

*Statement of Financial Condition
As of April 30, 2025 (Unaudited)*

**NATIONAL BANK OF CANADA
FINANCIAL INC.**

(SEC I.D. No. 8-39947)

NATIONAL BANK OF CANADA FINANCIAL INC.

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NATIONAL BANK OF CANADA FINANCIAL INC.

Statement of Financial Condition (Unaudited)

As of April 30, 2025

(In Thousands of U.S. Dollars)

Assets	\$
Cash	14,935
Securities borrowed	850,777
Securities received as collateral	1,295,847
Securities owned and derivatives, at fair value (\$357,353 pledged under securities financing transactions and \$301,502 pledged to a clearing organization)	1,194,837
Securities segregated under federal and other regulations	29,733
Deposits with clearing organizations	49,958
Receivable from broker-dealers and clearing organizations	74,766
Receivable from customers	34,704
Receivable from related parties	8,938
Deferred income taxes	4,910
Operating lease right-of-use assets	4,476
Other assets	3,084
	3,566,965
Liabilities	
Bank loan payable	259,523
Securities loaned	710,638
Obligation to return securities received as collateral	1,295,847
Securities sold, not yet purchased and derivatives, at fair value	274,949
Securities sold under repurchase agreements	150,000
Compensation related liability	14,895
Payable to broker-dealers and clearing organizations	132,101
Payable to customers	33,764
Payable to related parties	24,399
Income taxes payable	150
Lease liability	5,111
Accrued expenses and other liabilities	2,713
	2,904,090
Stockholder's Equity	
Common stock, par value of one cent per share:	
3,000 shares authorized	-
1,000 shares issued and outstanding	-
Additional paid-in capital	456,537
Retained earnings	206,338
	662,875
	3,566,965

The accompanying notes are an integral part of these financial statements.

NATIONAL BANK OF CANADA FINANCIAL INC.

Notes to Financial Statements (Unaudited)

April 30, 2025

(In Thousands of U.S. Dollars)

1. Description of the Business

National Bank of Canada Financial Inc. (the “Company”) is a Delaware corporation, a registered broker-dealer under the *Securities Exchange Act of 1934* (“SEA”) as well as a member of the Financial Industry Regulatory Authority (“FINRA”) and a member of the Securities Investor Protection Corporation. The Company is also a member of the Depository Trust Company, the National Securities Clearing Corporation and the Options Clearing Corporation and is registered with the Municipal Securities Rulemaking Board.

The parent company of the Company is National Bank of Canada Financial Group Inc. (“parent company”) and the Company is ultimately wholly-owned by National Bank of Canada (“NBC”).

2. Significant Accounting Policies

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements. These estimates and the underlying assumptions affect the amounts of assets, liabilities and reported disclosures about contingent assets and liabilities. Such estimates, including the fair value of financial instruments and valuation of deferred tax assets, are, by their nature, based on judgment and available information and, therefore, may vary from actual results. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Securities segregated under federal regulations

The company is required to segregate cash or qualified securities for the benefit of customers pursuant to the reserve formula requirements of Securities and Exchange Commission (“SEC”) Rule 15c3-3. On April 30, 2025, qualified securities segregated for regulatory purposes consisted of United States Treasuries valued at \$29,733. These qualified securities are included in Securities segregated under federal and other regulations the Statement of Financial Condition.

NATIONAL BANK OF CANADA FINANCIAL INC.

Notes to Financial Statements (Unaudited)

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(In Thousands of U.S. Dollars)

2. Significant Accounting Policies (continued)

Financial Instruments Owned

Financial instruments transactions are recorded on a trade date basis. Securities owned and securities sold, not yet purchased as well as derivatives are recorded at fair value in accordance with the Financial Accounting Standard Board (“FASB”)’s *Accounting Standard Codification* (“ASC”) 820, “Fair Value Measurement”.

Receivables from and Payables to Customers, Brokers, Dealers and Clearing Organizations

Receivables from customers, brokers, dealers and clearing organizations consist primarily of securities not delivered by the Company to a purchaser by the settlement date (fails to deliver), and receivables from clearing brokers. Payables to customers, brokers, dealers, and clearing organizations primarily include amounts payable for securities not received by the Company from a seller by the settlement date (fails to receive). Brokers and dealers receivables and payables also include net receivables or net payables arising from unsettled trades, including the net mark to market gains or losses due from or due to others resulting from transactions in when issued. Due to their short-term nature, the amounts recognized for customers, brokers and dealers receivables and payables approximate fair value. See Note 6 and 7 for additional information on receivables from and payables to customers, brokers, dealers and clearing organizations.

