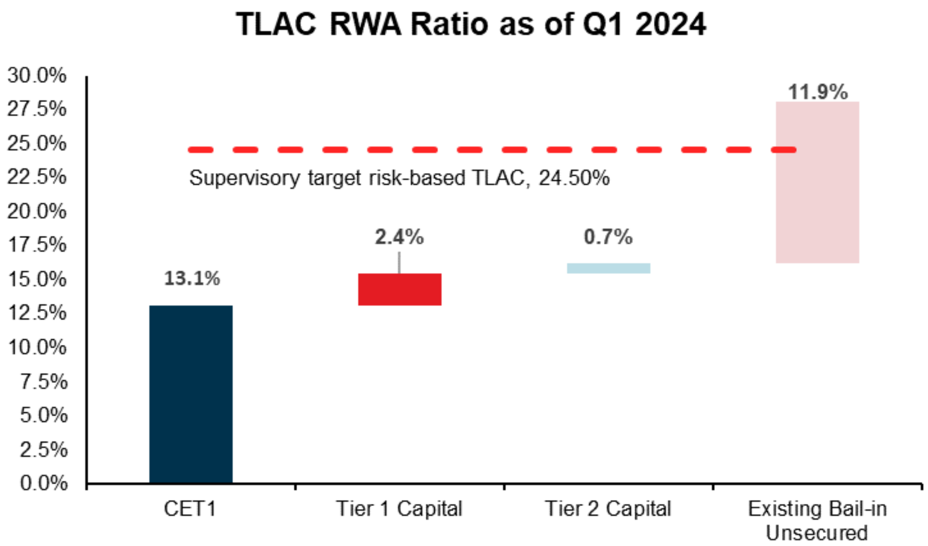
In addition to benchmark deals, we also have capacity to:

✓ act on Reverse enquiries
✓ execute Private Placements and Club Deals
✓ tailor Sustainability Bonds (ESG) and Structured Notes (incl. Formosa, Step-ups, Callables, CMS)

# TLAC RATIOS[1]

All Canadian D-SIBs are now required to maintain a TLAC risk-weighted ratio of at least 21.5%. In addition, all D-SIBs are expected to hold buffers above the minimum TLAC Ratio, including the Domestic Stability Buffer ("DSB", adjusted by OSFI on June 20, 2023, to 3.5% of total RWA (effective as of Nov. 1st, 2023)). Inclusive of the DSB as currently set, the D-SIBs' supervisory target risk-based TLAC Ratio will stand at 25.0%.

All D-SIBs are also required to maintain a TLAC leverage ratio of at least 7.25%.




- Q1-24 NBC TLAC RWA Ratio = 28.1%
- Q1-24 NBC TLAC Leverage Ratio = 7.8%
- NBC exceeds both TLAC regulatory requirements
- NBC continues to manage its funding activities to maintain its TLAC ratios to a desired level

(1) Represents capital management measures. See slide 2.

# Environment, Social and Governance (ESG) Highlights

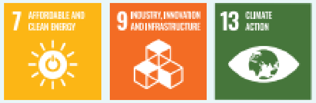
# NBC ESG HIGHLIGHTS

Supporting sustainable development is an intrinsic part of our One Mission. Environmental, social and governance considerations play a key role in our business and operational decisions.

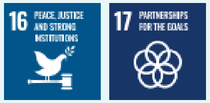
The ESG principles that our Board of Directors have adopted demonstrate our commitment to sustainable development and to balancing the interests of different stakeholders in society.

| ENVIRONMENT | SOCIAL | GOVERNANCE |
|---|---|---|
| We are working to develop a green economy | We enrich communities | We govern according to the highest standards |
| 1. We consider the fight against climate change in our economic and community actions<br>2. We guide and advise our clients in their energy transition<br>3. We manage and reduce our environmental footprint in all of our business segments | 4. We maximize the potential of individuals and the community<br>5. We promote inclusion and diversity<br>6. We foster entrepreneurship, financial literacy, philanthropy, and support for health and education | 7. We promote a strong ethics culture, sound governance practices, and rigorous risk management<br>8. We manage according to responsible business practices<br>9. We ensure the long-term viability of the institution |

Key United Nations Sustainable Development Goals covered by our principles







# NBC ESG HIGHLIGHTS

| | |
|---|---|
| **Oversight** | • Board-level: ESG responsibilities integrated in the mandates of the Board and all its Committees.<br>• Executive-level: ESG committee responsible for corporate strategy regarding ESG matters includes key functional representatives (Risk, Legal, Public Affairs, Compliance, etc.) and is chaired by the Chief Financial Officer and Executive Vice-President, Finance.<br>• Incorporated ESG metrics into executive compensation. |
| **Disclosure** | • 2022 Report on Environmental, Social and Governance (ESG) Advances summarizing NBC's achievements<br>• SASB Disclosure (page 95 of the ESG Report)<br>• 2022 Report on the Task Force on Climate-related Financial Disclosures (TCFD) Advances<br>• Annual report related to the CDP Climate Change questionnaire since 2008 |
| **Sustainable Finance** | • The Bank has developed one of the first Canadian reference frameworks for issuing sustainable bonds.<br>• $10B in capital made available since 2019 for renewable energy projects in North America as at October 31, 2022.<br>• NBI has incorporated ESG considerations into its investment decisions since January 2018, notably through its OP4+ process. As at October 31, 2022, 98% of assets under NBI's management were managed by PRI signatories.<br>• The Bank has a dedicated team that supports clients during their transition. |

## Partnerships and Coalitions

In 2022, the Bank also pursued its commitment to the following initiatives:

The Green Bond Principles

Sustainable Development Goals

CDP Disclosure Insight Action

Climate Engagement Canada

RIA Responsible Investment Association

Signatory of: PRI Principles for Responsible Investment

The Social Bond Principles

TCFD Task Force on Climate-Related Financial Disclosures

PCAF Partnership for Carbon Accounting Financials

Signatory of: UN environment programme finance initiative — Principles for Responsible Banking

In support of Women's Empowerment Principles

# NBC Environment Highlights

**Environment** | Social | Governance

> Set path to achieve net-zero greenhouse gas (GHG) emissions for our operating and financing activities by 2050, with interim targets.
  - Interim reduction target of 25% for GHG emissions from our activities by the end of 2025 (compared to 2019). **See the table below.**
  - Interim reduction target of 31% for financed emissions for the Canadian oil and gas producers' sub-sector by 2030 (compared to 2019). **Reduction in the weighted average intensity of financed emissions by 27% for scopes 1 and 2 and by 20% for scope 3 in 2022 vs. 2019.**
  - New interim reduction targets of 50% for financed emissions for the Commercial Real Estate sector by 2030 (scope 1 and 2 - compared to 2019).
  - New interim reduction targets of 33% for financed emissions for the Power Generation sector by 2030 (scope 1 - compared to 2019).

> Committed to grow the portfolio of loans related to renewable energy at a faster pace than the portfolio related to non-renewable energy. **See the table below.**

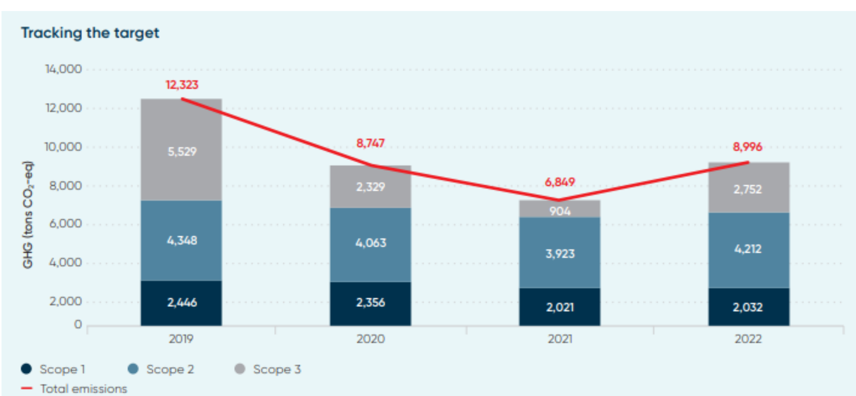
> Committed not to offer or grant new services related to oil and gas exploration, exploitation or production in the Arctic and not to finance new thermal coal mining and processing activities.

