

National Bank reports its results for the Third Quarter of 2023

The financial information reported in this document is based on the unaudited interim condensed consolidated financial statements for the quarter and nine-month period ended July 31, 2023 and is prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise indicated. IFRS represent Canadian generally accepted accounting principles (GAAP). All amounts are presented in Canadian dollars.

MONTREAL, August 30, 2023 – For the third quarter of 2023, National Bank is reporting net income of \$839 million, up 2% from \$826 million in the third quarter of 2022. Third-quarter diluted earnings per share stood at \$2.36 compared to \$2.35 in the third quarter of 2022. For the third quarter of 2023, adjusted net income⁽¹⁾ totalled \$790 million, down 4% from \$826 million in the same quarter of 2022, and third-quarter adjusted diluted earnings per share⁽¹⁾ stood at \$2.21 compared to \$2.35 in the third quarter of 2022. Revenue growth in all of the business segments, aside from the Financial Markets segment, was partly offset by higher provisions for credit losses. Adjusted income before provisions for credit losses and income taxes⁽¹⁾ stood at \$1,184 million in the third quarter of 2023, an increase from \$1,179 million in the same quarter of 2022.

For the nine-month period ended July 31, 2023, the Bank's net income totalled \$2,567 million, down 3% from \$2,645 million in the same period of 2022. Nine-month diluted earnings per share stood at \$7.23 versus \$7.53 in the same nine-month period last year. These decreases were partly due to higher non-interest expenses and higher provisions for credit losses. For the first nine months of 2023, adjusted net income⁽¹⁾ totalled \$2,542 million, down 4% year over year, and nine-month adjusted diluted earnings per share⁽¹⁾ stood at \$7.15 compared to \$7.53 in the first nine months of 2022. Revenue growth in all of the business segments was offset by higher non-interest expenses and higher provisions for credit losses. Nine-month adjusted income before provisions for credit losses and income taxes⁽¹⁾ rose 3% year over year.

“The Bank reported solid third-quarter results, supported by revenue and earnings growth, in our Personal and Commercial Banking, Wealth Management, and U.S. Specialty Finance and International segments, partly offset by a less constructive backdrop in the Financial Markets segment,” said Laurent Ferreira, President and Chief Executive Officer of National Bank of Canada. He added that “The Bank's performance highlights the strength of our strategic positioning in a challenging macroeconomic environment. With our high capital levels, strong earnings power, and constant discipline on managing cost and credit, the Bank is well-positioned to navigate continued uncertainty and generate long-term profitable growth.”

Highlights

(millions of Canadian dollars)	Quarter ended July 31			Nine months ended July 31		
	2023	2022 ⁽²⁾	% Change	2023	2022 ⁽²⁾	% Change
Net income	839	826	2	2,567	2,645	(3)
Diluted earnings per share (<i>dollars</i>)	\$ 2.36	\$ 2.35	–	\$ 7.23	\$ 7.53	(4)
Return on common shareholders' equity ⁽³⁾	16.2 %	17.9 %		17.2 %	20.1 %	
Dividend payout ratio ⁽³⁾	41.3 %	34.4 %		41.3 %	34.4 %	
Operating results – Adjusted⁽¹⁾						
Net income – Adjusted	790	826	(4)	2,542	2,645	(4)
Diluted earnings per share – Adjusted (<i>dollars</i>)	\$ 2.21	\$ 2.35	(6)	\$ 7.15	\$ 7.53	(5)
Return on common shareholders' equity – Adjusted ⁽⁴⁾	15.3 %	17.9 %		17.0 %	20.1 %	
Dividend payout ratio – Adjusted ⁽⁴⁾	41.6 %	34.3 %		41.6 %	34.3 %	
				As at July 31, 2023	As at October 31, 2022	
CET1 capital ratio under Basel III ⁽⁵⁾				13.5 %	12.7 %	
Leverage ratio under Basel III ⁽⁵⁾				4.2 %	4.5 %	

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

(2) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related 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) For details on the composition of these measures, see the Glossary section on pages 51 to 54 in the *Report to Shareholders – Third Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