Securities borrowed and loaned

Securities borrowed and securities loaned are collateralized financing arrangements that are recorded at the amount of cash collateral advanced plus accrued interest. Securities borrowed transactions require the Company to deposit cash or other collateral with the lender of the securities. Securities loaned transactions require the counterparties to deposit cash or other collateral with the Company as lender of the securities. The Company monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Counterparties are principally other brokers and dealers and financial institutions. The Company applies the practical expedient based on collateral maintenance provisions in estimating the allowance for credit losses for collateralized financing agreements. The allowance for credit losses was not material for the period presented.

NATIONAL BANK OF CANADA FINANCIAL INC.

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2. Significant Accounting Policies (continued)

Repurchase Agreements

Securities sold under agreements to repurchase are treated as collateralized financing transactions and are recorded on the statement of financial condition as cash plus accrued interest. The Company monitors the fair value of the repurchase on a daily basis with additional collateral obtained or returned, as necessary.

The Company has established policies and procedures for mitigating credit risk on repurchase transactions including reviewing and establishing limits for credit exposure, maintaining collateral, and continually assessing the creditworthiness of counterparties.

Lease Accounting

The Company conducts its operations from leased office facilities. In accordance with ASC 842, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability on its statement of financial condition for its lease arrangements. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of remaining minimum lease payments, discounted using the Company's incremental borrowing rate. See Note 10 for further information regarding the Company's leases accounted for under ASC 842.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, "Income Taxes", which requires the recognition of tax benefits or expenses on the temporary differences between the financial reporting and tax bases of assets and liabilities, including the accounting for uncertainty of income tax positions recognized in the financial statements, prescribing a "more-likely-than-not" threshold and measurement attribute for recognition in the financial statements of an asset or liability resulting from a tax position taken or expected to be taken in an income tax return.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

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2. Significant Accounting Policies (continued)

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the period-end exchange rates. Revenue and expenses denominated in foreign currencies are translated at the exchange rate in effect at the transaction dates.

Share-Based Payments

NBCFI participates in the Parent's Restricted Stock Unit (RSU) Plan.

NBCFI uses derivative financial instruments to hedge the risks associated with the plan.

The obligation that results from the award of a RSU unit is included in Other liabilities on the Statement of Financial Condition. On the redemption date, the Parent makes a cash payment equal to the value of the common shares on that date, as a result, NBCFI has classified these as liability awards.

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3. Fair Value and Financial Instruments

Fair Value Measurement

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the use of observable inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the use of observable inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and are significant to the overall fair value measurement.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

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Notes to Financial Statements (Unaudited)

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3. Fair Value and Financial Instruments (continued)

Fair Value Measurement (continued)

A description of the valuation techniques applied to the Company's major categories of assets and liabilities measured at fair value on a recurring basis follows.

(a) Exchange-Traded Equity Securities, Exchange-Traded Funds and Exchange-Traded Real Estate Investment Trusts

Exchange-traded equity securities, exchange-traded funds and exchange-traded real estate investment trusts are valued using quoted market prices. Accordingly, all of these exchange-traded securities are categorized in Level 1 of the fair value hierarchy.

(b) Listed Derivative Contracts

Listed derivatives contracts entered into by the Company are actively traded, are valued based on quoted market prices and are categorized in Level 1 of the fair value hierarchy.

(c) Over-the-Counter ("OTC") Interest Rate Swap Contracts

OTC interest rate swap contracts are valued based on the income approach. This approach is based on a discounted cash flow analysis whereby the value of the security is equal to the net present value of its future cash inflows or outflows. These swap contracts are categorized in Level 2 of the fair value hierarchy.

(d) OTC Total Return Equity Swap Contracts

OTC total return equity swap contracts are valued using the accrual pricing methodology which prices each leg of the swap based on its accrued value. The value of the interest leg is simply the accrued interest, and the value of the equity leg is the difference between the last price of the underlying equity security and its fixing price, times the nominal amount of the shares, plus dividends paid. These swap contracts are categorized in Level 2 of the fair value hierarchy.