> Maintain carbon neutrality by offsetting our remaining annual GHG emissions from our activities.

Please also refer to our [2022 TCFD Report](2022 TCFD Report).

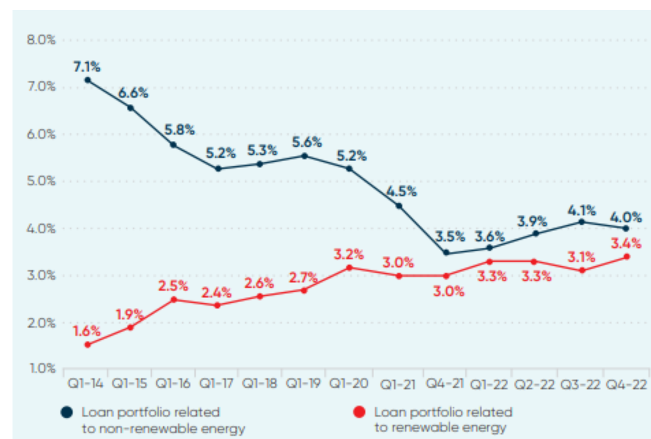
## Operations GHG Emission (Scopes 1, 2 and 3)

In line with our target, **we have reduced the carbon footprint of our operations by 27% since 2019**. Our carbon footprint increased by 31% in 2022 compared to 2021, mainly as a result of business recovery and renewed business travel over the second half of the year. In the coming year, we will continue to roll out initiatives aimed at achieving our reduction target.




## Financing Activities

**As at October 31, 2022, the credit risk exposure of the portfolio of loans related to renewable energy had increased by 26%** since January 31, 2019, while the portfolio of loans related to non-renewable energy had decreased by 29% over the same period.



# NBC Social Highlights

Environment | **Social** | Governance

## Employees

- People are the key to our success. That's why the Bank maintains an ongoing dialogue with its employees.
- Culture is a key differentiator with a focus on entrepreneurship, collaboration, agility and accountability.
- Promoting employee well-being as always been a priority at the Bank. We offer flexible and innovative benefits such as a telemedicine service, an Employee and Family Assistance Program and a childcare centre.

## Clients

- Underbanked, Unbanked and Underserved Clients: The ABA acquisition has opened the door to many people who previously had no access to banking in Cambodia. In Canada, we set up measures to give a portion of our clientele easier access to financial services and better meet their needs.
- Financial Literacy: We make a vast range of resources and tools available to clients to allow them to carefully plan for their financial needs, notably with the support of the Canadian Foundation for Economic Education.
- Businesses: We support a rich Entrepreneurial Ecosystem through a dozen incubators & accelerators.

## Community

- The Bank supports many organizations in the areas of education, entrepreneurship, health, community outreach, arts and culture, diversity and inclusion and the environment. Organizations are chosen according to strict guidelines that ensure maximum fairness and community impact.
- We return tens of millions of dollars back to the community and over $15 million in donations, yearly.

## Promoting inclusion and diversity

- Publication of the 2022 Inclusion and Diversity Booklet.
- For the fifth year in a row, the Bank was selected for the Bloomberg Gender-Equality Index.
- The Bank participated in several initiatives intended to promote the development and success of women, visible minorities, persons with disabilities, Indigenous Peoples and members of the LGBTQ+ communities.

# NBC Governance Highlights

Environment | Social | **Governance**

> Publication of the Corporate Social Responsibility Statement, ESG Report, Inclusion and Diversity Booklet and TCFD Report.

> The mandates of the Board of Directors and all its committees include ESG-related responsibilities.

> Executive variable compensation tied to achievement of our core ESG priorities.

> Succession planning for Directors takes into account the Board's diversity policy (gender, age, designated groups, sexual orientation, ethno-cultural groups and geographic origins).

> Succession planning for all senior management positions.

> Long-dated commitment to corporate social responsibility, based on the balance of interests of its stakeholders.

*(Click on images below to access full report.)*




# Mission of organizations we support

FINANCE UNEP INITIATIVE
CHANGING FINANCE, FINANCING CHANGE

United Nations Environment Programme – Finance Initiative (UNEP FI) is a partnership between United Nations Environment and the global financial sector created in the wake of the 1992 Earth Summit with a mission to promote sustainable finance. More than 250 financial institutions, including banks, insurers, and investors, work with UN Environment to understand today's environmental, social and governance challenges, why they matter to finance, and how to actively participate in addressing them.

Net-Zero Banking Alliance (NZBA) – The industry-led, UN-convened Net-Zero Banking Alliance brings together banks worldwide representing about 40% of global banking assets, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. Combining near-term action with accountability, this ambitious commitment sees signatory banks setting an intermediate target for 2030 or sooner, using robust, science-based guidelines.

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

The Principles provide the banking industry with a single framework that embeds sustainability at the strategic, portfolio and transactional levels and across all business areas. The Principles align banks with society's goals as expressed in the Sustainable Development Goals and the Paris Climate Agreement.

PRI Principles for Responsible Investment

The Principles for Responsible Investment will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

The Women's Empowerment Principles (WEPs) are a set of Principles offering guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. Established by UN Global Compact and UN Women, the WEPs are informed by international labour and human rights standards and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women's empowerment.

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

# Mission of organizations we support

| | |
|---|---|
| TCFD | The Financial Stability Board's Task Force on Climate-related Financial Disclosures will develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The Task Force will consider the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries. The work and recommendations of the Task Force will help companies understand what financial markets want from disclosure in order to measure and respond to climate change risks and encourage firms to align their disclosures with investors' needs. |
| CDP | CDP, formerly the Carbon Disclosure Project, wants to see a thriving economy that works for people and planet in the long term. To do this we focus investors, companies and cities on taking urgent action to build a truly sustainable economy by measuring and understanding their environmental impact. To achieve this, CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. |
| PCAF | PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. |
| RIA | The Responsible Investment Association is Canada's industry association for responsible investment. Responsible investment refers to the incorporation of environmental, social and governance (ESG) factors into the selection and management of investments. |
| Climate Engagement Canada | Climate Engagement Canada is a finance-led initiative that drives dialogue between the financial community and corporate issuers to promote a just transition to a net zero economy. For more information, please visit our website https://climateengagement.ca/about.* |
| The Social Bond Principles | Social bonds are use of proceeds bonds that raise funds for new and existing projects with positive social outcomes. The Social Bond Principles (SBP) seek to support issuers in financing socially sound and sustainable projects that achieve greater social benefits. |
| The Green Bond Principles | Green bonds enable capital-raising and investment for new and existing projects with environmental benefits. The Green Bond Principles (GBP) seek to support issuers in financing environmentally sound and sustainable projects that foster a net-zero emissions economy and protect the environment. |

# Sustainability Bond Framework

# NBC SUSTAINABILITY BOND FRAMEWORK

December 2022, NBC revised its Sustainability Bond Framework and obtained Second Party Opinion from Moody's:

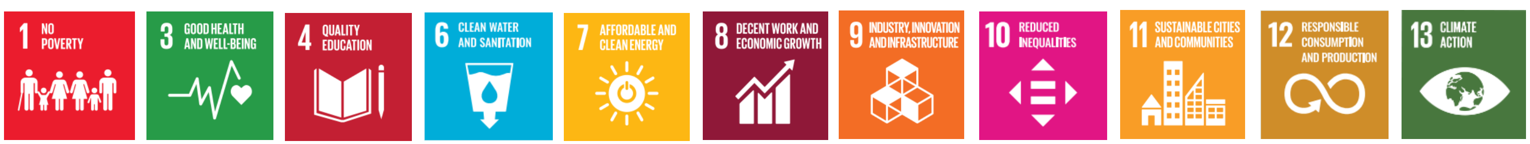
- https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2022/na-sustainability-bond-framework-2022.pdf
- https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2022/na-sustainability-bond-second-party-opinion-moodys-2022.pdf

