

SPEAKING NOTES

NATIONAL BANK OF CANADA TO ACQUIRE CANADIAN WESTERN BANK

DISCLAIMER

The following speakers' notes and the accompanying presentation materials are provided for your information only, are current only as of the date of the conference call, and may be superseded by more current information, except as required by law. National Bank of Canada does not undertake any obligation to update the information, whether as a result of new information, future events or otherwise. The conference call replay details can be accessed via the Bank's website at <https://www.nbc.ca/about-us/investors.html>. In no way does National Bank of Canada assume any responsibility for any investment or other decisions made based upon the information provided on its website or in these speakers' notes. Users are advised to review the conference call itself and the Bank's filings with the Canadian Securities regulators before making any investment or other decisions.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this document in this presentation are forward-looking statements. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this presentation may include, but are not limited to, statements made about the anticipated benefits and synergies for National Bank resulting from the transaction; statements regarding the anticipated effect of the transaction on National Bank's strategy, operations and financial performance, including accelerating growth across all business lines, expanded product and service offerings, cost and funding synergies, impact on adjusted earnings per share, revenue opportunities, benefits of scale, branch network, and the combined entity's increased competitive strength within the Canadian banking sector; community investment programs; the anticipated timing for the completion of the transaction; and statements about National Bank's concurrent common equity raise. 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, notable 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 National Bank's securities in understanding National 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 believed by National Bank to be reasonable as at the date of this presentation and are subject to uncertainty and inherent risks, many of which are beyond National Bank's control. Assumptions about the performance of the Canadian and U.S. economies in 2024, and how that performance will affect National Bank's business are among the factors considered in setting National Bank's strategic priorities and objectives. Assumptions underlying forward-looking statements included in this presentation also include the expected timing of completion of the transaction and the conditions precedent to the closing of the transaction (including the required approvals); that the transaction will be completed on the terms currently contemplated; National Bank's ability to retain and attract new business, achieve synergies and maintain market position arising from successful integration plans relating to the transaction; National Bank's ability to otherwise complete the integration of Canadian Western Bank within anticipated time periods and at expected cost levels; National Bank's ability to attract and retain key employees in connection with the transaction; management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the transaction and resulting impact on growth and various financial metrics; the realization of the expected strategic, financial and other benefits of the transaction in the timeframe anticipated; the accuracy and completeness of public and other disclosure (including financial disclosure) by Canadian Western Bank; the absence of significant undisclosed costs or liabilities associated with the transaction; assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as of the date hereof; assumptions about the satisfaction of all closing conditions and the successful completion of the concurrent equity financing within the anticipated timeframe. Additional assumptions relating to National Bank appear in the Economic Review and Outlook section and, for each business segment, in the Economic and Market Review sections of National Bank's annual report for the year ended October 31, 2023 (the "2023 Annual Report") and in the Economic Review and Outlook section of National Bank's report to shareholders for the three and six-month periods ended April 30, 2024 (the "Q2 2024 Report"), and may be updated in the quarterly reports to shareholders filed thereafter. Forward-looking statements in this presentation are based on a number of assumptions and are subject to risk factors, many of which are beyond National Bank's control and the impacts of which are difficult to predict. These risk factors include, among others, risks and uncertainties relating to the expected competition and regulatory processes and outcomes in connection with the transaction; National Bank's inability to successfully integrate Canadian Western Bank upon completion of the transaction; the possible delay or failure to close the transaction; the potential failure to realize anticipated benefits from the transaction; the potential failure to obtain the required approvals to the transaction in a timely manner or at all; National Bank's reliance upon publicly available information of Canadian Western Bank; potential undisclosed costs or liability associated with the transaction; National Bank or Canadian Western Bank being adversely impacted during the pendency of the transaction; the dilutive effect of (i) the issuance of shares to Canadian Western Bank shareholders and (ii) National Bank's concurrent equity financing; the general economic environment and financial market conditions in Canada, the United States, and the other countries where National 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 National Bank's business; geopolitical and sociopolitical uncertainty; climate change, including physical risks and those related to the transition to a low-carbon economy, and National 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; National Bank's ability to achieve its key short-term priorities and long-term strategies; the timely development and launch of new products and services; National 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 National Bank's clients and counterparties; National Bank's exposure to significant regulatory matters or litigation; changes made to the accounting policies used by National Bank to report financial information, including the uncertainty inherent to assumptions and critical accounting estimates; changes to tax legislation in the countries where National 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 National Bank by financial and extra-financial rating agencies; potential disruptions to key suppliers of goods and services to National Bank; the potential impacts of disruptions to National Bank's information technology systems, including cyberattacks as well as identity theft and theft of personal information; the risk of fraudulent activity; possible impacts of major events affecting the economy, market conditions of National Bank's outlook, including international conflicts, natural disasters, public health crises, and the measures taken in response to these events; and other risk factors described in the Risk Management section of the 2023 Annual Report and in the Risk Management section of the Report to Shareholders for the second quarter of 2024, as well as other risks detailed from time to time in reports filed by National Bank with securities regulators or securities commissions or other documents that National Bank makes public, which may cause events or results to differ materially from the results expressed or implied in any forward-looking statement. There is a strong possibility that National 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. Thus, National 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. The foregoing list of risk factors is not exhaustive, and the forward-looking statements made in this presentation 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 and other factors is provided in the 2023 Annual Report and the Report to Shareholders for the second quarter of 2024 and may be updated in the quarterly reports to shareholders filed thereafter. Investors and others who rely on National Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, National 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. National 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.