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3. Fair Value and Financial Instruments (continued)

Fair Value Measurement (continued)

The following table presents the Company's fair value hierarchy for those financial assets and financial liabilities measured at fair value on a recurring basis:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Securities owned and derivatives				
U.S. Treasury securities	29,733	-	-	29,733
Exchange-traded equity securities	1,070,383	-	-	1,070,383
Exchange-traded funds	336	-	-	336
Exchange-traded options contracts	123,922	-	-	123,922
Total return equity swap contracts	-	196	-	196
	1,224,374	196	-	1,224,570
Securities received as collateral	1,295,847	-	-	1,295,847
	2,520,221	196	-	2,520,417
Financial liabilities				
Securities sold, not yet purchased and derivatives				
Exchange-traded equity securities	2,186	-	-	2,186
Exchange-traded options contracts	272,702	-	-	272,702
Interest rate swap contracts	-	61	-	61
	274,888	61	-	274,949
Obligation to return securities received as collateral	1,295,847	-	-	1,295,847
	1,570,735	61	-	1,570,796

There were no transfers between all levels of the fair value hierarchy during the period.

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3. Fair Value and Financial Instruments (continued)

Financial Instruments Not Measured at Fair Value

The table below presents the carrying value, fair value and fair value hierarchy category of certain financial instruments that are not measured at fair value in the Company's statement of financial condition.

The carrying value of financial instruments not measured at fair value categorized in the fair value hierarchy as Level 1 or Level 2 (e.g., cash and securities borrowed) approximates fair value because of the relatively short period of time between their origination and expected maturity.

	Carrying Value	Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$
Financial assets					
Cash	14,935	14,935	14,935	-	-
Securities borrowed	850,777	850,777	803,380	47,397	-
Deposits with clearing organizations	49,958	49,958	49,958	-	-
Receivable from broker-dealers and clearing organizations	74,766	74,766	-	74,766	-
Receivable from customers	34,704	34,704	-	34,704	-
Receivable from related parties	8,938	8,938	-	8,938	-
Other assets	2,242	2,242	-	2,242	-
	1,036,320	1,036,320	868,273	168,047	-
Financial liabilities					
Bank loan payable	259,523	259,523	-	259,523	-
Securities loaned	710,638	710,638	663,374	47,264	-
Securities sold under repurchase agreement	150,000	150,000	150,000	-	-
Payable to broker-dealers and clearing organizations	132,101	132,101	-	132,101	-
Payable to customers	33,764	33,764	-	33,764	-
Payable to related parties	24,399	24,399	-	24,399	-
Accrued expenses and other liabilities	8,273	8,273	-	8,273	-
	1,318,698	1,318,698	813,374	505,324	-

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3. Fair Value and Financial Instruments (continued)

Derivative Financial Instruments

Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, exchange rate, equity, commodity, credit instrument or index. Derivatives include swap, futures, forward or option contracts, or other financial instruments with similar characteristics.

Derivative financial instruments used for trading purposes, including economic hedges of trading instruments, are carried at fair value.

Derivative financial instruments used for purposes other than trading are carried at fair value. The Company has entered into total return equity swaps with NBC to economically hedge the risk of changes in future cash flows related to the restricted stock unit plan (see Note 14).

Notional amounts of derivative financial instruments are not presented in assets and liabilities in the statement of financial condition. They represent the set underlying principal of a derivative financial instrument and serve as a point of reference in applying an exchange rate, interest rate, stock market price or other variable in order to determine the amount of cash flows to be exchanged.

Notional amounts of derivative financial instruments by remaining maturity as of April 30, 2025, are as follows:

	One Year or Less	One to Five Years	Total Contracts
	\$	\$	\$
Equity derivatives			
OTC contracts			
Total return equity swap contracts	14,053	-	14,053
Exchange-traded contracts			
Long options contracts	3,421,178	-	3,421,178
Short options contracts	3,421,178	-	3,421,178
	6,856,409	-	6,856,409
Interest rate derivatives			
OTC contracts			
Interest rate swap contracts	689,150	-	689,150
	7,545,559	-	7,545,559

During the six months ended April 30, 2025, the month-end notional amounts of derivative financial instrument contracts entered into by the Company have fluctuated in the range of \$2,809,096 to \$9,477,084.