June 2023, NBC published its 2022 Sustainability Bond Report:

- https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2023/na-sustainability-bond-report-2022.pdf

In line with the ICMA Green Bond Principles and Social Bond Principles, NBC's Sustainability Bonds will be allocated to financing of projects and organizations that credibly contribute to the environmental objectives or seek to achieve positive socioeconomic outcomes for target populations. Therefore, these are likely to contribute to United Nations' Sustainable Development Goals (listed below), by having a focus on:

Renewable Energy / Energy Efficiency** / Pollution Prevention and Control** / Sustainable Water and Wastewater Management** / Sustainable Buildings / Low-Carbon Transportation / Affordable Housing / Access to Basic and Essential Services / Loans to Small and Medium-sized enterprises (SMEs)*




NBC completed various sustainability bond issuances, including the first international issuance of USD Sustainability Bonds by a North American bank, as well as Sustainable Structured Bonds issued via tailored private placements (selected issuances):

- NACN CAD 1,000,000,000 3Y 5.296% Sustainable Notes Due November 2025
- NACN CAD 750,000,000 5Y 1.534% Senior Notes Due June 2026
- NACN USD 100,000,000 5Y Callable Sustainable Notes Due November 2026
- NACN CAD 500,000,000 3Y 4.968% Sustainable Notes Due December 2026
- NACN EUR 40,000,000 15y Steepener Senior Notes Due May 2034
- NACN AUD 12,000,000 15Y Callable Zero-Coupon Sustainable Notes Due October 2036

* The "Loans to Small and Medium-sized enterprises (SMEs)" category was added to the Bank's Framework in 2020.
** The "Energy Efficiency", "Pollution Prevention and Control" and "Sustainable Water and Wastewater Management" categories were added to the Bank's Framework in 2022.

# NBC SUSTAINABILITY BOND FRAMEWORK

For the purpose of issuing Sustainability Bonds, NBC has developed its framework, which addresses the four core components of the **ICMA Sustainability Bond Guidelines** and its recommendations on the use of external reviews and impact reporting:

1. Use of proceeds
2. Project selection and evaluation process
3. Management of proceeds
4. Reporting

As per the **ICMA Sustainability Bond Guidelines:** ***"****Sustainability Bonds are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both Green and Social Projects.*

*Sustainability Bonds are aligned with the four core components of both the GBP* [Green Bond Principles or "GBP"] and the *SBP* [Social Bond Principles or "SBP"] *with the former being especially relevant to underlying Green Projects and the latter to underlying Social Projects.*

*It is understood that certain Social Projects may also have environmental co-benefits, and that certain Green Projects may have social co-benefits. The classification of a use of proceeds bond as a Green Bond, Social Bond, or Sustainability Bond should be determined by the issuer based on its primary objectives for the underlying projects."*

https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/

# NBC SUSTAINABILITY BOND FRAMEWORK

Use of proceeds → Project selection and evaluation → Management of proceeds → Reporting

| Eligible Categories | Eligibility Criteria |
|---|---|
| **1. Renewable Energy** | › Generation, transmission and distribution of energy from renewable sources, including investments for acquisition, operation, maintenance and improvements.<br>› Manufacturing of components and technologies supporting or required for renewable energy projects.<br>Eligible types of renewable energy:<br>○ Wind, Solar, Geothermal with direct emissions < 100gCO2e/kWh, Tidal<br>○ Hydropower: small scale hydro (<25 MW), run of river plants and upgrade of existing hydro assets<br>○ Waste biomass and renewable biofuels whose sources include sustainable feedstock. Sustainable feedstock may include nuisance plants, crop waste or biomass grown specifically for energy harvesting usually on land no longer suitable for crops that would become food. The only timber feedstock allowed is waste wood. Direct emissions < 100gCO2e/kWh. |
| **2. Energy Efficiency** | › Activities that reduce energy consumption or mitigate greenhouse gas (GHG) emissions by more than 30% or help manage and store energy. Management and storage activities must be related to energy sourced from eligible types of renewable energy or with direct emissions < 100gCO2e/kWh.<br>○ Energy storage systems (including electromechanical storage such as flywheel, thermal, pneumatic)<br>○ Energy efficient district heating and cooling systems<br>○ Smart grid investments for more efficient electricity transmission and distribution, and reduction of transmission losses. Transmission lines with a dedicated connection to a power production plant with energy sourced from eligible types of renewable energy or with direct emissions < 100gCO2e/kWh. |
| **3. Pollution Prevention and Control** | › Construction, development, operation, acquisition and maintenance of land, facilities, systems or equipment used for activities that contribute to soil remediation, waste prevention and collection and waste reduction such as:<br>○ Facilities, systems and equipment that are used to divert waste from landfills or reduce emissions<br>○ Collection, treatment/remediation, recycling or reuse of emissions, waste or contaminated soil<br>○ Methane capture projects used for energy generation or captured from closed/decommissioned landfill with high gas capture efficiency of 75% or more where the landfill is not accepting further waste (with the exception of restoration materials) |
| **4. Sustainable Water and Wastewater Management** | › Activities that improve water quality, efficiency and conservation such as:<br>○ Water and/or wastewater collection, treatment and supply systems, where no net GHG emissions are expected<br>○ Improved water efficiency through reduced leakage by at least 20%<br>○ Plants and/or systems which are substituting more GHG-intensive treatment systems (such as septic tanks, anaerobic lagoons)<br>○ Other sustainable water and/or wastewater management measures including, water purification, water saving, water conservation and the re-use of water |
| **5. Sustainable Buildings** | › Construction, development, operation, acquisition and maintenance of buildings that either have recognized green/social third-party certifications and/or a specific track record in reducing GHG emissions:<br>○ Certified green buildings that have received, or expect to receive based on their design, construction and operation plans, recognized environmental standards such as LEED – gold or platinum, BREEAM – excellent or outstanding, BOMA BEST – gold or platinum or equivalent<br>○ Buildings with GHG performance in the top 15% of their city based on third-party assessment<br>○ Energy efficient investments in new or refurbished buildings such as lighting, retrofit, building envelope, or upgrade of air conditioning subject to a minimum of 30% improvement threshold in the primary energy demand of the building |
| **6. Low-Carbon Transportation** | › Manufacturing, construction, development, operation, acquisition and maintenance of vehicles, rolling stock and infrastructure for low-carbon passenger, goods and freight transport:<br>Electric, fuel cell-based or non-motorized vehicles or transportation systems |
| **7. Affordable Housing** | › Projects aimed at developing and renovating the social housing that promote social requirements and contribute to access to low-income residents<br>› Promote the creation of affordable* community housing in Canada targeted to low- or modest-income households and/or for people with special housing needs, which increases access to safe, affordable and sustainable housing through public programs |

* Based on applicable definitions within the jurisdiction in which it is built.

