Press Release
Fourth Quarter
2022

National Bank reports its 2022 fourth-quarter and annual results and raises its quarterly dividend by 5 cents to 97 cents per share

The financial information reported in this document is based on the unaudited interim condensed consolidated financial statements for the fourth quarter of fiscal 2022 and on the audited annual consolidated financial statements for the year ended October 31, 2022 and is prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS represent Canadian generally accepted accounting principles (GAAP). All amounts are presented in Canadian dollars.

MONTREAL, November 30, 2022 – For the fourth quarter of 2022, National Bank is reporting net income of $738 million, down 4% from $769 million in the fourth quarter of 2021. Fourth-quarter diluted earnings per share stood at $2.08 compared to $2.17 in the fourth quarter of 2021. Solid performance in all of the business segments was offset by higher provisions for credit losses recorded to reflect a less favourable macroeconomic outlook in the fourth quarter of 2022, whereas, in the fourth quarter of 2021, reversals of allowances for credit losses had been recorded to reflect a more favourable macroeconomic outlook. Income before provisions for credit losses and income taxes totalled $988 million in the fourth quarter of 2022 compared to $943 million in the fourth quarter of 2021, a 5% increase arising from total revenue growth in all of the business segments.

For the year ended October 31, 2022, the Bank's net income totalled $3,383 million, up 8% from $3,140 million in fiscal 2021, and its diluted earnings per share stood at $9.61 in fiscal 2022 versus $8.85 in fiscal 2021. Excellent performance in all of the business segments, driven by revenue growth, contributed to these increases in net income and diluted earnings per share, even with the higher provisions for credit losses that were recorded to reflect, in part, a less favourable macroeconomic outlook in the second half of fiscal 2022. For fiscal 2022, income before provisions for credit losses and income taxes totalled $4,422 million, a 10% year-over-year increase driven by revenue growth in all of the business segments.

Commenting on the Bank's performance for fiscal year 2022, Laurent Ferreira, President and Chief Executive Officer, said: "We generated superior organic growth across all our business segments and the operating leverage was positive for the year. We maintain prudent allowances for credit losses and robust capital ratios. We continue to prioritize deploying capital to support organic growth, investing in efficiency improvements and returning capital to shareholders."

"In the fourth quarter of fiscal 2022, the pre-tax, pre-provision earnings for each business segment were up, with strong double-digit growth for the Personal and Commercial and the Wealth Management segments," added Mr. Ferreira.

Highlights

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2022	2021[1]	% Change	2022	2021[1]	% Change
Net income	738	769	(4)	3,383	3,140	8
Diluted earnings per share *(dollars)*	$ 2.08	$ 2.17	(4)	$ 9.61	$ 8.85	9
Income before provisions for credit losses and income taxes	988	943	5	4,422	4,024	10
Return on common shareholders' equity[2]	15.3 %	18.7 %		18.8 %	20.7 %	
Dividend payout ratio[2]	36.8 %	31.7 %		36.8 %	31.7 %	

	As at October 31, 2022	As at October 31, 2021
CET1 capital ratio under Basel III[3]	12.7 %	12.4 %
Leverage ratio under Basel III[3]	4.5 %	4.4 %

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(2) For additional information on composition of these measures, see the Glossary section on pages 122 to 125 of the Bank's *2022 Annual Report,* which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
(3) For additional information on capital management measures, see the Financial Reporting Method section on pages 16 to 21 of the Bank's *2022 Annual Report,* which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Financial Reporting Method

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

The presentation of segment disclosures is consistent with the presentation adopted by the Bank for the fiscal year beginning November 1, 2021. This presentation reflects the fact that the loan portfolio comprising borrowers in the "Oil and gas" and "Pipelines" sectors as well as related activities, which had previously been reported in the Personal and Commercial segment, is now reported in the Financial Markets segment. The Bank made this change to better align the monitoring of its activities with its management structure.

In addition, a change in accounting policy, as described in the "Accounting Policy Changes" section of Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022 was applied retrospectively during the year ended October 31, 2022, after the International Financial Reporting Interpretations Committee (IFRIC) issued a final agenda decision on accounting for the costs of configuring or customizing a supplier's software in a cloud computing arrangement. The figures for the quarter and year ended October 31, 2021 have been adjusted to reflect this change in accounting policy.

Non-GAAP and Other Financial Measures

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

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

Non-GAAP Financial Measures

The Bank uses non-GAAP financial measures that do not have standardized meanings under GAAP and that therefore may not be comparable to similar measures used by other companies. Presenting non-GAAP financial measures helps readers to better understand how management analyzes results, shows the impacts of specified items on the results of the reported periods, and allows readers to better assess results without the specified items if they consider such items not to be reflective of the underlying performance of the Bank's operations. In addition, like many other financial institutions, the Bank uses the taxable equivalent basis to calculate net interest income, non-interest income, and income taxes. This calculation method consists of grossing up certain tax-exempt income (particularly dividends) by the income tax that would have been otherwise payable. An equivalent amount is added to income taxes. This adjustment is necessary in order to perform a uniform comparison of the return on different assets regardless of their tax treatment.

For additional information on non-GAAP financial measures, non-GAAP ratios, supplementary financial measures, and capital management measures, see the Financial Reporting Method section and the Glossary section, on pages 16 to 21 and 122 to 125, respectively, of the *2022 Annual Report,* which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Reconciliation of Non-GAAP Financial Measures

Presentation of Results – Adjusted

(millions of Canadian dollars)						Quarter ended October 31	
						2022	2021[1]
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Net interest income	785	187	49	277	(91)	1,207	1,190
Taxable equivalent	–	–	64	–	1	65	39
Net interest income – Adjusted	785	187	113	277	(90)	1,272	1,229
Non-interest income	286	426	420	(10)	5	1,127	1,021
Taxable equivalent	–	–	30	–	–	30	2
Non-interest income – Adjusted	286	426	450	(10)	5	1,157	1,023
Total revenues – Adjusted	1,071	613	563	267	(85)	2,429	2,252
Non-interest expenses	551	343	252	90	110	1,346	1,268
Impairment losses on intangible assets[2]	–	–	–	–	–	–	(9)
Non-interest expenses – Adjusted	551	343	252	90	110	1,346	1,259
Income before provisions for credit losses and income taxes – Adjusted	520	270	311	177	(195)	1,083	993
Provisions for credit losses	42	2	32	10	1	87	(41)
Income before income taxes – Adjusted	478	268	279	167	(196)	996	1,034
Income taxes	127	70	(20)	35	(49)	163	215
Taxable equivalent	–	–	94	–	1	95	41
Income taxes related to impairment losses on intangible assets[2]	–	–	–	–	–	–	2
Income taxes – Adjusted	127	70	74	35	(48)	258	258
Net income – Adjusted	351	198	205	132	(148)	738	776
Specified items after income taxes	–	–	–	–	–	–	(7)
Net income	351	198	205	132	(148)	738	769
Non-controlling interests	–	–	–	–	–	–	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	351	198	205	132	(148)	738	769
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	351	198	205	132	(148)	738	776
Dividends on preferred shares and distributions on limited recourse capital notes						30	26
Net income attributable to common shareholders – Adjusted						708	750

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

(2) During the quarter ended October 31, 2021, the Bank recorded $9 million ($7 million net of income taxes) in intangible asset impairment losses related to technology developments, which were considered a specified item.

(millions of Canadian dollars)							Year ended October 31
						2022	2021[1]
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Net interest income	2,865	594	1,029	1,090	(307)	5,271	4,783
Taxable equivalent	–	–	229	–	5	234	181
Net interest income – Adjusted	2,865	594	1,258	1,090	(302)	5,505	4,964
Non-interest income	1,169	1,781	1,162	20	249	4,381	4,144
Taxable equivalent	–	–	48	–	–	48	8
Non-interest income – Adjusted	1,169	1,781	1,210	20	249	4,429	4,152
Total revenues – Adjusted	4,034	2,375	2,468	1,110	(53)	9,934	9,116
Non-interest expenses	2,149	1,391	1,022	344	324	5,230	4,903
Impairment losses on intangible assets[2]	–	–	–	–	–	–	(9)
Non-interest expenses – Adjusted	2,149	1,391	1,022	344	324	5,230	4,894
Income before provisions for credit losses and income taxes – Adjusted	1,885	984	1,446	766	(377)	4,704	4,222
Provisions for credit losses	97	3	(23)	66	2	145	2
Income before income taxes – Adjusted	1,788	981	1,469	700	(379)	4,559	4,220
Income taxes	474	260	112	143	(95)	894	882
Taxable equivalent	–	–	277	–	5	282	189
Income taxes related to impairment losses on intangible assets[2]	–	–	–	–	–	–	2
Income taxes – Adjusted	474	260	389	143	(90)	1,176	1,073
Net income – Adjusted	1,314	721	1,080	557	(289)	3,383	3,147
Specified items after income taxes	–	–	–	–	–	–	(7)
Net income	1,314	721	1,080	557	(289)	3,383	3,140
Non-controlling interests	–	–	–	–	(1)	(1)	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	1,314	721	1,080	557	(288)	3,384	3,140
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	1,314	721	1,080	557	(288)	3,384	3,147
Dividends on preferred shares and distributions on limited recourse capital notes						107	123
Net income attributable to common shareholders – Adjusted						3,277	3,024

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(2) During the year ended October 31, 2021, the Bank recorded $9 million ($7 million net of income taxes) in intangible asset impairment losses related to technology developments, which were considered a specified item.

Presentation of Basic and Diluted Earnings Per Share – Adjusted

(Canadian dollars)	Quarter ended October 31		Year ended October 31	
	2022	2021[1]	2022	2021[1]
Basic earnings per share	$ 2.10	$ 2.20	$ 9.72	$ 8.95
Impairment losses on intangible assets[2]	–	0.02	–	0.02
Basic earnings per share – Adjusted	$ 2.10	$ 2.22	$ 9.72	$ 8.97
Diluted earnings per share	$ 2.08	$ 2.17	$ 9.61	$ 8.85
Impairment losses on intangible assets[2]	–	0.02	–	0.02
Diluted earnings per share – Adjusted	$ 2.08	$ 2.19	$ 9.61	$ 8.87

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(2) During the quarter and the year ended October 31, 2021, the Bank recorded $9 million ($7 million net of income taxes) in intangible asset impairment losses related to technology developments, which were considered a specified item.