(4) For additional information on non-GAAP ratios, see the Financial Reporting Method section on pages 4 to 10 in the *Report to Shareholders – Third Quarter 2023*, 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 4 to 10 in the *Report to Shareholders – Third Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Personal and Commercial

- Net income totalled \$328 million in the third quarter of 2023 versus \$319 million in the third quarter of 2022, a 3% increase that was driven by growth in total revenues, tempered by higher non-interest expenses and higher provisions for credit losses.
- Income before provisions for credit losses and income taxes totalled \$527 million in the third quarter of 2023, up 9% from \$483 million in the third quarter of 2022.
- At \$1,140 million, third-quarter total revenues rose \$97 million or 9% year over year due to an increase in net interest income (driven by growth in loan and deposit volumes) and to a higher net interest margin.
- Compared to a year ago, personal lending grew 2% and commercial lending grew 9%.
- The net interest margin⁽¹⁾ stood at 2.34% in the third quarter of 2023, up from 2.17% in the third quarter of 2022.
- Third-quarter non-interest expenses stood at \$613 million, up 9% from the third quarter of 2022.
- Third-quarter provisions for credit losses rose \$26 million from third-quarter 2022, mainly due to higher allowances for credit losses on impaired loans.
- At 53.8%, the third-quarter efficiency ratio⁽¹⁾ compares to 53.7% in the third quarter of 2022.

Wealth Management

- Net income totalled \$183 million in the third quarter of 2023, a 5% increase from \$175 million in the third quarter of 2022.
- Third-quarter total revenues amounted to \$629 million compared to \$591 million in third-quarter 2022, a \$38 million or 6% increase driven by growth in net interest income and fee-based revenues.
- Third-quarter non-interest expenses stood at \$375 million, up 7% from \$351 million in third-quarter 2022.
- At 59.6%, the third-quarter efficiency ratio⁽¹⁾ compares to 59.4% in the third quarter of 2022.

Financial Markets

- Net income totalled \$205 million in the third quarter of 2023, down 27% from \$279 million in the third quarter of 2022.
- Third-quarter total revenues on a taxable equivalent basis amounted to \$560 million, down \$51 million or 8% year over year given a decrease in global markets revenues, partly offset by growth in corporate and investment banking revenues.
- Third-quarter non-interest expenses stood at \$272 million compared to \$254 million in third-quarter 2022, an increase that was partly due to wages and employee benefits as well as the segment's technological investments.
- Provisions for credit losses of \$5 million were recorded in the third quarter of 2023 compared to credit loss recoveries of \$23 million recorded in the third quarter of 2022.
- At 48.6%, the third-quarter efficiency ratio⁽¹⁾ on a taxable equivalent basis compares to 41.6% in the third quarter of 2022.

U.S. Specialty Finance and International

- Net income totalled \$128 million in the third quarter of 2023 compared to \$125 million in the third quarter of 2022, as growth in total revenues was offset by higher non-interest expenses.
- Third-quarter total revenues amounted to \$292 million, a 7% year-over-year increase driven by revenue growth at both the Credigy and ABA Bank subsidiaries.
- Third-quarter non-interest expenses stood at \$100 million, a 16% year-over-year increase attributable mainly to business growth at ABA Bank.
- Provisions for credit losses remained stable compared to the third quarter of 2022.
- At 34.2%, the third-quarter efficiency ratio⁽¹⁾ compares to 31.5% in the third quarter of 2022.

Other

- There was a net loss of \$5 million in the third quarter of 2023 compared to a net loss of \$72 million in the third quarter of 2022, a change arising mainly from a higher contribution from treasury activities as well as a gain of \$91 million (\$67 million net of income taxes) recorded in the third quarter of 2023 as a result of a fair value remeasurement of an equity interest, partly offset by an expense of \$25 million (\$18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act*.

Capital Management

- As at July 31, 2023, the Common Equity Tier 1 (CET1) capital ratio under Basel III⁽²⁾ stood at 13.5%, up from 12.7% as at October 31, 2022, notably due to the positive impact of implementing the Basel III reforms.
- As at July 31, 2023, the Basel III⁽²⁾ leverage ratio was 4.2%, down from 4.5% as at October 31, 2022.