# NBC SUSTAINABILITY BOND FRAMEWORK

Use of proceeds → Project selection and evaluation → Management of proceeds → Reporting

| Eligible Categories | Eligibility Criteria (continued) |
|---|---|
| **8. Access to Basic and Essential Services** | › Projects intended for target** population that enhance access to essential services by enabling the provision of not-for-profit, free or subsidized services, including:<br>o Health services, Day care services, Childcare centres, Community welfare, Education, Social Housing, Training centres, Rehabilitation of parks and other public spaces<br>› These programs aim to provide access to basic and essential quality services to the entire population. Universality and accessibility are pillars of our Canadian social system and fundamental in the preservation of life, health and social functioning of our communities |
| **9. Loans to Small and Medium-sized Enterprises (SMEs)** | › Small and medium-sized enterprises located in deprived economic zones, in Canada demonstrating weaknesses measurable by economic indicators locally<br>› More specifically, support communities with an observable disadvantage in terms of employment, household income or with significant government transfers |

**The definition of target population can vary depending on local contexts and, in some cases, such target population(s) may also be served by addressing the general public

## Project Selection and Evaluation Process

- ✓ NBC's business unit officers are responsible for identifying and assessing potential eligible projects and businesses
- ✓ Eligible projects / businesses selected by the business lines are reviewed by **ESG program officers**
- ✓ The ESG program officers screen existing and future projects and programs **that align with NBC's sustainable development objectives**
- ✓ NBC has established a **Sustainability Bond Committee** responsible for the ultimate review and selection of the loans and investments that will qualify as Eligible Businesses and Projects, to which the net proceeds of a Sustainability Bond issuance will be allocated

## Management of Proceeds

- ✓ NBC has **established a Sustainability Bond Register**, maintained by a dedicated team, for the purpose of recording the Eligible Businesses and Projects and allocation of the proceeds from Sustainability Bonds to Eligible Businesses and Projects
- ✓ The Sustainability Bond Register contains **relevant information to identify each Sustainability Bond** and the Eligible Businesses and Projects relating to it
- ✓ The proceeds of the Sustainability Bonds issued by NBC are being deposited in the general funding accounts of NBC. An amount equal to the proceeds are to be **earmarked for allocation** in the Sustainability Bond Register in accordance with its Sustainability Bond Framework
- ✓ It is NBC's intention to maintain an aggregate amount of assets relating to Eligible Businesses and Projects **at least equal to the aggregate proceeds** of all NBC Sustainability Bonds that are concurrently outstanding
- ✓ The Bank aims to fully allocate proceeds within a period of **18 months**

# NBC SUSTAINABILITY BOND FRAMEWORK

Use of proceeds → Project selection and evaluation → Management of proceeds → **Reporting**

NBC has published a Sustainability Bond report on its website:

- ✓ Within 1 year of the issuance of the Sustainability Bonds; and
- ✓ Will update its Sustainability Bond report annually, until complete allocation, and thereafter, as necessary in case of new developments

The NBC Sustainability Bond Report will contain (at least) the following:

- ✓ Confirmation that the use of proceeds of the Sustainability Bond complies with the NBC Sustainability Bond Framework
- ✓ The amount of proceeds allocated to each Eligible Category
- ✓ One or more examples of Eligible Businesses and Projects financed, in whole or in part, by the proceeds obtained from the Sustainability Bond, including their general details (brief description, location, stage — construction or operation)
- ✓ The balance of unallocated proceeds
- ✓ Impact reporting items, as described in the potential indicators table detailed in the Framework
- ✓ NBC's most recent Sustainability Bond Report was published in June 2023:

- https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/2023/na-sustainability-bond-report-2022.pdf

# APPENDIX

# APPENDIX 1 | TOTAL LOAN PORTFOLIO OVERVIEW

*(As at January 31, 2024)*

## Loan Distribution by Borrower Category[1]

| | $B | % of Total |
|---|---|---|
| **Retail** | | |
| Secured - Mortgage & HELOC | 100.3 | 43% |
| Secured - Other [2] | 15.1 | 6% |
| Unsecured | 3.6 | 2% |
| Credit Cards | 2.2 | 1% |
| **Total Retail** | **121.2** | **52%** |
| **Non-Retail** | | |
| Real Estate and Construction RE | 27.4 | 12% |
| Financial Services | 13.0 | 6% |
| Utilities | *12.4* | *5%* |
| *Utilities excluding Pipeline* | *8.8* | *4%* |
| *Pipeline* | 3.6 | 1% |
| Agriculture | 8.7 | 4% |
| Manufacturing | 7.3 | 3% |
| Retail & Wholesale Trade | 7.2 | 3% |
| Other Services | 6.8 | 3% |
| Other[3] | 26.9 | 12% |
| **Total Non-Retail** | **109.7** | **48%** |
| Purchased or Originated Credit-Impaired | 0.5 | 0% |
| **Total Gross Loans and Acceptances** | **231.4** | **100%** |

- Secured lending accounts for 95% of Retail loans
- Indirect auto loans represent 2.4% of total loans ($5.5B)
- Limited exposure to unsecured retail and cards (2.5% of total loans)
- Non-Retail portfolio is well-diversified

(1) Totals may not add due to rounding.
(2) Includes indirect lending and other lending secured by assets other than real estate.
(3) Refer to SFI page 22 for remaining borrower categories.

# APPENDIX 2 | REGIONAL DISTRIBUTION OF CANADIAN LOANS

## Prudent Positioning

*(As at January 31, 2024)*

| | Quebec | Ontario | Oil Regions[1] | BC/MB | Maritimes[2] and Territories | **Total** |
|---|---|---|---|---|---|---|
| **Retail** | | | | | | |
| Secured Mortgage & HELOC | 24.7% | 13.3% | 3.7% | 2.8% | 0.9% | **45.4%** |
| Secured Other | 2.1% | 1.7% | 0.5% | 0.8% | 0.2% | **5.3%** |
| Unsecured and Credit Cards | 2.1% | 0.3% | 0.1% | 0.1% | 0.1% | **2.7%** |
| **Total Retail** | **28.9%** | **15.3%** | **4.3%** | **3.7%** | **1.2%** | **53.4%** |
| **Non-Retail** | | | | | | |
| Commercial | 19.6% | 5.3% | 1.3% | 2.4% | 0.9% | **29.5%** |
| Corporate Banking and Other[3] | 4.5% | 6.6% | 3.9% | 1.7% | 0.4% | **17.1%** |
| **Total Non-Retail** | **24.1%** | **11.9%** | **5.2%** | **4.1%** | **1.3%** | **46.6%** |
| **Total** | **53.0%** | **27.2%** | **9.5%** | **7.8%** | **2.5%** | **100.0%** |

Within the Canadian loan portfolio:

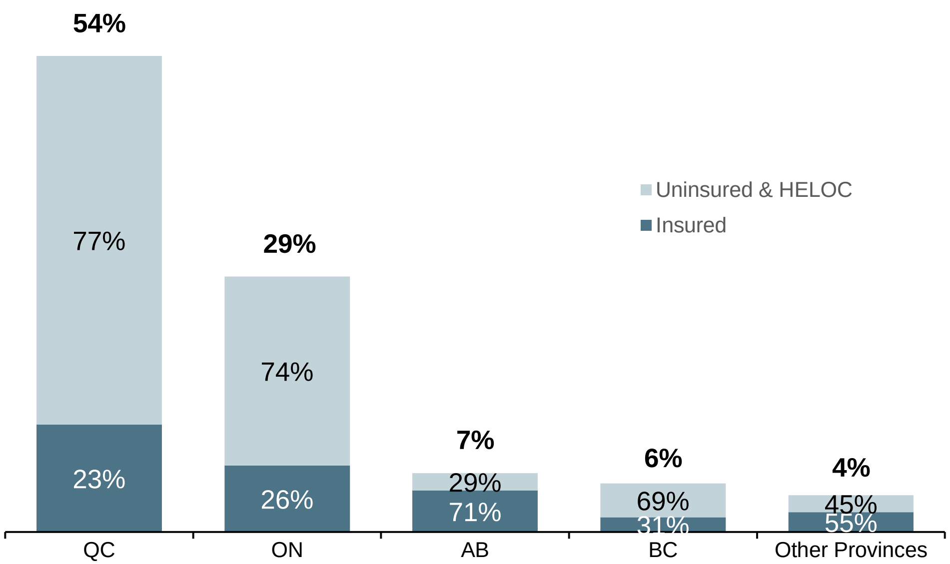
- Limited exposure to unsecured consumer loans (2.7%)
- Modest exposure to unsecured consumer loans outside Quebec (0.6%)
- RESL exposure predominantly in Quebec

(1) Oil regions include Alberta, Saskatchewan and Newfoundland.
(2) Maritimes include New Brunswick, Nova Scotia and P.E.I.
(3) Includes Corporate, Other FM and Government portfolios.