Highlights

(millions of Canadian dollars, except per share amounts)	Quarter ended October 31			Year ended October 31		
	2022	2021(1)	% Change	2022	2021(1)	% Change
Operating results						
Total revenues	2,334	2,211	6	9,652	8,927	8
Income before provisions for credit losses and income taxes	988	943	5	4,422	4,024	10
Net income	738	769	(4)	3,383	3,140	8
Net income attributable to the Bank's shareholders and holders of other equity instruments	738	769	(4)	3,384	3,140	8
Return on common shareholders' equity(2)	15.3 %	18.7 %		18.8 %	20.7 %	
Earnings per share						
Basic	$ 2.10	$ 2.20	(5)	$ 9.72	$ 8.95	9
Diluted	2.08	2.17	(4)	9.61	8.85	9
Operating results – Adjusted(3)						
Total revenues – Adjusted(3)	2,429	2,252	8	9,934	9,116	9
Income before provisions for credit losses and income taxes – Adjusted(3)	1,083	993	9	4,704	4,222	11
Net income – Adjusted(3)	738	776	(5)	3,383	3,147	7
Return on common shareholders' equity – Adjusted(4)	15.3 %	18.9 %		18.8 %	20.7 %	
Operating leverage – Adjusted(4)	1.0 %	(1.1) %		2.1 %	1.9 %	
Efficiency ratio – Adjusted(4)	55.4 %	55.9 %		52.6 %	53.7 %	
Earnings per share – Adjusted(3)						
Basic	$ 2.10	$ 2.22	(5)	$ 9.72	$ 8.97	8
Diluted	2.08	2.19	(5)	9.61	8.87	8
Common share information						
Dividends declared	$ 0.92	$ 0.71	30	$ 3.58	$ 2.84	26
Book value(2)	55.24	47.44		55.24	47.44	
Share price						
High	94.37	104.32		105.44	104.32	
Low	83.12	95.00		83.12	65.54	
Close	92.76	102.46		92.76	102.46	
Number of common shares *(thousands)*	336,582	337,912		336,582	337,912	
Market capitalization	31,221	34,622		31,221	34,622	

(millions of Canadian dollars)	As at October 31, 2022	As at October 31, 2021(1)	% Change
Balance sheet and off-balance-sheet			
Total assets	403,740	355,621	14
Loans and acceptances, net of allowances	206,744	182,689	13
Deposits	266,394	240,938	11
Equity attributable to common shareholders	18,594	16,029	16
Assets under administration(2)	616,165	651,530	(5)
Assets under management(2)	112,346	117,186	(4)
Regulatory ratios under Basel III(5)			
Capital ratios			
Common Equity Tier 1 (CET1)	12.7 %	12.4 %	
Tier 1	15.4 %	15.0 %	
Total	16.9 %	15.9 %	
Leverage ratio	4.5 %	4.4 %	
TLAC ratio(5)	27.7 %	26.3 %	
TLAC leverage ratio(5)	8.1 %	7.8 %	
Liquidity coverage ratio (LCR)(5)	140 %	154 %	
Net stable funding ratio (NSFR)(5)	117 %	117 %	
Other information			
Number of employees – Worldwide	29,509	26,920	10
Number of branches in Canada	378	384	(2)
Number of banking machines in Canada	939	927	1

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.
(2) For additional information on the composition of these measures, see the Glossary section on pages 122 to 125 of the Bank's *2022 Annual Report,* which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
(3) See the Financial Reporting Method section on pages 2 to 4 for additional information on non-GAAP financial measures.
(4) For additional information on non-GAAP ratios, see the Financial Reporting Method section on pages 16 to 21 of the Bank's *2022 Annual Report,* which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
(5) For additional information on capital management measures, see the Financial Reporting Method section on pages 16 to 21 of the Bank's *2022 Annual Report,* which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Financial Analysis

This press release should be read in conjunction with the *2022 Annual Report* (which includes the audited annual consolidated financial statements and MD&A) available on the Bank's website at nbc.ca. Additional information about the Bank, including the *Annual Information Form*, can be obtained from the Bank's website at nbc.ca or SEDAR's website at sedar.com.

Total Revenues

For the fourth quarter of 2022, the Bank's total revenues amounted to $2,334 million, up $123 million or 6% from the fourth quarter of 2021. In the Personal and Commercial segment, fourth-quarter total revenues rose 15% year over year owing to loan and deposit growth, to a higher net interest margin resulting from recent interest rate hikes, and to increases in credit card revenues, revenues from bankers' acceptances, and revenues from foreign exchange activities, partly offset by a decrease in insurance revenues. In the Wealth Management segment, fourth-quarter total revenues grew 9% year over year, mainly due to the higher net interest income resulting from interest rate hikes. This increase was partly offset by a decrease in fee-based revenues, notably mutual fund revenues and revenues from investment management and trust service fees. In addition, securities brokerage commissions decreased year over year given fewer commission-generating transactions. In the Financial Markets segment, fourth-quarter total revenues on a taxable equivalent basis increased by 14% year over year due to increases in global markets revenues and in corporate and investment banking revenues. In the USSF&I segment, fourth-quarter total revenues were up 10% year over year owing to a sustained increase in the ABA Bank subsidiary's revenues as a result of business growth, partly offset by a decrease in the Credigy subsidiary's revenues, notably due to a less favourable impact from fair value remeasurements of certain loan portfolios. For the *Other* heading, fourth-quarter total revenues were down year over year, mainly due to a lower contribution from Treasury activities and to lower gains on investments.

For the year ended October 31, 2022, total revenues amounted to $9,652 million, up $725 million or 8% from $8,927 million in fiscal 2021. In the Personal and Commercial segment, fiscal 2022 total revenues rose $419 million or 12% year over year as net interest income increased owing to loan and deposit growth, a higher net interest margin arising from interest rate hikes, and increases in credit card revenues, insurance revenues, revenues from bankers' acceptances, revenues from derivative financial instruments, and revenues from foreign exchange activities. In the Wealth Management segment, fiscal 2022 total revenues grew 10% year over year, mainly due to higher net interest income as well as to an increase in fee-based revenues given growth in average assets under administration and assets under management and given greater market performance compared to the year ended October 31, 2021. In the Financial Markets segment, fiscal 2022 total revenues on a taxable equivalent basis were up $250 million or 11% year over year given growth in global markets revenues, partly offset by a decrease in corporate and investment banking revenues. In the USSF&I segment, fiscal 2022 total revenues rose 11% year over year owing to revenue growth at ABA Bank, which was driven by higher loans and deposits, partly offset by a decrease in Credigy's revenues, notably due to a gain that had been realized in fiscal 2021 upon a disposal of loan portfolios and to a more favourable impact of remeasuring certain loan portfolios during fiscal 2021. For fiscal 2022, the total revenues of the *Other* heading decreased year over year, as there was a lower contribution from Treasury activities and lower gains on investments in fiscal 2022.

Non-Interest Expenses

For the fourth quarter of 2022, the Bank's non-interest expenses stood at $1,346 million, a 6% year-over-year increase that was essentially driven by higher compensation, notably due to wage growth and a greater number of employees as well as to the variable compensation associated with revenue growth. In addition, fourth-quarter occupancy expenses were also up, partly due to the expansion to ABA Bank's banking network. Fourth-quarter other expenses increased as well, essentially due to an increase in travel and business development expenses given that activities with clients resumed and also due to higher advertising expenses.

For the year ended October 31, 2022, the Bank's non-interest expenses stood at $5,230 million, a 7% year-over-year increase that was essentially attributable to higher compensation and employee benefits, notably due to wage growth and a greater number of employees as well as to the variable compensation associated with revenue growth. Fiscal 2022 technology expenses, including amortization, were also up year over year, as significant investments were made to support the Bank's technological evolution and business development plan. Other expenses also rose year over year, due to an increase in travel and business development expenses as activities with clients resumed. These higher expenses were tempered by decreases in certain expenses; in particular, there was a $20 million reversal of the provision for the compensatory tax on salaries paid in Quebec during the first quarter of 2022 as well as a decrease in COVID-19-response expenses, which had been higher during fiscal 2021. Furthermore, a portion of the overall increase in non-interest expenses was attributable to the acquisition of the Flinks Technology Inc. (Flinks) subsidiary at the end of fiscal 2021.

Provisions for Credit Losses
For the fourth quarter of 2022, the Bank recorded $87 million in provisions for credit losses compared to $41 million in recoveries of credit losses in the fourth quarter of 2021. This increase stems mainly from higher provisions for credit losses on non-impaired loans recorded to reflect less favourable macroeconomic conditions, notably greater inflationary pressures, in the fourth quarter of 2022. In the fourth quarter of 2021, the Bank had recorded reversals of provisions for credit losses on non-impaired loans given more favourable macroeconomic conditions at that time. Provisions for credit losses on impaired loans excluding purchased or originated credit-impaired (POCI)(1) loans were also up, rising $50 million year over year given higher provisions for credit losses on the impaired loans of Personal Banking (including credit card receivables), the Financial Markets segment, the Credigy subsidiary (excluding POCI loans), and the ABA Bank subsidiary. Lastly, the provisions for credit losses on Credigy's POCI loans were down given a favourable remeasurement of certain portfolios in the fourth quarter of 2022.