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 Management's Discussion & Analysis in the Bank's 2023 Annual Report which is available at nbc.ca/investorrelations or at sedarplus.ca.

Marianne Ratté - Vice President and Head, Investor Relations

Thank you, and welcome to National Bank's conference call regarding the Bank's intention to acquire Canadian Western Bank. Please note that the presentation accompanying today's announcement is available in the investor relations section of our website under *Presentations and events*.

Today's call will include remarks from Laurent Ferreira, President and CEO of National Bank; Chris Fowler, CEO of CWB; and Marie Chantal Gingras, CFO of National Bank. Given the concurrent equity offering, note that we will not be holding a Q&A period today.

Before we begin, I would like to refer you to Slides 2 and 3 of the presentation, for information on forward-looking statements, non-GAAP financial measures and disclaimers. The Bank uses non-GAAP measures, such as adjusted results, to assess its performance. Management will be referring to adjusted results unless otherwise noted.

I will now turn the call over to Laurent.

Laurent Ferreira, President & CEO

Thank you Marianne, and thank you everyone for joining us on such short notice.

Today, we are very pleased to announce that National Bank and Canadian Western Bank have agreed to join forces.

CWB is a leading bank in Canada focused on commercial banking, with a strong presence in Alberta and British Columbia.

This transaction will accelerate National Bank's strategic plan and pan-Canadian growth, and expand our domestic earnings power.

We are bringing together two strong teams and highly complementary platforms – from a capabilities, geographic and cultural standpoint.

And we are looking forward to welcoming CWB employees.

CWB will expand our Canadian P&C franchise.

- It will increase our domestic commercial loan book by over 50%.
- It will further diversify our revenues, with P&C's revenue contribution increasing to 45%, up from 40%.
- And, net interest income from P&C Banking will increase by 30%.

These are on a pro forma, last twelve month basis, and before taking into account any revenue upside potential.

CWB will strengthen our national reach by increasing our presence and branch network, providing us the opportunity to grow our retail segment.

Together, our clients will have greater access to banking services across Quebec, Ontario, Alberta and BC.

We will also grow and extend National Bank's domestic top-line by leveraging our complementary capabilities across our combined business lines.

The integrated platform will enable the extension of full-service banking relationships through CWB's deep customer relationships across a number of priority industries.

This includes:

- Deploying National Bank's digital capabilities for all clients
- A full service offering for cash management
- And various solutions from our Financial Markets business, such as risk management and advisory services.

And, we also plan on growing our Wealth Management segment through this acquisition.

These are all areas where there is little to no existing overlap with CWB.

By combining two successful banks, we will create a stronger, full-service coast-to-coast competitor, providing more choice to individuals, entrepreneurs and businesses across the country.

This will be delivered through a regionally focused service model, supported by an extensive branch network and client-first service approach.

With CWB, we have found strong cultural alignment and similar values and vision. We both believe that our focus on client experience and our entrepreneurial spirit set us apart.

We are equally committed to a disciplined approach to execution, governance and risk management. And, we also share the same enthusiasm for what the future holds for our combination.

This commitment is key to a successful integration and we plan on working together to achieve operational synergies and, most importantly, future growth.

Part of that plan includes a continued commitment to Alberta and Western Canada, and investing in the future of the Western Canadian economy.

National Bank already has roots and a longstanding presence in the region. Western Canada is already a priority growth market for us, we have a strong team in place of commercial bankers, private bankers and wealth advisors, as well as Financial Markets team, including Global Markets and C&IB.

We will work with CWB's clients to increase banking services and increase investments in Western communities.

We believe in local leadership.

We will maintain Western headquarters, where executive and operational leaders overseeing our growth in the region will be based. And, two CWB nominees will join National Bank's Board of Directors.

This transaction is very compelling from an earnings and value creation perspective. It will be accretive to earnings on a run rate, cost and funding synergies basis, and brings significant untapped revenue potential.

Before I pass it over to Chris,

I would like to thank our shareholders for their confidence in us as we pursue our strategic objectives. I also wish to recognize our clients for their trust and loyalty.

And finally, I want to thank our dedicated employees. It is with all of your support that we are welcoming CWB and together, creating a Canadian banking leader with growth priorities from coast to coast.

Chris, over to you.