# APPENDIX 3 | RETAIL MORTGAGE AND HELOC PORTFOLIO

*(As at January 31, 2024)*

## Canadian Distribution by Province




| QC | ON | AB | BC | Other Provinces |
|---|---|---|---|---|
| 53% | 54% | 58% | 48% | 52% |

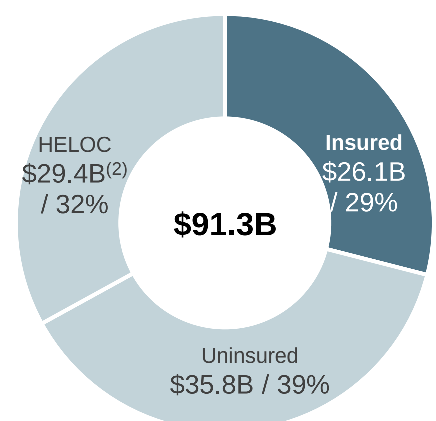
Average LTV - Uninsured and HELOC(1)

## Canadian Uninsured and HELOC Portfolio

| | HELOC | Uninsured |
|---|---|---|
| Average LTV(1) | 51% | 57% |
| Average Credit Bureau Score | 793 | 781 |
| 90+ Days Past Due (bps) | 8 | 9 |

- Uninsured mortgages and HELOC in GTA and GVA represent 12% and 2% of the total RESL portfolio and have an average LTV(1) of 52%
- Uninsured mortgages and HELOC for condos represent 9% of the total RESL portfolio and have an average LTV(1) of 58%
- Investor mortgages(3) account for 11% of the total RESL portfolio
- High risk(4) uninsured borrowers represent less than 50 bps of total RESL portfolio
- Approx 1% of mortgage portfolio has a remaining amortization of 30 years or more

## Canadian Distribution by Mortgage Type

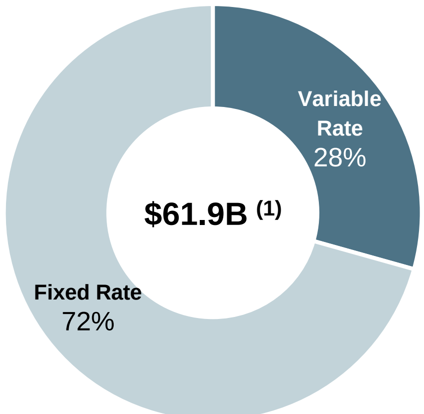



(1) LTV is based on authorized limit for HELOCs and outstanding amount for Uninsured Mortgages. They are updated using Teranet-National Bank sub-indices by area and property type.
(2) Of which $20.6B are amortizing HELOC.
(3) Properties used for rental purposes and not owner-occupied.
(4) Bureau score < 650 / LTV > 75%

# APPENDIX 4 | RETAIL MORTGAGES RATE TYPE AND MATURITY PROFILE

*(As at January 31, 2024)*

## Canadian Mortgages Distribution by Rate Type




- More than half of our Canadian Mortgage portfolio has been repriced, absorbing the impact of rate increases
    - 28% of mortgage portfolio is variable rate and the monthly payments are adjusted
    - 34% of FRM have already renewed or were originated over the last 15 months
- While variable rate mortgage delinquency is normalizing, clients continue to demonstrate resilience despite absorbing a significant increase in rates
    - Average payment shock of ~65% for VRM loans (QC: $670 / ROC: $1,150)[3]

## Maturity Profile of Fixed Rate Mortgages

| Renewing | F2024 | F2025 | F2026 |
|---|---|---|---|
| As % of Total Fixed Rate | 12% | 27% | 38% |
| % Insured | 42% | 46% | 42% |
| % Quebec | 57% | 56% | 56% |
| Average LTV for Uninsured | 46% | 48% | 57% |
| Average Bureau Score for Uninsured | 786 | 789 | 783 |
| Average Payment Shock (QC / ROC) [2] | <$200 / <$300 | <$250 / <$400 | <$250 / <$400 |

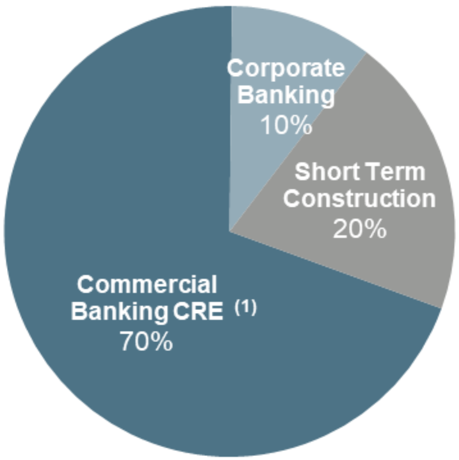
- 12% of the fixed rate mortgages are due for renewal in 2024 and will absorb an average monthly payment increase of ~15%[2] vs. ~22% in 2025 and ~18% in 2026.
- Risk profile is similar across all cohorts renewing in the next 3 years
- 79% of Uninsured renewing in the next 3 years have an LTV below 70%

(1) Total RESL excluding HELOCs
(2) Based on Jan 31st, 2024 client offered 5-years fixed rate. Impact on loan payments.
(3) Payment shock based on the rate variation since beginning of Q2 2022. Impact on loan payments.

# APPENDIX 5 | REAL ESTATE AND CONSTRUCTION REAL ESTATE

## Total Portfolio by Sector ($27.4B)

*(As at January 31, 2024)*




## Corporate Banking (10%)

- Primarily diversified Canadian REIT

## Short Term Construction (20%)

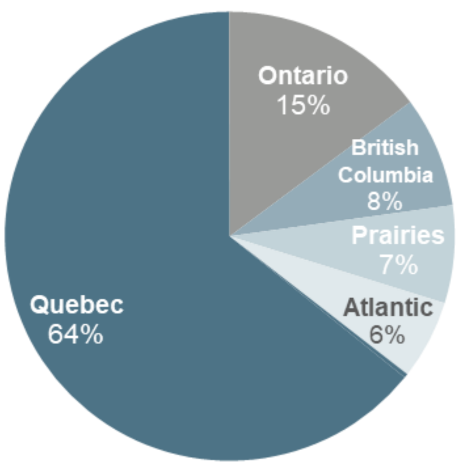
- Mainly residential construction
- No US exposure

## Commercial Banking CRE (70%)

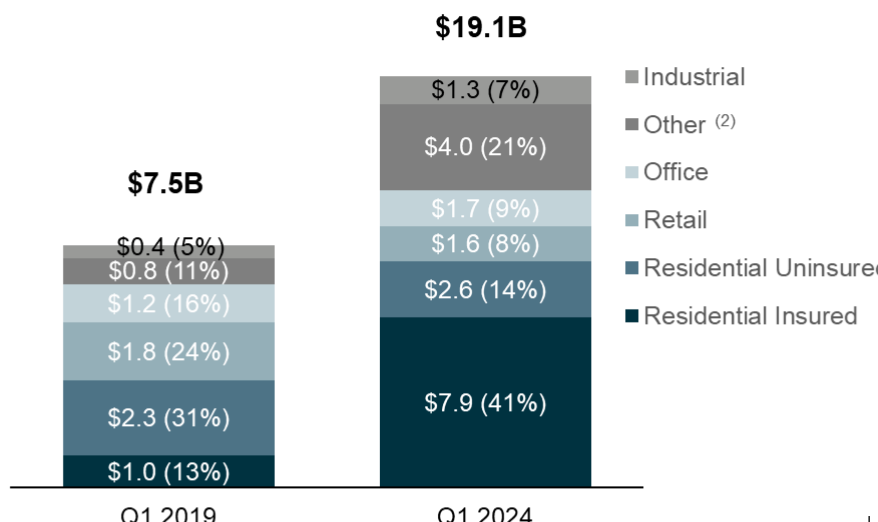
- 59% of 5-year growth coming from Residential Insured
- 55% residential (75% insured)
- Office: No US exposure; 54% of exposure in QC

## Commercial Banking CRE(1) by Geography ($19.1B)

*(As at January 31, 2024)*




## Commercial Banking CRE(1) 5-year growth




(1) Commercial Real Estate.
(2) Mainly construction phase of long-term financing; primarily residential (~2/3 insured).