For fiscal 2022, the Bank recorded $145 million in provisions for credit losses compared to $2 million in fiscal 2021. This increase was primarily due to higher provisions for credit losses on non-impaired loans resulting from a less favourable macroeconomic outlook in the second half of 2022 resulting from higher inflationary pressure, geopolitical instability, and global supply chain disruptions. In fiscal 2021, the Bank had recorded reversals of allowances for credit losses on non-impaired loans given more favourable macroeconomic conditions at that time. The fiscal 2022 provisions for credit losses on Credigy's POCI loans were also up given a favourable remeasurement of certain portfolios in fiscal 2021. Conversely, the provisions for credit losses on impaired loans excluding POCI(1) loans were down, in both Commercial Banking and Financial Markets, partly offset by higher provisions for credit losses on impaired Personal Banking loans (including credit card receivables) and impaired ABA Bank loans, resulting from the end of the COVID-19 relief measures that had been granted to the subsidiary's clients.

Income Taxes
For the fourth quarter of 2022, income taxes stood at $163 million compared to $215 million in the same quarter of 2021. The 2022 fourth-quarter effective income tax rate was 18%, compared to 22% in the same quarter of 2021. The change in effective income tax rate stems mainly from a higher level of tax-exempt dividend income compared to the same quarter of 2021.

For the year ended October 31, 2022, the effective income tax rate was 21% compared to 22% in fiscal 2021. This change in the effective income tax rate stems from the same reason as that provided for the quarter.

(1) For additional information on the composition of these measures, see the Glossary section on pages 122 to 125 of the Bank's *2022 Annual Report,* which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Results by Segment

The Bank carries out its activities in four business segments: Personal and Commercial, Wealth Management, Financial Markets, and U.S. Specialty Finance and International. Other operating activities, certain specified items, Treasury activities, and the activities of the Flinks Technology Inc. (Flinks) subsidiary are grouped in the *Other* heading. Each reportable segment is distinguished by services offered, type of clientele, and marketing strategy.

Personal and Commercial

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2022	2021(1)	% Change	**2022**	2021(1)	% Change
Operating results						
Net interest income	**785**	654	20	**2,865**	2,547	12
Non-interest income	**286**	276	4	**1,169**	1,068	9
Total revenues	**1,071**	930	15	**4,034**	3,615	12
Non-interest expenses	**551**	511	8	**2,149**	2,008	7
Income before provisions for credit losses and income taxes	**520**	419	24	**1,885**	1,607	17
Provisions for credit losses	**42**	(5)		**97**	40	
Income before income taxes	**478**	424	13	**1,788**	1,567	14
Income taxes	**127**	113	12	**474**	416	14
Net income	**351**	311	13	**1,314**	1,151	14
Net interest margin(2)	**2.25 %**	2.05 %		**2.14 %**	2.11 %	
Average interest-bearing assets(2)	**138,299**	126,816	9	**133,754**	120,956	11
Average assets(3)	**145,382**	133,393	9	**140,514**	126,637	11
Average loans and acceptances(3)	**144,532**	132,319	9	**139,749**	125,917	11
Net impaired loans(2)	**193**	213	(9)	**193**	213	(9)
Net impaired loans as a % of total loans and acceptances(2)	**0.1 %**	0.2 %		**0.1 %**	0.2 %	
Average deposits(3)	**85,911**	79,826	8	**82,005**	76,442	7
Efficiency ratio(2)	**51.4 %**	54.9 %		**53.3 %**	55.5 %	

(1) For the quarter and the year ended October 31, 2021, certain amounts have been reclassified, in particular amounts of the loan portfolio of borrowers in the "Oil and gas" and "Pipelines" sectors as well as related activities, which were transferred from the Personal and Commercial segment to the Financial Markets segment. Moreover, certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements (for additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022).
(2) For additional information on the composition of these measures, see the Glossary section on pages 122 to 125 of the Bank's *2022 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.
(3) Represents an average of the daily balances for the period.

In the Personal and Commercial segment, net income totalled $351 million in the fourth quarter of 2022 compared to $311 million in the fourth quarter of 2021, a 13% increase resulting from growth in total revenues, partly offset by higher provisions for credit losses. The segment's fourth-quarter income before provisions for credit losses and income taxes grew 24% year over year. Its fourth-quarter net interest income rose 20% year over year owing to growth in personal and commercial loans and deposits as well as to a higher net interest margin, which, as a result of recent interest rate hikes, was 2.25% in fourth-quarter 2022 compared to 2.05% in fourth-quarter 2021. As for the segment's fourth-quarter non-interest income, it grew $10 million or 4% year over year.

Personal Banking's fourth-quarter total revenues increased by $25 million year over year. This increase came from an increase in net interest income driven by loan and deposit growth, from an improved deposit margin, and from an increase in credit card revenues given a notable increase in purchasing volume partly offset by a decrease in insurance revenues. Commercial Banking's fourth-quarter total revenues grew $116 million year over year, mainly due to an increase in net interest income, driven by loan and deposit growth, to an improved margin on deposits, as well as to increases in revenues from foreign exchange activities and from bankers' acceptances.

For the fourth quarter of 2022, the Personal and Commercial segment's non-interest expenses stood at $551 million, an 8% year-over-year increase that was mainly due to higher compensation and employee benefits (given wage growth and a greater number of employees), to operations support charges, and to investments made as part of the segment's technological evolution. At 51.4%, the segment's fourth-quarter efficiency ratio improved by 3.5 percentage points year over year as a result of strong revenue growth. The segment recorded $42 million in provisions for credit losses in the fourth quarter of 2022 compared to $5 million in recoveries of credit losses in the fourth quarter of 2021. This increase came from higher provisions for credit losses on impaired Personal Banking loans and from higher provisions for credit losses on non-impaired Personal Banking loans (including credit card receivables) and non-impaired Commercial Banking loans recorded to reflect a less favourable macroeconomic outlook, whereas, in the fourth quarter of 2021, a more favourable macroeconomic outlook had led to reversals of allowances for credit losses on non-impaired loans.

For fiscal 2022, the Personal and Commercial segment's net income totalled $1,314 million, up from $1,151 million in fiscal 2021. This increase stems mainly from 12% growth in the segment's total revenues. The segment's income before provisions for credit losses and income taxes totalled $1,885 million in fiscal 2022, a 17% year-over-year increase. Personal Banking's fiscal 2022 total revenues were up, mainly due to growth in loans and deposits and improved deposit margin (partly offset by a lower margin on loans) as well as to increases in credit card revenues, insurance revenues (reflecting a revision to actuarial reserves), and internal commission revenues related to the distribution of Wealth Management products. In addition, Commercial Banking's total revenues rose 21% owing to loan and deposit growth, to an increase in the net interest margin arising from higher interest rates in fiscal 2022, and to higher revenues from bankers' acceptances, revenues from derivative financial instruments, and revenues from foreign exchange activities.

For the year ended October 31, 2022, the Personal and Commercial segment's non-interest expenses stood at $2,149 million, a 7% year-over-year increase that was mainly due to higher compensation and employee benefits, expenses incurred for the segment's technological evolution, and higher operations support charges. Furthermore, travel and business development costs increased as activities with clients resumed. At 53.3% for the year ended October 31, 2022, the efficiency ratio improved by 2.2 percentage points versus fiscal 2021. For fiscal 2022, the segment recorded $97 million in provisions for credit losses compared to $40 million in fiscal 2021. This increase came mainly from provisions for credit losses on non-impaired Personal Banking loans (including credit card receivable) recorded to reflect less favourable macroeconomic conditions, whereas, in fiscal 2021, a more favourable macroeconomic environment had led to significant reversals of allowances for credit losses on non-impaired loans. These increases were tempered by lower provisions for credit losses on impaired Commercial Banking loans as well as by lower provisions for credit losses on non-impaired Commercial Banking loans resulting from more favourable risk parameters in fiscal 2022.

Wealth Management

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2022	2021[1]	% Change	**2022**	2021[1]	% Change
Operating results						
Net interest income	**187**	114	64	**594**	446	33
Fee-based revenues	**347**	359	(3)	**1,429**	1,322	8
Transaction-based and other revenues	**79**	88	(10)	**352**	398	(12)
Total revenues	**613**	561	9	**2,375**	2,166	10
Non-interest expenses	**343**	342	–	**1,391**	1,293	8
Income before provisions for credit losses and income taxes	**270**	219	23	**984**	873	13
Provisions for credit losses	**2**	1		**3**	1	
Income before income taxes	**268**	218	23	**981**	872	13
Income taxes	**70**	58	21	**260**	231	13
Net income	**198**	160	24	**721**	641	12
Average assets[2]	**8,345**	7,699	8	**8,226**	7,146	15
Average loans and acceptances[2]	**7,278**	6,556	11	**7,132**	5,998	19
Net impaired loans[3]	**15**	16	(6)	**15**	16	(6)
Average deposits[2]	**37,600**	33,659	12	**35,325**	33,934	4
Assets under administration[3]	**616,165**	651,530	(5)	**616,165**	651,530	(5)
Assets under management[3]	**112,346**	117,186	(4)	**112,346**	117,186	(4)
Efficiency ratio[3]	**56.0 %**	61.0 %		**58.6 %**	59.7 %	

(1) For the quarter and year ended October 31, 2021, certain amounts have been reclassified; in particular, certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements (for additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022).
(2) Represents an average of the daily balances for the period.
(3) For additional information on the composition of these measures, see the Glossary section on pages 122 to 125 of the Bank's *2022 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

In the Wealth Management segment, net income totalled $198 million in the fourth quarter of 2022, a 24% increase from $160 million in the fourth quarter of 2021. The segment's fourth-quarter total revenues amounted to $613 million, up $52 million or 9% from $561 million in the fourth quarter of 2021. This revenue growth was mainly driven by a $73 million or 64% increase in net interest income owing to higher interest rates and to growth in loan and deposit volumes in the fourth quarter of 2022. Fee-based revenues were down 3% as there was a decrease in assets under administration and assets under management as a result of a decline in stock market performance compared to the fourth quarter of 2021. As for fourth-quarter transaction-based and other revenues, they were down 10% year over year given lower commissions on transactions in fourth-quarter 2022 attributable to a less favourable market.