Chris Fowler, CWB's CEO

Thank you, Laurent, I appreciate the opportunity to address everyone on this call today.

Let me first reiterate what Laurent has said about the combination of our respective institutions being highly complementary, both from a cultural and strategic standpoint.

I also want to share my enthusiasm for the opportunity to join a team of likeminded entrepreneurs where together, we can make a significant impact within the Canadian banking ecosystem.

CWB was founded by Western Canadian entrepreneurs and has spent the last 40 years building a strong banking franchise for business owners in Canada. With this transaction, we have the opportunity to build on our legacy to expand our services to our long-standing clients. At CWB, we are obsessed with our clients' success and we look forward to even greater opportunities in the years to come.

National Bank is an ideal partner who recognizes our unique value and leadership in our core markets, and brings scale, complementary market expertise and the technological capabilities necessary to accelerate our growth, and deliver compelling benefits to our clients, people and investors.

Clients will benefit from uniting our network and relationships with National Bank's comprehensive platform to provide new opportunities and capabilities to meet their unique financial needs.

Our people will benefit from a chance to grow and develop their full potential by tapping into an expanded network of opportunities from coast to coast, and to unite with a bank that shares similar values and approach to talent and client service. We also know that National Bank has strong roots in Western Canada, and is committed to building on our legacy and leadership here.

Investors will benefit from the compelling value offered by this transaction, and the opportunity to participate in the significant growth potential of this strategic combination.

We believe this combination provides an exciting opportunity for all our stakeholders.

Personally, I am also looking forward to working with Laurent and National Bank's leadership team as we embark on this next chapter for CWB.

I'll now hand it over to Marie Chantal, to discuss the key components of the transaction.

Marie Chantal Gingras, CFO

Thank you, Chris. I'm excited by today's announcement and I look forward to working with our colleagues at CWB as we accelerate our domestic growth across Canada and position ourselves to do even more for our clients.

Let me now review some of the key transaction details.

As per our agreement, National Bank will acquire all the issued and outstanding common shares in the capital of CWB by way of a share exchange, excluding shares we already own, which represent approximately 6% of CWB's shares outstanding.

CWB shareholders will get 0.45 of a National Bank common share for each one of their CWB common shares, valuing CWB at approximately \$5.0 billion. On a pro forma basis, CWB shareholders are expected to have an approximate 10.5% ownership in National Bank.

The acquisition is anticipated to close by the end of 2025, subject to regulatory approvals, as well as the approval of CWB shareholders.

From a financial perspective, the transaction is attractive on several fronts.

First, it is expected to be accretive to adjusted EPS on a run-rate synergies basis. We have identified run-rate cost and funding synergies of approximately 270 million dollars per year before tax, which we expect to be fully realized by the end of year three after closing.

Second, as outlined by Laurent, we see significant revenue opportunities from growing together, none of which is factored into the accretion metrics.

And third, to set all teams up for success, a joint and aligned leadership team will lead a comprehensive integration plan, guided by our cultural fit and shared approach to governance and risk.

Cost synergies will be primarily driven by back-office upgrades and efficiency gains, reducing execution and integration risk.

These include, but are not limited to, scale benefits from technology, infrastructure and shared services; as well as automating processes and integrating centralized functions.

On the funding side, we intend to leverage our scale, credit profile and distribution to optimize our combined funding structure.

We expect pre-tax integration costs of \$400 million to be incurred over two years.

While the plan is to gain highly achievable synergies, ultimately, it is about combining our strengths to grow and deepen client relationships, leveraging our combined platforms.

Turning to the concurrent common equity raise for total gross proceeds of a 1.6 billion dollars. Half will be raised via private placement from leading Canadian institutional investor and long-term shareholder of the Bank, Caisse de dépôt et placement du Québec, and the other half through a public bought deal offering.

The net proceeds from the combined equity offering will go towards maintaining strong capital levels upon closing, aligned with our prudent approach to capital management. We are targeting a pro forma CET1 ratio above 12.75% at closing, supported by the equity raise, and reflecting the following:

- Favourable pre-tax mark to market of approximately \$650 million, partly offset by a pre-tax credit mark of \$150 million and an \$80 million pre-tax expense related to CWB employee incentive plans;
- A \$140 million pre-tax gain on CWB shares currently owned by National Bank;
- And CWB's regulatory capital treatment which is expected to be under standardized methodology at close.

To echo Laurent and Chris, this strategic combination with CWB is attractive from a financial and business perspective. The team is excited for the future and highly motivated to move ahead with this transaction to the benefit of our combined clients, communities, employees and shareholders.

With that, I'll turn it back to Laurent.

Laurent Ferreira, President & CEO

Thank you, Chris and Marie Chantal.

I speak on behalf of the entire National Bank team when I say that we are all excited to be joining forces with CWB. Together, we can bring more choice and value to all Canadians and Canadian businesses.

Thank you all for joining us. Operator, back to you to end the call.