# APPENDIX 6 | NBC CREDIT RATINGS

| Credit Rating Agency | Short-term | Long-Term Non Bail-inable Senior Debt[1] | Senior Debt[2] | Outlook | Covered Bonds | Counterparty risk[3] |
|---|---|---|---|---|---|---|
| S&P | A-1 | A | BBB+ | Stable | ---- | ---- |
| Moody's | P-1 | Aa3 | A3 | Positive | Aaa | Aa3 |
| DBRS | R-1 (high) | AA | AA (low) | Stable | AAA | ---- |
| Fitch | F1+ | AA- | A+ | Stable | AAA | AA- |

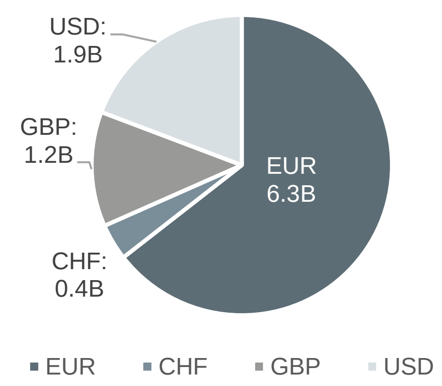
- Moody's revised Outlook from Stable to Positive (on Nov. 6, 2023)
- Strong short-term ratings
- Solid Deposit / Non Bail-inable Senior Debt ratings
- "A" Long-Term Senior Bail-in Debt ratings, Indices composite A* and A-**

(1) Includes Senior Debt issued prior to Sept. 23, 2018 and Senior Debt issued on or after Sept. 23, 2018 which is excluded from the Bank Recapitalization (Bail-in) Regime.
(2) Subject to conversion under the Bank Recapitalization (Bail-in) Regime.
(3) Moody's terminology is Counterparty Risk Rating (CRR) while Fitch's terminology is Derivative Counterparty Rating (DCR).
* FTSE Russell (as of Year End 2021)
** Bloomberg Index (as of Year End 2021)

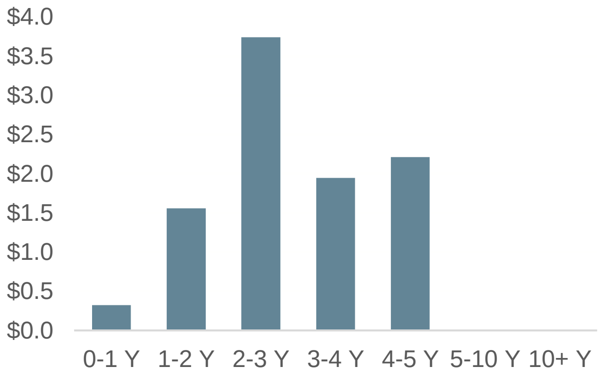
# APPENDIX 7 | LEGISLATIVE COVERED BOND PROGRAMME (as of Jan. 31, 2024)

| | |
|---|---|
| **Programme size** | CAD 20,000,000,000 |
| **Covered Bonds Outstanding** (CAD-equiv.) | $9,775,079,700 |
| **Ratings** | Aaa / AAA / AAA by Moody's, Fitch and DBRS |
| **Asset Percentage (Min and Max)** | 80 - 93% |
| **Currency** | Any |
| **Guarantor** | NBC Covered Bond (Legislative) Guarantor L.P. |
| **Listings** | London, U.K. / SIX Swiss Exchange |
| **Law** | Canadian Legislative Framework (National Housing Act) |
| **LTV** | 80% Maximum |
| **Collateral Pool Eligibility** | Canadian uninsured residential mortgage loans (first lien) |
| **Tenor** | Any Allowed |
| **Coupon** | Fixed / Float |
| **Bullet Type** | Soft Bullet |

## Covered Bonds by Currency



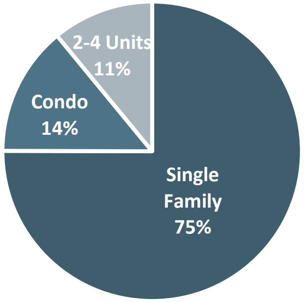

## Covered Bonds by Maturity



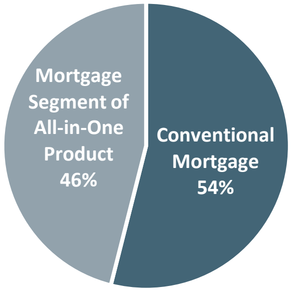
# APPENDIX 7 | LEGISLATIVE COVERED BOND PROGRAMME (as of Jan. 31, 2024)

| Cover Pool Highlights (as at Jan 31, 2024) |
|---|
| High quality, uninsured first lien Canadian Residential mortgages originated by National Bank |
| Cover pool current balance : CAD $25,008,076,430 |
| Weighted average indexed authorized LTV : 55.33% |
| Weighted average indexed drawn LTV : 49.49% |
| All loans have original LTVs of 80% or lower |
| Delinquency rate is very low and well-positioned within the Canadian peer group (90+ days past due: 0.01%) |
| Weighted average of non-zero credit scores is 777 |
| All mortgages in the portfolio are amortizing |