For the fourth quarter of 2022, the segment's non-interest expenses stood at $343 million, a slight $1 million year-over-year increase that was due to higher compensation and employee benefits as well as to higher operations support charges, partly offset by a decrease in variable compensation and in revenues from external management fees. At 56.0%, the segment's fourth-quarter efficiency ratio improved by 5.0 percentage points from 61.0% in the fourth quarter of 2021. The segment recorded $2 million in provisions for credit losses in the fourth quarter of 2022, whereas $1 million in provisions for credit losses had been recorded for the fourth quarter of 2021.

For fiscal 2022, Wealth Management's net income totalled $721 million, up 12% from $641 million in fiscal 2021. The segment's total revenues amounted to $2,375 million in fiscal 2022, a 10% increase from $2,166 million in 2021. Net interest income grew $148 million or 33% year over year owing to higher interest rates, to growth in loan and deposit volumes, and to the deposit margin. Fee-based revenues rose 8% year over year thanks to growth in average assets under administration and average assets under management as a result of net inflows into various solutions and of stronger stock market performance in the first half of fiscal 2022 compared to that of fiscal 2021. As for transaction and other revenues, they decreased 12% year over year as a result of lower commission-generating trading volume during fiscal 2022. Also for fiscal 2022, Wealth Management's non-interest expenses stood at $1,391 million compared to $1,293 million in fiscal 2021, an increase that is attributable to higher compensation and employee benefits, notably the variable compensation associated with revenue growth, as well as to higher operations support charges related to the segment's business growth and initiatives. At 58.6%, the efficiency ratio for the year ended October 31, 2022 improved by 1.1 percentage points compared to 59.7% in fiscal 2021. For fiscal 2022, the Bank recorded $3 million in provisions for credit losses reflecting a less favourable macroeconomic environment, compared to $1 million in fiscal 2021.

Financial Markets

(taxable equivalent basis)(1)
(millions of Canadian dollars)

	Quarter ended October 31			Year ended October 31		
	2022	2021(2)	% Change	2022	2021(2)	% Change
Operating results						
Global markets						
Equities	207	175	18	979	685	43
Fixed-income	71	58	22	367	357	3
Commodities and foreign exchange	26	34	(24)	156	128	22
	304	267	14	1,502	1,170	28
Corporate and investment banking	259	229	13	966	1,048	(8)
Total revenues(1)	563	496	14	2,468	2,218	11
Non-interest expenses	252	213	18	1,022	906	13
Income before provisions for credit losses and income taxes	311	283	10	1,446	1,312	10
Provisions for credit losses	32	(40)		(23)	(24)	4
Income before income taxes	279	323	(14)	1,469	1,336	10
Income taxes(1)	74	85	(13)	389	353	10
Net income	205	238	(14)	1,080	983	10
Average assets(3)	160,778	152,001	6	154,349	151,240	2
Average loans and acceptances(3) (Corporate Banking only)	24,576	19,825	24	22,311	19,630	14
Net impaired loans(4)	91	14		91	14	
Net impaired loans as a % of total loans and acceptances(4)	0.4 %	0.1 %		0.4 %	0.1 %	
Average deposits(3)	49,487	47,394	4	47,242	44,006	7
Efficiency ratio(4)	44.8 %	42.9 %		41.4 %	40.8 %	

(1) The *Total revenues* and *Income taxes* items of the Financial Markets segment are presented on a taxable equivalent basis. Taxable equivalent basis is a calculation method that consists in grossing up certain tax-exempt income by the amount of income tax that would have been otherwise payable. For the quarter ended October 31, 2022, *Total revenues* were grossed up by $94 million ($40 million in 2021) and an equivalent amount was recognized in *Income taxes*. For the year ended October 31, 2022, *Total revenues* were grossed up by $277 million ($183 million in 2021) and an equivalent amount was recognized in *Income taxes*. The effect of these adjustments is reversed under the *Other* heading in the segment results.

(2) For the quarter and year ended October 31, 2021, certain amounts have been reclassified, in particular amounts of the loan portfolio of borrowers in the "Oil and gas" and "Pipelines" sectors as well as related activities, which were transferred from the Personal and Commercial segment to the Financial Markets segment. In addition, certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements (for additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022).

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

(4) For additional information on the composition of these measures, see the Glossary section on pages 122 to 125 of the Bank's *2022 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

In the Financial Markets segment, net income totalled $205 million in the fourth quarter of 2022 compared to $238 million in the fourth quarter of 2021, a 14% decrease resulting from higher provisions for credit losses. Income before provisions for credit losses and income taxes totalled $311 million in the fourth quarter of 2022, up 10% from the fourth quarter of 2021. The segment's fourth-quarter total revenues amounted to $563 million, up $67 million or 14% from $496 million in the fourth quarter of 2021. Fourth-quarter global markets revenues rose 14% year over year, mainly due to higher revenues from equity securities and fixed-income securities, partly offset by a decrease in revenues from commodities and foreign exchange activities. Fourth-quarter corporate and investment banking revenues rose 13% year over year given an increase in revenues from merger and acquisition activity and in banking service revenues driven by growth in loan volumes, partly offset by a decrease in revenues from capital markets activities.

The segment's fourth-quarter non-interest expenses stood at $252 million, an 18% year-over-year increase that was due to higher compensation and employee benefits, notably the variable compensation associated with revenue growth, as well as to higher technology investment expenses and higher operations support charges. At 44.8%, the segment's fourth-quarter efficiency ratio compares to 42.9% in the same quarter of 2021. For the fourth quarter of 2022, Financial Markets recorded $32 million in provisions for credit losses compared to $40 million in recoveries of credit losses recorded in the fourth quarter of 2021. This increase was due to a $47 million increase in provisions for credit losses on non-impaired loans resulting from reversals of allowances for credit losses on non-impaired loans that had been recorded in the fourth quarter of 2021 given a more favourable macroeconomic outlook during that period as well as a $25 million increase in provisions for credit losses on impaired loans compared to the same period of fiscal 2021.

For fiscal 2022, the Financial Markets segment's net income totalled $1,080 million, a 10% year-over-year increase arising from growth in total revenues. The segment's income before provisions for credit losses and income taxes totalled $1,446 million in fiscal 2022, a 10% year-over-year increase. Its fiscal 2022 total revenues amounted to $2,468 million versus $2,218 million, up $250 million or 11% year over year. Global markets revenues rose 28% year over year owing to growth across every revenue category, notably revenues from equities as market conditions favoured greater client activity. As for the fiscal 2022 corporate and investment banking revenues, they were down 8% year over year, mainly due to a decrease in revenues related to capital markets activity, tempered by revenues generated by favourable merger and acquisition activity and by growth in loan volumes.

For fiscal 2022, the segment's non-interest expenses rose 13% year over year, essentially attributable to higher compensation and employee benefits, notably the variable compensation associated with revenue growth, and to higher technology investment expenses and operations support charges. At 41.4%, the segment's efficiency ratio for fiscal 2022 compares to 40.8% in fiscal 2021. Financial Markets recorded $23 million in recoveries of credit losses during fiscal 2022 compared to $24 million in recoveries of credit losses in fiscal 2021. A $78 million increase in credit losses on non-impaired loans, resulting from a less favourable macroeconomic outlook in fiscal 2022, was offset by a $77 million decrease in credit losses on impaired loans.

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

(millions of Canadian dollars)	Quarter ended October 31			Year ended October 31		
	2022	2021	% Change	**2022**	2021	% Change
Total revenues						
Credigy	**88**	100	(12)	**439**	486	(10)
ABA Bank	**179**	139	29	**669**	510	31
International	**–**	3		**2**	5	
	267	242	10	**1,110**	1,001	11
Non-interest expenses						
Credigy	**32**	30	7	**131**	139	(6)
ABA Bank	**58**	45	29	**212**	173	23
International	**–**	1		**1**	3	
	90	76	18	**344**	315	9
Income before provisions for credit losses and income taxes	**177**	166	7	**766**	686	12
Provisions for credit losses						
Credigy	**(2)**	–		**35**	(41)	
ABA Bank	**12**	3		**31**	26	19
	10	3		**66**	(15)	
Income before income taxes	**167**	163	2	**700**	701	–
Income taxes						
Credigy	**12**	15	(20)	**57**	86	(34)
ABA Bank	**23**	19	21	**86**	60	43
	35	34	3	**143**	146	(2)
Net income						
Credigy	**46**	55	(16)	**216**	302	(28)
ABA Bank	**86**	72	19	**340**	251	35
International	**–**	2		**1**	2	
	132	129	2	**557**	555	–
Average assets(1)	**20,395**	17,143	19	**18,890**	16,150	17
Average loans and receivables(1)	**16,642**	13,479	23	**15,283**	12,558	22
Purchased or originated credit-impaired (POCI) loans	**459**	464	(1)	**459**	464	(1)
Net impaired loans excluding POCI loans(2)	**180**	40		**180**	40	
Average deposits(1)	**9,343**	7,351	27	**8,577**	6,699	28
Efficiency ratio(2)	**33.7 %**	31.4 %		**31.0 %**	31.5 %	

(1) Represents an average of the daily balances for the period.
(2) For additional information on the composition of these measures, see the Glossary section on pages 122 to 125 of the Bank's *2022 Annual Report*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

In the USSF&I segment, net income totalled $132 million in the fourth quarter of 2022 compared to $129 million in the fourth quarter of 2021, a 2% increase attributable to the ABA Bank subsidiary, notably its revenue growth. The segment's fourth-quarter total revenues amounted to $267 million, up $25 million or 10% from $242 million in the fourth quarter of 2021. This growth in total revenues was mainly driven by a $40 million increase in ABA Bank's revenues, whereas Credigy's fourth-quarter revenues declined $12 million year over year. For fiscal 2022, the segment's net income totalled $557 million, relatively stable compared to $555 million in fiscal 2021.