Dividends

- On August 29, 2023, the Board of Directors declared regular dividends on the various series of first preferred shares and a dividend of \$1.02 per common share, payable on November 1, 2023, to shareholders of record on September 25, 2023.

(1) For details on the composition of these measures, see the Glossary section on pages 51 to 54 in the *Report to Shareholders – Third Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

(2) For additional information on capital management measures, see the Financial Reporting Method section on pages 4 to 10 in the *Report to Shareholders – Third Quarter 2023*, 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, 2022. This presentation reflects a revision to the method used for the sectoral allocation of technology investment expenses, which are now immediately allocated to the various business segments, whereas certain expenses, notably costs incurred during the research phase of projects, had previously been recorded in the *Other* heading of segment results. This revision is consistent with the accounting policy change applied in fiscal 2022 related to cloud computing arrangements. For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect this accounting policy change. For additional information, see Note 1 to the audited annual consolidated financial statements for the year ended October 31, 2022.

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 revenues taxed at lower rates (notably dividends) by the income tax to a level that would make it comparable to revenues from taxable sources in Canada. An equivalent amount is added to income taxes. This adjustment is necessary in order to perform a uniform comparison of the return on different assets regardless of their tax treatment.

The key non-GAAP financial measures used by the Bank to analyze its results are described below, and a quantitative reconciliation of these measures is presented in the tables in the Reconciliation of Non-GAAP Financial Measures section on pages 4 to 6 and in the Consolidated Results table on page 13 in the *Report to Shareholders – Third Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com. Note that, for the quarter and nine-month period ended July 31, 2023, a gain of \$91 million (\$67 million net of income taxes) recorded upon the fair value remeasurement of an equity interest and an expense related to the retroactive impact of the changes to the *Excise Tax Act* of \$25 million (\$18 million net of income taxes) were excluded from results. In addition, for the nine-month period ended July 31, 2023, a \$24 million tax expense related to the Canadian government's 2022 tax measures was also excluded from results. No specified items had been excluded from results for the quarter and nine-month period ended July 31, 2022.

For additional information on non-GAAP financial measures, non-GAAP ratios, supplementary financial measures, and capital management measures, see the Financial Reporting Method section and the Glossary section, on pages 4 to 10 and 51 to 54, respectively, of the MD&A in the *Report to Shareholders for the Third quarter of 2023*, 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 July 31

						2023	2022 ⁽¹⁾
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Net interest income	837	192	(397)	273	(35)	870	1,419
Taxable equivalent	–	–	86	–	2	88	60
Net interest income – Adjusted	837	192	(311)	273	(33)	958	1,479
Non-interest income	303	437	807	19	79	1,645	994
Taxable equivalent	–	–	64	–	–	64	11
Gain on the fair value remeasurement of an equity interest ⁽²⁾	–	–	–	–	(91)	(91)	–
Non-interest income – Adjusted	303	437	871	19	(12)	1,618	1,005
Total revenues – Adjusted	1,140	629	560	292	(45)	2,576	2,484
Non-interest expenses	613	375	272	100	57	1,417	1,305
Expense related to changes to the <i>Excise Tax Act</i> ⁽³⁾	–	–	–	–	(25)	(25)	–
Non-interest expenses – Adjusted	613	375	272	100	32	1,392	1,305
Income before provisions for credit losses and income taxes – Adjusted	527	254	288	192	(77)	1,184	1,179
Provisions for credit losses	75	1	5	29	1	111	57
Income before income taxes – Adjusted	452	253	283	163	(78)	1,073	1,122
Income taxes	124	70	(72)	35	(9)	148	225
Taxable equivalent	–	–	150	–	2	152	71
Income taxes on the gain on the fair value remeasurement of an equity interest ⁽²⁾	–	–	–	–	(24)	(24)	–
Income taxes on the expense related to changes to the <i>Excise Tax Act</i> ⁽³⁾	–	–	–	–	7	7	–
Income taxes – Adjusted	124	70	78	35	(24)	283	296
Net income – Adjusted	328	183	205	128	(54)	790	826
Specified items after income taxes	–	–	–	–	49	49	–
Net income	328	183	205	128	(5)	839	826
Non-controlling interests	–	–	–	–	(1)	(1)	–
Net income attributable to the Bank's shareholders and holders of other equity instruments	328	183	205	128	(4)	840	826
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	328	183	205	128	(53)	791	826
Dividends on preferred shares and distributions on limited recourse capital notes						36	26
Net income attributable to common shareholders – Adjusted						755	800