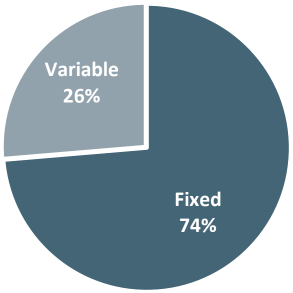
Property Type



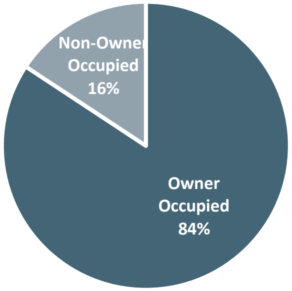

Mortgage Asset Type



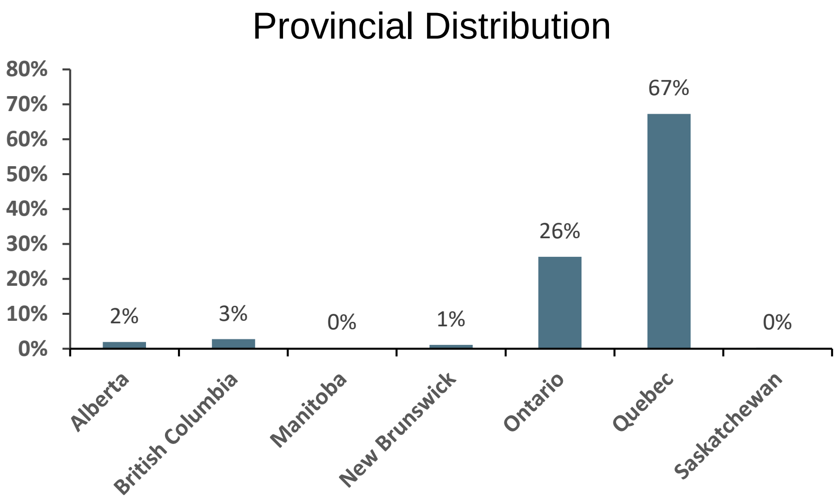

Interest Rate Type

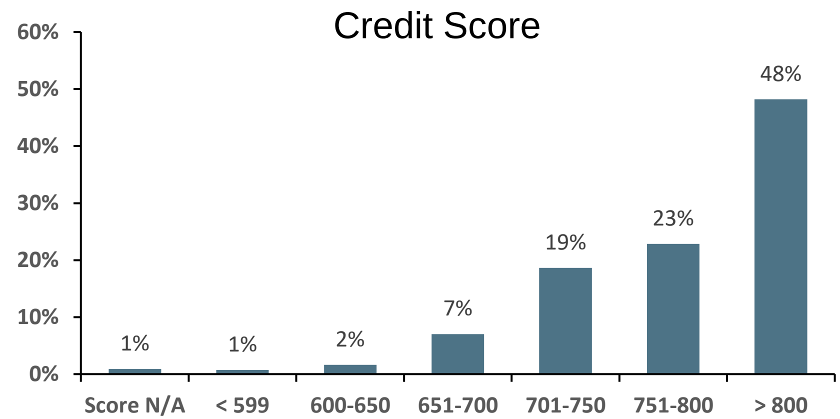


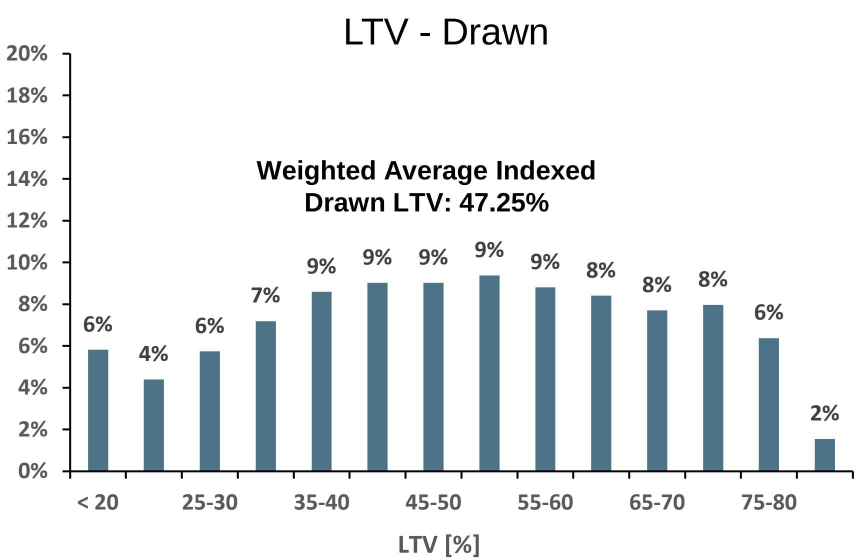

Occupancy Type

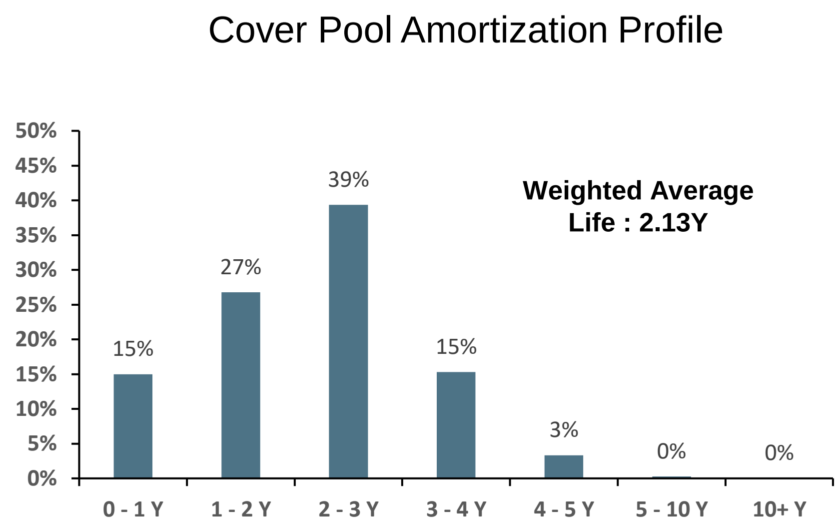


# APPENDIX 7 | LEGISLATIVE COVERED BOND PROGRAMME (as of Jan. 31, 2024)




The LTV ratio is calculated based on all first lien loans secured by such property; both for the authorized LTV and the drawn LTV. The Guarantor benefits from a Security Sharing Agreement to establish the cover pool priority with respect to any property which backs loans both in and out of the cover pool.

# APPENDIX 8 | OTHER

## Other Segment Summary Results – Q1 2024

*($MM)*

| **Adjusted Results**[1] *TEB* | **Q1 24** | Q4 23 | Q1 23 |
|---|---|---|---|
| Revenues | **(75)** | (79) | (57) |
| Non-Interest Expenses | **31** | 51 | 48 |
| Pre-Tax / Pre-Provisions[2] | **(106)** | (130) | (105) |
| PCL | **(4)** | 2 | (1) |
| Pre-Tax Income | **(102)** | (132) | (104) |
| Net Income | **(71)** | (91) | (69) |

| **Reported Results** | **Q1 24** | Q4 23 | Q1 23 |
|---|---|---|---|
| Revenues | **(185)** | (244) | (187) |
| Non-Interest Expenses | **31** | 69 | 48 |
| Pre-Tax / Pre-Provisions[2] | **(216)** | (313) | (235) |
| PCL | **(4)** | 2 | (1) |
| Pre-Tax Income | **(212)** | (315) | (234) |
| Net Income | **(71)** | (104) | (93) |

- Reported net income in prior year included $24MM of income taxes related to the Canadian government's 2022 tax measures
- Adjusted net income of $(71)MM in Q1/24, relatively in line vs. last year

(1) On a taxable equivalent basis, and excluding specified items when applicable, which are non-GAAP financial measures. See slides 2 and 50.
(2) Pre-Tax Pre-Provision earnings (PTPP) refers to Income before provisions for credit losses and income taxes.

# APPENDIX 9 | RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

*($MM, except EPS)*

| Segment | | Q1 24 Total Revenues | Q1 24 Non-Interest Expenses | Q1 24 PTPP[6] | Q1 24 PCL | Q1 24 Income taxes | Q1 24 Net Income | Q1 24 Diluted EPS | Q1 23 Total Revenues | Q1 23 Non-Interest Expenses | Q1 23 PTPP[6] | Q1 23 PCL | Q1 23 Income taxes | Q1 23 Net Income | Q1 23 Diluted EPS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Adjusted Results[1]** | **2,820** | **1,449** | **1,371** | **120** | **329** | **922** | **$2.59** | **2,692** | **1,390** | **1,302** | **86** | **316** | **900** | **$2.54** |
| Financial Markets | Taxable equivalent | (108) | - | (108) | - | (108) | - | - | (129) | - | (129) | - | (129) | - | - |
| Other | Taxable equivalent | (2) | - | (2) | - | (2) | - | - | (1) | - | (1) | - | (1) | - | - |
| Other | Income taxes related to the Canadian government's 2022 tax measure[2] | - | - | - | - | - | - | - | - | - | - | - | 24 | (24) | (0.07) |
| | **Total impact** | **(110)** | **-** | **(110)** | **-** | **(110)** | **-** | **$0.00** | **(130)** | **-** | **(130)** | **-** | **(106)** | **(24)** | **($0.07)** |
| | **Reported Results** | **2,710** | **1,449** | **1,261** | **120** | **219** | **922** | **$2.59** | **2,562** | **1,390** | **1,172** | **86** | **210** | **876** | **$2.47** |