Credigy
For the fourth quarter of 2022, the Credigy subsidiary's net income totalled $46 million, a $9 million or 16% year-over-year decrease that was essentially due to lower total revenues. The subsidiary's income before provisions for credit losses and income taxes amounted to $56 million in the fourth quarter of 2022, a 20% year-over-year decrease attributable to the lower revenues, which totalled $88 million in fourth-quarter 2022 versus $100 million in fourth-quarter 2021, due to an unfavourable impact of a fair value remeasurement of certain portfolios in the fourth quarter of 2022. Credigy's fourth-quarter non-interest expenses stood at $32 million, up $2 million year over year. Its fourth-quarter provisions for credit losses were $2 million lower than those of fourth-quarter 2021, mainly due to a favourable remeasurement of the POCI loan portfolios in the fourth quarter of 2022.

For fiscal 2022, the Credigy subsidiary's net income totalled $216 million, a 28% year-over-year decrease that was notably due to lower revenues and significantly higher provisions for credit losses. Its income before provisions for credit losses and income taxes totalled $308 million in fiscal 2022, down 11% year over year. Credigy's fiscal 2022 total revenues amounted to $439 million, down from $486 million in fiscal 2021. While there was growth in net interest income, it was more than offset by a decrease in non-interest income, as a $26 million gain had been realized in the first quarter of 2021 upon a disposal of loan portfolios, a favourable impact of the fair value remeasurements of certain portfolios during fiscal 2021, and an unfavourable impact upon remeasurements of certain portfolios in fiscal 2022. Credigy's non-interest expenses were down $8 million year over year, mainly due to a decrease in variable compensation. Its provisions for credit losses rose $76 million year over year, whereas in fiscal 2021, reversals of allowances for credit losses on non-impaired loans had been recorded to reflect more favourable macroeconomic conditions at that time and more favourable remeasurements of POCI loan portfolios had been carried out.

ABA Bank
For the fourth quarter of 2022, the ABA Bank subsidiary's net income totalled $86 million, up $14 million or 19% from the fourth quarter of 2021. The subsidiary's fourth-quarter total revenues grew 29% year over year owing to sustained loan growth, partly offset by lower interest rates on loans. The subsidiary's fourth-quarter non-interest expenses stood at $58 million, a $13 million year-over-year increase resulting from higher compensation and employee benefits (notably due to salaries given a greater number of employees and variable compensation associated with revenue growth) and from higher occupancy expenses attributable to the subsidiary's business growth. Provisions for credit losses, which stood at $12 million in the fourth quarter of 2022, rose $9 million year over year, due to higher provisions for credit losses on impaired loans.

For fiscal 2022, ABA Bank's net income totalled $340 million, up 35% from fiscal 2021. Growth in the subsidiary's business activities, mainly in the form of sustained loan and deposit growth, drove total revenues up 31% year over year. This increase was, however, partly offset by lower interest rates on loans given a competitive environment in Cambodia. The subsidiary's fiscal 2022 non-interest expenses stood at $212 million, a 23% year-over-year increase that was due to the same reasons provided above for the fourth quarter. ABA Bank recorded $31 million in provisions for credit losses in fiscal 2022, which is $5 million more than last year, as provisions for credit losses on impaired loans increased to reflect the end of COVID-19 relief measures that had been granted to the subsidiary's clients.

Other

(millions of Canadian dollars)	Quarter ended October 31		Year ended October 31	
	2022	2021(1)	**2022**	2021(1)
Operating results				
Net interest income(2)	**(155)**	(106)	**(536)**	(379)
Non-interest income(2)	**(25)**	88	**201**	306
Total revenues	**(180)**	(18)	**(335)**	(73)
Non-interest expenses	**110**	126	**324**	381
Income before provisions for credit losses and income taxes	**(290)**	(144)	**(659)**	(454)
Provisions for credit losses	**1**	–	**2**	–
Income before income taxes	**(291)**	(144)	**(661)**	(454)
Income taxes (recovery)(2)	**(143)**	(75)	**(372)**	(264)
Net loss	**(148)**	(69)	**(289)**	(190)
Non-controlling interests	**–**	–	**(1)**	–
Net loss attributable to the Bank's shareholders and holders of other equity instruments	**(148)**	(69)	**(288)**	(190)
Specified items after income taxes(3)	**–**	(7)	**–**	(7)
Net loss – Adjusted(3)	**(148)**	(62)	**(289)**	(183)
Average assets(4)	**74,921**	61,352	**71,868**	62,333

(1) For the quarter and year ended October 31, 2021, certain amounts have been reclassified.
(2) For the quarter ended October 31, 2022, *Net interest income* was reduced by $65 million ($39 million in 2021), *Non-interest income* was reduced by $30 million ($2 million in 2021), and an equivalent amount was recorded in *Income taxes*. For the year ended October 31, 2022, *Net interest income* was reduced by $234 million ($181 million in 2021), *Non-interest income* was reduced by $48 million ($8 million in 2021), and an equivalent amount was recorded in *Income taxes*. These adjustments include a reversal of the taxable equivalent of the Financial Markets segment and the *Other* heading. Taxable equivalent basis is a calculation method that consists in grossing up certain tax-exempt income by the amount of income tax that would have otherwise been payable.
(3) See the Financial Reporting Method section on pages 2 to 4 for additional information on non-GAAP financial measures.
(4) Represents an average of the daily balances for the period.

For the *Other* heading of segment results, there was a net loss of $148 million in the fourth quarter of 2022 compared to a net loss of $69 million in the same quarter of 2021. This change in net loss stems essentially from a decrease in total revenues, attributable to a lower contribution from treasury activities, as well as higher gains on investments in the fourth quarter of 2021. This decrease was tempered, however, by a reduction in non-interest expenses, mainly due to the pension plan expense.

The specified items, net of income taxes, recorded in the fourth quarter of 2021 had consisted of $7 million in intangible asset impairment losses. The fourth-quarter net loss stood at $148 million compared to a $62 million adjusted net loss in the fourth quarter of 2021.

For the year ended October 31, 2022, net loss stood at $289 million compared to a net loss of $190 million in fiscal 2021. This change in net loss was due to a decrease in total revenues arising mainly from a lower contribution from treasury activities and from lower gains on investments in fiscal 2022. This decrease was partly offset by a reduction in non-interest expenses, notably variable compensation, the pension plan expense, and a $20 million reversal of the provision for the compensatory tax on salaries paid in Quebec. In fiscal 2021, the net loss had included a $33 million gain on a remeasurement of the previously held equity interest in Flinks and a $30 million loss ($26 million net of income taxes) related to the fair value measurement of the Bank's equity interest in Afrasia.

Consolidated Balance Sheet

Consolidated Balance Sheet Summary

(millions of Canadian dollars)	As at October 31, 2022	As at October 31, 2021[1]	% Change
Assets			
Cash and deposits with financial institutions	31,870	33,879	(6)
Securities	109,719	106,304	3
Securities purchased under reverse repurchase agreements and securities borrowed	26,486	7,516	252
Loans and acceptances, net of allowances	206,744	182,689	13
Other	28,921	25,233	15
	403,740	355,621	14
Liabilities and equity			
Deposits	266,394	240,938	11
Other	114,101	95,233	20
Subordinated debt	1,499	768	95
Equity attributable to the Bank's shareholders and holders of other equity instruments	21,744	18,679	16
Non-controlling interests	2	3	(33)
	403,740	355,621	14

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Assets

As at October 31, 2022, the Bank had total assets of $403.7 billion, a $48.1 billion or 14% increase from $355.6 billion as at October 31, 2021. Cash and deposits with financial institutions, totalling $31.9 billion as at October 31, 2022, decreased by $2.0 billion, mainly due to a decrease in deposits with the Bank of Canada, partly offset by an increase in deposits with the U.S. Federal Reserve. The high level of cash and deposits with financial institutions is explained in part by the excess liquidity related to the accommodative monetary policies that have been applied by central banks since 2020.

As at October 31, 2022, securities totalled $109.7 billion, increasing $3.4 billion since October 31, 2021. Securities at fair value through profit or loss increased by $2.6 billion or 3%, essentially due to increases in securities issued or guaranteed by the Canadian government and by U.S. Treasury, other U.S. agencies and other foreign governments, partly offset by a decrease in equity securities. Securities other than those measured at fair value through profit or loss were also up, rising $0.8 billion. Securities purchased under reverse repurchase agreements and securities borrowed rose $19.0 billion, an increase that is mainly related to the activities of the Financial Markets segment and of Treasury.

Totalling $206.7 billion as at October 31, 2022, loans and acceptances, net of allowances for credit losses, rose $24.0 billion or 13% since October 31, 2021. The following table provides a breakdown of the main loan and acceptance portfolios.

(millions of Canadian dollars)	As at October 31, 2022	As at October 31, 2021
Loans and acceptances		
Residential mortgage and home equity lines of credit	109,648	99,146
Personal	15,804	14,449
Credit card	2,389	2,150
Business and government	79,858	67,942
	207,699	183,687
Allowances for credit losses	(955)	(998)
	206,744	182,689

Since October 31, 2021, residential mortgages (including home equity lines of credit) rose $10.5 billion or 11% due to sustained demand for mortgage credit in the Personal and Commercial segment, as well as to the activities of the Financial Markets segment and the ABA Bank and Credigy subsidiaries. Also since October 31, 2021, personal loans were up as a result of business activity at Personal Banking and ABA Bank, credit card receivables were up as the consumer spending habits of clients gradually resumed and resulted in an increase in purchasing volume, and loans and acceptances to business and government were up $12.0 billion or 18%, mainly due to business growth at Commercial Banking, in corporate banking financial services, and at ABA Bank.