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Notes to Financial Statements (Unaudited)

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3. Fair Value and Financial Instruments (continued)

Derivative Financial Instruments (continued)

Fair values of derivative financial instruments as of April 30, 2025, are as follows:

	Assets	Liabilities
	\$	\$
Equity derivatives		
OTC contracts		
Total return equity swap contracts	196	-
Exchange-traded contracts		
Options contracts	123,922	272,702
	124,118	272,702
Interest rate derivatives		
OTC contracts		
Interest rate swap contracts	14	75
	14	75
Total derivatives	124,132	272,777
Netting	(14)	(14)
	124,118	272,763

Derivative financial instruments present credit risk. This is the risk of financial loss that the Company will have to assume if the counterparty fails to honor its contractual obligations.

In case of exchange-traded contracts, exposure to credit risk is limited because these transactions are standardized contracts executed on established exchanges, each of which is associated with a well-capitalized clearing house that assumes the obligations of both counterparties and guarantees their performance obligations. All exchange-traded contracts are subject to initial margins and daily settlement.

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Notes to Financial Statements (Unaudited)

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(In Thousands of U.S. Dollars)

4. Securities Financing

Securities borrowed and securities loaned transactions are presented on the statement of financial condition except where other securities are used as collateral. Securities borrowed transactions require the Company to deposit cash or securities with the lender. With respect to securities loaned, the Company receives collateral in the form of cash or securities in an amount generally in excess of the fair value of securities loaned.

The Company monitors the fair value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of cash collateral advanced or received, adjusted for additional collateral obtained or received. Interest on such transactions when conducted with unrelated parties is accrued and is included on the statement of financial condition in other assets and in accrued expenses and other liabilities. Interest on such transactions when conducted with related parties is accrued and is included on the statement of financial condition in amounts receivable from and payable to related parties. For further information on securities borrowed and loaned transactions with related parties, see Note 8.

The following table presents as of April 30, 2025, the gross and net balances of securities borrowed and loaned.

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Assets Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		Net Amount
				Financial Instruments	Cash Collateral Received	
Securities borrowed	850,777	-	850,777	(780,288)	-	70,489

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts of Liabilities Presented in the Statement of Financial Condition	Gross Amounts Not Offset in the Statement of Financial Condition		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Securities loaned	710,638	-	710,638	(641,070)	-	69,568

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4. Securities Financing (continued)

The following tables present as of April 30, 2025, security class information related to the gross asset for securities borrowed and the gross liability for securities loaned as well as the remaining maturity of the agreements.

	Securities Borrowed	Securities Loaned
	\$	\$
Exchange-traded equity securities, funds and real estate investment trusts	803,380	663,374
Corporate bonds	34,595	34,460
Supranational bonds	12,360	12,360
Foreign government agency bonds	442	444
	850,777	710,638

	Overnight and Open	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
Securities borrowed	850,777	-	-	-	850,777
Securities loaned	710,638	-	-	-	710,638

5. Pledged Securities Owned and Collateral

The Company pledges certain of its securities owned to collateralize securities financings as well as to meet certain obligations under an agreement with a clearing organization. Pledged securities that can be sold or repledged by the secured party are identified in the statement of financial condition.

As of April 30, 2025, the carrying value of pledged securities owned that can be sold or repledged by the counterparty was as follows:

	\$
Securities owned pledged under securities financing transactions	357,353
Securities owned pledged to a clearing organization	301,502
	658,855

Under its securities borrowed agreements, the Company is permitted to sell or repledge the securities received. As of April 30, 2025, the fair value of securities received under securities borrowed transactions amounted to \$780,288 of which the Company repledged \$623,475 under securities loaned transactions.

NATIONAL BANK OF CANADA FINANCIAL INC.

Notes to Financial Statements (Unaudited)

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5. Pledged Securities Owned and Collateral (continued)

The Company received collateral in connection with certain securities for securities transactions in which the Company is the lender. In instances where the Company is permitted to sell or repledge these securities, the Company reports the fair value of collateral received and the related obligation to return the collateral in the statement of financial condition. As of April 30, 2025, securities received as collateral of \$1,295,847 and an obligation to return securities received as collateral of \$1,295,847 were reported in the statement of financial condition. Collateral received in connection with these transactions that was subsequently repledged was \$1,193,897 (see Note 8) as of April 30, 2025.

6. Receivable from and Payable to Broker-Dealers and Clearing Organizations

The Company's institutional client security transactions are settled in cash against delivery or receipt of securities. These transactions are cleared by the Company's affiliated entity, National Bank Financial Inc.(NBFI).