| Segment | | Q4 23 Total Revenues | Q4 23 Non-Interest Expenses | Q4 23 PTPP[6] | Q4 23 PCL | Q4 23 Income taxes | Q4 23 Net Income | Q4 23 Diluted EPS |
|---|---|---|---|---|---|---|---|---|
| | **Adjusted Results[1]** | **2,725** | **1,461** | **1,264** | **115** | **299** | **850** | **$2.39** |
| Financial Markets | Taxable equivalent | (162) | - | (162) | - | (162) | - | - |
| Other | Taxable equivalent | (3) | - | (3) | - | (3) | - | - |
| P&C Banking | Impairment losses on intangible assets and premises and equipment[3] | - | 59 | (59) | - | (17) | (42) | (0.12) |
| Wealth Management | Impairment losses on intangible assets and premises and equipment[3] | - | 8 | (8) | - | (2) | (6) | (0.02) |
| Financial Markets | Impairment losses on intangible assets and premises and equipment[3] | - | 7 | (7) | - | (2) | (5) | (0.02) |
| Other | Impairment losses on intangible assets and premises and equipment[3] | - | 12 | (12) | - | (3) | (9) | (0.03) |
| Wealth Management | Litigation expenses[4] | - | 35 | (35) | - | (9) | (26) | (0.08) |
| P&C Banking | Provisions for contracts[5] | - | 9 | (9) | - | (2) | (7) | (0.02) |
| Other | Provisions for contracts[5] | - | 6 | (6) | - | (2) | (4) | (0.01) |
| | **Total impact** | **(165)** | **136** | **(301)** | **-** | **(202)** | **(99)** | **($0.30)** |
| | **Reported Results** | **2,560** | **1,597** | **963** | **115** | **97** | **751** | **$2.09** |

(1) On a taxable equivalent basis and excluding specified items, which are non-GAAP financial measures. See slide 2.
(2) During the first quarter of 2023, the Bank recorded a $24 million tax expense related to the Canadian government's 2022 tax measures. Please refer to pages 4 to 8 of the Bank's Report to Shareholders for the First Quarter of 2024 for additional information.
(3) During the fourth quarter of 2023, the Bank recorded $75 million in intangible asset impairment losses ($54 million net of income taxes) on technology development for which the Bank has decided to cease its use or development, and it recorded $11 million in premises and equipment impairment losses ($8 million net of income taxes) related to right-of-use assets. Please refer to pages 4 to 8 of the Bank's Report to Shareholders for the First Quarter of 2024 for additional information.
(4) During the fourth quarter of 2023, the Bank recorded $35 million in litigation expenses ($26 million net of income taxes) to resolve litigations and other disputes arising from ongoing or potential claims against the Bank. Please refer to pages 4 to 8 of the Bank's Report to Shareholders for the First Quarter of 2024 for additional information.
(5) During the fourth quarter of 2023, the Bank recorded $15 million in charges ($11 million net of income taxes) for contract termination penalties and for provisions for onerous contracts. Please refer to pages 4 to 8 of the Bank's Report to Shareholders for the First Quarter of 2024 for additional information.
(6) Pre-Tax Pre-Provision earnings (PTPP) refers to Income before provisions for credit losses and income taxes.

# APPENDIX 9 | RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (CONT'D)

*($MM, except EPS)*

| | | FY 2023 | | | | | | | FY 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Segment | | **Total Revenues** | **Non-Interest Expenses** | **PTPP[8]** | **PCL** | **Income taxes** | **Net Income** | **Diluted EPS** | Total Revenues | Non-Interest Expenses | PTPP[8] | PCL | Income taxes | Net Income | Diluted EPS |
| | **Adjusted Results[1]** | **10,546** | **5,592** | **4,954** | **397** | **1,194** | **3,363** | **$9.46** | **9,934** | **5,230** | **4,704** | **145** | **1,176** | **3,383** | **$9.61** |
| Financial Markets | Taxable equivalent | (571) | - | (571) | - | (571) | - | - | (277) | - | (277) | - | (277) | - | - |
| Other | Taxable equivalent | (8) | - | (8) | - | (8) | - | - | (5) | - | (5) | - | (5) | - | - |
| P&C Banking | Impairment losses on intangible assets and premises and equipment[2] | - | 59 | (59) | - | (17) | (42) | (0.12) | - | - | - | - | - | - | - |
| Wealth Management | Impairment losses on intangible assets and premises and equipment[2] | - | 8 | (8) | - | (2) | (6) | (0.02) | - | - | - | - | - | - | - |
| Financial Markets | Impairment losses on intangible assets and premises and equipment[2] | - | 7 | (7) | - | (2) | (5) | (0.02) | - | - | - | - | - | - | - |
| Other | Impairment losses on intangible assets and premises and equipment[2] | - | 12 | (12) | - | (3) | (9) | (0.03) | - | - | - | - | - | - | - |
| Wealth Management | Litigation expenses[3] | - | 35 | (35) | - | (9) | (26) | (0.08) | - | - | - | - | - | - | - |
| P&C Banking | Provisions for contracts[4] | - | 9 | (9) | - | (2) | (7) | (0.02) | - | - | - | - | - | - | - |
| Other | Provisions for contracts[4] | - | 6 | (6) | - | (2) | (4) | (0.01) | - | - | - | - | - | - | - |
| Other | Gain on the fair value remeasurement of an equity interest[5] | 91 | - | 91 | - | 24 | 67 | 0.20 | - | - | - | - | - | - | - |
| Other | Expense related to changes in the *Excise Tax Act*[6] | - | 25 | (25) | - | (7) | (18) | (0.05) | - | - | - | - | - | - | - |
| Other | Income taxes related to the Canadian government's 2022 tax measures[7] | - | - | - | - | 24 | (24) | (0.07) | - | - | - | - | - | - | - |
| | **Total impact** | **(488)** | **161** | **(649)** | **-** | **(575)** | **(74)** | **($0.22)** | **(282)** | **-** | **(282)** | **-** | **(282)** | **-** | **$0.00** |
| | **Reported Results** | **10,058** | **5,753** | **4,305** | **397** | **619** | **3,289** | **$9.24** | **9,652** | **5,230** | **4,422** | **145** | **894** | **3,383** | **$9.61** |

(1) On a taxable equivalent basis and excluding specified items, which are non-GAAP financial measures. See slide 2.
(2) During the fourth quarter of 2023, the Bank recorded $75 million in intangible asset impairment losses ($54 million net of income taxes) on technology development for which the Bank has decided to cease its use or development, and it recorded $11 million in premises and equipment impairment losses ($8 million net of income taxes) related to right-of-use assets. Please refer to pages 18 and 19 of the Bank's 2023 Annual Report for additional information.
(3) During the fourth quarter of 2023, the Bank recorded $35 million in litigation expenses ($26 million net of income taxes) to resolve litigations and other disputes arising from ongoing or potential claims against the Bank. Please refer to pages 18 and 19 of the Bank's 2023 Annual Report for additional information.
(4) During the fourth quarter of 2023, the Bank recorded $15 million in charges ($11 million net of income taxes) for contract termination penalties and for provisions for onerous contracts. Please refer to pages 18 and 19 of the Bank's 2023 Annual Report for additional information.
(5) During the third quarter of 2023, the Bank recorded a $91 million gain upon the fair value measurement of its equity interest in TMX Group Limited. Please refer to pages 18 and 19 of the Bank's 2023 Annual Report for additional information.
(6) During the third quarter of 2023, the Bank recorded a $25 million charge related to the retroactive impact of the changes to the *Excise Tax Act*. Please refer to pages 18 and 19 of the Bank's 2023 Annual Report for additional information.
(7) During the first quarter of 2023, the Bank recorded 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 includes the impact related to current and deferred taxes for fiscal 2022. Please refer to pages 18 and 19 of the Bank's 2023 Annual Report for additional information.
(8) Pre-Tax Pre-Provision earnings (PTPP) refers to Income before provisions for credit losses and income taxes.

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# QUESTIONS?

**Mr. Jean-Sébastien Gagné,** Senior Vice-President,
Financial Performance and Planning and Treasurer
JeanSebastien.Gagne@nbc.ca

**Mrs. Mélanie Viguié-Bilodeau,** Director,
Term Funding, Treasury
Melanie.ViguieBilodeau@nbc.ca

Additional information can be found via these web links:

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