Impaired loans include loans classified in Stage 3 of the expected credit loss model and the POCI loans of the Credigy subsidiary. As at October 31, 2022, gross impaired loans stood at $1,271 million compared to $1,126 million as at October 31, 2021. As for net impaired loans, they totalled $1,030 million as at October 31, 2022 compared to $836 million as at October 31, 2021. Net impaired loans excluding POCI loans amounted to $479 million, rising $196 million from $283 million as at October 31, 2021. This increase was essentially due to the loan portfolio of the Financial Markets segment and to the loan portfolio of ABA Bank, as the COVID-19 relief measures that had been granted to this subsidiary's clients ceased. The increase was partly offset by decreases in the net impaired loans of the Commercial Banking loan portfolio and of the Credigy loan portfolio (excluding POCI loans). Net POCI loans stood at $551 million as at October 31, 2022 compared to $553 million as at October 31, 2021.

Other assets totalled $28.9 billion as at October 31, 2022, rising $3.7 billion since October 31, 2021, mainly due to an increase in derivative financial instruments related to the activities of the Financial Markets segment, which were up $2.0 billion, as well as to a $1.4 billion increase in receivables, prepaid expenses and other items.

Liabilities
As at October 31, 2022, the Bank had total liabilities of $382.0 billion compared to $336.9 billion as at October 31, 2021.

The Bank's total deposit liability stood at $266.4 billion as at October 31, 2022, rising $25.5 billion or 11% from $240.9 billion as at October 31, 2021. At $78.8 billion as at October 31, 2022, personal deposits increased $8.7 billion since October 31, 2021. This increase was driven by business growth in Personal Banking, in both the Wealth Management and Financial Markets segments, and at ABA Bank.

Business and government deposits totalled $184.2 billion as at October 31, 2022, rising $16.3 billion since October 31, 2021. This increase came from the funding activities of the Financial Markets segment and of Treasury, including $2.0 billion in deposits subject to bank recapitalization (bail-in) conversion regulations, as well as from business and government deposits arising from the business activities of Commercial Banking and Wealth Management. Deposits from deposit-taking institutions stood at $3.4 billion as at October 31, 2022, rising $0.4 billion since October 31, 2021.

Other liabilities stood at $114.1 billion as at October 31, 2022, rising $18.9 billion since October 31, 2021, essentially due to a $16.2 billion increase in obligations related to securities sold under repurchase agreements and securities loaned. Obligations related to securities sold short and liabilities related to transferred receivables were also up, rising $1.5 billion and $1.1 billion, respectively.

Subordinated debt increased since October 31, 2021 as a result of the $750 million issuance, on July 25, 2022, of medium-term notes, partly offset by the US$7 million redemption, on August 31, 2022, of debentures denominated in foreign currency.

Equity
As at October 31, 2022, equity attributable to the Bank's shareholders and holders of other equity instruments totalled $21.7 billion, rising $3.0 billion from $18.7 billion since October 31, 2021. This increase was due to net income net of dividends, to the $500 million issuance of LRCN – Series 3, to the issuances of common shares under the Stock Option Plan, to the net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss, and to accumulated other comprehensive income, notably net unrealized foreign currency translation gains on investments in foreign operations. These increases were partly offset by the repurchase of common shares for cancellation and by remeasurements of pension plans and other post-employment benefit plans.

Income Taxes

Notice of Assessment
In September 2022, the Bank was reassessed by the Canada Revenue Agency (CRA) for additional income tax and interest of approximately $150 million (including estimated provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2017 taxation year.

In prior fiscal years, the Bank had been reassessed for additional income tax and interest of approximately $725 million (including provincial tax and interest) in respect of certain Canadian dividends received by the Bank during the 2012-2016 taxation years.

In the reassessments, the CRA alleges that the dividends were received as part of a "dividend rental arrangement".

The CRA may issue reassessments to the Bank for taxation years subsequent to 2017 in regard to activities similar to those that were the subject of the above-mentioned reassessments. The Bank remains confident that its tax position was appropriate and intends to vigorously defend its position. As a result, no amount has been recognized in the consolidated financial statements as at October 31, 2022.

Proposed Legislation
On November 4, 2022, the Government of Canada introduced Bill C-32 – *An Act to implement certain provisions of the fall economic statement table in Parliament on November 3, 2022 and certain provisions of the budget tabled in Parliament on April 7, 2022* to implement tax measures applicable to certain entities of banking and life insurer groups, as presented in its budget of April 7, 2022. These tax measures include the Canada Recovery Dividend (CRD), which is a one-time 15% tax on the fiscal 2021 and 2020 average taxable income above $1 billion, and also include a 1.5% increase in the statutory tax rate. The amount of CRD for the Bank is estimated at $32 million. Since these tax measures were not substantively enacted at the reporting date, no amount has been recognized in the Bank's consolidated financial statements as at October 31, 2022.

Event After the Consolidated Balance Sheet

Repurchase of Common Shares

On November 29, 2022, the Bank's Board of Directors approved a normal course issuer bid, beginning December 12, 2022, to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.08% of its outstanding common shares) over the 12-month period ending December 11, 2023. Any repurchase through the Toronto Stock Exchange will be done at market prices. The common shares may also be repurchased through other means authorized by the Toronto Stock Exchange and applicable regulations, including private agreements or share repurchase programs under issuer bid exemption orders issued by the securities regulators. A private purchase made under an exemption order issued by a securities regulator will be done at a discount to the prevailing market price. The amounts that are paid above the average book value of the common shares are charged to *Retained earnings*. This normal course issuer bid is subject to the approval of OSFI and the Toronto Stock Exchange (TSX).

Capital Management

As at October 31, 2022, the Bank's CET1, Tier 1, and Total capital ratios were, respectively, 12.7%, 15.4% and 16.9%, compared to ratios of, respectively, 12.4%, 15.0% and 15.9% as at October 31, 2021. All of the capital ratios have therefore increased since October 31, 2021, essentially due to net income net of dividends and to common share issuances under the Stock Option Plan. These factors were partly offset by growth in RWA, common share repurchases, and the impact of the transitional measures applicable to ECL provisioning, of which the scaling factor decreased from 50% to 25%. The increase in the Tier 1 capital ratio was also due to the $500 million issuance of limited recourse capital notes, i.e., Limited Recourse Capital Notes (LRCN) – Series 3, on September 8, 2022. The increase in the Total capital ratio was also due to the $750 million issuance of medium-term notes on July 25, 2022. As at October 31, 2022, the leverage ratio was 4.5% compared to 4.4% as at October 31, 2021. The growth in Tier 1 capital was partly offset by growth in total exposure, which will continue to benefit, until April 1, 2023, from the temporary measure permitted by OSFI with respect to the exclusion of exposures from central bank reserves.

As at October 31, 2022, the Bank's TLAC ratio and TLAC leverage ratio were, respectively, 27.7% and 8.1%, compared with 26.3% and 7.8%, respectively, as at October 31, 2021. The increase in the TLAC ratio was due to the same factors as those provided for the Total capital ratio and to the net TLAC instrument issuances during the period. The increase in the TLAC leverage ratio was due to the same factors as those provided for the leverage ratio and to the net TLAC instrument issuances.

During the fiscal year ended October 31, 2022, the Bank was in compliance with all of OSFI's regulatory capital, leverage, and TLAC requirements.

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

(millions of Canadian dollars)	As at October 31, 2022		As at October 31, 2021	
	Adjusted(3)		Adjusted(3)	
Capital				
CET1	14,763	14,818	12,866	12,973
Tier 1	17,906	17,961	15,515	15,622
Total	19,727	19,727	16,643	16,643
Risk-weighted assets	116,840	116,840	104,358	104,358
Total exposure	401,780	401,780	351,160	351,160
Capital ratios				
CET1	12.6 %	12.7 %	12.3 %	12.4 %
Tier 1	15.3 %	15.4 %	14.9 %	15.0 %
Total	16.9 %	16.9 %	15.9 %	15.9 %
Leverage ratio	4.5 %	4.5 %	4.4 %	4.4 %
Available TLAC(2)	32,351	32,351	27,492	27,492
TLAC ratio(2)	27.7 %	27.7 %	26.3 %	26.3 %
TLAC leverage ratio(2)	8.1 %	8.1 %	7.8 %	7.8 %

(1) Capital, risk-weighted assets, total exposure, the capital ratios, and the leverage ratio are calculated in accordance with the Basel III rules, as set out in OSFI's *Capital Adequacy Requirements Guideline* and *Leverage Requirements Guideline*.
(2) Available TLAC, the TLAC ratio, and the TLAC leverage ratio are calculated in accordance with OSFI's *Total Loss Absorbing Capacity Guideline*.
(3) Adjusted amounts are calculated in accordance with the Basel III rules, as set out in OSFI's *Capital Adequacy Requirements Guideline*, and exclude the transitional measure for provisioning expected credit losses.

Dividends

On November 29, 2022, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of 97 cents per common share, up 5 cents or 5%, payable on February 1, 2023 to shareholders of record on December 26, 2022.