- (1) For the quarter ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related 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 July 31, 2023, the Bank concluded that it had lost significant influence over TMX Group Limited (TMX) and therefore ceased using the equity method to account for this investment. The Bank designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of \$191 million. Upon the fair value measurement, a gain of \$91 million (\$67 million net of income taxes) was recorded in the *Other* heading of segment results.
- (3) During the quarter ended July 31, 2023, the Bank recorded a \$25 million expense in the *Other* heading of segment results (\$18 million net of income taxes) related to retroactive impact of the changes to the *Excise Tax Act*, indicating that payment card clearing services rendered by a payment card network operator are subject to the goods and services tax (GST) and the harmonized sales tax (HST).

(millions of Canadian dollars)

Nine months ended July 31

						2023	2022 ⁽¹⁾
	Personal and Commercial	Wealth Management	Financial Markets	USSF&I	Other	Total	Total
Net interest income	2,464	590	(851)	841	(193)	2,851	4,064
Taxable equivalent	–	–	237	–	5	242	169
Net interest income – Adjusted	2,464	590	(614)	841	(188)	3,093	4,233
Non-interest income	900	1,293	2,363	55	114	4,725	3,254
Taxable equivalent	–	–	172	–	–	172	18
Gain on the fair value remeasurement of an equity interest ⁽²⁾	–	–	–	–	(91)	(91)	–
Non-interest income – Adjusted	900	1,293	2,535	55	23	4,806	3,272
Total revenues – Adjusted	3,364	1,883	1,921	896	(165)	7,899	7,505
Non-interest expenses	1,820	1,111	842	296	125	4,194	3,884
Expense related to changes to the <i>Excise Tax Act</i> ⁽³⁾	–	–	–	–	(25)	(25)	–
Non-interest expenses – Adjusted	1,820	1,111	842	296	100	4,169	3,884
Income before provisions for credit losses and income taxes – Adjusted	1,544	772	1,079	600	(265)	3,730	3,621
Provisions for credit losses	173	1	15	90	3	282	58
Income before income taxes – Adjusted	1,371	771	1,064	510	(268)	3,448	3,563
Income taxes	377	212	(116)	107	(47)	533	731
Taxable equivalent	–	–	409	–	5	414	187
Income taxes on the gain on the fair value remeasurement of an equity interest ⁽²⁾	–	–	–	–	(24)	(24)	–
Income taxes on the expense related to changes to the <i>Excise Tax Act</i> ⁽³⁾	–	–	–	–	7	7	–
Income taxes related to the Canadian government's 2022 tax measures ⁽⁴⁾	–	–	–	–	(24)	(24)	–
Income taxes – Adjusted	377	212	293	107	(83)	906	918
Net income – Adjusted	994	559	771	403	(185)	2,542	2,645
Specified items after income taxes	–	–	–	–	25	25	–
Net income	994	559	771	403	(160)	2,567	2,645
Non-controlling interests	–	–	–	–	(2)	(2)	(1)
Net income attributable to the Bank's shareholders and holders of other equity instruments	994	559	771	403	(158)	2,569	2,646
Net income attributable to the Bank's shareholders and holders of other equity instruments – Adjusted	994	559	771	403	(183)	2,544	2,646
Dividends on preferred shares and distributions on limited recourse capital notes						106	77
Net income attributable to common shareholders – Adjusted						2,438	2,569