Amounts receivable from and payable to broker-dealers and clearing organizations as of April 30, 2025, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
	\$	\$
Securities failed-to-deliver/receive	66,436	67,376
Receivable from/payable to broker-dealers	8,176	-
Receivable from/payable to clearing organizations	154	64,725
	<u>74,766</u>	<u>132,101</u>

Securities failed-to-deliver represent the contract value of securities which have not been delivered by the Company on settlement date. Securities failed-to-receive represent the contract value of securities which have not been received by the Company on settlement date.

7. Receivable from and Payable to Customers

As of April 30, 2025, amounts receivable from and payable to customers consist of the following:

	<u>Receivable</u>	<u>Payable</u>
	\$	\$
Securities failed-to-deliver/receive	34,704	33,764

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8. Related Party Transactions

The Company is involved in securities lending transactions with NBFi and has service agreements in place with NBFi and NBC, and NBC's U.S. branch. The service agreements describe certain services, expense sharing arrangements and other assistance the Company provides to its affiliates as well as describing services and functions provided by those affiliates to the Company.

The following table sets forth the Company's related party assets and liabilities as of April 30, 2025:

	Parent Company	NBFi	NBC	Total
	\$	\$	\$	\$
Assets				
Cash	-	-	14,929	14,929
Securities owned and derivatives				
Total return equity swap contracts	-	-	196	196
Securities borrowed	-	240,016	55,659	295,675
Receivable from broker-dealers and clearing organizations				
Securities failed-to-deliver	-	27,503	-	27,503
Receivable from related parties	-	8,938	-	8,938
Income taxes receivable	-	-	-	-
	-	276,457	70,784	347,241
Liabilities				
Bank loan payable to ultimate parent company	60,218	-	199,305	259,523
Securities sold, not yet purchased, and derivatives				
Interest rate swap contracts	-	-	61	61
Securities loaned	-	245,645	309	245,954
Payable to related parties	-	-	24,399	24,399
Income taxes payable	464	-	-	464
	60,682	245,645	224,074	530,401

As of April 30, 2025, securities received as collateral in the amounts of \$1,233,265 were repledged to NBFi under securities for securities financing transactions.

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9. Income Taxes

The Company files its U.S. federal income tax return on a consolidated basis with its parent company and certain other subsidiaries of the parent company. Similarly, the Company is included in the combined state and local income tax returns filed by the parent company and certain other subsidiaries of the parent company. The Company's income tax provision is computed based on the U.S. federal statutory rate and the average state and local statutory rates, net of the related federal benefit. The Company's effective tax rate differs from the U.S. federal statutory tax rate primarily as a result of state and local income taxes.

Deferred income tax assets are recognized for temporary differences that will result in deductible amounts in future periods. Deferred income tax liabilities are recognized for temporary differences that will result in taxable amounts in future periods. Recorded in the deferred tax balances are differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

As of April 30, 2025, the Company had deferred income tax assets totaling \$4,910, net of deferred income tax liabilities. The Company's deferred income tax assets included an asset, resulting from a foreign tax credit generated by its Canadian branch, of \$7,226 which will expire through 2034 if not utilized prior to that date. Management concluded that it is more likely than not that the entire amount of the foreign tax credit carry forward will not be realized in the future carry forward periods. As a result, the Company continues to maintain a valuation allowance against its deferred income tax asset related to the foreign tax credit. There was no change to the valuation allowance during the six months ended April 30, 2025.

As of April 30, 2025, the Company had no gross unrecognized tax benefits other than the foreign tax credit.

The Company remains subject to examination for its U.S. federal income tax returns for the years ended October 31, 2021 to 2023 and by New York State for income tax returns for the years ended October 31, 2021 to 2023.

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10. Operating Lease Right-of-Use Assets and Liabilities

The Company enters into operating leases for office facilities and equipment. FASB ASC 842, “Leases”, requires the Company to recognize, for leases longer than one year, a right-of-use asset representing the right to use the underlying asset for the lease term, and a lease liability representing the liability to make payments. The lease term is generally determined based on the contractual maturity of the lease. For leases where the Company has the option to terminate or extend the lease, an assessment of the likelihood of exercising the option is incorporated into the determination of the lease term. Such assessment is initially performed at the inception of the lease and is updated if events occur that impact the original assessment.

An operating lease right-of-use asset is initially determined based on the operating lease liability, adjusted for initial direct costs, lease incentives and amounts paid at or prior to lease commencement. This amount is then amortized over the lease term.