Consolidated Balance Sheets

(unaudited) (millions of Canadian dollars)

	As at October 31, 2022	As at October 31, 2021[1]
Assets		
Cash and deposits with financial institutions	**31,870**	33,879
Securities		
At fair value through profit or loss	**87,375**	84,811
At fair value through other comprehensive income	**8,828**	9,583
At amortized cost	**13,516**	11,910
	109,719	106,304
Securities purchased under reverse repurchase agreements and securities borrowed	**26,486**	7,516
Loans		
Residential mortgage	**80,129**	72,542
Personal	**45,323**	41,053
Credit card	**2,389**	2,150
Business and government	**73,317**	61,106
	201,158	176,851
Customers' liability under acceptances	**6,541**	6,836
Allowances for credit losses	**(955)**	(998)
	206,744	182,689
Other		
Derivative financial instruments	**18,547**	16,484
Investments in associates and joint ventures	**140**	225
Premises and equipment	**1,397**	1,216
Goodwill	**1,519**	1,504
Intangible assets	**1,360**	1,274
Other assets	**5,958**	4,530
	28,921	25,233
	403,740	355,621
Liabilities and equity		
Deposits	**266,394**	240,938
Other		
Acceptances	**6,541**	6,836
Obligations related to securities sold short	**21,817**	20,266
Obligations related to securities sold under repurchase agreements and securities loaned	**33,473**	17,293
Derivative financial instruments	**19,632**	19,367
Liabilities related to transferred receivables	**26,277**	25,170
Other liabilities	**6,361**	6,301
	114,101	95,233
Subordinated debt	**1,499**	768
Equity		
Equity attributable to the Bank's shareholders and holders of other equity instruments		
Preferred shares and other equity instruments	**3,150**	2,650
Common shares	**3,196**	3,160
Contributed surplus	**56**	47
Retained earnings	**15,140**	12,854
Accumulated other comprehensive income	**202**	(32)
	21,744	18,679
Non-controlling interests	**2**	3
	21,746	18,682
	403,740	355,621

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Consolidated Statements of Income

(unaudited) (millions of Canadian dollars)

	Quarter ended October 31		Year ended October 31	
	2022	2021[1]	2022	2021[1]
Interest income				
Loans	2,400	1,369	7,136	5,460
Securities at fair value through profit or loss	393	263	1,548	1,092
Securities at fair value through other comprehensive income	54	44	163	181
Securities at amortized cost	107	43	263	178
Deposits with financial institutions	247	19	435	76
	3,201	1,738	9,545	6,987
Interest expense				
Deposits	1,586	405	3,291	1,635
Liabilities related to transferred receivables	147	102	472	372
Subordinated debt	15	4	28	17
Other	246	37	483	180
	1,994	548	4,274	2,204
Net interest income[2]	1,207	1,190	5,271	4,783
Non-interest income				
Underwriting and advisory fees	94	80	324	415
Securities brokerage commissions	42	50	204	238
Mutual fund revenues	141	149	587	563
Investment management and trust service fees	244	251	997	900
Credit fees	125	126	490	506
Card revenues	47	42	186	148
Deposit and payment service charges	78	70	298	274
Trading revenues (losses)	229	55	543	268
Gains (losses) on non-trading securities, net	(3)	20	113	151
Insurance revenues, net	26	33	158	131
Foreign exchange revenues, other than trading	57	45	211	202
Share in the net income of associates and joint ventures	4	6	28	23
Other	43	94	242	325
	1,127	1,021	4,381	4,144
Total revenues	2,334	2,211	9,652	8,927
Non-interest expenses				
Compensation and employee benefits	831	754	3,284	3,027
Occupancy	83	75	312	299
Technology	227	237	915	871
Communications	13	11	57	53
Professional fees	68	75	249	246
Other	124	116	413	407
	1,346	1,268	5,230	4,903
Income before provisions for credit losses and income taxes	988	943	4,422	4,024
Provisions for credit losses	87	(41)	145	2
Income before income taxes	901	984	4,277	4,022
Income taxes	163	215	894	882
Net income	738	769	3,383	3,140
Net income attributable to				
Preferred shareholders and holders of other equity instruments	30	26	107	123
Common shareholders	708	743	3,277	3,017
Bank shareholders and holders of other equity instruments	738	769	3,384	3,140
Non-controlling interests	–	–	(1)	–
	738	769	3,383	3,140
Earnings per share *(dollars)*				
Basic	2.10	2.20	9.72	8.95
Diluted	2.08	2.17	9.61	8.85
Dividends per common share *(dollars)*	0.92	0.71	3.58	2.84

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

(2) *Net interest income* includes dividend income. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)

	Quarter ended October 31		Year ended October 31	
	2022	2021[(1)]	**2022**	2021[(1)]
Net income	**738**	769	**3,383**	3,140
Other comprehensive income, net of income taxes				
Items that may be subsequently reclassified to net income				
Net foreign currency translation adjustments				
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	**322**	(37)	**471**	(314)
Net foreign currency translation (gains) losses on investments in foreign operations reclassified to net income	**–**	16	**–**	16
Impact of hedging net foreign currency translation gains (losses)	**(97)**	9	**(138)**	95
	225	(12)	**333**	(203)
Net change in debt securities at fair value through other comprehensive income				
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**(21)**	(13)	**(197)**	6
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**10**	7	**91**	(34)
Change in allowances for credit losses on debt securities at fair value through other comprehensive income reclassified to net income	**1**	(1)	**1**	(2)
	(10)	(7)	**(105)**	(30)
Net change in cash flow hedges				
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**(50)**	129	**(25)**	280
Net (gains) losses on designated derivative financial instruments reclassified to net income	**10**	9	**33**	26
	(40)	138	**8**	306
Share in the other comprehensive income of associates and joint ventures	**–**	–	**(2)**	–
Items that will not be subsequently reclassified to net income				
Remeasurements of pension plans and other post-employment benefit plans	**(257)**	28	**(126)**	475
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**(1)**	5	**(27)**	64
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**10**	17	**601**	(12)
	(248)	50	**448**	527
Total other comprehensive income, net of income taxes	**(73)**	169	**682**	600
Comprehensive income	**665**	938	**4,065**	3,740
Comprehensive income attributable to				
Bank shareholders and holders of other equity instruments	**665**	938	**4,066**	3,753
Non-controlling interests	**–**	–	**(1)**	(13)
	665	938	**4,065**	3,740

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Consolidated Statements of Comprehensive Income (cont.)

(unaudited) (millions of Canadian dollars)

Income Taxes – Other Comprehensive Income

The following table presents the income tax expense or recovery for each component of other comprehensive income.

	Quarter ended October 31		Year ended October 31	
	2022	2021	**2022**	2021
Items that may be subsequently reclassified to net income				
Net foreign currency translation adjustments				
Net unrealized foreign currency translation gains (losses) on investments in foreign operations	**(9)**	1	**(13)**	10
Net foreign currency translation (gains) losses on investments in foreign operations reclassified to net income	**–**	2	**–**	2
Impact of hedging net foreign currency translation gains (losses)	**(19)**	2	**(28)**	24
	(28)	5	**(41)**	36
Net change in debt securities at fair value through other comprehensive income				
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**(8)**	(5)	**(71)**	2
Net (gains) losses on debt securities at fair value through other comprehensive income reclassified to net income	**3**	2	**32**	(12)
Change in allowances for credit losses on debt securities at fair value through other comprehensive income reclassified to net income	**–**	–	**–**	–
	(5)	(3)	**(39)**	(10)
Net change in cash flow hedges				
Net gains (losses) on derivative financial instruments designated as cash flow hedges	**(18)**	47	**(9)**	100
Net (gains) losses on designated derivative financial instruments reclassified to net income	**4**	3	**12**	9
	(14)	50	**3**	109
Share in the other comprehensive income of associates and joint ventures	**1**	–	**–**	–
Items that will not be subsequently reclassified to net income				
Remeasurements of pension plans and other post-employment benefit plans	**(92)**	10	**(45)**	170
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**(1)**	3	**(10)**	24
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**4**	6	**216**	(5)
	(89)	19	**161**	189
	(135)	71	**84**	324

Consolidated Statements of Changes in Equity

(unaudited) (millions of Canadian dollars)

	Year ended October 31	
	2022	2021[1]
Preferred shares and other equity instruments at beginning	**2,650**	2,950
Issuances of preferred shares and other equity instruments	**500**	500
Redemption of preferred shares and other equity instruments for cancellation	**–**	(800)
Preferred shares and other equity instruments at end	**3,150**	2,650
Common shares at beginning	**3,160**	3,057
Issuances of common shares pursuant to the Stock Option Plan	**61**	104
Repurchases of common shares for cancellation	**(24)**	–
Impact of shares purchased or sold for trading	**(1)**	(1)
Common shares at end	**3,196**	3,160
Contributed surplus at beginning	**47**	47
Stock option expense	**17**	11
Stock options exercised	**(7)**	(11)
Other	**(1)**	–
Contributed surplus at end	**56**	47
Retained earnings at beginning	**12,854**	10,444
Impact of an accounting policy change as at November 1, 2020	**–**	(137)
Net income attributable to the Bank's shareholders and holders of other equity instruments	**3,384**	3,140
Dividends on preferred shares and distributions on other equity instruments	**(119)**	(131)
Dividends on common shares	**(1,206)**	(958)
Premium paid on common shares repurchased for cancellation	**(221)**	–
Issuance expenses for shares and other equity instruments, net of income taxes	**(4)**	(4)
Remeasurements of pension plans and other post-employment benefit plans	**(126)**	475
Net gains (losses) on equity securities designated at fair value through other comprehensive income	**(27)**	64
Net fair value change attributable to the credit risk on financial liabilities designated at fair value through profit or loss	**601**	(12)
Impact of a financial liability resulting from put options written to non-controlling interests	**(8)**	(25)
Other	**12**	(2)
Retained earnings at end	**15,140**	12,854
Accumulated other comprehensive income at beginning	**(32)**	(118)
Net foreign currency translation adjustments	**333**	(190)
Net change in unrealized gains (losses) on debt securities at fair value through other comprehensive income	**(105)**	(30)
Net change in gains (losses) on cash flow hedges	**8**	306
Share in the other comprehensive income of associates and joint ventures	**(2)**	–
Accumulated other comprehensive income at end	**202**	(32)
Equity attributable to the Bank's shareholders and holders of other equity instruments	**21,744**	18,679
Non-controlling interests at beginning	**3**	3
Non-controlling interest from the acquisition of Flinks Technology Inc.	**–**	3
Purchase of the non-controlling interest of the Credigy Ltd. subsidiary	**–**	10
Net income attributable to non-controlling interests	**(1)**	–
Other comprehensive income attributable to non-controlling interests	**–**	(13)
Non-controlling interests at end	**2**	3
Equity	**21,746**	18,682

Accumulated Other Comprehensive Income

	As at October 31, 2022	As at October 31, 2021
Accumulated other comprehensive income		
Net foreign currency translation adjustments	**204**	(129)
Net unrealized gains (losses) on debt securities at fair value through other comprehensive income	**(34)**	71
Net gains (losses) on instruments designated as cash flow hedges	**31**	23
Share in the other comprehensive income of associates and joint ventures	**1**	3
	202	(32)

(1) Certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

Segment Disclosures

(unaudited) (millions of Canadian dollars)

The Bank carries out its activities in four business segments, which are defined below. For presentation purposes, other activities are grouped in the *Other* heading. Each reportable segment is distinguished by services offered, type of clientele, and marketing strategy. The presentation of segment disclosures is consistent with the presentation adopted by the Bank for the fiscal year beginning November 1, 2021. This presentation reflects the fact that the loan portfolio of borrowers in the "Oil and gas" and "Pipelines" sectors as well as related activities, which had previously been reported in the Personal and Commercial segment, is now reported in the Financial Markets segment. The Bank made this change to better align the monitoring of its activities with its management structure.