- (1) For the nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related 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 nine-month period ended July 31, 2023, the Bank concluded that it had lost significant influence over TMX and therefore ceased using the equity method to account for this investment. The Bank designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of \$191 million. Upon the fair value measurement, a gain of \$91 million (\$67 million net of income taxes) was recorded in the *Other* heading of segment results.
- (3) During the nine-month period ended July 31, 2023, the Bank recorded a \$25 million expense in the *Other* heading of segment results (\$18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act*, indicating that payment card clearing services rendered by a payment card network operator are subject to the goods and services tax (GST) and the harmonized sales tax (HST).
- (4) During the nine-month period ended July 31, 2023, the Bank recorded a \$32 million tax expense in the *Other* heading of segment results with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above \$1 billion, as well as an \$8 million tax recovery related to the 1.5% increase in the statutory tax rate, which includes the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section on page 24 in the *Report to Shareholders – Third Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Presentation of Basic and Diluted Earnings Per Share – Adjusted

(Canadian dollars)

	Quarter ended July 31		Nine months ended July 31	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Basic earnings per share	\$ 2.38	\$ 2.38	\$ 7.30	\$ 7.61
Gain on the fair value remeasurement of an equity interest ⁽²⁾	(0.20)	–	(0.20)	–
Expense related to changes to the <i>Excise Tax Act</i> ⁽³⁾	0.05	–	0.05	–
Income taxes related to the Canadian government's 2022 tax measures ⁽⁴⁾	–	–	0.07	–
Basic earnings per share – Adjusted	\$ 2.23	\$ 2.38	\$ 7.22	\$ 7.61
Diluted earnings per share	\$ 2.36	\$ 2.35	\$ 7.23	\$ 7.53
Gain on the fair value remeasurement of an equity interest ⁽²⁾	(0.20)	–	(0.20)	–
Expense related to changes to the <i>Excise Tax Act</i> ⁽³⁾	0.05	–	0.05	–
Income taxes related to the Canadian government's 2022 tax measures ⁽⁴⁾	–	–	0.07	–
Diluted earnings per share – Adjusted	\$ 2.21	\$ 2.35	\$ 7.15	\$ 7.53

- (1) For the quarter and nine-month period ended July 31, 2022, certain amounts have been adjusted to reflect a change in accounting policy related 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 nine-month period ended July 31, 2023, the Bank concluded that it had lost significant influence over TMX and therefore ceased using the equity method to account for this investment. The Bank designated its investment in TMX as a financial asset measured at fair value through other comprehensive income in an amount of \$191 million. Upon the fair value measurement, a gain of \$91 million (\$67 million net of income taxes) was recorded in the *Other* heading of segment results.
- (3) During the quarter and nine-month period ended July 31, 2023, the Bank recorded a \$25 million expense in the *Other* heading of segment results (\$18 million net of income taxes) related to the retroactive impact of the changes to the *Excise Tax Act*, indicating that payment card clearing services rendered by a payment card network operator are subject to the goods and services tax (GST) and the harmonized sales tax (HST).
- (4) During the nine-month period ended July 31, 2023, the Bank recorded a \$32 million tax expense in the *Other* heading of segment results with respect to the Canada Recovery Dividend, i.e., a one-time, 15% tax on the fiscal 2021 and 2020 average taxable income above \$1 billion, as well as an \$8 million tax recovery related to the 1.5% increase in the statutory tax rate, which includes the impact related to current and deferred taxes for fiscal 2022. For additional information on these tax measures, see the Income Taxes section on page 24 in the *Report to Shareholders – Third Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

Highlights

(millions of Canadian dollars, except per share amounts)

