SPEAKING NOTES - NATIONAL BANK OF CANADA
THIRD QUARTER EARNINGS CONFERENCE CALL
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Marianne Ratté – Vice President & Head, Investor Relations

Merci, and welcome, everyone.

We will begin the call with remarks from Laurent Ferreira, President and CEO; Marie Chantal Gingras, CFO; and Jean-Sébastien Grisé, Chief Risk Officer.

Our business heads are also present for the Q&A session, including:

- Lucie Blanchet, Personal Banking;
- Judith Ménard, Commercial and Private Banking;
- Michael Denham, CWB Integration;
- Nancy Paquet, Wealth Management;
- Étienne Dubuc, Financial Markets; and
- Bill Bonnell, International.

Before we begin, please refer to Slide 2 of our presentation for forward-looking statements and non-GAAP measures. Management will refer to adjusted results, unless otherwise noted. I will now pass the call to Laurent.

Laurent Ferreira, President & CEO

Merci Marianne, and thank you everyone for joining us.

[Summary results]
This morning, we reported earnings per share of $2.68 and return on equity of 14% for the third quarter of 2025.

Our results reflect:

- Strong revenue fundamentals across our segments;
- Firm traction in cost and funding synergies as we integrate CWB;
- And a strong credit performance.

We also ended the quarter with a CET1 ratio of 13.9%. This solid capital position provides us with ample flexibility and optionality. This morning, we announced our intention to repurchase up to 8 million shares.

Our decision to buy back shares at this point in time does not factor in benefits from CWB's AIRB conversion.

We will also review our dividend next quarter, as per usual practice.

[Macroeconomic context]
Turning to the economy. The Canadian economy has shown some resilience but has been strained by tariff uncertainty, resulting in job losses in certain industries and an overall softer labour market. The USMCA trade agreement has been, so far, an effective safeguard for Canada. The full impact of tariffs is still unfolding and will continue to shape business confidence and investments. While the path of inflation and of long-term rates remain uncertain due to tariffs and growing government deficits, we have a more constructive view on the economy, now that the initial tariff shock is behind us and that trade tensions are de-escalating. We are also encouraged by the focus of our federal and provincial governments on making structural changes to increase productivity and economic resilience. Investments in energy, security and nation-building infrastructure will stimulate growth and put us on the right path. As we look ahead, geopolitics and geoeconomics remain a source of instability, but we are encouraged by some of the positive outcomes of trade negotiations and the government focus on the Canadian economy.

[CWB]
Turning to the CWB integration, I am very pleased with our momentum and strong execution. Funding and cost synergies continue to progress at a rapid pace. Earlier this month, we marked an integration milestone, with the successful completion of our first client migrations onto the National Bank platform. On that, I would like to recognize our teams, who are working seamlessly together to ensure a positive onboarding experience for clients. Our migration process will continue over the months ahead, setting the table for revenue synergies, which we will discuss in more detail on our Q4 call.

[Segment review]
Looking now at our business segments.

P&C Banking generated net income of $386 million, including $74 million from the CWB transaction, for the third quarter. Excluding CWB, revenues were up 2% year over year for the segment, against a strong level of non-interest income in the prior year. We continue to grow our balance sheet. Our commercial loan book grew 13% year over year, with continued opportunities in insured residential real estate and broad-based growth across our industries and geographies. Personal mortgages grew 5% year over year with strong origination levels as anticipated entering the second half of the year.

Wealth Management grew third quarter net income by 13% year over year on the back of strong organic growth. Net sales in our channels and rising equity markets supported double-digit growth in fee-based revenues.

Financial Markets generated strong quarterly results, growing net income by 5% over the past year.

Corporate and Investment Banking delivered record revenues of $408 million for Q3. This was driven by strong performance across the franchise, and a particularly active quarter for our M&A and DCM teams.

Global Markets performance was resilient, growing revenues 3% year over year. This reflects broad-based growth in our Rates and Commodities businesses, while equity trading activity and volatility was down quarter over quarter.

Credigy delivered net income of $43 million this quarter, up 2% year over year. While average assets remained relatively stable sequentially, investment volumes picked up at quarter end, resulting in balances increasing 5% quarter over quarter. The market remains competitive, but we are starting to see more deal flow and opportunities that meet our investment criteria, including a solid pipeline for Q4.

At ABA Bank, net income increased by 16% year over year. Deposits were up 21%, supported by a 34% increase in client growth, and loans were up 8%. We are encouraged by the favourable outcome of a trade deal between the U.S. and Cambodia, which will keep the local economy competitive and set the stage for continued growth.

I will now pass the call to Marie Chantal.

Marie Chantal Gingras, CFO & EVP, Finance

Thank you, Laurent, and good morning, everyone.

My comments will begin on **Slide 8 --** The bank delivered strong performance in the third quarter. Organic growth across all segments was complemented by the CWB transaction. On an all-bank basis, revenue increased 19% year over year, PTPP rose 21% and operating leverage was positive at 2%.

Starting with results from CWB **–** The loan portfolio was stable compared to last quarter, while term deposits declined by 1 billion dollars, mainly reflecting the planned roll-down of Broker deposits. The CWB transaction added 284 million dollars to revenues, including funding synergies of 13 million dollars in NII, and the amortization of the fair value mark of 27 million dollars. It also added 142 million dollars to expenses, reflecting momentum in the realization of cost synergies. PTPP was relatively unchanged quarter over quarter.