The following table presents lease related amounts reflected in the statement of financial condition as of April 30, 2025:

	\$
Other assets – Operating lease right-of-use assets	4,476
Accrued expenses and other liabilities – Operating lease liabilities	5,111

The following table presents information about operating lease liabilities as of April 30, 2025:

Year Ending on October 31st of:	\$
2025	1 454
2026	1 454
2027	1 453
2028	969
Total undiscounted lease payments	5 330
Imputed interest	(219)
Total operating lease liabilities	5 111
Weighted average remaining lease term	3.7 years
Weighted average discount rate	2.39%

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11. Contingencies

The Company believes, based on current knowledge and after consultation with counsel, that it is not currently party to any material pending legal proceedings, individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with FASB ASC 450, "Accounting for Contingencies", when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

In the normal course of business, the Company is or may be subject to regulatory proceedings, including examinations, arising in connection with the conduct of its operations. These matters could result in censures, fines, or other sanctions. The Company is currently subject to regulatory proceedings. The Company, after consultation with legal counsel, would vigorously defend itself in the event of any action stemming from such proceedings. Given the inherent difficulty of predicting the outcome of regulatory proceedings, particularly in cases or proceedings in which substantial or indeterminate damages or fines may be sought, the Company cannot estimate losses or ranges of losses because of the outcome of these proceedings. Matters arising from regulatory proceedings could have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

12. Net Capital Requirement

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) under the *Securities Exchange Act of 1934*, which requires the maintenance of minimum net capital. A broker-dealer that fails to comply with Rule 15c3-1 may be subject to disciplinary actions by the SEC and self-regulatory organizations, such as the FINRA, including censures, fines, suspension, or expulsion.

The Company has elected to use the alternative method permitted by Rule 15c3-1, which requires that the Company maintain minimum net capital, as defined, equal to 2% of aggregate debit items as calculated in the reserve formula pursuant to Rule 15c3-3 or \$1,500.

As of April 30, 2025, the Company had net capital, as defined, of \$ 566,040 which was \$564,540 in excess of its minimum net capital of \$1,500.

13. Customer Reserve

The Company is subject to Customer Protection Rule (Rule 15c3-3) under the Securities Exchange Act of 1934, which requires segregation of cash or qualified securities for the benefit of customers (Customer Reserve). The Customer Reserve is calculated using Formula for Determination of Customer Reserve as promulgated by the Rule. A broker-dealer that fails to comply with Rule 15c3-3 may be subject to disciplinary actions by the SEC and self-regulatory organizations, such as the FINRA, including censures, fines, suspension, or expulsion.

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Notes to Financial Statements (Unaudited)

April 30, 2025

(In Thousands of U.S. Dollars)

As of April 30, 2025, the Company had segregated \$29,733 in UST to satisfy the reserve requirement of \$13,567.

14. Share-Based Compensation

Restricted Stock Unit Plan

The Company provides compensation to certain employees in the form of share-based awards. The Parent's share-based compensation plan consists of a restricted stock unit ("RSU") plan. An RSU represents a right that has a value equal to the average closing price of NBC's common share, as published by the Toronto Stock Exchange, over the ten trading days preceding the sixth business day in December. RSUs generally vest evenly over three years, although some RSUs vest on the sixth business day of December of the third year following the award date, i.e., the date on which all RSUs expire. Additional RSUs are credited to the accounts of participants in an amount equal to the dividends declared on NBC's common shares and vest over the same period as the reference RSUs. The RSU plan contains provisions for retiring employees whereby participants may continue vesting units in accordance with the stated terms of the award agreement.

As of April 30, 2025, the liability related to the RSU plan was \$7,605 and was recorded under Compensation related liability on the Statement of Financial Condition.

15. 401(k) Plan

401(k) Plan

The Company's 401(k) plan allows employees to participate after satisfying the requirements of being 21 years of age or older and completing one month of employment. The Company makes matching contributions to the plan in the amount of 50% of the participant's contribution up to 6% of the participant's compensation.

16. Long-term debt

The Company entered into a term loan agreement with NBCFG in the amount of \$60 million. The borrower may borrow the total facility amount in one or more borrowings, with a maturity of 20 years from the date the borrowing occurred. The borrower will pay interest at the daily SOFR, payable monthly and on the final date of repayment of the loan.

The Company also has an overnight facility with National Bank of Canada, the ultimate parent, which bears interest at 4.36% per annum with a maturity date of May 9, 2025. This loan auto renews and can be terminated by either party.