	Quarter ended July 31			Nine months ended July 31		
	2023	2022 ⁽¹⁾	% Change	2023	2022 ⁽¹⁾	% Change
Operating results						
Total revenues	2,515	2,413	4	7,576	7,318	4
Income before provisions for credit losses and income taxes	1,098	1,108	(1)	3,382	3,434	(2)
Net income	839	826	2	2,567	2,645	(3)
Return on common shareholders' equity ⁽²⁾	16.2 %	17.9 %		17.2 %	20.1 %	
Earnings per share						
Basic	\$ 2.38	\$ 2.38	–	\$ 7.30	\$ 7.61	(4)
Diluted	\$ 2.36	\$ 2.35	–	\$ 7.23	\$ 7.53	(4)
Operating results – Adjusted⁽³⁾						
Total revenues – Adjusted ⁽³⁾	2,576	2,484	4	7,899	7,505	5
Income before provisions for credit losses and income taxes – Adjusted ⁽³⁾	1,184	1,179	–	3,730	3,621	3
Net income – Adjusted ⁽³⁾	790	826	(4)	2,542	2,645	(4)
Return on common shareholders' equity – Adjusted ⁽⁴⁾	15.3 %	17.9 %		17.0 %	20.1 %	
Operating leverage – Adjusted ⁽⁴⁾	(3.0) %	1.4 %		(2.1) %	2.4 %	
Efficiency ratio – Adjusted ⁽⁴⁾	54.0 %	52.5 %		52.8 %	51.8 %	
Earnings per share – Adjusted⁽³⁾						
Basic	\$ 2.23	\$ 2.38	(6)	\$ 7.22	\$ 7.61	(5)
Diluted	\$ 2.21	\$ 2.35	(6)	\$ 7.15	\$ 7.53	(5)
Common share information						
Dividends declared	\$ 1.02	\$ 0.92	11	\$ 2.96	\$ 2.66	11
Book value ⁽²⁾	\$ 58.75	\$ 54.29		\$ 58.75	\$ 54.29	
Share price						
High	\$ 103.28	\$ 97.87		\$ 103.45	\$ 105.44	
Low	\$ 94.62	\$ 83.33		\$ 91.02	\$ 83.33	
Close	\$ 103.28	\$ 89.85		\$ 103.28	\$ 89.85	
Number of common shares (<i>thousands</i>)	338,228	336,456		338,228	336,456	
Market capitalization	34,932	30,231		34,932	30,231	

(millions of Canadian dollars)	As at July 31, 2023	As at October 31, 2022	% Change
Balance sheet and off-balance-sheet			
Total assets	426,015	403,740	6
Loans and acceptances, net of allowances	219,433	206,744	6
Deposits	282,323	266,394	6
Equity attributable to common shareholders	19,872	18,594	7
Assets under administration ⁽²⁾	678,753	616,165	10
Assets under management ⁽²⁾	125,603	112,346	12
Regulatory ratios under Basel III⁽⁵⁾			
Capital ratios			
Common Equity Tier 1 (CET1)	13.5 %	12.7 %	
Tier 1	16.1 %	15.4 %	
Total	16.9 %	16.9 %	
Leverage ratio			
TLAC ratio ⁽⁵⁾	29.9 %	27.7 %	
TLAC leverage ratio ⁽⁵⁾	7.9 %	8.1 %	
Liquidity coverage ratio (LCR) ⁽⁵⁾	146 %	140 %	
Net stable funding ratio (NSFR) ⁽⁵⁾	118 %	117 %	
Other information			
Number of employees – Worldwide (full-time equivalent)	28,901	27,103	7
Number of branches in Canada	372	378	(2)
Number of banking machines in Canada	940	939	–

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- (2) For details on the composition of these measures, see the Glossary section on pages 51 to 54 in the *Report to Shareholders – Third Quarter 2023*, 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 3 to 6 for additional information on non-GAAP financial measures.
- (4) For additional information on non-GAAP ratios, see the Financial Reporting Method section on pages 4 to 10 in the *Report to Shareholders – Third Quarter 2023*, 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 4 to 10 in the *Report to Shareholders – Third Quarter 2023*, which is available on the Bank's website at nbc.ca or the SEDAR website at sedar.com.

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; the impact of upheavals in the U.S. banking industry; 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* and the Risk Management section of the *Report to Shareholders* for the Third Quarter of 2023. 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.

Disclosure of the Third Quarter 2023 results

Conference Call

- A conference call for analysts and institutional investors will be held on Wednesday, August 30, 2023 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 8890472#.
- A recording of the conference call can be heard until November 30, 2023 by dialing 1-800-408-3053 or 905-694-9451. The access code is 4566460#.

Webcast

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

Financial Documents

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

For more information

- Marianne Ratté, Vice-President – Investor Relations, 1-866-517-5455
- Debby Cordeiro, Senior Vice-President – Communication and Corporate Social Responsibility, 514-412-0538