Now moving to our results excluding CWB - Revenue grew 10% year over year. Corporate and Investment Banking delivered record advisory and DCM underwriting fees, and Wealth Management's record AUM drove double-digit fee income growth. Balance sheet growth was solid while Treasury generated higher revenues. Expenses were up 8% year over year. Compensation and strategic investments in technology were the main drivers as we continue to invest in our franchise. Recall that in Q3 2024, the Bank had a lump sum reimbursement of 11 million dollars that reduced expenses in the P&C segment. With strong revenue growth and positive operating leverage, PTPP increased by 11% year over year.

Moving to **Slide 9 --** NII excluding trading grew 4% quarter over quarter, reflecting solid balance sheet growth, higher treasury revenues, dividends recorded in USSF&I and the impact of fewer days in Q2. This was partially offset by the amortization of the fair value mark which was 10 million dollars higher than last quarter.

The all-bank NIM, excluding trading, remained relatively stable quarter over quarter at 2.22%. P&C NIM was down 5 basis points, primarily driven by asset mix in our underlying commercial portfolio, as well as by deposit mix. The all-bank NIM benefited from higher treasury revenues and USSF&I dividends.

Turning now to **Slide 10 --** We continued to deliver solid expansion across the balance sheet, with strong momentum throughout the franchise. Total loans reached 293 billion dollars, up 7% year over year excluding CWB.

Deposits grew 11% year over year, when excluding CWB, to 303 billion dollars. Looking at quarter over quarter performance, deposits rose by 3%. Personal demand deposits increased by almost 1 billion dollars, driven primarily by strong growth in Personal Banking. Non-retail deposits were up 5%.

Now turning to capital on **Slide 11** -- We ended the quarter with a CET1 ratio of 13.9%. Internal capital generation was strong, adding 33 basis points to CET1. RWA declined by 1 basis point sequentially, as solid loan growth was largely offset by continuous refinements and lower market risk. In addition, CET1 in Q3 benefited from other items, including a capital release from the divestiture of certain international investments, as well as an income tax recovery of 47 million dollars.

During the quarter, we benefited from the AIRB conversion of a small CWB portfolio, contributing 2 basis points to CET1. We are working closely with our regulators, and following the CMAP process - the framework under which capital model applications are assessed - and we still expect the capital benefit from the conversion to the advanced method to be realized towards the end of 2026.

Turning to **Slide 12** -- We are pleased with our progress in realizing synergies at a faster pace than expected. We have realized synergies of 69 million dollars to date, representing 173 million dollars on an annualized basis, or 64% of our 3-year target. With this momentum, we anticipate achieving our year 1 target of 135 million dollars in December 2025.

As Laurent noted, we successfully completed our first client migration wave in August. The next waves are planned over the upcoming months, and the majority of clients will migrate over this period. The ongoing migration continues to drive momentum in the realization of our synergies.

To conclude, we are pleased with the strong performance and growth delivered year to date and are well positioned to achieve the 2025 objectives outlined last quarter.

Excluding the amortization of the fair value mark, we expect full year EPS growth will be a bit higher than the mid-single digit range - and we continue to anticipate full year ROE to be around 15%.

With the strength of our capital and the strategic advantage CWB brings to our businesses, we are in a good position to capitalize on the opportunities that lie ahead.

I will now turn the call over to Jean-Sébastien.

Jean-Sébastien Grisé, CRO & EVP, Risk Management
Merci Marie-Chantal and good morning everyone.

Starting on **Slide 14**. We are pleased with the strong credit performance this quarter. Total PCLs were $203 million or 28 basis points, down 17 basis points sequentially. We added 7 basis points of performing provisions in Q3, primarily driven by portfolio growth and model calibration, partly offset by the macroeconomic outlook. PCL on impaired loans were $150 million or 21 basis points, down 11 basis points quarter-over-quarter.

Personal Banking provisions were relatively flat sequentially.

Commercial Banking provisions declined quarter over quarter to $58 million. CWB's portfolio continues to perform in line with expectations, with impaired provisions of $26 million or 28 basis points.

In Financial Markets, there was a recovery of $1 million.

At Credigy, we saw lower PCL on POCI loans.

At ABA, impaired provisions declined to $11 million US.

Turning to **Slide 15**. Our total allowances for credit losses reached $2.3 billion, representing 5 times coverage of our net charge-offs. Our performing allowances reached $1.6 billion, representing a strong performing ACL coverage ratio of 2.1 times. We have been building allowances for the past 13 quarters, and remain comfortable with our prudent provisioning levels.

Turning to **Slide 16**. Our gross impaired loan ratio was 102 basis points, up 4 basis points sequentially. Excluding USSF&I, GILs were 73 basis points, 2 basis points higher than Q2. Net formations this quarter were lower sequentially.

At ABA, net formations declined quarter-over-quarter and remained below the level seen in Q4 last year.

On **Slides 17** and **18**, we highlight our Canadian RESL portfolio. Of note, approximately 80% of the portfolio has now been repriced at higher interest rates. Upcoming renewals are showing a significantly reduced payment shock compared to a year ago, and our variable rate mortgage portfolio has been benefitting from the lower interest rates.

In conclusion, we are pleased with the credit performance in the quarter. While we continue to monitor the evolving market conditions, our defensive qualities, resilient business mix, and prudent levels of allowances position us well to navigate the current economic landscape.

Looking ahead, while uncertainties remain in the forward path of the economy, we now expect IMPAIRED PCL to end up around the middle of the 25-35 basis points range for the full year.

And with that, I will now turn the call back to the operator for the Q&A.

*** Closing remarks ***

Laurent Ferreira, President & CEO
Thank you. As we look ahead, the Bank is in a strong financial position and we are focused on the execution of our CWB integration as well as growth across all of our business segments. So on that, thank you for joining us today.