Personal and Commercial

The Personal and Commercial segment encompasses the banking, financing, and investing services offered to individuals, advisors, and businesses as well as insurance operations.

Wealth Management

The Wealth Management segment comprises investment solutions, trust services, banking services, lending services, and other wealth management solutions offered through internal and third-party distribution networks.

Financial Markets

The Financial Markets segment encompasses corporate banking and investment banking and financial solutions for large and mid-size corporations, public sector organizations, and institutional investors.

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

The USSF&I segment encompasses the specialty finance expertise provided by the Credigy subsidiary; the activities of the ABA Bank subsidiary, which offers financial products and services to individuals and businesses in Cambodia; and the activities of targeted investments in certain emerging markets.

Other

This heading encompasses treasury activities; liquidity management; Bank funding; asset/liability management activities; the activities of the Flinks subsidiary, a fintech company specialized in financial data aggregation and distribution; certain specified items; and the unallocated portion of corporate units.

Results by Business Segment

Quarter ended October 31[1]

	Personal and Commercial		Wealth Management		Financial Markets		USSF&I		Other		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Net interest income[2]	**785**	654	**187**	114	**113**	287	**277**	241	**(155)**	(106)	**1,207**	1,190
Non-interest income[2][3]	**286**	276	**426**	447	**450**	209	**(10)**	1	**(25)**	88	**1,127**	1,021
Total revenues	**1,071**	930	**613**	561	**563**	496	**267**	242	**(180)**	(18)	**2,334**	2,211
Non-interest expenses	**551**	511	**343**	342	**252**	213	**90**	76	**110**	126	**1,346**	1,268
Income before provisions for credit losses and income taxes	**520**	419	**270**	219	**311**	283	**177**	166	**(290)**	(144)	**988**	943
Provisions for credit losses	**42**	(5)	**2**	1	**32**	(40)	**10**	3	**1**	–	**87**	(41)
Income before income taxes (recovery)	**478**	424	**268**	218	**279**	323	**167**	163	**(291)**	(144)	**901**	984
Income taxes (recovery)[2]	**127**	113	**70**	58	**74**	85	**35**	34	**(143)**	(75)	**163**	215
Net income	**351**	311	**198**	160	**205**	238	**132**	129	**(148)**	(69)	**738**	769
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	**351**	311	**198**	160	**205**	238	**132**	129	**(148)**	(69)	**738**	769
Average assets[4]	**145,382**	133,393	**8,345**	7,699	**160,778**	152,001	**20,395**	17,143	**74,921**	61,352	**409,821**	371,588
Total assets	**146,915**	135,209	**8,363**	7,914	**157,803**	141,007	**21,217**	17,393	**69,442**	54,098	**403,740**	355,621

Year ended October 31[1]

	Personal and Commercial		Wealth Management		Financial Markets		USSF&I		Other		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Net interest income[5]	**2,865**	2,547	**594**	446	**1,258**	1,262	**1,090**	907	**(536)**	(379)	**5,271**	4,783
Non-interest income[3][5]	**1,169**	1,068	**1,781**	1,720	**1,210**	956	**20**	94	**201**	306	**4,381**	4,144
Total revenues	**4,034**	3,615	**2,375**	2,166	**2,468**	2,218	**1,110**	1,001	**(335)**	(73)	**9,652**	8,927
Non-interest expenses	**2,149**	2,008	**1,391**	1,293	**1,022**	906	**344**	315	**324**	381	**5,230**	4,903
Income before provisions for credit losses and income taxes	**1,885**	1,607	**984**	873	**1,446**	1,312	**766**	686	**(659)**	(454)	**4,422**	4,024
Provisions for credit losses	**97**	40	**3**	1	**(23)**	(24)	**66**	(15)	**2**	–	**145**	2
Income before income taxes (recovery)	**1,788**	1,567	**981**	872	**1,469**	1,336	**700**	701	**(661)**	(454)	**4,277**	4,022
Income taxes (recovery)[5]	**474**	416	**260**	231	**389**	353	**143**	146	**(372)**	(264)	**894**	882
Net income	**1,314**	1,151	**721**	641	**1,080**	983	**557**	555	**(289)**	(190)	**3,383**	3,140
Non-controlling interests	**–**	–	**–**	–	**–**	–	**–**	–	**(1)**	–	**(1)**	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	**1,314**	1,151	**721**	641	**1,080**	983	**557**	555	**(288)**	(190)	**3,384**	3,140
Average assets[4]	**140,514**	126,637	**8,226**	7,146	**154,349**	151,240	**18,890**	16,150	**71,868**	62,333	**393,847**	363,506
Total assets	**146,915**	135,209	**8,363**	7,914	**157,803**	141,007	**21,217**	17,393	**69,442**	54,098	**403,740**	355,621

(1) For the quarter and year ended October 31, 2021, certain amounts have been reclassified, in particular amounts of the loan portfolio of borrowers in the "Oil and gas" and "Pipelines" sectors as well as related activities, which were transferred from the Personal and Commercial segment to the Financial Markets segment. Moreover, certain amounts have been adjusted to reflect an accounting policy change applicable to cloud computing arrangements (for additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022).

(2) The *Net interest income, Non-interest income,* and *Income taxes (recovery)* items of the business segments are presented on a taxable equivalent basis. Taxable equivalent basis is a calculation method that consists in grossing up certain tax-exempt income by the amount of income tax that would have otherwise been payable. During the fourth quarter of 2022, for the business segments as a whole, *Net interest income* was grossed up by $65 million ($39 million in 2021), *Non-interest income* was grossed up by $30 million ($2 million in 2021), and an equivalent amount was recognized in *Income taxes (recovery).* The effect of these adjustments is reversed under the *Other* heading.

(3) For the *Other* heading of segment results, for the quarter and year ended October 31, 2021, the *Non-interest income* item had included a $33 million gain following a remeasurement of the previously held equity interest in Flinks and a $30 million loss related to the fair value measurement of the Bank's equity interest in AfrAsia.

(4) Represents an average of the daily balances for the period, which is also the basis on which are reported in the business segments.

(5) During the year ended October 31, 2022, for the business segments as whole, *Net interest income* was grossed up by $234 million ($181 million in 2021), *Non-interest income* was grossed up by $48 million ($8 million in 2021), and an equivalent amount was recognized in *Income taxes (recovery).* The effect of these adjustments has been reversed under the *Other* heading.

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. Forward-looking statements in this document may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Bank's objectives, outlook and priorities for fiscal year 2023 and beyond, the strategies or actions that will be taken to achieve them, expectations for the Bank's financial condition, the regulatory environment in which it operates, the impacts of—and the Bank's response to—the COVID-19 pandemic, and certain risks it faces. 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 financial 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.

Assumptions about the performance of the Canadian and U.S. economies in 2023 and how that performance will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives, including provisions for credit losses. In determining its expectations for economic conditions, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the governments of Canada, the United States and certain other countries in which the Bank conducts business, as well as their agencies.

Statements about the economy, market changes, and the Bank's objectives, outlook and priorities for fiscal 2023 and thereafter 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 other countries where the Bank operates; exchange rate and interest rate fluctuations; inflation; disruptions in global supply chains; 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; 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 long-term strategies and key short-term priorities; the timely development and launch of new products and services; the Bank's ability to recruit and retain key personnel; technological innovation 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, i.e., primarily Canada and the United States; 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; potential disruptions to key suppliers of goods and services to the Bank; potential disruptions to the Bank's information technology systems, including evolving cyberattack risk as well as identity theft and theft of personal information; the risk of fraudulent activity; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises such as the COVID-19 pandemic, the evolution of which is difficult to predict and could continue to have repercussions on the Bank.

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 financial performance targets will not be achieved. The Bank recommends that readers not place undue reliance on 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. These risk factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, environmental and social risk, and certain emerging risks or risks deemed significant, all of which are described in greater detail in the Risk Management section beginning on page 65 of the *2022 Annual Report.*

The foregoing list of risk factors is not exhaustive. Additional information about these risk factors is provided in the Risk Management section of the *2022 Annual Report*. Investors and others who rely on the 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, 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. 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.

Information for Shareholders and Investors

Disclosure of Fourth Quarter 2022 Results

Conference Call

- A conference call for analysts and institutional investors will be held on Wednesday, November 30, 2022 at 1:00 p.m. EST.
- Access by telephone in listen-only mode: 1-800-806-5484 or 416-340-2217. The access code is 8857500#.
- A recording of the conference call can be heard until December 30, 2022 by dialing 1-800-408-3053 or 905-694-9451. The access code is 2455317#.

Webcast

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

Financial Documents

- The *Press Release* (which includes the quarterly consolidated financial statements) is available at all times on National Bank's website at nbc.ca/investorrelations.
- The *Press Release*, the *Supplementary Financial Information*, the *Supplementary Regulatory Capital and Pillar 3 Disclosure*, and a slide presentation will be available on the Investor Relations page of National Bank's website on the morning of the day of the conference call.
- The *2022 Annual Report* (which includes the audited annual consolidated financial statements and management's discussion and analysis) will also be available on National Bank's website.
- The *Report to Shareholders* for the first quarter ended January 31, 2023 will be available on March 1, 2023 (subject to approval by the Bank's Board of Directors).

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